McNally Bharat Engineering Company Limited

ANNUAL REPORT 2020-21

FROM THE CHAIRMAN'S DESK

DEAR SHAREHOLDERS,

The last year went past like a storm with an unprecedented phenomenon witnessed by mankind. I address this 58th Annual General Meeting of McNally Bharat Engineering Company Limited with this incident of Covid-19 as a caveat placed before humanity.

Prime Minister’s Atmanirbhar Bharat initiative and Govt’s geopolitical outlook places India at the foci of the world. The very fact that India is the most populous country in the world after China, the vaccination drive in India is being watched by the whole world. As the mutant of the virus got renamed as the “delta variant”, the world watches how India deals with the situation. Your company has absorbed the impact of the disruptions caused by the pandemic. My heartfelt condolences to employees and their dear ones who lost their lives during this difficult times. Many of us faced the crisis of finding hospital beds, reaching out to all contacts to get hold of oxygen cylinders and drugs like Remdesivir to save lives as the 2nd wave took its onslaught. As the 3rd wave approaches we have to take care of ourselves and our family by getting vaccinated and keeping all caution.

No more, is the economy thought separately from well-being of the citizen. As your company operations got disrupted, your company took all possible measures to keep the ship afloat. Work from home was adopted and our IT systems moved to the Cloud as a digital transformation strategy. Meetings were conducted on zoom with our clients. Despite all these hurdles with great strategic innovation we were able to bag INR 1192 Cr. of orders through Joint ventures. Our turnover took a hit due to the various internal and external factors but your company did attain marginal profit in the last quarter. I take this as a sign and the first sprout towards revival.

The debt restructuring plan has progressed with support of our lenders and we are at the verge of getting it approved by the 2nd quarter of this financial year. Debt restructuring is extremely crucial for your company to get back on the sustainable growth path. Having said that I must say that the human will stands witness to all odds encountered in time and it is not the result but the spirit with which the odds are faced that determines the strength of the person and the organization. Your company has shown great resilience during these times and against all odds has managed to finish all legacy projects and bag new ones.

Steps to transform the company to undertake challenges in the coming days have been initiated. Our focus is to maintain our competitive advantage, improve shareholder’s value and regain market confidence. As your competitors and the market watches, I must say there are few who have the presence like your company in mineral processing, ports, power, solar, water treatment and infrastructure projects.

I reiterate, with our previous track record, in-house technology, existing product line and capability to augment new services and products, your company can attract best talents in the industry and become the preferred name in the market.

Finally, I take this opportunity to express my sincere thanks to all stakeholders with special mention to employees who have stood by and supported the company during these difficult times.

Aditya Khaitan
Chairman

Corporate Information

Board of Directors
Mr. Aditya Khaitan
Chairman
Mr. Srinivash Singh
Managing Director
Mr. Asim Kumar Barman
Ms. Arundhuti Dhar
Mr. Nilotpal Roy
Ms. Kasturi Roychoudhury

Company Secretary
Mr. Rahul Banerjee

Chief Financial Officer
Mr. Brij Mohan Soni
Appointed w.e.f. September 07, 2020

Mr. Manoj Kumar Digga
Resigned w.e.f. September 02, 2020

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 1111 / 6628 1111
F: +91 33 3014 2277 / 6628 2277

Website & E-mail
http://www.mcnallybharat.com/
mbe.corp@mbecl.co.in
mbecal@mbecl.co.in

Bankers
Bank of India
State Bank of India
IDBI Bank Limited
Axis Bank Limited
ICICI Bank Limited
Union Bank of India
The Karur Vysya Bank Limited
Punjab National Bank
Standard Chartered Bank
Indian Bank
UCO Bank
Bank of Baroda
Canara Bank
DCB Bank Limited
DBS Bank India Limited

Statutory Auditors
M/s. V. Singhi & Associates
Chartered Accountants
4 Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata – 700001, West Bengal, India
T: +913330287838

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-7000001

Registrars & Share Transfer Agents
Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 5th Floor,
Kolkata – 700001
West Bengal, India
T: +91 33 2243 5029 / 5809

Contents

McNally Bharat Engineering Company Limited

Corporate Identity Number (CIN): L45202WB1961PLC025181
Registered Office: 4 Mangoe Lane, Kolkata- 700 001, West Bengal, India
Tel: +91 33 4459 1111
E-mail: mbecal@mbecl.co.in | Website: http://www.mcnallybharat.com

NOTICE

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of the Members of McNally Bharat Engineering Company Limited will be held on Thursday, September 30, 2021, at 11:00 a.m. IST through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:

Ordinary Business:

1. To receive, consider and adopt –

   (a) The audited financial statements of the Company for the financial year ended March 31, 2021, and the Reports of the Directors and the Auditors thereon.

   (b) The audited consolidated financial statements of the Company for the financial year ended March 31, 2021 and the Report of the Auditors thereon.

2. To consider non-declaration of dividend on Non-convertible Redeemable Preference Shares for the financial year ended March 31, 2021:

   In absence of profit for the current year (2020-21), 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.

4. To appoint / re-appoint Auditors to hold office from the conclusion of the Fifty Eighth (58th) Annual General Meeting until the conclusion of the Sixty Third (63rd) Annual General Meeting, and to fix their remuneration by passing the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), and pursuant to the recommendations of the Audit Committee/Board of Directors of the Company, M/s. V. Singhi & Associates, Chartered Accountants, Kolkata (ICAI registration number 311017E) be and are hereby re-appointed as the Auditors of the Company for a consecutive period of five years, to hold office from the conclusion of the Fifty Eighth (58th) Annual General Meeting until the conclusion of the Sixty Third (63rd) Annual General Meeting, and that the Board of Directors (or Committee thereof) be and is hereby authorized to fix such remuneration as may be determined in consultation with the said Auditors".

Special Business:

5. To approve the re-appointment of Ms. Arundhuti Dhar (DIN No: 03197285) as an Independent Director of the Company for a second term of five consecutive years

   To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Ms. Arundhuti Dhar (DIN: 03197285), who holds office of Independent Director and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)

(b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from September 29, 2021 till September 28, 2026;

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. **Approval for Related Party Transactions for Dipka Project**

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

"**RESOLVED that** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s) and also pursuant to the consent of Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s) and/or arrangement(s) and/or transaction(s) with McNally-AML (JV), a related party within the meaning of Section 2(76) of the Act, Ind-AS 24 of Indian Accounting Standard and Regulation 2(1)(zb) of the Listing Regulations, for execution of project as awarded by South Eastern Coalfields Limited at Dipka, Chhattisgarh, on such terms and conditions as the Board of Directors may deem fit, for a total aggregate Contract value of Rs. 175.42 Crore, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

7. **Approval for Related Party Transactions for Chhal OCP Project**

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

"**RESOLVED that** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s) and also pursuant to the consent of Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s) and/or arrangement(s) and/or transaction(s) with McNally-Trolex (JV), a related party within the meaning of Section 2(76) of the Act, Ind-AS 24 of Indian Accounting Standard and Regulation 2(1)(zb) of the Listing Regulations, for execution of project as awarded by South Eastern Coalfields Limited at Chhal OCP, Chhattisgarh, on such terms and conditions as the Board of Directors may deem fit, for a total aggregate Contract value of Rs. 144.06 Crore, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

8. **Approval for Related Party Transactions for Sardega Project**

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

"**RESOLVED that** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s) and also pursuant to the consent of Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s) and/or arrangement(s) and/or transaction(s) with McNally-Trolex-Kilburn (JV), a related party within the meaning of Section 2(76) of the Act, Ind-AS 24 of Indian Accounting Standard and Regulation 2(1)(zb) of the Listing Regulations, for execution of project as awarded by Mahanadi Coalfields Limited at Sardega, Mahalaxmi Area, on such terms and conditions as the Board of Directors may deem fit, for a total aggregate Contract value of Rs. 258.86 Crore, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED further that the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

9. **Approval for Related Party Transactions for Ananta Project**

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

"**RESOLVED that** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s) and also pursuant to the consent of Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s) and/or arrangement(s) and/or transaction(s) with McNally-AML(JV), a related party within the meaning of Section 2(76) of the Act, Ind-AS 24 of Indian Accounting Standard and Regulation 2(1)(zb) of the Listing Regulations, for execution of project as awarded by Mahanadi Coalfields Limited at Ananta, Jagannath Area, on such terms and conditions as the Board of Directors may deem fit, for a total aggregate Contract value of Rs. 231.28 Crore, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED further that the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

10. **Approval for Related Party Transactions for Baroud Project**

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

"**RESOLVED that** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s) and also pursuant to the consent of Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s) and/or arrangement(s) and/or transaction(s) with McNally-Trolex (JV), a related party within the meaning of Section 2(76) of the Act, Ind-AS 24 of Indian Accounting Standard and Regulation 2(1)(zb) of the Listing Regulations, for execution of project as awarded by South Eastern Coalfields Limited at Baroud, Raigarh Area, on such terms and conditions as the Board of Directors may deem fit, for a total aggregate Contract value of Rs. 179.83 Crore, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED further that the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

11. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2022.

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 2021-22, 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, 2021

Notes

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (“Act”), Secretarial Standard-2 on General Meetings and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Business is annexed hereto. The information with respect to appointment of the Statutory Auditors of the Company, as proposed under Item No. 4 of this Notice under Ordinary Business, is also provided in the Explanatory Statement.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing 58th Annual General Meeting (58th AGM / AGM) through VC/OAVM.
3. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Members seeking any information / clarification with regard to the accounts or any matter to be dealt at the AGM, are requested to write at mbecal@mbecl.co.in on or before 23.09.2021.
6. All the documents referred to in the Notice and Statutory Registers maintained under Section 170 and Section 189 of the Companies Act 2013, will be available for electronic inspection during the AGM.
7. The relevant details in respect of Directors seeking appointment/re-appointment at the AGM in terms of Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is annexed.
8. In compliance with the aforesaid MCA and SEBI Circular, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode at the email addresses of members as registered with the RTA / Depositories as on 14.08.2021. Physical Copy of Notice and/or Annual Report will not be sent to any member.

   Members may note that the Notice and Annual Report 2020-21 will also be available at the Company’s website www.mcnallybharat.com, websites of the Stock Exchanges, viz. BSE Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively, and also the e-voting agency, viz. National Security Depository Limited (NSDL) website at https://www.evoting.nsdl.com.
9. As per Regulation 40 of Listing Regulations, the equity share(s) of the Company can be transferred only in dematerialized form. In view of this and to eliminate risks associated with physical shares, members holding shares in physical form are advised to convert their holdings into dematerialized form.

10. (A) Members holding shares in physical mode are:

    i) required to submit their Bank Account details, E-mail ID and PAN to the Company/ RTA, as mandated by the Securities and Exchange Board of India (SEBI) including the change, if any;

    ii) requested to opt for the Electronic Clearing System (ECS) mode for instant and secured receipt of dividend in future;

    iii) advised to make nomination in respect of their shareholding in Form SH13;

    iv) requested to send their share certificates to RTA for consolidation, in case shares are held under two or more folios; and

    v) informed that the shares in physical mode will not be accepted for transfer.

    (B) Members holding shares in electronic mode are:

    i) requested to submit their address, Bank Account Details, E-mail id and PAN to respective DPs with whom they are maintaining their demat accounts including the change, if any, as mandated by SEBI; and

    ii) advised to contact their respective DPs for availing the nomination facility.

11. Members may note that registration/ updation of their E-mail addresses with RTA, if shares are held in physical mode, or with their DPs, if shares are held in electronic mode would ensure delivery of all future communications from the Company including Annual Reports, Notices, Circulars, etc., without delay or, as the case may be, loss in postal transit.

12. Members are requested to note that, dividends not claimed for a consecutive period of 7 (seven) years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF") of the Government of India. The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority.

    In view of this, Members are requested to claim their dividend(s) from the Company, within the stipulated timeline. The Members, whose unclaimed dividend(s)/share(s) have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in prescribed Form No. IEPF-5 available on www.iepf.gov.in.

13. The company has transferred the unpaid or unclaimed dividends declared up to financial years 2011-12, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

    Unpaid / Unclaimed Final Dividend FY'13 (declared on 27.09.2013) have been completed the period of 7 years during FY'21 and thereby transferred to the IEPF Authority on 31.12.2020.

14. Members are requested to address all correspondence relating to the shareholding and dividend to the Registrar & Share Transfer Agent (RTA) of the Company i.e. Maheshwari Datamatics Private Limited, Account MBECL, 23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700001, Telephone: 033 2243-5029/5809, Fax: 033 2248-4787, Website: www.mdpl.in, E-mail: mdpldc@yahoo.com.

However, keeping in view the convenience of the Members, documents relating to shares including complaints/grievances shall also be received at the Registered Office of the Company at Four Mangoe Lane, Kolkata - 700001, e-mail: : mbecal@mbecl.co.in.

E-Voting:

1. In compliance with the provisions of Section 108 of the Act, the Rules made there under and Regulation 44 of the SEBI Listing Regulations, Members are provided with the facility to cast their vote electronically, through remote e-voting services provided through NSDL on all resolutions set-forth in this Notice.

2. The remote e-voting period will commence on September 27, 2021 at 10:00 hours IST and end on September 29, 2021 at 17:00 hours IST. The remote e-voting module shall be disabled by NSDL for voting thereafter.

3. During this period, Members holding shares either in physical form or in dematerialized form, as on September 23, 2021 i.e. cut-off date, may cast their votes electronically. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

4. Those Members, who will be attending AGM through VC / OAVM facility, if not cast their votes on the Resolutions through remote e-voting, and are otherwise not barred from voting so, shall be eligible to vote through e-voting system during the

AGM.

5. The Members who have cast their votes by remote e-voting prior to the AGM may attend in the AGM through VC / OAVM but shall not be entitled to cast their votes again.

6. The Company has appointed Mr. Atul Kumar Labh, (Membership No. FCS 4848, COP No. 3238) Practising Company Secretary of M/s. A. K. Labh & Co., Company Secretaries, Kolkata, to act as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

7. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

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

9. Members are requested to carefully read all the instructions regarding attending the AGM through VC/OAVM, casting votes through remote e-voting and other guidelines / instructions stated in Annexure - A, attached herewith.

   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 present Statutory Auditors M/s V. Singhi & Associates, will retire at the ensuing 58th Annual General Meeting ("AGM") and being eligible offers themselves for re-appointment. The Board of Directors of the Company at their meeting held on August 14, 2021, based on the recommendation of the Audit Committee, recommended for the approval of the members, the re-appointment of M/s. V. Singhi & Associates, Chartered Accountants, as the Auditors of the Company for a period of five consecutive years from the conclusion of this (58th) AGM till the conclusion of the 63rd AGM to be held in the year 2026.

The Audit Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s. V. Singhi & Associates to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

M/s. V. Singhi & Associates have given their consent to act as the Auditors of the Company and have confirmed that the said re-appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice. The Board of Directors recommend passing of resolution in the manner proposed in Item No. 4, to be passed by way of an Ordinary Resolution.

Item No. 5

Ms. Arundhuti Datta has worked in diversified sectors like HR Consultancy, Retail Banking, Infrastructure & Real Estate Management and Real Estate Research in organisation like American Express Bank, HDFC Bank & IL& FS Property Management, over the last 20 years. She developed new business verticals and winning teams in each assignment. She had promoted Siegwald Leadership Training Academy that specializes in training aspirants for the Armed Forces. She is also a partner with Lancer Technologies, the largest registered assessing body in India under Directorate General of Training, Ministry of Labour.

In terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 149, 150, and 152 read with

Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 (the 'Act') and read with Schedule IV to the Act, Ms. Arundhuti Dhar, being eligible and seeking re-appointment, is proposed to be re-appointed for a term of five consecutive years commencing from September 29, 2021 till September 28, 2026.

In the opinion of the Board, Ms. Arundhuti Dhar fulfills the conditions specified in the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for re-appointment as Independent Director of the Company.

The Board considers that continued association of Ms. Dhar would be of immense benefit to the Company and it is desirable to continue to avail her services as Independent Director. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available on the website of the Company www.mcnallybharat.com.

None of the Directors or Key Managerial Personnel and their relatives, except Ms. Arundhuti Dhar, being the appointee herself, are concerned or interested (financially or otherwise) in this Resolution. The Board commends the Special Resolution set out at Item no. 5 for approval of the Members.

Item No. 6

Your Company propose to enter into a contract with one of its JV namely McNally-AML (JV) for execution of project as awarded by South Eastern Coalfields Limited at Dipka, Chhattisgarh. The total value of the proposed transactions of the said Contract is Rs. 175.42 Crore plus applicable GST.

Section 188 of the Act and the applicable Rules framed thereunder read with Listing Regulations provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

The proposed aggregate transaction value of the Contract exceeds the above ceiling limit. Hence, approval of the shareholders is being sought for the said Related Party Transaction(s) proposed to be entered into by your Company with McNally-AML (JV).

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with McNally-AML (JV) are as follows:

SL No.	Particulars	Remarks
1	Name of Related Party	McNally-AML (JV)
2	Name of Director or KMP who is related	Nil
3	Nature of Relationship	The Company is a lead partner, having 98% participation share in the Joint Venture.
4	Nature, material terms, monetary value and particulars of the contract or arrangement	South Eastern Coalfields Limited has awarded a contract to McNally-AML (JV) at Dipka, Chhattisgarh, monetary value of Rs. 179 Crore plus applicable GST. MBE is 98% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBE) at Rs. 175.42 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBE.
5	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at Item no. 6 of this Notice as an Ordinary Resolution.

Item No. 7

Your Company propose to enter into a contract with one of its JV namely McNally-Trolex (JV) for execution of project as awarded by South Eastern Coalfields Limited at Chhal OCP, Chhattisgarh. The total value of the proposed transactions of the said Contract is Rs. 144.06 Crore plus applicable GST.

Section 188 of the Act and the applicable Rules framed thereunder read with Listing Regulations provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

The proposed aggregate transaction value of the Contract exceeds the above ceiling limit. Hence, approval of the shareholders is being sought for the said Related Party Transaction(s) proposed to be entered into by your Company with McNally-Trolex (JV).

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with McNally-Trolex (JV) are as follows:

SL No.	Particulars	Remarks
1	Name of Related Party	McNally-Trolex (JV)
2	Name of Director or KMP who is related	Nil
3	Nature of Relationship	The Company is a lead partner, having 96% participation share in the Joint Venture.
4	Nature, material terms, monetary value and particulars of the contract or arrangement	South Eastern Coalfields Limited has awarded a contract to McNally-Trolex (JV) at Chhal, Chhattisgarh, monetary value of Rs. 147 Crore plus applicable GST. MBE is 96% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBE) at Rs. 144.06 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBE.
5	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at Item no. 7 of this Notice as an Ordinary Resolution.

Item No. 8

Your Company propose to enter into a contract with one of its JV namely McNally-Trolex-Kilburn (JV) for execution of project as awarded by Mahanadi Coalfields Limited at Sardega, Mahalaxmi Area. The total value of the proposed transactions of the said Contract is Rs. 258.86 Crore plus applicable GST.

Section 188 of the Act and the applicable Rules framed thereunder read with Listing Regulations provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

The proposed aggregate transaction value of the Contract exceeds the above ceiling limit. Hence, approval of the shareholders is being sought for the said Related Party Transaction(s) proposed to be entered into by your Company with McNally-Trolex-Kilburn (JV).

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with McNally-Trolex-Kilburn (JV) are as follows:

SL No.	Particulars	Remarks
1	Name of Related Party	McNally-Trolex-Kilburn (JV)
2	Name of Director or KMP who is related	Nil
3	Nature of Relationship	The Company is a lead partner, having 80% participation share in the Joint Venture.
4	Nature, material terms, monetary value and particulars of the contract or arrangement	Mahanandi Coalfields Limited has awarded a contract to McNally-Trolex-Kilburn (JV) at Sardega, Mahalaxmi Area, monetary value of Rs. 264.14 Crore plus applicable GST. MBE is 80% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBE) at Rs. 258.86 Crore which is 2% below the contract awarded by Mahanandi Coalfields Limited. The Contract has to be executed on back to back basis by MBE.

SL No.	Particulars	Remarks
5	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at Item no. 8 of this Notice as an Ordinary Resolution.

Item No. 9

Your Company propose to enter into a contract with one of its JV namely McNally-AML (JV) for execution of project as awarded by Mahanadi Coalfields Limited at Ananta, Jagannath Area. The total value of the proposed transactions of the said Contract is Rs. 231.28 Crore plus applicable GST.

Section 188 of the Act and the applicable Rules framed thereunder read with Listing Regulations provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

The proposed aggregate transaction value of the Contract exceeds the above ceiling limit. Hence, approval of the shareholders is being sought for the said Related Party Transaction(s) proposed to be entered into by your Company with McNally-AML (JV).

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with McNally-AML (JV) are as follows:

SL No.	Particulars	Remarks
1	Name of Related Party	McNally-AML (JV)
2	Name of Director or KMP who is related	Nil
3	Nature of Relationship	The Company is a lead partner, having 97% participation share in the Joint Venture.
4	Nature, material terms, monetary value and particulars of the contract or arrangement	Mahanandi Coalfields Limited has awarded a contract to McNally-AML(JV) at Ananta, at Jagannath Area of Talcher Coalfields, monetary value of Rs. 236 Crore plus applicable GST. MBE is 97% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBE) at Rs. 231.28 Crore which is 2% below the contract awarded by Mahanandi Coalfields Limited. The Contract has to be executed on back to back basis by MBE.
5	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at Item no. 9 of this Notice as an Ordinary Resolution.

Item No.10

Your Company propose to enter into a contract with one of its JV namely McNally-Trolex (JV) for execution of project as awarded by South Eastern Coalfields Limited at Baroud, Raigarh Area. The total value of the proposed transactions of the said Contract is Rs. 179.83 Crore plus applicable GST.

Section 188 of the Act and the applicable Rules framed thereunder read with Listing Regulations provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

The proposed aggregate transaction value of the Contract exceeds the above ceiling limit. Hence, approval of the shareholders is being sought for the said Related Party Transaction(s) proposed to be entered into by your Company with McNally-Trolex (JV).

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with McNally-Trolex (JV) are as follows:

SL No.	Particulars	Remarks
1	Name of Related Party	McNally-Trolex (JV)
2	Name of Director or KMP who is related	Nil
3	Nature of Relationship	The Company is a lead partner, having 97% participation share in the Joint Venture.
4	Nature, material terms, monetary value and particulars of the contract or arrangement	South Eastern Coalfields Limited has awarded a contract to McNally-Trolex(JV) at Baroud, Raigarh Area, monetary value of Rs. 183.5 Crore plus applicable GST. MBE is 97% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBE) at Rs. 179.83 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBE.
5	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at Item no. 10 of this Notice as an Ordinary Resolution.

Item No. 11

The Board of Directors of the Company ('the Board') at the meeting held on August 14, 2021, on the recommendation of the Audit Committee, approved the re-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 2021-22 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 or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution. The Board recommends the Ordinary Resolution set out at Item no. 11 for approval of the Members.

Information of the Directors, offering themselves for appointment / re-appointment, pursuant to the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Mr. Aditya Khaitan (DIN: 00023788)

Name of Director	**Mr. Aditya Khaitan**
Date of Birth	30/01/1968
Qualification	B. Com (Hons)
Expertise in specific functional areas	Industrialist, Entrepreneurship, Management, Accounts & Finance, Leadership, Strategic Planning, etc.
Brief Profile	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.
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	**Non-executive Non-independent Director:** Williamson Magor & Co. Limited Kilburn Engineering Limited McNally Sayaji Engineering Limited Eveready Industries India Limited Williamson Financial Services Limited **Managing Director:** McLeod Russel India Limited **Audit Committee:** McLeod Russel India Limited
Relationships between directors inter-se	Nil
Shareholding in the Company	Nil

2. Ms. Arundhuti Dhar (DIN: 03197285)

Name of Director	**Ms. Arundhuti Dhar**
Date of Birth	June 21, 1973
Qualification	B A (Pol Sc)
Expertise in specific functional areas	Business Consultant
Brief Profile	Ms. Arundhuti Datta has worked in diversified sectors like HR Consultancy, Retail Banking, Infrastructure & Real Estate Management and Real Estate Research in organisation like American Express Bank, HDFC Bank & IL& FS Property Management, over the last 20 years. She developed new business verticals and winning teams in each assignment. She had promoted Siegwald Leadership Training Academy that specializes in training aspirants for the Armed Forces. She is also a partner with Lancer Technologies, the largest registered assessing body in India under Directorate General of Training, Ministry of Labour.

Name of Director	**Ms. Arundhuti Dhar**
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	**Non-executive Independent Director:** Williamson Magor & Co. Limited Williamson Financial Services Limited Eveready Industries India Limited McLeod Russel India Limited Kilburn Engineering Limited **Audit Committee & Stakeholders' Relationship Committee:** Williamson Magor & Co. Limited Williamson Financial Services Limited Eveready Industries India Limited McLeod Russel India Limited
Relationships between directors inter-se	Nil
Shareholding in the Company	Nil

By Order of the Board of Directors

For **McNally Bharat Engineering Company Limited**

Rahul Banerjee

Kolkata, August 14, 2021

Company Secretary

ANNEXURE A

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on September, 27, 2021 at 10:00 A.M. and ends on September, 29, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. September, 23, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September, 23, 2021.

How do I vote electronically using NSDL e-Voting system?

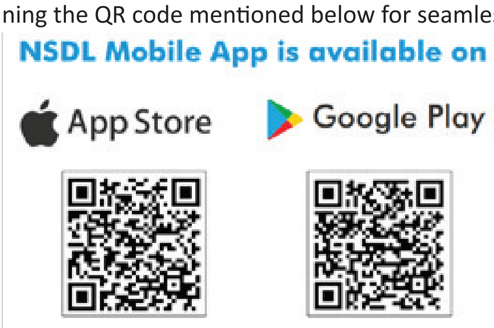
The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. 

Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

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

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to aklabhcs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. September, 23, 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. September, 23, 2021 may follow steps mentioned in the Notice of the AGM under Step 1: "Access to NSDL e-Voting system"(Above).
3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to to Mr. Amit Vishal, Senior Manager and /or Ms. Pallavi Mhatre, Manager at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to mbecal@mbecl.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to mbecal@mbecl.co.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join General meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at mbecal@mbecl.co.in latest by 05:00 p.m. (IST) on Thursday, 23rd day of September, 2021.

6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at mbecal@mbecl.co.in latest by 05:00 p.m. (IST) on Thursday, 23rd day of September, 2021. The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed.
9. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
10. Members who need assistance before or during the AGM, can contact Mr. Amit Vishal, Senior Manager, NSDL and / or Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in or call 1800 1020 990 / 1800 22 44 30.

Directors' Report

Dear Members,

The Board of Directors hereby submits the report of the business and operations of your Company ("the Company"), along with the audited financial statements, for the financial year ended March 31, 2021.

Highlights

The key highlights of the operations for the financial year 2020-21 over the previous year (based on standalone only in all cases) are as follow, however, the consolidated performance of the Company and its subsidiaries has been referred to wherever required.

Total Income reduced from Rs. 61,908.31 lakh to Rs. 35,867.48 lakh and earnings before Finance Cost, Depreciation & Amortization and Tax increased from Rs. (28,975.84) lakh to Rs. (102.06) lakh.

Financial Results

The Financial performance of the Company for the year ended March 31, 2021 is summarized below: Rs. in Lakh

Particulars	Standalone for the year ended March 31st	
	2021	2020
Revenue from operations and other income	35,867	61,908
Profit before Finance Cost, Depreciation & Amortisation and Tax	(102)	(28,976)
Less: Finance Cost	4,228	8,107
Earnings before Depreciation & Amortisation and Tax	(4,330)	(37,083)
Less: Depreciation & Amortisation	674	1,005
Profit Before Tax	(5,004)	(38,088)
Total Tax Expenses	-	-
Profit for the year	(5,004)	(38,088)
Other Comprehensive Income	18	9
Total Comprehensive Income of the year	(4,986)	(38,079)
Retained earnings amount brought forward from previous year	(2,08,463)	(1,70,384)
Transfer to / from General Reserve	Nil	Nil
Balance of Total Retained Earnings at the end of the year	(2,13,449)	(2,08,463)

State of Company's Affairs and Review of Operations

The financial year 2020-21 has been very challenging for your company. Industrial slowdown accompanied by banking restrictions on liquidity management adversely impacted the business and profitability of the company.

The Company's financial performance during the financial year 2020-21 has been adversely affected due to pandemic, working capital constraints and external factors beyond the Company's control and the Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders.

The Company has submitted its resolution proposal to the lenders for restructuring and the lenders have done the Techno Economic Viability (TEV) study of a Resolution plan submitted by company. The Lenders are actively considering the resolution plan and have appointed/would be appointing various agencies to evaluate the resolution plan as decided in the last consortium meeting held on 24th June 2021.

The Management is evaluating various options and hopeful that with the support of the lenders and on approval of the Resolution Plan, the Company will be able to generate sufficient cash flows through profitable operations to discharge its financial obligations.

However, your company under the guidance of Mr. Srinivash Singh as Managing Director is committed to its vision to create long term stakeholder value.

Directors' Report

In spite of all uncertainties of pandemic and financial hurdles your company has succeeded in booking INR 1192 Cr. through joint venture arrangement of which your company has majority share. This has been a silver lining towards the restructuring process. It is expected that the bank guarantees required for execution of these projects shall be provided by the bankers to enhance the turnover and profitability.

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.

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
- R&R colony at Khinda, Odisha for M/S NLC India Limited
- Coal Handling Plant for 3x250 MW TPS at Bongaigaon of NTPC
- Formation of Road & Culvert (NLC India Limited)
- 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
- 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
- Lead and Zinc flotation Plant Project (Overseas)
- Retaining wall construction, development of related infra and execution of electrical works at Zawar Mines for HZL
- DGMP, Residential Accommodation Jammu

Further, the following major projects are under execution in Joint Venture of your Company as a Lead Partner:

- McNally-AML(JV):
  - i) Coal Handling System from South Eastern Coalfields Ltd. (at Dipka)
  - ii) Coal Handling System from Mahanadi Coalfields Ltd. (at Ananta)
- McNally-Trolex-Kilburn (JV):
  - i) Coal Handling System from Mahanadi Coalfields Ltd. (at Sardega)
- McNally- Trolex (JV):
  - i) Coal Handling System from South Eastern Coalfields Ltd. (at Baroud)
  - ii) Coal Handling System from South Eastern Coalfields Ltd. (at Chhal)

Directors' Report

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

1. Engineering Services
2. Flue Gas Desulphurization (FGD)
3. Solar Power
4. Institutional Buildings
5. Health Care
6. Food, Water and Agri Sector (Silos, Warehouses)
7. Urban/Rural Development
8. Customer Services – Operation & Maintenance

Dividend

In absence of profit for the current financial year (2020-21), 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 24, 2021 to September 30, 2021 (both days inclusive).

Share Capital

During the year ended 31st March, 2021, the Subscribed and Paid-up Equity Share Capital of the Company stand at Rs. 211,57,07,570/- consisting of 21,15,70,757 equity shares having a face value of Rs. 10/- each. There is no change in the share capital of the Company during the year.

Changes in the Board of Directors

There is no change in the Board of Directors during the year.

The Board of Directors of the Company constituted with the following directors:

- Mr. Aditya Khaitan (DIN - 00023788), Chairman
- Mr. Srinivash Singh (DIN – 00789624), Managing Director
- Mr. Asim Kumar Barman (DIN – 02373956), Independent Director
- Ms. Arundhuti Dhar (DIN – 03197285), Independent Director
- Ms. Kasturi Roychoudhury (DIN - 06594917), Independent Director
- Mr. Nilotpal Roy (DIN 00087298), Independent Director

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 58th Annual General Meeting of the Company.

Directors' Report

Changes in the Key Managerial Personnel:

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

Cessation:

Mr. Manoj Kumar Digga, the erstwhile Chief Financial Officer of the Company tendered his resignation w.e.f. September 02, 2020. The Board of Directors having accepted his resignation placed on record appreciation for the valuable service provided by him during his tenure.

Appointment / Re-appointment:

The Board of Directors of the Company appointed Mr. Brij Mohan Soni as Chief Financial Officer of the Company w.e.f. September 07, 2020.

As on March 31, 2021, the Company had three Key Managerial Personnel, being Mr. Srinivash Singh, Managing Director, Mr. Brij Mohan Soni, Chief Financial Officer and Mr. Rahul Banerjee, Company Secretary and Compliance Officer of the Company.

Number of Board Meetings

The Board met five times during the year on July 15, 2020, September 07, 2020, November 12, 2020, February 12, 2021 and March 22, 2021. 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 2020-21 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, 2021, 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 2020-21 and of loss of the Company for that period;

Directors' Report

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, 2021.

Particulars of contracts or arrangements made with related parties

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

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

Deposit

During the financial year ended March 31, 2021, 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, 2021 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 sent 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

Directors' Report

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.

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 March 31, 2021 consisted of Mr. A. K. Barman, Ms. Arundhuti Dhar and Mr. Srinivash Singh. Mr. A. K. Barman, a Non-Executive Independent Director, was the Chairman of the Audit Committee.

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, 2021:

- McNally Sayaji Engineering Limited (MSEL)
- McNally Bharat Equipments Limited (MBEL)
- MBE Mineral Technologies Pte Limited
- MBE Minerals Zambia Limited

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: -

Directors' Report

(Rs. in lakhs)

Sl. No.	Subsidiary Companies	Business Activities	Turnover (Rs.)	Profit/(Loss) (Rs.)
1.	McNally Sayaji Engineering Limited	Manufacturer of crushing, screening, grinding, material handling and mineral processing equipment.	18,274	657
2.	McNally Bharat Equipments Limited	-	-	(0.16)
3.	MBE Mineral Technologies Pte Limited#	Investment holding and provision of management and related support services.	-	(3.44)
4.	MBE Minerals Zambia Limited*	-	-	(0.03)

Loss of US $ 6,329, Exchange Rate as on 31.03.2021 – Rs. 54.98

* Loss of ZMK 1,000, Exchange Rate as on 31.03.2021 –Rs. 3.32076.

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.

Statutory Auditors

The current Statutory Auditors of the Company M/s. V. Singhi and Associates, Chartered Accountants (ICAI registration number 311017E) will hold office till the conclusion of ensuing 58th Annual General Meeting of the Company and being eligible they have offered themselves for re-appointment.

Based on the recommendations of the Audit Committee, the Board at its meeting held on August 14, 2021 has approved re-appointment of M/s. V. Singhi & Associates (ICAI registration number 311017E) as Statutory Auditors for a term of 5 years i.e., from the conclusion of the ensuing 58th AGM upto the conclusion of the 63rd AGM, subject to Members' approvals.

Statutory AUDITORS' REPORT

The Board has duly examined the Statutory Auditors' Report to the accounts and the Board's clarifications regarding the adverse opinion of the Statutory Auditors on the Standalone Financial Statements of the Company are given herein-below:

<u>Qualified Opinion – Non-recognition of Interest Expense:</u>

The Company has not recognised interest expense on Bank and Inter-Corporate Borrowings amounting to Rs. 31,546.61 Lakhs and Rs. 190.80 Lakhs respectively for the year ended 31st March, 2021 as referred in Note 43 to the Standalone Financial Statements. The Company had also not recognised interest expense of Rs. 29,044.74 Lakhs and Rs. 1,059.48 Lakhs on Bank and Inter-Corporate Borrowings respectively for the year ended 31st March, 2020. As a result, finance costs, liability on account of interest and total comprehensive loss for the year ended 31st March, 2021 are understated to that extent. This constitutes a departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

<u>Board's Clarification</u>:

The Company has been categorised as Non-Performing Asset by the lender banks and majority of the Lender Banks have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. Accordingly, the Company has not recognised interest expense of Rs. 31546.61 Lakhs on bank borrowings and Rs. 190.80 Lakhs on Inter-Corporate borrowings for the period ended 31stMarch, 2021 (including Rs. 7982.50 Lakhs and Rs. 63.40 Lakhs interest expenses on Bank borrowings andInter-Corporate borrowings respectively for the quarter ended 31st March, 2021). Amount of interest expense not recognised on bank borrowings and inter-corporate borrowings during the year ended 31st March, 2020 was Rs. 29,044.74 Lakhs and Rs. 1,059.48 Lakhs respectively. Emphasis of matters are self explanatory in nature which have been explained in the Auditors Report.

Directors' 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 2020-21.

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 – A* 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 – B* 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 – C*, 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.

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 – D*.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors of the Company as on March 31, 2021 comprised of Mr. Asim Kr. Barman, a Non-Executive Independent Director as its Chairman, Ms. Arundhuti Dhar, Non-Executive Independent Director and Mr. Aditya Khaitan, Non-Executive Chairman 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 – E*.

Extract of Annual Return

As required under Section 92(3) and 134(3)(a) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), an extract of Annual Return in Form MGT - 9 is available on the website of the Company at the web-link www.mcnallybharat.com.

Directors' Report

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, 2021, was conducted by M/s. A. K. Labh & Co., Company Secretaries. The Secretarial Auditors' Report is attached to this Report as *Annexure – F* 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 – G.

Occupational Health & Safety:

McNally Bharat Engineering Company Limited, is a Occupational Health & Safety Management System (ISO 45001: 2018) 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, inspections are carried out to ensure OH&S compliance at all our project and O&M 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 policy, manual, procedures, checklists, certificate copies and training models are available for employees to access.

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 0.21 (in 2020). This low incident rate shows a sustainable improvement in Occupational Health & Safety Management System compare to other EPC firms in India.

McNally Bharat Engineering Company Limited had taken many initiatives to prevent COVID-19 (ie; caused pandemic situations all over the world) at office and jobsites, so as to control coronavirus infections among employees and service partners. These initiatives are as like, following state/central guidelines/protocols related to COVID-19 (ie; restrictions in duty hours, social distancing, thermal checking, wearing of 3-layer nose mask & hand sanitization etc.), weekly basis office sanitization, periodical IgG testing to all employees at office and rapid testing to all site employees, drive towards vaccination for office/ site employees etc. Apart from these initiatives a separate procedure to prevent coronavirus infection prepared (ie; 'Resumption of work after lockdown' due to COVID-19) and strictly followed the same to all MBE's establishments, which is appreciated by many customers.

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, Vedanta 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, OCPL, APGENCO etc. We won '5 Star' rating on 'Safety Management System Audit in HMEL-Bhatinda (CHS-O&M) site for best safety performance. Our organisation has also received 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

Directors' Report

Satpura etc.) awards for Best Safety Performance in project sites which shows a sustainable growth in maintaining occupational health & safety culture within the organisation.

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. 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' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied, depending on the economic conditions, Government policies and other incidental factors and developments.

Acknowledgement

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

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

For and on behalf of the Board of Directors

Date: August 14, 2021
Place: Kolkata

Aditya Khaitan
Chairman

Directors' Report

Annexure A to the Directors' Report

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

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

A. Conservation of Energy

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

Energy conservation measures taken in the past years and the consumption of energy are monitored on continual basis. Routine steps like strict control and monitoring of usage, good preventive maintenance of machines and equipments like DG Sets, AC units have resulted in optimal usage of electrical parts.

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

There is nothing substantial to report.

(iii) The capital investment on energy conservation equipments:

There is nothing substantial to report.

B. Technology absorption

(i) The efforts made towards technology absorption:

There is nothing substantial to report.

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

There is nothing substantial to report.

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

There is nothing substantial to report.

(iv) The expenditure incurred on Research and Development:

There is nothing substantial to report

C. Foreign Exchange Earnings and Outgo

(Rs. in Lakhs)

Foreign Exchange Earning	Sale of Contracts	1,671.16
	Corporate Guarantee Commission	-
	Interest Income	-
	Service Charges	-
Foreign Exchange Outgo	Travelling	7.08
	Professional and Consultation fees	104.32
	Interest Expenses	-
	Services	-
	Supplies	870.07

For and on behalf of the Board of Directors

Aditya Khaitan
Chairman

Kolkata, August 14, 2021

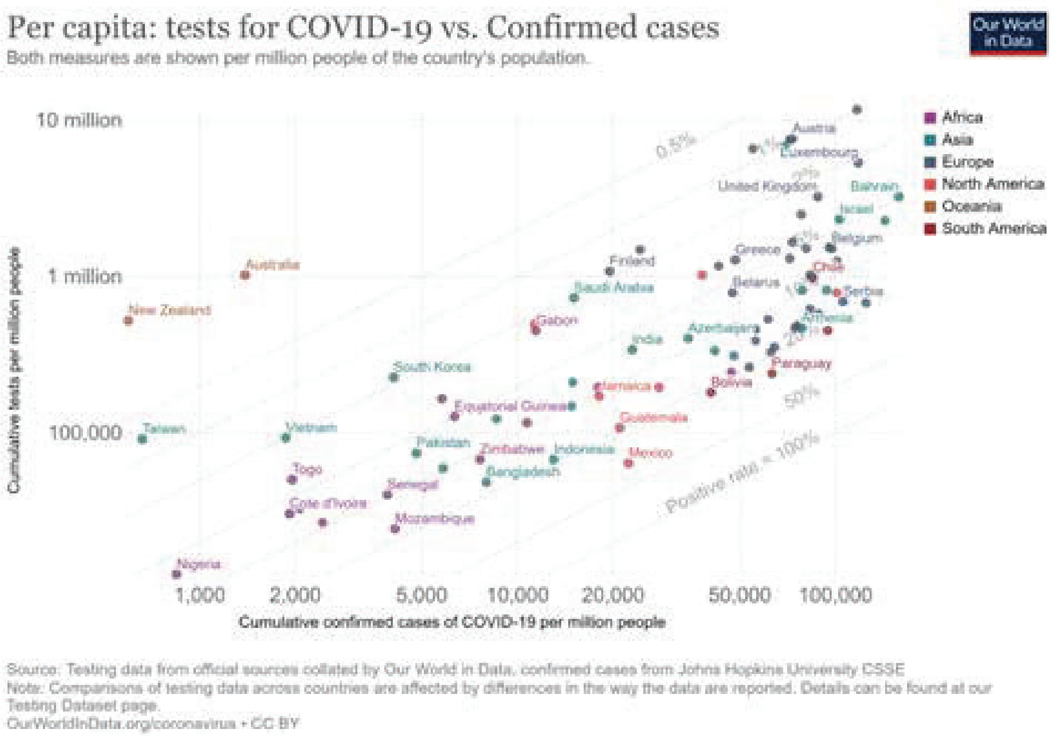
Directors’ Report

Annexure B to the Directors’ Report

Management Discussion and Analysis Report

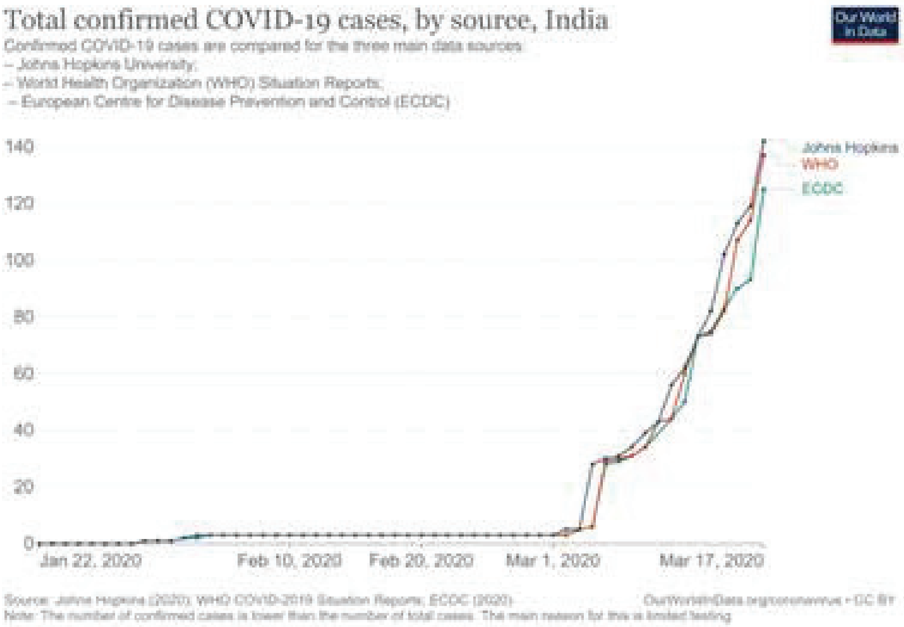
INDUSTRY STRUCTURE AND DEVELOPMENTS:

India is battling a ferocious rise of new infections along with the world at large but also building a strong policy response with focus on resilience. Economic activity in India has held up against COVID -19’s renewed onslaught and apart from contact-intensive sectors, activity indicators largely remained resilient in March 2021. The resurgence of infections with COVID-19, if not contained in time, will disrupt in supply chains creating consequent inflationary pressures. The country is therefore building pandemic protocols, speeding vaccination, ramping up hospital capacity, and remaining resolute on a post pandemic future of sustainable growth with macroeconomic and financial stability. (Reserve Bank of India, 2021)



In this Year 2021, humanity’s future hangs on a pendulum, oscillating between hope and despair or in other words; vaccination and vaccine hesitancy. On the side of hope, there is a swift pace – with 890 million doses administered as on April 21, 2021, only 11.3 per cent of the global population has been vaccinated. For global herd immunity requires two doses of vaccine for 75 per cent of the world’s 6 billion adults of which 970 million have been supplied so far. Meanwhile, the virus mutates, becomes deadlier and more communicable with every new strain. The rising daily caseloads lead to panic and frantic need to vaccinate nationally. This is simultaneous with export restrictions and propaganda. Several countries out of fear have suspended inoculation rollouts and compounded with vaccine scepticism has aggravated the highly unequal distribution, thus undermining confidence in a shared future of COVID-19 eradication. We must cooperate to immunise ever single citizen. The pandemic will not be over until it is wiped off from the globe or everyone becomes immune.

Directors' Report



Inflation target of 4 per cent becomes a joint responsibility for monetary-fiscal policy. With inflation aligned with the target over the period 2016-17 to 2019-20 (excluding the period of the COVID-19, which saw severely distorted macroeconomic outcomes) and remaining below the emerging market and developing economies' (EMDEs') average, India engages with the global economy with the confidence of price stability. Policy makers know from past experience the perilous impact to withdraw stimulus too soon; that inflation is less sensitive to demand pressures; that central banks will lean towards growth in pandemic times. But when markets take the inverse bet unable to keep the faith, the monetary policy cannot stay loose for long – they are front running the economy. India's current account balance, which had been recording surpluses from January 2020 through September, flipped and turned into a slender deficit of 0.2 per cent of GDP in Q3:2020-21. World industrial production has exhibited a marked improvement, growing by 4.3 per cent (y-o-y) in January 2021 and surpassing its pre-pandemic level. After the attack on Saudi Arabia's oil facility, crude oil prices, closed near US$ 70 per barrel in mid-March. Financial markets rallied, with vaccine and stimulus led recovery optimism maintaining the bullish sentiments. US long-term yields, eased in April 2021 following the Federal Bank's indication to keep the policy rate low for long. Strong demand in Japanese market added to the bond price rally, weakening yields further.

India has been severely hit by the swift spread of the second wave of COVID-19. By April 23, 2021 total active cases crossed the 25 lakh mark. Uncertainty looms with increasing infection rate and consequent restrictions. The Oxford Stringency Index has surged to around 70 in April 2021 from 60 in the preceding month.

Aggregate demand conditions remained resilient. In its first monetary policy statement for 2021-22, the Reserve Bank retained its projection of real GDP growth for the year at 10.5 per cent. Aggregate supply condition underpinned by agriculture and services remains resilient. In the industrial sector, manufacturing moderated in activity while electricity generation had robust recovery. CPI inflation in March 2021 edged up to 5.5 per cent from 5.0 per cent in February 2021 due to a sharp increases in food as well as fuel inflation. Core inflation (CPI excluding food and fuel inflation) remained elevated. Following the decline in global crude oil prices, domestic pump prices eased in the second half of March and in April so far (April 1-23, 2021). Domestic kerosene prices edged up in April whereas liquefied petroleum gas (LPG) prices registered a decline (Table 1).

Directors' Report

Table 1: Petroleum Product Prices

Item	Unit	Domestic Prices			Month-over-month (per cent)	
Petrol	₹/litre	72.87	93.20	92.67	2.1	-0.6
Diesel	₹/litre	64.96	85.11	84.56	2.6	-0.6
Kerosene (subsidised)	₹/litre	22.39	29.37	30.32	7.4	3.2
LPG (non-subsidised)	₹/cylinder	748.63	829.63	819.63	7.6	-1.2

Abundant system liquidity maintained easy domestic financial conditions. The average daily net liquidity absorption ranged between ₹5.40 lakh crore in March 2021 to ₹5.94 lakh crore in April 2021 (up to April 22, 2021), despite of advance tax outflows in the second half of March, under the liquidity adjustment facility (LAF). A variable rate reverse repo auction on March 12, 2021 for an amount of ₹2 lakh crore was conducted by RBI.

The Asset reconstruction companies (ARCs) will play an important role in the asset resolution mechanism in India. India introduced ARCs as private sector institutions unlike many other countries that experimented with a public sector model of asset management companies following banking crises or crises-like situations.

Strong growth in revenues and net profits of corporate performance in January- March 2021 was witnesses driven by a pick-up in demand and order inflows. Digitalisation surged as the engine powering IT sector brilliant performance in the quarter. RBI's Industrial Outlook survey envisages further expansion through the first three quarters of 2021-22 after the steady rise of. The outlook for the Indian economy has relatively conservative growth forecast of the Reserve Bank holds, India's GDP in 2021-22 will exceed its level in the pre-pandemic year of 2019-20.

COMPETITIVE ADVANTAGE, OPPORTUNITIES AND THREATS:

1. *Technology* – In most of the sectors MBE has its own technology in terms of basic and detail design, thereby self-sufficient. In absence of such dependence on services of outside consultants and technology providers it can bring in optimization of cost and fast execution saving time. This is crucial to secure tenders at competitive prices.
2. MBE has its own equipment and process designs including manufacturing facility of long lead critical equipment and components for the EPC projects. Very few EPC agencies have both these capabilities of technology and manufacturing in-house. It has more than 55 years of experience in manufacturing various mining, port handling, cement mill machinery and processing equipment and they have manufactured many stacker reclaimers, bucket wheel excavators, spreaders etc. in their factories.
3. Company's long presence in executing projects more than 500 nos most of which are in record time brings in customers confidence.
4. Ability to deploy resources all over India to execute large scale projects upto INR 1500 cr. single project value in sectors like power, steel, cement etc. with multidisciplinary engineers , supervising personnel and highly skilled or semi-skilled workmen.
5. Large vendor base for construction material and equipment supply for last few decades working as partners.

In house NABL accredited QA laboratory and a QA/QC department with highly qualified and experience engineers.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

This 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:

Directors' Report

- 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 pursuing JV partners in Europe and Middle East primarily, for aggressively executing projects in 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.
- 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.

STRATEGY & RESILIENCE IN VIEW OF COVID-19 DISRUPTIONS AND FORTHCOMING WAVES

Company has place business in almost every state and they were mainly catering to the projects in EPC area. On closure of the projects, these business setups used to remain dormant awaiting new business opportunities. Keeping the business prospects in areas besides EPC in every State, your company would leverage these dormant set ups and make them active to access these opportunities. Furthermore, due to the pandemic the disruptions in supply chain and movement of marketing professions are severely effecting the business. Therefore your company has decided to activate all dormant setups to enhance business opportunities.

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. This has been extended to all the new projects secured in joint ventures (JVs) and being developed to capture risks pertaining to relationships of JV partners. For the other operational and fraud risk control the Internal Audit team has already commenced the process last year and its integration with the ERM is underway.

As an improvement of the risk management system, supply chain risk has been developed in further detail.

Your company migrated from in-premise servers to Oracle Cloud Infrastructure (OCI) thus mitigating the IT risks associated with the disruption due to covid-19 and enabling work from home in the future. With this migration company is working with Oracle Analytics Solutions to capture macro risks like commodity price variations, WPI Indices which impact our projects. This digital transformation to the cloud opens opportunities to create value with data enabled solutions and also increasing operational efficiencies by monitoring the Key Performance Indices (KPIs) of your company.

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

Directors' Report

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 revaluated 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 as per standard practice of EPC business.

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 2020-21.

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.

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 2020-21. As on 31st March, 2021 number of permanent employees of the Company was 554.

The industrial relations during the year have been cordial.

FINANCIAL PERFORMANCE:

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

Directors' Report

DETAILS OF SIGNIFICANT CHANGES (i.e. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS:

Key Financial Ratios	2020-21	2019-20	Change (%)	Reasons
Debt Equity Ratio (Number of times)	34.80	20.37	70.83	Due to change in Equity on account of accumulated loss.
Interest Coverage Ratio (Number of times)	(0.18)	(3.70)	(95.04)	Due to non-recognition of interest expenses during financial year 2020-21.
Current Ratio (Number of times)	0.79	0.82	(4.08)	Not applicable.
Debtors Turnover (Number of times)	3.18	2.44	30.33	Due to lower revenue on account of industrial slowdown accompanied by Banking restrictions on liquidity management.
Inventory Turnover (Number of times)	0.01	0.01	-	
Operating Profit Margin (%)	(0.02)	(0.53)	(95.57)	
Net Profit Margin (%)	(0.15)	(0.67)	(77.50)	
Return on Net Worth (%)	(0.68)	(2.80)	(75.82)	

DISCLOSURE OF ACCOUNTING TREATMENT:

The Board's Report and the financial statements contain necessary disclosure of accounting treatment, if any, different from that prescribed in Accounting Standards and management's explanation regarding adoption of such treatment.

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.

For and on behalf of the Board of Directors

Aditya Khaitan
Chairman

Kolkata, August 14, 2021

Directors’ Report

Annexure C to the Directors’ Report

CORPORATE GOVERNANCE

Your Company’s Report containing the details of the Company’s policies on Corporate Governance and due compliance report on specific areas wherever applicable for the year ended March 31, 2021 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 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’s internal audit is conducted by a designated and experienced team.
- 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 six members at the end of the financial year, consisting of four non-executive Independent Directors who account for 66 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 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 composition of the Board is as under:

Directors' Report

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 31st March, 2021 are as follows:

Name of Directors	Category of Directors	No. of other Directorships held *		No. of other Board Committees# of which he/she is a		No. of shares held in the Company as at March 31, 2021	Names of Listed Entities where the Director is a Director as at March 31, 2021 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	5	-	4	5	Nil	**Non-executive Independent Director:** Williamson Magor & Co. Limited Kilburn Engineering Limited McLeod Russel India Limited Eveready Industries India Limited Williamson Financial Services Limited
Mr. Nilotpal Roy DIN – 00087298	Non-executive Independent	2	-	-	-	Nil	**Non-executive Independent Director:** McNally Sayaji Engineering Limited
Ms. Kasturi Roychoudhury DIN - 06594917	Non-executive Independent	2	-	-	-	Nil	**Non-executive Independent Director:** McNally Sayaji Engineering Limited

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

\# Only two committees viz. the Audit Committee and the Stakeholders Relationship Committee are considered for this purpose.

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. None of the Directors 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, 2021. 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.

Directors' Report

(b) Selection of Independent Directors:

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

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as provided under applicable laws and that he/she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/her duties with an objective independent judgement and without any external influence. In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

(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 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/familarisation-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	1,00,000
Mr. Asim Kumar Barman	2,00,000
Ms. Arundhuti Dhar	2,00,000
Ms. Kasturi Roychoudhury	1,00,000
Mr. Nilotpal Roy	80,000
Total	**6,80,000**

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

Particulars of Remuneration	Mr. Srinivash Singh
A. Under Companies Act, 2013	
Salary	1,82,38,350
Perquisites	21,204
Total (A)	**1,82,59,554**
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)	**1,82,59,554**

Directors' Report

Notes:

1. None of the non-executive Directors receives any remuneration from the Company apart from the sitting fees for meetings attended by them.
2. The resolutions appointing the Managing Director do not provide for payment of severance fees.
3. The Company has received the lender and Shareholder approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Company amounting to Rs 98.60 (Previous Year Rs. 65.80 Lakhs) for the year.

(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, 5 (five) meetings of the Board of Directors were held on July 15, 2020; September 07, 2020; November 12, 2020; February 12, 2021 and March 22, 2021.

(iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2021 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	4	Yes
Mr. Srinivash Singh	4	Yes
Mr. Asim Kumar Barman	5	Yes
Ms. Arundhuti Dhar	5	Yes
Ms. Kasturi Roychoudhury	5	Yes
Mr. Nilotpal Roy	4	Yes

(g) Core Skills of the Board

The following is a list of core skills/expertise/competencies mapped with every director of the Company identified by the Board of Directors of the Company as required in the context of the Company's business(es) and sector(s) for the Company to function effectively and those available with the Board:

Core skill/ expertise / competencies	Aditya Khaitan	Srinivash Singh	Asim Kumar Barman	Arundhuti Dhar	Kasturi Roy Choudhury	Nilotpal Roy
Adequate knowledge of the Company's business and the Industry in which the Company operates	√	√	√	√	√	√
Strategy Acumen	√	√	√	√	√	√
Financial Skills	√	√	√	√	√	√
Communication Skills	√	√	√	√	√	√
Leadership & Management Skills	√	√	√	√	√	√

(h) Code of conduct:

The Company has in place a comprehensive Code of Conduct, applicable to the Directors, senior management and employees of the Company. The Codes give guidance and support needed for ethical conduct of business and compliance of law. The Code of Conduct as adopted by the Board of Directors is available on the Company's website at: http://www.mcnallybharat.com/investor/code-of-conduct.

Directors' Report

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 (UPSI) 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

   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;

Directors' Report

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 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 remained same during the year under review. The composition of the Audit Committee as at the end of the year was as under:

Mr. Asim Kumar Barman	Chairman
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 Board appointed Mr. Asim Kumar Barman as the Chairman of the Audit Committee upon its re-constitution w.e.f. August 01, 2019. All the members of Audit Committee are financially literate and Mr. Barman possesses accounting and related financial management expertise.

The Audit Committee met four times during the year under review, on July 15, 2020, September 07, 2020, November 12, 2020 and February 12, 2021. The attendance of each Audit Committee member is as under: -

Name of the Audit Committee Member	Number of meetings attended
Mr. Asim Kumar Barman	4
Ms. Arundhuti Dhar	4
Mr. Srinivash Singh	3

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.

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:

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

Directors' Report

b. To carry out evaluation of every Director's performance

c. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees

d. To formulate the criteria for evaluation of Independent Directors and the Board.

e. To recommend/review remuneration of the Executive Director(s) and Whole-time Director(s) based on their performance.

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

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

Composition:

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

Mr. Asim Kumar Barman Chairman

Ms. Arundhuti Dhar Member

Mr. Aditya Khaitan Member

All the members of the Nomination and Remuneration Committee are Non-executive Directors, out of which two members are Independent Directors. During the year under review, 1 (One) meeting of the Nomination & Remuneration Committee were held on September 07, 2020 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	1
Ms. Arundhuti Dhar	1
Mr. Aditya Khaitan	1

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. Both the above policies are available in *Annexure – E* 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/criteria-non-executive-directors.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. Arundhati Dhar - Member

Directors' Report

The Stakeholders' Relationship Committee of the Company met once during the year on November 14, 2020. The attendance of the members of the Stakeholders' Relationship Committee was as follows:

Stakeholders' Relationship Committee Member	Number of meetings attended
Mr. Asim Kumar Barman	1
Mr. Srinivash Singh	1
Ms. Arundhati Dhar	1

Generally, investors' complaints, which cannot be settled at the level of the Registrar & Transfer Agent, Maheshwari Datamatics Private Limited and the Company Secretary and Compliance Officer, are required to be forwarded to the Stakeholders' Relationship Committee for final settlement.

Investors' Grievances

The following table shows the nature of complaints received from shareholders during 2020-21.

Nature of complaints	Pending as on 01.04.2020	Received during the year	Replied/ Resolved during the year	Pending as on 31.03.2021
Non-receipt of Dividend Warrants	0	0	0	0
Non-receipt of Share certificates	0	0	0	0
Non-receipt of Annual Reports	0	0	0	0
Total	**0**	**0**	**0**	**0**

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

The Company confirms that there were no share transfers lying pending as on March 31, 2021, 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. Arundhati Dhar - Member

During the year a meeting of the Corporate Social Responsibility (CSR) Committee was held on March 09, 2021. 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. Arundhati 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 September 07, 2020. The same was attended by all the independent directors i.e. Mr. Asim Kumar Barman, Ms. Arundhuti Dhar, Mr. Nilotpal Roy and Ms. Kasturi Roychoudhury.

X. Extraordinary General Meeting

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

Directors' Report

XI. Allotment Committee:

The Allotment Committee consisted of the following members as shown herein below:

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

No meeting of Allotment Committee of the Company was held during the year.

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

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. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during last three financial years.

(c) Whistle Blower Policy/ Vigil Mechanism:

The Company has formulated a Whistle Blower Policy/ Vigil Mechanism and established a Vigil Mechanism for Directors and Employees and 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.

(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) The policy for determining 'material' subsidiaries is disclosed in the website of the Company at:

http://www.mcnallybharat.com/assets/pdf/investor/policy/policy-for-determining-material-subsidiaries.pdf.

(f) Policy on Dealing with 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.

Directors' Report

There was no material related party transaction for the year ended 31st March, 2021 which were not on arm's length basis.

(g) Certificate from Company Secretary in Practice:

The Company has obtained a certificate from Mr. A. K. Labh, Company Secretary in practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The copy of such certificate is attached with this report.

(h) 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.

(i) 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.

(j) 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.

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

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

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

(n) All Accounting Standards mandatorily required have been followed in preparation of financial statements.

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

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.

(iii) Reporting of Internal Auditors:

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

Directors' Report

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
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 – 700160
56th	Thursday	September 26, 2019	11:00 a.m.	Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata – 700160
57th	Tuesday	December 22, 2020	11.00 a.m.	Held through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

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
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.
Approval for re-appointment of Mr. Srinivash Singh (DIN: 00789624) as the Managing Director (Key Managerial Personnel) of the Company for a period of three consecutive years from December 14, 2019 to December 13, 2022.	December 22, 2020	96826371 99.999583% of the valid votes cast.	404 0.000417% of the valid votes cast.
Approval of re-appointment of Mr. Asim Kumar Barman (DIN: 02373956) as an Independent Director of the Company for a second term of three consecutive years commencing from the day of expiry of his earlier term, upto the date of the 60th Annual General Meeting or attainment of his 75 years of age whichever is earlier.	December 22, 2020	96826521 99.999738% of the valid votes cast.	254 0.000262% of the valid votes cast.

Mr. A. K. Labh, a Practicing Company Secretary was appointed as scrutinizer to scrutinize the e-voting process for the AGMs held on September 26, 2018, September 26, 2019 and December 22, 2020.

Directors' Report

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
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 15, 2018.

No **Special Resolutions** were passed during the year under review through postal ballot.

Means of Communication of Quarterly results:

(i)	Which newspapers normally published in	Mint (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	:	Thursday
Date	:	September 30, 2021
Time	:	11:00 a.m.

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

(c) **Period of Book Closure:** September 24, 2021 to September 30, 2021 (Both days inclusive)

(d) **Listing on Stock Exchanges:**

The Equity shares of the Company are listed at BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 and National Stock Exchange of India Ltd, 'Exchange Plaza', C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400051 and listing fees have been paid for the year 2021–2022.

Directors' Report

Stock Codes:

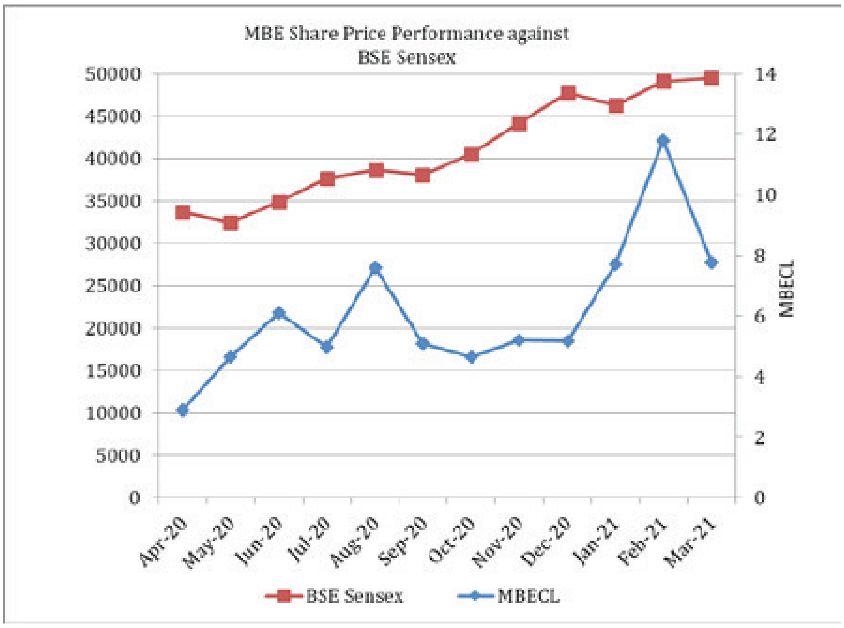
Bombay Stock Exchange	532629
National Stock Exchange	MBECL
Reuters Code	MCNL.BO
Bloomberg Code	MCNA:IN
International Securities Identification Number (ISIN) for the Company's shares in dematerialized form	INE748A01016

(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 2020-21 are as under:

Month	BSE Ltd.		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2020	2.89	2.28	2.85	2.15
May, 2020	4.67	2.69	4.45	2.55
June, 2020	6.11	4.46	6.30	4.35
July, 2020	6.6	4.6	6.60	4.65
August, 202	8.37	4.6	8.10	4.55
September, 2020	7.49	4.81	7.50	4.80
October, 2020	5.37	4.38	5.35	4.40
November, 2020	5.75	4.42	5.70	4.40
December, 2020	6.43	5.13	6.45	5.10
January, 2021	7.71	5.43	7.80	5.15
February, 2021	12.5	8.09	12.35	8.15
March, 2021	12.45	7.00	12.45	6.95

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



Directors' Report

(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.

(h) **Distribution of Shareholding as on 31st March, 2021:**

Share Holding	No. of Holders	% age	No. of Shares	% age
Upto 500	11010	74.5329	1607321	0.7597
501 to 1000	1499	10.1476	1284956	0.6073
1001 to 2000	922	6.2415	1461235	0.6907
2001 to 3000	360	2.437	937616	0.4432
3001 to 4000	183	1.2388	657116	0.3106
4001 to 5000	167	1.1305	798013	0.3772
5001 to 10000	285	1.9293	2172979	1.0271
Above 10000	346	2.3423	202651521	95.7843
Grand Total	**14772**	**100.0000**	**211570757**	**100.0000**

(i) **Pattern of Shareholding as on 31st March, 2021:**

Sl. No.	Category	No. of Holders	No. of Shares
1	Promoter & Promoter Group		
	- Individual/HUF(Indian)	3	32021
	-Bodies Corporate (Indian)	7	72342025
	-Individual/HUF (Foreign)	-	-
	-Bodies Corporate (Foreign)	-	-
2	Mutual Funds	-	-
3	Financial Institutions/Banks	1	50
4	Insurance Companies	1	92719
5	Foreign Institutional Investors	-	-
6	Domestic Companies	218	109214107
7	Foreign Companies	-	-
8	Resident Individual	14324	28785668
9	Non-Resident Individual	172	723735
10	Foreign National	1	600
11	NBFCs registered with RBI	1	750
12	Clearing Member	43	253565
13	IEPF Authority	1	125517
	Total	**14772**	**211570757**

Directors' Report

(j) **Convertible Instruments (Outstanding):**

There was no convertible instrument outstanding as at the end of the financial year i.e. on March 31, 2021.

(k) **Dematerialization of Shares:**

As on March 31, 2021, 17,20,90,155 Shares of the Company's total shares representing 81.34% shares were held in dematerialized form and the balance 18.66% representing 3,94,80,602 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. V. Singhi & Associates, acted as the Statutory Auditors of the Company for the financial year 2020-21. The details of the fees paid/payable to the Statutory Auditors by the Company for the financial year 2020-21 are detailed in the Standalone Financial Statements of the Company.

M/s. V. Singhi & Associates also acted as the Statutory Auditor of the Company's subsidiary, McNally Sayaji Engineering Limited, for the financial year 2020-21 at a remuneration of INR 27 lakhs.

M/s. V. Singhi & Associates also acted as the Statutory Auditor of the McNally Sayaji Engineering Limited's subsidiary, MBE Coal & Mineral Technology India Private Limited for the financial year 2020-21 at a remuneration of INR 8.5 lakhs. Further, they were paid Rs. 10,000/- for certification.

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

(o) **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@mbecl.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

Date: August 14, 2021
Place: Kolkata

Aditya Khaitan
Chairman

Directors' Report

DECLARATION AFFIRMING COMPLIANCE WITH THE CODE OF CONDUCT OF BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

To
The Board of Directors
McNally Bharat Engineering Company Limited

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 31st March, 2021.

Date: August 14, 2021
Place: Kolkata

Srinivash Singh
Managing Director

Directors' Report

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 Brij Mohan Soni, 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, 2021 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, 2021 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.

Date: August 14, 2021
Place: Kolkata

Srinivash Singh
Managing Director

Brij Mohan Soni
Chief Financial Officer

Directors' Report

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, 2021 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.	Nilotpal Roy	00087298	14.02.2020
6.	Kasturi Roychoudhury	06594917	14.02.2020

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: August 14, 2021
UDIN: A032891C000788921

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

Directors' Report

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 31st March, 2021 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 ('SEBI LODR').

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. The procedure selected depends on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria.
6. 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.
7. 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

8. 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 to the SEBI LODR for the year ended 31st March, 2021.

Other matters and Restrictions on use

9. 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.
10. The certificate is addressed and provided to the members of the Company solely for the purpose of complying with the requirement of the SEBI LODR, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 21050051AAAAGZ5071

Date: 14th August, 2021
Place: Kolkata

Directors' Report

Annexure D to the Directors' Report

Report on Corporate Social Responsibility Activities

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

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

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

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

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

2. The Composition of the Corporate Social Responsibility (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. 29,897.13) 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

Date: Aug 14, 2021	Asim Kumar Barman	Aditya Khaitan
Place: Kolkata	*Chairman, CSR Committee*	*Chairman*

Directors' Report

Annexure E to the Directors' Report

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.

Directors' Report

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.

Directors' Report

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;

Directors' Report

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.

Directors' Report

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

Date: August 14, 2021 | Aditya Khaitan
Place: Kolkata | *Chairman*

Directors' Report

Annexure - F

Part-A

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

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

To
The Members,
McNally Bharat Engineering Company Limited
Four 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 31.03.2021 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.

I have relied upon the accuracy of the documents and information as shared by the Company with me through appropriate Information Technology tools to assist me in completing the secretarial audit work during lock down period due to unprecedented

Directors' Report

situation prevailing in the Country due to CoVID-19 virus pandemic and the same is subject to physical verification by me post normalization of the situation.

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 31.03.2021 according to the provisions of (*as amended*) :

(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.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Acts:

1. The Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation and Abolition) Central Rules, 1972;
2. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of service) Act, 1979; and
3. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 to the extent of its applicability to the Company during the financial year ended 31.03.2021 and my examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to me by the Company and its management and to the best of my judgment and understanding of the applicability of the different enactments upon 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, environmental 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, *except*:

Directors' Report

Matter of Emphasis:

1. ***There are certain forms which have been / are being filed belatedly with the Registrar of Companies (ROC).***
2. ***The Company does not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2021 as stipulated under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.***
3. ***The Company has submitted Financial Result for the quarter and financial year ended 31.03.2020 after 30 minutes of the conclusion of the Board Meeting held on 15.07.2020.***
4. ***The Company has defaulted in payment of interest/ repayment of principal amount on loans from banks/financial institutions and also unlisted debt securities, viz. default in redemption of Non-Convertible Redeemable Preference Shares. Disclosure with regard to the same pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 was submitted for the quarter ended 30th September, 2020 onwards.***

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 (Issue of Capital and Disclosure Requirements) Regulation, 2018;

(v) 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) Tata Capital Finance Services Limited has moved to National Company Law Appellate Tribunal against an Order passed by National Company Law Tribunal in favour of the Company. The mater is sub-judice.

(b) There are certain cases filed against the Company under the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal, Delhi, Kolkata and Chennai Bench which are sub-judice.

(c) The Company is in the process of maintaining Structured Digital Database pursuant to the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2020 vide SEBI Notification dated 17th July, 2020.

Directors' Report

(d) The Company is in the process of filing Annual Return with Reserve Bank of India under Foreign Liabilities and Assets Information Reporting (FLAIR) system in accordance with RBI/2018-19/226 - A.P. (DIR Series) Circular No. 37 dated 28th June, 2019 for the Financial Year 2019-20.

(e) The Company is in the process of registration under Trade Receivables Electronic Discounting System (TReDS) platform as per MSME Notification dated 02.11.2018.

(f) The Company is in the process of registration under Foreign Investment Reporting and Management System (FIRMS) with RBI.

(g) The Company is in the process of modifying its Insider Trading Code and Code of Fair Disclosure pursuant to SEBI Notification dated 17th July 2020 and 23rd July, 2020.

(h) The Company is in process of submitting Annual Report with designated authority in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

(i) In the light of heightened concern on spread of Covid-19 across the nation during the year under report and as per the notifications issued by the Central / State Government(s), the Company had temporarily suspended its operation of certain facilities at its Plants and Offices till such time as has been specified in such notifications.

(j) As informed by the management, the Company is in discussion with Lenders for Debt Restructuring of various credit facilities availed by the Company.

(Asit Kumar Labh)
Practicing Company Secretary
ACS – 32891 / CP No.- 14664
UDIN: A032891C000788910

Place: Kolkata
Dated: 14.08.2021

Annexure - F

(Part - B)

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

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.	Due to pandemic caused by Covid-19 certain forms have been filed belatedly with the Registrar of Companies (ROC). Necessary actions are being taken to file the pending e-forms with ROC.
2.	Equity shares allotted to promoters are pending dematerialization since the shares are in the process of listing with the Stock Exchange(s).
3.	Due to technical problems, the financial result for the quarter and financial year ended 31.03.2020 was submitted after 30 minutes of the conclusion of Board Meeting held on 15.07.2020.
4.	On account of lockdown due to pandemic caused by Covid-19 and non-accessibility of office, the disclosure pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 for the quarter ended June 30, 2020 could not be given for want of various data / financial information. However, when the office re-opened and the situation was somewhat normalized, the Company has submitted the disclosure as required under the said circular for the quarter ended September 30, 2020 onwards.

Directors' Report

Annexure G to the Directors' Report

Particulars of Employees and Remuneration

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

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

Executive Directors

Name of Directors	Remuneration (Rs)	Ratio to the median remuneration
Mr. Srinivash Singh – Managing Director	182.60 Lakh	38.67:1

Non-Executive Directors

Name of the Directors	Sitting fees paid during the year (in Rs)	Ratio to the median remuneration
Mr. Aditya Khaitan	1,00,000	0.21:1
Mr. Asim Kumar Barman	2,00,000	0.42:1
Ms. Arundhuti Dhar	2,00,000	0.42:1
Ms. Kasturi Roychoudhury	1,00,000	0.21:1
Mr. Nilotpal Roy *	80,000	0.17:1

(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-Exe. Director	Nil
Mr. Srinivash Singh	Managing Director	Nil
Mr. Asim Kumar Barman	Independent Director	Nil
Ms. Arundhuti Dhar	Independent Director	Nil
Ms. Kasturi Roychoudhury	Independent Director	Nil
Mr. Nilotpal Roy	Independent Director	Nil

(iii) The percentage increase in the median remuneration of employees in the financial year 2020-21 : 1.07%

(iv) The number of permanent employees on the rolls of company: 485

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

Average percentile decrease already made in the salaries of employees in the last financial year (barring KMPs, CFO & CS) = There has been an increase of 14.64% in the salaries of employees during the financial year ended March 31, 2021.

Average percentile decrease in the managerial remuneration in the last financial year (including CFO and CS) = There has been decrease in the managerial remuneration during the financial year ended March 31, 2021 @ 21.36%.

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

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

For and on behalf of the Board of Directors

Date: August 14, 2021
Place: Kolkata

Aditya Khaitan
Chairman

Directors' Report

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	182.60	Permanent	Cost Accountant, CS, LLB	56	23-Dec-16	75	Furnace Fabrica (India) Ltd.	-	No
2	Mr. Manoj Kumar Digga	Chief Financial Officer	43.90	Permanent	CA, CS & CMA	28.30	14-Jul-18	51	Visa Steel Ltd.	-	No
3	Mr. Brij Mohan Soni	Chief Financial Officer	39.67	Permanent	CA	30.04	24-Aug-20	54	Rashmi Metaliks Ltd.	-	No
4	Mr. Arindam Sarkar	President	38.24	Contractual	B.E-Civil	46.12	3-Apr-17	67	Furnace Fabrica (India) Ltd.	-	No
5	Mr. Rabindranath Roy	Senior Vice President	37.27	Permanent	B.E-Civil	31.11	3-Apr-17	54	Furnace Fabrica (India) Ltd.	-	No
6	Mr. Bhanu Pratap Srivastava	President	37.23	Contractual	B. Sc. (Engg)	38.03	3-Apr-17	61	Furnace Fabrica (India) Ltd.	-	No
7	Mr. Dipankar Sarkar	President	37.02	Contractual	M.E-Project Engineering	38.11	25-Aug-20	64	DC Industrial Plant Services Pvt. Ltd.		No
8	Mr. Asis Kumar Bhattacharjee	President	36.04	Contractual	B.E. - Electrical	43.03	3-Apr-17	65	Furnace Fabrica (India) Ltd.	-	No
9	Mr. Ranjan Das	Vice President	35.73	Permanent	B.E-Civil	31.04	10-Dec-92	53	Martin Burn Ltd.	-	No
10	Mr. Saikat Basu	Asso. Vice president	35.35	Permanent	B. E. Mining	26	4-Nov-19	49	Larsen & Toubro Limited	-	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.

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	182.60	Permanent	Cost Accountant, CS, LLB	56	23-Dec-16	75	Furnace Fabrica (India) Ltd.	-	No
2	Mr. Manoj Kumar Digga	Chief Financial Officer	43.90	Permanent	CA, CS & CMA	28.30	14-Jul-18	51	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 diretor 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
Aditya Khaitan
Chairman

Kolkata, August 14, 2021

Independent Auditor's Report

To the Members of
McNally Bharat Engineering Company Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying Standalone Financial Statements of McNally Bharat Engineering Company Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31st March, 2021, the Standalone Statement of Profit and Loss (including the Statement of Other Comprehensive Income), theStandalone Statement of Changes in Equity, the Standalone Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (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 except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, its losses (including the Statement of Other Comprehensive Income), the changes in equityand its cash flows for the year ended on that date.

Basis for Qualified Opinion

Non-recognition of Interest Expense

The Company has not recognised interest expense on Bank and Inter-Corporate Borrowings amounting to Rs. 31,546.61 Lakhs and Rs. 190.80 Lakhs respectively for the year ended 31st March, 2021 as referred in Note 43 to the Standalone Financial Statements. The Company had also not recognised interest expense of Rs. 29,044.74 Lakhs and Rs. 1,059.48 Lakhs on Bank and Inter-Corporate Borrowings respectively for the year ended 31st March, 2020. As a result, finance costs, liability on account of interest and total comprehensive loss for the year ended 31st March, 2021 are understated to that extent. This constitutes a departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

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

Emphasis of Matters

a) Material uncertainty related to Going Concern

We draw attention to Note 40 to the Standalone Financial Statements; the Company has reported net loss of Rs. 4,985.83 Lakhs during the year ended 31st March, 2021 and unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Company's management is currently in discussion with the investor and lenders for carrying outa debt restructuring proposal as informed to us by the Management. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern as the same is solely dependent on the acceptance of the debt restructuring proposal. Based on the Board of Directors' assessment and expectation of apositive outcome of the restructuring proposal, the Standalone Financial Statements have been prepared on going concern basis.

Independent Auditor's Report

b) Recognition of Deferred Tax Assets

We draw attention to Note 7 to the Standalone Financial Statements, the Company had recognised deferred tax assets of Rs. 51,706.60 Lakhs upto 31st March, 2018 expecting adequate future taxable profits to the Company against which the deferred tax assets can be utilised, which is solely dependent on the acceptance of the debt restructuring proposal. However, the Company has not recognised further deferred tax assets for the year ended 31st March, 2019, 31st March, 2020 and 31st March, 2021 on prudent basis.

c) Non-adjustment of the Carrying Value of the Investments

We draw attention to Note 45 to the Standalone Financial Statements regarding invocation of pledge over 23,37,211 Equity Shares of the Subsidiary Company, McNally Sayaji Engineering Limited held by the Company, by the Lender Bank of the Subsidiary Company i.e. ICICI Bank Limited as per their letter dated 27th November, 2020 at a value of Re. 1/- against the Term Loan facility availed by the Subsidiary Company. The Subsidiary Company has objected to such invocation vide their letter dated 15th December, 2020 and has not made any adjustment to the carrying value of its investment in the Subsidiary Company.

d) Management's assessment of impact of COVID-19

We draw attention to Note 44 to the Standalone Financial Statements which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Company.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
1	**Estimated Cost to complete the Project:** (Refer note 1(d) to the Standalone Financial Statements) The Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard 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.	Our audit approach was combination of test of internal controls and substantive procedures which includes the following: 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's Certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis.

Independent Auditor's Report

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
2.	**Impairment of Investments in Subsidiaries:** (Refer note 5 to the Standalone Financial Statements) Investments in Subsidiaries are measured at cost net of impairment provision, if any, as per the requirements of Indian Accounting Standard 36 "Impairment of Assets". Impairment indicators were noted in one of the Subsidiary Companies, McNally Sayaji Engineering Limited resulted in an assessment of impairment of the Investments in the Subsidiary. This area was considered to be of Key Audit Matter for the following reasons: • The magnitude of the balance of the Investments in the subsidiary with a carrying value of Rs 17,923.73 Lakhs ; and • The carrying value is supported byfuture forecasted operating cash flows of the subsidiary, which are judgmental in nature and are dependent on number of factors, including volume and margin expectations.	Our audit approach was combination of test of internal controls and substantive procedures which includes the following: 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. Verified the appropriateness of the cash flows projection of the Subsidiary including key assumptions considered as part of the impairment assessment.
3.	**Provisions and Contingent Liabilities** (Refer note 29(a) to the Standalone Financial Statements) 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 Standalone 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.	Our audit approach was combination of test of internal controls and substantive procedures which includes the following: 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 the Board and the 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 theStandalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises of the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report

Independent Auditor's Report

and Shareholders Information but does not include the Standalone Financial Statements and our Auditor's Report thereon.

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

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

If, we conclude,based on the work we have performed, on the other information obtained prior to the date of Auditor's Report, that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

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

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

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

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

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

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

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

Independent Auditor's Report

the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls based on our audit.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms ofsection 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) except for the possible effects of the matter described in the Basis for Qualified Opinion Section above , in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including the Statement of Other

Independent Auditor's Report

Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

d) except for the significance of the matters discussed in the Basis for Qualified Opinion Section above, in our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Companies(Indian Accounting Standards) Rules, 2015, as amended;

e) the matter described in the Basis for Qualified Opinion Section above, in our opinion, may have an adverse effect on the functioning of the Company;

f) on the basis of written representation received from the directors as on 31st March, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of section 164(2) of the Act;

g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above;

h) with respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**.

i) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/payable by the Company to its director is in accordance with the requirements of Section 197 of the Act.

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

   i. except for the possible effect of the matter described in the Basis for Qualified Opinion section above, the Company has disclosed the impact of pending litigations on its financial position in theStandalone Financial Statements (Refer Note 29(a)to the Standalone Financial Statements);

   ii. the Company has madeprovision in theseStandalone Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts;

   iii. there were no amounts which were requiredto be transferred to the Investor Education andProtection Fund by the Company.

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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN:21050051AAAAG13354

Place: Kolkata
Date:30th June, 2021

Annexure A to the Independent Auditor's Report

Referred to in Paragraph-1 on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limitedon the Standalone Financial Statements for the year ended 31st March, 2021

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

(b) The 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. Accordingly, clause 3(i)(c) of the Order is not applicable.

(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 explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv) According to the information and explanations given to us, except for non-recognition of interest income on outstanding unsecured loan of Rs 1,391.80 Lakhs granted to a body corporatein earlier years (disclosed under Note 37 to the Standalone Financial Statements), 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 deposits from the public during the year within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified. Accordingly, clause 3(v) of the Order is not applicable.

vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the same as maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether the same are accurate or complete.

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

a) The dues of Income Tax have not been regularly deposited during the year with the Income tax 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 31st March, 2021 for a period of more than six months from the date the same became payable are as follow:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount Relates	Due Date
Income Tax Act, 1961	TDS U/s 194A	7.15	November,2017	7th December, 2017
		13.59	December,2017	7th January, 2018
		6.61	January, 2018	7th February, 2018
		14.3	February, 2018	7th March, 2018
		43.05	March, 2018	7th April, 2018
		41.21	March, 2019	7th April, 2019
	TDS U/s 194J	7.5	December, 2017	7th January, 2018
		25	March, 2018	30th April, 2018

Annexure A to the Independent Auditor's Report

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

Name of the Statute	Forum where dispute is pending	Financial year to which the amount relates to	Amount involved (Rs. in Lakhs)
Income Tax Act, 1961	CIT (Appeal)	2015-16	4,776.10
Sales Tax/Value Added Tax Acts	Assistant Commissioner/ Additional Commissioner/ Deputy Commissioner/ Commissioner	2008-09 to 2017-18	11,563.07
	Appellate Tribunal and Revisional Board	2006-07 to 2017-18	6,942.35
	Supreme Court/ High Court	2005-06 to 2017-18	19,953.37
The Central Excise Act, 1944	Custom Excise and Service Tax Appellate Tribunal	2011-12 to 2016-17 & 2020-21	300.77
	High Court	2016-2017	25.00
The Finance Act, 1994	Custom Excise and Service Tax Appellate Tribunal	2003-04 to 2011-12	1,810.53
Entry Tax Act.	High Court, Supreme Court, Appellate Tribunal, Commissioner Appeal	2005-08, 2010-11 to 2017-18	711.24

(viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of entire loans or borrowings to Banks and the details of continuing default in repayment of loans or borrowings as on 31st March, 2021 are asunder:

Principal Dues to Banks	Amount of default in repayment (Rs. in Lakhs)
ICICI Bank -External Commercial Borrowing	487.39
Axis Bank Limited - Working Capital Demand Loan	12,660.40
Standard Chartered Bank - Working Capital Demand Loan	3,415.90
Allahabad Bank - Cash Credit	8,592.86
Axis Bank Limited - Cash Credit	20,756.11
Bank of Baroda - Cash Credit	4,206.03
Bank of India - Cash Credit	43,594.50
Canara Bank - Cash Credit	2,399.38
DCB Bank- Cash Credit	295.02
ICICI Bank - Cash Credit	15,760.15
IDBI Bank - Cash Credit	17,569.77
KarurVysya Bank - Cash Credit	8,679.48
Lakshmi Vilas Bank - Cash Credit	97.72
Oriental Bank of Commerce Bank - Cash Credit	1,082.25
Punjab National Bank - Cash Credit	15,069.83
Standard Chartered Bank- Cash Credit	2,606.84
State Bank Of India - Cash Credit	25,743.48
UCO Bank - Cash Credit	1,213.23
Union Bank - Cash Credit	15,207.79
United Bank of India - Cash Credit	93.5

Annexure A to the Independent Auditor's Report

In addition to the above, the Company has also defaulted inpayment of interest amounting to Rs. 31,546.61 Lakhs on the above borrowings for the year ended 31st March, 2021.

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

ix. According to the information and explanations given to us and based on our examination of the books and records, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year. Accordingly, clause 3(ix) of the Order is not applicable.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us and based on our examination of the books and records,we report that the Company has been paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company is in compliance with Sections177 and 188 of the Act, where applicable for transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly,clause 3(xiv) of the Order is not applicable.

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

xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN:21050051AAAAG13354

Place: Kolkata
Date:30th June, 2021

Annexure B to the Independent Auditor's Report

Referred to in Paragraph 2(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limitedon the Standalone Financial Statements for the year ended 31st March, 2021

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

In conjunction with our audit of the Standalone Financial Statements of McNally Bharat Engineering Company Limited ("the Company") as of and for the year ended 31st March, 2021, we have audited the internal financial controls with reference to Standalone Financial Statements the Company.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

A Company's internal financial controlswith reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3)

Annexure B to the Independent Auditor’s Report

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2021 based on the internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN:21050051AAAAG13354

Place: Kolkata
Date:30th June, 2021

Standalone Balance Sheet as at 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current Assets			
Property, plant and Equipment	3	2,635.69	3,169.99
Right to use Assets	3	1,841.08	1,989.36
Capital work-in-progress	3	462.62	462.48
Other Intangible Assets	4	47.32	48.28
Financial Assets			
i. Investments	5	18,054.37	18,026.55
ii. Other Financial Assets	6(d)	2.12	12.99
Deferred tax assets	7	51,706.60	51,706.60
Other Non-current Assets	8	1.83	2.98
Total Non-current Assets		**74,751.63**	**75,419.23**
Current Assets			
Inventories	9	293.00	526.86
Financial Assets			
i. Trade Receivables	6(a)	1,05,220.29	1,38,532.08
ii. Cash and cash equivalents	6(b)	2,722.85	1,661.15
iii. Bank balances other than (ii) above	6(b)	58.24	107.94
iv. Loans	6(c)	1,391.80	1,442.01
v. Other financial assets	6(d)	26,221.64	20,878.63
Current Tax Assets (net)	10(a)	4,163.44	6,223.45
Other current assets	10(b)	49,507.12	45,748.62
Total Current Assets		**1,89,578.38**	**2,15,120.74**
Total Assets		**2,64,330.01**	**2,90,539.97**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11(a)	21,157.08	21,157.08
Other equity	11(b)	(13,776.18)	(7,572.53)
Total Equity		**7,380.90**	**13,584.55**
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
i. Borrowings	12(a)	13,444.26	12,222.06
ii. Other financial liabilities	12(c)	2,270.27	2,198.46
Provisions	13	233.42	223.07
Total Non-current Liabilities		**15,947.95**	**14,643.59**
Current Liabilities			
Financial Liabilities			
i. Borrowings	12(b)	2,00,629.27	1,98,462.79
ii. Trade payables	12(d)		
Total outstanding dues of micro enterprises and small enterprises		195.64	106.07
Total outstanding dues of creditors other than micro enterprises and small enterprises		22,387.35	22,527.17
iii. Other financial liabilities	12(c)	12,507.98	13,755.62
Provisions	13	92.84	124.34
Other current liabilities	14	5,188.08	27,335.84
Total Current Liabilities		**2,41,001.16**	**2,62,311.83**
Total Liabilities		**2,56,949.11**	**2,76,955.42**
Total Equity and Liabilities		**2,64,330.01**	**2,90,539.97**
Significant Accounting Policies	1-2		

The above standalone balance sheet should be read in conjunction with the accompanying note nos. 1 to 49

This is the balance sheet referred to in our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051

Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

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

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31st March , 2021	Year ended 31st March, 2020
Revenue from operations	15	33,278.33	56,760.07
Other income	16	2,589.15	5,148.24
Total income		**35,867.48**	**61,908.31**
Expenses			
Cost of Materials Consumed	17	13,608.72	21,471.18
Outsourcing Expenses to Job workers		12,280.65	20,184.99
Employee Benefit Expense	18	4,559.99	7,131.29
Finance Costs	19	4,227.62	8,106.77
Depreciation and Amortisation expense	20	673.90	1,005.34
Other Expenses	21	5,520.17	42,096.69
Total expenses		**40,871.06**	**99,996.26**
Profit / (Loss) before tax		**(5,003.58)**	**(38,087.95)**
Income tax expense	22		
- Current tax		-	-
- Deferred tax		-	-
Total Tax Expense		**-**	**-**
Profit / (Loss) for the year		**(5,003.58)**	**(38,087.95)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit plans (net of taxes)		17.75	8.94
Other Comprehensive Income for the year		**17.75**	**8.94**
Total Comprehensive Income for the year		**(4,985.83)**	**(38,079.01)**
Earnings Per Share	33		
Basic Earnings Per Share (Face value of INR 10 each)		**(2.36)**	**(18.00)**
Diluted Earnings Per Share (Face value of INR 10 each)		**(2.36)**	**(18.00)**
Significant Accounting Policies, Judgement,Estimates and Assumptions	1-2		

The above standalone profit and loss should be read in conjunction with the accompanying note nos. 1 to 49

This is the statement of profit and loss referred to in our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051

Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

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

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Cash flow from operating activities		
Profit/(Loss) before income tax	**(5,003.58)**	**(38,087.94)**
Adjustments for:		
Depreciation	673.90	1,005.34
Finance Cost	4,227.62	8,106.77
Interest Income	(2,157.17)	(2,895.50)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(21.73)	5.53
Provision for Bad & Doubtful Debts	-	18,102.08
Expected credit loss provided for/(written back)	634.93	3,497.70
Advance to vendor written off	-	5,022.07
Liability no longer required written back	(41.05)	(2,032.09)
Provision for Doubtful Debts against expenses recoverable	-	2,805.57
Provision for Future Foreseeable Losses in Construction Contracts	(757.51)	1,993.30
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(26.76)	293.78
Net (gain)/loss on financial assets measured at fair value through profit or loss	(27.82)	3.74
Change in operating Assets and Liabilities:		
(Increase)/Decrease in trade receivables	32,847.90	9,123.61
(Increase)/Decrease in inventories	233.86	6,788.03
Increase/(Decrease) in trade payables	(220.92)	(24,173.36)
(Increase)/Decrease in other financial assets	(3,217.37)	12,768.33
(Increase)/decrease in other non-current assets	1.14	18.93
(Increase)/decrease in Right to use assets	-	
(Increase)/decrease in other current assets	(3,758.50)	(9,246.41)
Increase/(decrease) in provisions	25.14	(441.93)
Increase/ (decrease) in other financial liabilities	525.19	(2,141.43)
Increase/ (decrease) in other liabilities	(22,145.93)	(9,803.62)
Cash generated from operations		
Income taxes (paid)/Refund	2,060.01	(658.62)
Net cash inflow / (outflow) from operating activities	**3,851.36**	**(19,946.13)**
Cash flows from investing activities		
Purchase of investments	-	-
Purchase of property, plant and equipment	(1.33)	(19.68)
Loans given during the year	50.21	
Proceeds from sale of property, plant and equipment	41.75	95.61
Deposits matured/(made) during the year	49.71	4,247.82
Interest received	6.51	599.00
Net cash inflow / (outflow) from investing activities	**146.85**	**4,922.75**

Standalone Statement of Cash Flows for the year ended 31st March, 2021 (Contd.)

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Cash flows from financing activities		
Proceeds from borrowings	2,164.48	18,010.05
Repayment of borrowings	-	(2,782.78)
Interest paid	(5,100.99)	(2,087.80)
Net cash inflow / (outflow) from financing activities	**(2,936.51)**	**13,139.47**
Net increase / (decrease) in cash and cash equivalents	**1,061.70**	**(1,883.90)**
Cash and cash equivalents at the beginning of the financi al year	1,661.15	3,545.05
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of the year	**2,722.85**	**1,661.15**
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(b)}	2,722.85	1,661.15
Balances per statement of cash flows	**2,722.85**	**1,661.15**

Change in Liability arising from Financing Activities

Particulars	April 01, 2020	Cash Flow	Foreign Exchange Movement	Other Adjustment #	March 31, 2021
Borrowings (Non-Current)	18,173.15	-	(12.28)	1,222.21	19,383.08
Borrowings (Current)	1,98,462.79	2,164.48	2.01	-	2,00,629.27
Total	**2,16,635.94**	**2,164.48**	**(10.27)**	**1,222.21**	**2,20,012.34**

Other Adjustment of Rs. 1222.21 lakhs is in respect of Non-Current Borrowings as reversal of fair value gain on deferment of advances received from certain companies and converted into interest free Inter Corporate Deposits(ICDs) during earlier years {Refer Note 11(b)(v) and Note 41}.

Notes:

1. 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 standalone statement of cash flows should be read in conjunction with the accompanying note nos. 1 to 49

This is the statement of cash flows referred to in our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051

Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

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

(All amounts are in Rs. Lakhs, unless otherwise stated)

A. Equity Share Capital

Particulars	Notes	Equity Share Capital
As at 31st March, 2019		**17,215.18**
Changes in Equity Share Capital	11(a)	3,941.90
As at 31st March, 2020		**21,157.08**
Changes in Equity Share Capital	11(a)	-
As at 31st March, 2021		**21,157.08**

B. Other Equity

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital	Reserves and Surplus					Total
				Securities Premium	Retained Earnings	Capital Redemption Reserve	General Reserve	Other Reserves	
Balance at 1st April, 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
Profit/(Loss) for the year		-	-		(38,087.95)	-	-	-	(38,087.95)
Other Comprehensive Income		-	-	-	8.94	-	-	-	8.94
Total Comprehensive Income for the year		**-**	**-**	**-**	**(38,079.01)**	**-**	**-**	**-**	**(38,079.01)**
Forfeiture of Share Warrants	below	(100.00)	-	-		100.00			-
Reversal of Fair value gain on Financial Liabilities	41							(1,111.10)	(1,111.10)
Converted into equity			(3,941.90)						(3,941.90)
Transfer to Financial Liabilities	12(a)			(430.94)					(430.94)
		(100.00)	**-**	**(430.94)**	**-**	**100.00**		**(1,111.10)**	**(5,483.94)**
Balance at 31st March, 2020		**-**	**3,941.90**	**1,12,869.05**	**(2,08,463.12)**	**101.00**	**1,549.64**	**86,370.90**	**(7,572.53)**

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital	Reserves and Surplus					Total
				Securities Premium	Retained Earnings	Capital Redemption Reserve	General Reserve	Other Reserves	
Balance at 1st April, 2020		-	-	1,12,869.05	(2,08,463.12)	101.00	1,549.64	86,370.90	(7,572.53)
Profit/(Loss) for the year		-	-	-	(5,003.58)	-	-	-	(5,003.58)
Other Comprehensive Income		-	-	-	17.75	-	-	-	17.75
Total Comprehensive Income for the year		**-**	**-**	**-**	**(4,985.83)**	**-**	**-**	**-**	**(4,985.83)**
Forfeiture of Share Warrants		-	-	-	-	-	-	-	-
Reversal of Fair value gain on Financial Liabilities	41	-	-	-	-	-	-	(1,222.21)	(1,222.21)
		-	**-**	**-**	**-**	**-**		**(1,222.21)**	**(1,222.21)**
Balance at 31st March, 2021		**-**	**-**	**1,12,869.05**	**(2,13,448.95)**	**101.00**	**1,549.64**	**85,148.69**	**(13,776.18)**

Note : An amount of Rs. 620 Lakhs (including Securities Premium of Rs. 520 Lakhs) was received by the Company as 25% subscription money from two parties towards allotment of 40,00,000 Equity Share Warrants. On non-exercise of their option attached to the warrants for subscription of Equity Shares of the Company, the Company has forfeited the amount during the financial year 2019-20.

The above standalone statement of change in equity should be read in conjunction with the accompanying note nos. 1 to 49

As per our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E
(V. K. Singhi)
Partner
Membership Number: 050051
Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

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 FourMangoe Lane, Kolkata- 700001 and Corporate Office 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.

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 of Standalone Financial Statements

(i) Compliance with Ind AS

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

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

(ii) Historical cost convention

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

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

(iii) Operating Cycle

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

(iv) Use of estimates and judgements

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

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

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

(b) Segment Reporting

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

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

Company's performance on the analysis of profit before tax at an overall level. Further, there are no reportable geographical segments since significant 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 the Standalone Statement of Profit and Loss.

(i) Functional Currency

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

(ii) Transactions and balances

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

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the StandaloneStatement 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 effective foraccounting periods beginning on or after April 1, 2018. The Company has adopted Ind AS 115 using the modifiedretrospective approach. The adoption of the standard did not have any material impact to theStandaloneFinancial Statements of theCompany.

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 performanceobligation, adoption of Ind AS 115 does not have any material impact on the Company's revenue and profit orloss. The Company has

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

concluded that the revenue recognition to occur at a point in time when control of theasset is transferred to the customer, generally on delivery of the goods as per the terms of the contracts with thecustomers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at whichtime 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 IndAS - 115. Obligations under the long term construction contracts are satisfied over time given that the customersimultaneously 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 basedon the proportion of contract costs incurred for work performed to date relative to the estimated total contractcosts, 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 necessaryfor commencement of the project have been obtained; (b) the stage of completion of the project reachesreasonable level of development. The stage of completion is determined as a proportion that contract costsincurred 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 thecontract, the expected loss is recognised immediately. For this purpose total contract costs are ascertained onthe basis of contract costs incurred and cost to completion of contracts which is arrived at by the managementbased on current technical data, forecast and estimate of net expenditure to be incurred in future including forcontingencies etc.

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

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

(iii) *Dividend and Interest Income*

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (providedthat 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

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

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 Standalone Statement of profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

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

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

(**f) Leases**

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

As a Lessee (Assets taken on lease)

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

(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.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(h) Cash and Cash Equivalents

For the purpose of presentation in the StandaloneStatement 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 Liabilities

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

(i) Classification

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

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at 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 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 the Standalone Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

(l) Investments and Other Financial Assets

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

(i) Classification

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

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

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

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

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

(ii) Measurement

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

Investments in Subsidiaries and Joint Ventures are recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets".

(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 Company 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 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 Standalone 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 Standalone 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.

(iv) Derecognition of Financial Assets

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

(m) Derivatives that are not designated as hedges

Derivatives are initially recognsied 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.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(n) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the StandaloneBalance 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 the Standalone 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 Act, 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 Standalone Statement of Profit and Loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

(p) 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.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

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 Standalone 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 the Standalone Statement of Profit and Loss as finance costs.

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

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

(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 takes substantial period of time to get ready for its intended use or sale.

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

(t) Provisions, Contingent Liabilities and Contingent Assets

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

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

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or amount of the obligation cannot be measured with sufficient reliability.

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

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

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

(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 Standalone 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 the Standalone 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 Standalone 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 Standalone 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 (LICI).

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.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

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 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 Standalone Balance Sheet in respect of the 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.

(iii) Defined Benefit Plans (Contd.)

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 Standalone 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 Standalone Statement of Changes in Equity and in the StandaloneBalance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Standalone 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) Earnings PerShare

(i) Basic Earnings PerShare

Basic Earnings PerShare is calculated by dividing:

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

(ii) Diluted Earnings PerShare

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

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

Rounding off amounts

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

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Standalone Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosuresrelating 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 standalone financialstatements. Accounting estimates could change from period to period. Actual results could differs from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Standalone Financial Statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to theStandaloneFinancialStatements.

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 recognisedand disclosed in the Standalone Financial Statements:

1. Going Concern Assumptions in the preparation of the Standalone Financial Statements.
2. Expected Cost of Completion of Contracts.
3. Fair Value Measurement of Financial Instruments.
4. Impairment of Investments in Joint Venture and Subsidiaries
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

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

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 3: Property, Plant and Equipment

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Total	Capital work-in-progress	Right to Use Assets
1st April, 2019							
Gross Carrying Amount							
Opening gross carrying amount	**10,377.75**	**786.18**	**60.85**	**105.93**	**11,330.71**	**462.48**	**2,137.64**
Additions	15.36	4.32	-	-	19.68	-	-
Disposals/Adjustments	(331.76)	(67.07)	-	-	(398.83)	-	-
Closing Gross Carrying Amount	**10,061.35**	**723.43**	**60.85**	**105.93**	**10,951.56**	**462.48**	**2,137.64**
Accumulated Depreciation							
Opening Accumulated Depreciation	**6,576.64**	**500.21**	**41.70**	**105.35**	**7,223.89**	**-**	**-**
Depreciation charged during the year	729.39	122.21	3.64	0.15	855.38	-	148.28
Disposals	(240.90)	(56.81)	-	-	(297.71)	-	-
Closing Accumulated Depreciation	**7,065.13**	**565.61**	**45.34**	**105.50**	**7,781.56**	**-**	**148.28**
Net carrying amount as at 31st March, 2020	**2,996.22**	**157.83**	**15.51**	**0.43**	**3,169.99**	**462.48**	**1,989.36**
1st April, 2020							
Gross Carrying Amount	**10,061.35**	**723.43**	**60.85**	**105.93**	**10,951.56**	**462.48**	**2,137.64**
Additions	0.16	-	-	1.04	1.20	0.14	-
Disposals/Adjustments	(128.60)	-	-	-	(128.60)	-	-
Closing Gross Carrying Amount	9,932.90	723.43	60.85	106.97	10,824.16	462.62	2,137.64
Accumulated Depreciation							
Opening Accumulated Depreciation	7,065.13	565.61	45.34	105.50	7,781.56	-	148.28
Depreciation charged during the year	489.01	32.86	1.78	1.03	524.67	-	148.28
Disposals	(117.79)	-	-	-	(117.79)	-	-
Closing Accumulated Depreciation	**7,436.35**	**598.47**	**47.11**	**106.53**	**8,188.45**	**-**	**296.56**
Net carrying amount as at 31st March, 2021	**2,496.55**	**124.97**	**13.73**	**0.44**	**2,635.69**	**462.62**	**1,841.08**

(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 contractual commitments for the acquisition of Property, Plant and Equipment.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 4: Other Intangible Assets

Particulars	Computer Software *
1st April, 2019	
Gross Carrying Amount	
Opening Gross Carrying Amount	67.53
Additions	-
Closing Gross Carrying amount	**67.53**
Accumulated Amortisation	
Opening Accumulated Amortisation	17.57
Amortisation charge for the year	1.68
Closing accumulated amortisation	**19.25**
Net Carrying Amount as at 31st March, 2020	**48.28**
1st April, 2020	
Gross Carrying Amount	
Opening Gross Carrying Amount	67.53
Additions	-
Closing Gross Carrying amount	**67.53**
Accumulated Amortisation	
Opening Accumulated Amortisation	19.25
Amortisation charge for the year	0.96
Closing accumulated amortisation	**20.21**
Net Carrying Amount as at 31st March, 2021	**47.32**

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

Note 5: Non-current Investments

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investment in Equity Instruments (fully paid-up)		
In Subsidiaries		
Quoted (at cost)		
66,68,698 (31st March , 2020 : 66,68,698) Equity Shares of Rs. 10/- each of McNally Sayaji Engineering Limited*	11,640.03	11,640.03
Unquoted (at cost)		
36,00,000 (31st March , 2020 : 36,00,000) Equity Shares of Rs. 10/- each of McNally Sayaji Engineering Limited*	6,283.70	6,283.70
99,400 (31st March, 2020 : 99,400) Equity Shares of McNally Bharat Equipments Limited	9.94	9.94
6,49,459 (31st March, 2020 : 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
4,99,99,996 (31st March, 2020 : 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 (31st March, 2020 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited (Cost Rs. 0.13 , fully impaired) - deregistered w.e.f 30th June, 2017)	0.13	0.13

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	As at 31st March, 2021	As at 31st March, 2020
In Joint Ventures		
Unquoted (at cost)		
87,500 (31st March, 2020 : 87,500) Equity Shares of EMC MBE Contracting Company LLC (Cost Rs. 152.31, fully Impaired)	152.31	152.31
Equity Instruments carried at Fair Value Through Profit and Loss		
Quoted		
10,960 (31st March, 2019 : 10,960) Equity Shares of Rs. 5/- each of Eveready Industries India Limited	29.59	5.53
10,960 (31st March, 2019: 10,960) Equity Shares of Rs. 5/- each of McLeod Russel India Limited	2.09	0.22
Total (Equity Instruments)	**20,673.23**	**20,647.29**
Investment in Mutual Funds		
Unquoted		
3,62,970.078 (31st March, 2020 : 3,62,970.078 units of L&T Short Term Opportunities Growth Fund	89.02	87.13
Total (Mutual Funds)	**89.02**	**87.13**
Impairment in the value of Investments carried at cost		
6,49,459 (31st March , 2020 : 6,49,459) Equity Shares of Rs. 10/- each of MBE Mineral Technologies Pte Limited	2,550.74	2,550.74
4,99,99,996 (31st March, 2020 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited	4.69	4.69
100 (31st March , 2020 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited	0.13	0.13
87,500 (31st March, 2020 : 87,500) Equity Shares of EMC MBE Contracting Company LLC	152.31	152.31
Total Impairment	**2,707.87**	**2,707.87**
Total Non-current Investments	**18,054.38**	**18,026.55**
Aggregate amount of market value of Quoted Investments *	11,671.72	11,645.78
Aggregate amount of unquoted Investments	6,382.66	6,380.77
Aggregate amount of impairment in the value of Investments	2,707.87	2,707.87

* 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 traded at MSE during the year, the market value of the quoted investments includes the book value of the investment in MSEL in absence of availability of market quote. Further, 36 Lakhs number of Equity Shares of MSEL has not been listed in any of the Stock Exchanges as on the date of approval of these Standalone Financial Statements. Refer Note 35 on Investments pledged as security by the Company. McNally Bharat Engineering Company Limited had pledged its investment to the extent of 23,37,211 Equity Shares as security against the term loan facilities granted to McNally Sayaji Engineering Ltd.(A subsidiary of MBEL) from ICICI Bank Limited. During the year, ICICI Bank Limited has invoked pledge created over these shares ,and also transfer in favour of them, for a transfer value of Re. 1 adjusted towards the over dues of the Company. The Company has objected the invocation of the said share pledge and undervalued transfer. Accordingly, the Company has not made any adjustment to the carrying value of the Investment as on 31st March , 2021.

The Company has executed a non-disposal undertaking and a first ranking pledge agreement in favour of a Preference Shareholder i.e. Tata Capital Financial Services Limited, over 6,331,487 equity shares of McNally Sayaji Engineering Company Limited.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 6(a) : Trade receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured		
Trade receivables - Considered good	1,05,220.29	1,38,532.08
Trade receivables - Credit impaired	31,453.59	28,684.97
Less: Allowance for doubtful receivables (Expected loss provission)	(31,453.59)	(28,684.97)
Total receivables	**1,05,220.29**	**1,38,532.08**
Current	1,05,220.29	1,38,532.08
Non-current	-	-

Note 6(b) : Cash and cash Equivalents

Particulars	As at 31st March , 2021	As at 31st March , 2020
Balances with banks		
- in current accounts	2,719.42	1,648.57
- in cash credit accounts	0.04	0.04
Cash on hand	3.39	12.55
Total cash and cash equivalents	**2,722.85**	**1,661.15**
Other bank balances		
Earmarked balances with banks *	51.20	101.13
Deposits with bank*	7.04	2.83
Balance in unpaid dividend account**	-	3.98
Total other bank balances	**58.24**	**107.94**

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

(ii) There are certain repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period .

* The above figure are subject to balance confirmation

** Under reconciliation

Note 6(c) : Loans

Particulars	As at 31st March , 2021	As at 31st March , 2020
Unsecured		
Loans to others - Considered good	1,391.80	1,442.01
Loans to subsidiaries - Credit impaired	1,425.12	1,425.12
Less: Allowance for doubtful loan receivables	(1,425.12)	(1,425.12)
Total Loans	**1,391.80**	**1,442.01**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 6(d) : Other financial assets

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-current	Current	Non-current
Security deposits*	992.91	2.12	241.14	1.74
Advance to Employees	55.18	-	56.53	-
Due from customers (refer note 32)	288.79	-	-	-
Earmarked balances with banks (Refer note (i) below)	-	-	-	11.25
Claim recoverable (Refer note 42)	24,884.75	-	20,580.95	-
Total other financial assets	**26,221.64**	**2.12**	**20,878.63**	**12.99**

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

* It includes Rs 552 Lakhs deposit as per direction of High court order against arbitration case.

Note 7 : Deferred tax assets
(A) The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Assets on :		
Tax losses	51,540.39	51,540.39
Difference in WDV of Property, Plant & Equipment and Intangible Assets between the Companies Act, 2013 and Income Tax Act, 1961	166.21	166.21
Total deferred tax assets	**51,706.60**	**51,706.60**

The Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs upto 31st March, 2018. The Company believes that based on the infusion of fresh funds by the investors coming to the Company and the lenders support on the debt restructuring proposal, there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets for the year ended 31st March, 2019, 2020 and 31st March, 2021 taking a conservative approach. {Also refer note 22(a) to the Standalone Financial Statements}

Note 8: Other non-current assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Prepaid Rent	1.83	2.52
Balance with statutory/government authorities	-	0.46
Total other non-current assets	**1.83**	**2.98**

Note 9: Inventories

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw materials	293.00	526.61
Loose Tools	-	0.25
Total inventories	**293.00**	**526.86**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 10(a): Current tax assets (net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance income tax	4,163.44	6,223.45
(net of provisions Rs 390.84 Lakhs, Previous Year Rs 390.84 Lakhs)		
Total current tax assets (net)	**4,163.44**	**6,223.45**

Note 10(b): Other current assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance to suppliers & others*	27,526.47	25,378.42
Advance to		
- Subsidiaries	2,791.62	2,614.53
- Joint Venture	702.96	-
Balance with statutory/government authorities {Refer note (29c)}	17,671.61	16,751.45
Prepaid expenses	815.25	1,004.22
Total other current assets	**49,507.12**	**45,748.62**

* Balances shown are subjected to confirmation and reconciliation with respective parties.

*net of amounts written off in C.Y Rs Nil (P.Y Rs 5,022.07 Lakhs)

Note 11: Equity Share Capital and Other Equity

11(A) Equity Share Capital

Particulars	Equity Shares		Compulsorily Convertible Preference Shares (CCPS)	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
As at 31st March, 2019	24,00,00,000	24,000.00	14,00,00,000	14,000.00
As at 31st March, 2020	24,00,00,000	24,000.00	14,00,00,000	14,000.00
As at 31st March, 2021	**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 31st March, 2019	17,21,51,757	17,215.18	3,94,19,000	3,941.90
CCPS converted into Equity Shares	3,94,19,000	3,941.90	(3,94,19,000)	(3,941.90)
As at 31st March, 2020	21,15,70,757	21,157.08	-	-
CCPS converted into Equity Shares	-	-	-	-
As at 31st March, 2021	**21,15,70,757**	**21,157.08**	**-**	**-**

i) **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 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 is compulsorily convertible into one Equity Share at any time within 18 months from the date of allotment.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

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.

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

Particulars	31st March, 2021		31st March, 2020	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co Limited	2,53,18,952	11.97	3,16,18,952	14.94
Williamson Financial Services Limited	1,92,14,753	9.08	2,07,02,515	9.79
Babcock Borsig Limited	1,36,64,636	6.46	1,36,64,636	6.46
Sahal Business Private Limited	1,74,47,637	8.25	1,74,47,637	8.25
IL&FS Financial Services Limited	1,61,29,000	7.62	1,61,29,000	7.62
Aditya Birla Finance Limited	1,12,90,000	5.34	1,12,90,000	5.34
DMI Finance Private Limited	1,09,87,762	5.19	32,00,000	1.51

iv) Aggregate number of shares issued for consideration other than cash for the period of five years immediately preceeding the date at which the Balance Sheet is prepared:

On 30th March, 2017, the Company had allotted 4,16,21,273 Compulsorily Convertible Preference Shares (CCPS) at Rs. 66 (including Security Premium of Rs. 56) per share for Rs. 27,470.04 Lakhs to the shareholders and debenture holders of Vedica Sanjeevani Projects Private Limited for consideration other than cash, with whom the Company had entered into an agreement on 17th February, 2017. Vide the same agreement entered into by the Company and Vedica Sanjeevani Projects Private Limited on 17th February, 2017, the Company acquired 4,75,200 Equity Shares and 12,47,004 debentures of Vedica Sanjeevani Projects Private Limited, as consideration for issuing CCPS to the latter. The CCPS so allotted have been converted into the Equity Shares as per the terms.

Note 11(b) Other Equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
Securities Premium	1,12,869.05	1,12,869.05
Capital Redemption Reserve	101.00	101.00
General Reserve	1,549.64	1,549.64
Retained Earnings	(2,13,448.95)	(2,08,463.12)
Other Reserves	85,148.69	86,370.90
Total Other Equity	**(13,776.18)**	**(7,572.53)**

(i) Securities Premium

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	1,12,869.05	1,13,299.99
Tranfer to Financial Liabilities	-	(430.94)
Closing balance	**1,12,869.05**	**1,12,869.05**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Nature and purpose:

Securities Premium has arisen on issue of Shares. The Reserve can be utilised in accordance with the provisions of the Act.

(ii) Capital Redemption Reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	101.00	1.00
Forfiture of Share Warrants (To the extent of Face Value)	-	100.00
Closing balance	**101.00**	**101.00**

Nature and purpose:

Capital Redemption Reserve is a non distributable reserve. The reserve can be utilised in accordance with the provisions of the Act, 2013.

(iii) General Reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	1,549.64	1,549.64
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.

(iv) Retained Earnings

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	(2,08,463.12)	(1,70,384.11)
Net Profit/(Loss) for the year	(5,003.58)	(38,087.95)
Items of OCI directly transferred to retained earnings	17.75	8.94
Closing balance	**(2,13,448.95)**	**(2,08,463.12)**

Nature and purpose:

This reserve represents the cumulative profits of the company. This reserve can be utilised in accordance with the provisions of the Act.

(v) Other Reserves

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	86,370.90	87,482.00
Reversal of Fair value gain on Financial Liabilities (refer note 41)	(1,222.21)	(1,111.10)
Closing balance	**85,148.69**	**86,370.90**

Nature and purpose:

This reserve represents fair valuation gain on valuation of long term borrowings at amortised cost. The reserve will be utilised through unwinding of interest expense to be directly recognised over the period of borrowings. (Refer Note 41)

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 12: Financial Liabilities

(a) Non-current borrowings

Particulars	Coupon/ Interest rate	As at 31st March, 2021	As at 31st March, 2020
Secured			
Term Loans			
Foreign Currency Loan - From banks (refer note B below)	6 Months LIBOR +4.15%	487.39	499.66
From others		-	-
9,75,000, 11.50% Non-Convertible Redeemable Cummulative Preference Shares {refer note A below & Note 29(c)}	11.50%	5451.43	5,451.43
Unsecured			
Inter-Corporate Borrowings (refer note 41 & C below)	0%	13,444.26	12,222.06
Total non-current borrowings		19,383.08	18,173.15
Less: Current maturities of Non Current Borrowings (included in note 12(c))		487.39	499.66
Less: Liability for Redeemable Preference Share (included in note 12(c))		5,451.43	5,451.43
Less: Interest accrued (included in note 12(c))		-	-
Non-current borrowings		13,444.26	12,222.06

A. 11.50% Non-Convertible Redeemable Cumulative Preference Shares

(i) Non-Convertible Redeemable Preference Shares were redeemable in 8 equal quarterly installments commencing from 5th June, 2018 and the last installment payable was on 5th March, 2020 which has been on default as on the date of approval of these Standalone Financial Statements.

The Company has executed a non-disposal undertaking and a first ranking pledge agreement in favour of a Preference Shareholder i.e. Tata Capital Financial Services Limited, over 6,331,487 equity shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.

B. External Commercial Borrowing from ICICI Bank Limited

(ii) Terms of repayment:

Loan having a balance outstanding of USD 6.60 lakhs,the last instalment date was due on 23rd December, 2018 which has been on default as on the date of approval of these Standalone Financial Statements.

(iii) Security details

Refer Note 35 for details of assets charged as security against these borrowings.

Details of loan	Nature of Security
External Commercial Borrowings 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.

The amount of interest expense not provided in the books of account on External Commercial Borrowing from ICICI Bank Limited for the year ended 31st March, 2021 Rs.77.98 Lakhs and 31st March, 2020 is Rs. 97.84 Lakhs. (Also refer to Note 42 to the Standalone Financial Statements)

C. Inter-Corporate Borrowings

The amount of interest expense not provided in the books of account on the above Inter-Corporate Borrowings in Note 12(a) for the financial year ended 31st March, 2019 Rs.9216.88 Lakhs.The same still remains unprovided. (Also refer to Note 43 to the Standalone Financial Statements).

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Details of default during the year in respect of Non-current Borrowings [including current maturities of long term debts shown under Note No. 13(d)] are as under:

Name of the Shareholder/Lender	Amount of Default	Remarks
Various Preference Shareholders	5,899.93	**Amount of default persisting as on the date of approval of these Standalone Financial Statements**
ICICI Bank (Secured Long term borrowing (ECB))	487.39	

The Company has submitted a resolution plan to its lenders for debt restructuring as more described in Note 40 to the Standalone Financial Statements.

12(b) Current borrowings

Particulars	Coupon/ Interest rate	As at 31st March, 2021	As at 31st March, 2020
Loans repayable on demand			
Secured			
From banks			
Cash credit from banks	12.05% to 18.75%	1,82,967.97	1,80,782.59
Working capital demand loans from banks	12.5% to 13.50%	16,076.30	16,090.20
Unsecured			
Deposit (Inter Corporate) - From others	15% to 18%	1,585.00	1,590.00
Total current borrowings		2,00,629.27	1,98,462.79
Less: Interest accrued (included in note 12(c))		-	-
Current borrowings		2,00,629.27	1,98,462.79
Less: Interest accrued (included in note 12(c))		-	-
Non-current borrowings		2,00,629.27	1,98,462.79

(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 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, McNally Sayaji Engineering Limited are pledged for Working Capital Demand Loans.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(ii) Details of default are as follow:

Name of the lender	Amount of Default	Remarks
	Principle	
Allahabad Bank - Cash Credit	8,592.86	Amount of default persisting as on the date of approval of these Standalone Financial Statements
Axis Bank Limited - Cash Credit	20,756.11	
Bank of Baroda - Cash Credit	4,206.03	
Bank of India - Cash Credit	43,594.50	
Canara Bank - Cash Credit	2,399.38	
DCB Bank- Cash Credit	295.02	
ICICI Bank - Cash Credit	15,760.15	
IDBI Bank - Cash Credit	17,569.77	
Karur Vysya Bank - Cash Credit	8,679.48	
Lakshmi Vilas Bank - Cash Credit	97.72	
Oriental Bank of Commerce Bank - Cash Credit	1,082.25	
Punjab National Bank - Cash Credit	15,069.83	
Standard Chartered Bank- Cash Credit	2,606.84	
State Bank Of India - Cash Credit	25,743.48	
UCO Bank - Cash Credit	1,213.23	
Union Bank - Cash Credit	15,207.79	
United Bank of India - Cash Credit	93.50	
Cash Credit Total Default	1,82,967.97	
Axis Bank Limited - Working Capital Demand Loan	12,660.40	
Standard Chartered Bank- Working Capital Demand Loan	3,415.90	
Working Capital Demand Loan Total Default	16,076.30	
Inter-Corporate Borrowings Total Default	1,585.00	

*The amount of interest expense not provided on Current Bank Borrowings and Inter-Corporate Borrowings for the year ended 31st March 2021 is Rs.31,546.61 Lakhs and Rs.190.80 Lakhs and (31st March, 2020 is Rs. 28,946.90 Lakhs and Rs. 1,059.48 Lakhs) respectively.

The Company has submitted resolution plan to the lenders for debt restructuring and described in Note 40 to the Standalone Financial Statements.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

12(c) Other financial liabilities

Particulars	**As at 31st March, 2021**	**As at 31st March, 2020**
Non-current		
Lease Liability	2,270.27	2,198.46
Total other non-current financial liabilities	**2,270.27**	**2,198.46**
Current		
Current maturities of long-term debt	487.39	499.66
Creditors for Preference share	5,451.43	5,451.43
Interest accrued on borrowings and others	4,476.15	5,356.84
Employee Benefits payable	1,170.19	1,564.84
Security deposits	90.29	90.29
Dividend Accrued on Preference Shares	448.50	448.50
Unpaid dividends*	-	9.50
Others	384.03	334.54
Total other current financial liabilities	**12,507.98**	**13,755.62**

*Under reconciliation

12(d) Trade payables

Particulars	**As at 31st March, 2021**	**As at 31st March, 2020**
Trade payables due to micro, small and medium enterprises (Refer note 30)	195.64	106.07
Trade payables other than micro enterprises and small enterprises	22,387.35	22,527.17
Total Trade Payables	**22,582.99**	**22,633.24**

Note 13: Provisions

Particulars	**As at 31st March, 2021**			**As at 31st March, 2021**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Employee benefits						
- Gratuity	5.62	64.77	70.39	3.19	37.93	41.12
- Others	11.92	168.65	180.57	17.29	185.15	202.44
Decommissioning obligations	75.30	-	75.30	103.86	-	103.86
Total provisions	92.84	233.42	326.26	124.34	223.07	347.42

(i) Movements in provisions

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

Particulars	**Decommissioning obligations**
As at April 01, 2020	103.86
Charged/(credited) to profit or loss	
- unwinding of discount	-
As at March 31, 2021	**103.86**
As at April 01, 2019	103.86
Charged/(credited) to profit or loss	(28.56)
- unwinding of discount	-
As at March 31, 2020	**75.30**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(ii) Leave Obligations

At Present there is no accumulation of leave which is encashable in future year.

(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 follows:

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	490.13	500.88	(10.75)
Current service cost	47.89	-	47.89
Interest expense/income	37.74	31.68	6.06
Total amount recognised in Profit and Loss	**85.63**	**31.68**	**53.95**
Remeasurements			-
- Return on plan assets	-	(1.14)	1.14
- Due to financial assumptions	21.82	-	21.82
- Due to experience adjustments	36.16	-	36.16
Total amount recognised in other comprehensive income	**57.98**	**(1.14)**	**59.12**
Employer contributions	-	61.20	(61.20)
Benefit payments	(239.82)	(239.82)	-
March 31, 2020	**393.92**	**352.80**	**41.12**

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	393.92	352.80	41.12
Current service cost	36.54	-	36.54
Interest expense/(income)	27.58	21.99	5.59
Total amount recognised in Profit and Loss	**64.12**	**21.99**	**42.13**
Remeasurements			-
- Return on plan assets	-	(3.10)	3.10
- Due to financial assumptions	3.39	-	3.39
- Due to experience adjustments	33.05	-	33.05
Total amount recognised in other comprehensive income	**36.44**	**(3.10)**	**39.54**
Employer contributions	-	52.39	(52.39)
Benefit payments	(129.76)	(129.76)	-
March 31, 2021	**364.72**	**294.32**	**70.40**

The net liability disclosed above relates to funded plan.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

The significant actuarial assumptions used were as follows:

12(d) Trade payables

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.90%	7.00%
Salary escalation	4.00%	4.00%
Expected return on plan assets	6.90%	7.70%
Withdrawal rate	1.00-8.00%	1.00-8.00%

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, 2021
Under Base Scenario	-	-	364.71
Discount rate	Increase by	1%	339.68
Discount rate	Decrease by	1%	393.10
Salary escalation	Increase by	1%	394.46
Salary escalation	Decrease by	1%	338.16
Withdrawal rate	Increase by	1%	369.72
Withdrawal rate	Decrease by	1%	359.10

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

Particulars	As at March 31, 2021	As at March 31, 2020
2020-21	NA	30.56
2021-22	29.10	21.45
2022-23	26.01	44.45
2023-24	25.92	34.16
2024-25	37.94	51.03
Thereafter	2,337.03	565.52

The weighted average duration of the defined benefit obligation is 6.34 years (March 31, 2020 - 5.82 years). The expected contribution to the fund during the financial year 2020-21 would be Rs. 46.37 Lakhs

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(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, 2021 and March 31, 2020.

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.

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.90%	7.70%
Guaranteed interest rate	8.50%	8.50%
Expected average remaining Working life (in years)	11.95	11.72

The company contributed Rs. 193.72 Lacs And Rs. 258.90 Lacs during the years ended March 31, 2021 and March 31, 2020, 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.

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.

Note 14: Other Liabilities

Particulars	As at 31st March , 2021	As at 31st March , 2020
Advance from customers	4,476.77	18,405.52
Statutory tax payables	506.51	445.26
Due to Customers (refer note 33)	-	8,280.32
Dividend Distribution Tax on preference dividend	91.76	91.76
Benevolent fund	113.04	112.99
Total other liabilities	5,188.08	27,335.85

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 15: Revenue from operations

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Contract Revenue & Sale of Equipments	33,138.65	56,467.42
Other Operating Revenue	139.68	292.65
Total Revenue from Operations	**33,278.33**	**56,760.07**

Note 16: Other Income

(a) Other Income

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest income	215.80	599.00
Interest income from financial assets measured at amortised cost	2,114.77	2,296.50
Net foreign exchange gain	37.03	-
Corporate Guarantee Commission	147.35	147.35
Liability no longer required written back	41.05	1,261.42
Lease liability written back on transition to IND AS 116	-	770.67
Miscellaneous Income	5.32	77.03
Total other income	**2,561.32**	**5,151.98**

(b) Other gains/(losses)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	27.82	(3.74)
Total Other Gains/(losses)	**27.82**	**(3.74)**
Total Other income and other gain / (losses)	**2,589.15**	**5,148.24**

Note 17: Cost of materials consumed

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Raw materials at the beginning of the year	526.61	2,404.14
Add: Purchases	2,268.68	5,972.66
Less: Raw material at the end of the year	(293.00)	(526.61)
Total cost of raw materials consumed	**2,502.28**	**7,850.18**
Add: Consumption of bought out components	**11,106.44**	**13,620.99**
Total cost of materials consumed	**13,608.72**	**21,471.18**

Note 18: Employee benefit expense

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries, wages and bonus	4,136.41	6,138.70
Contribution to provident and other funds (Refer note 13)	224.97	312.84
Workmen and staff welfare expenses	198.62	679.75
Total Employee Benefit Expense	**4,559.99**	**7,131.29**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 19: Finance costs

Particulars	**Year ended 31st March, 2021**	**Year ended 31st March, 2020**
Interest and finance charges on financial liabilities not at fair value through profit or loss	937.55	2,728.57
Discounting on fair valuation of financial instruments on amortised cost	3,007.70	4,644.27
Unwinding of discount on provisions	282.37	621.80
Proposed Dividend on Preference Shares	-	112.12
Total	**4,227.62**	**8,106.77**

Note 20: Depreciation and amortisation expense

Particulars	**Year ended 31st March, 2021**	**Year ended 31st March, 2020**
Depreciation of property, plant and equipment	672.94	1,003.66
Amortisation of intangible assets	0.96	1.68
Total depreciation and amortisation expense	**673.90**	**1,005.34**

Note 21: Other expenses

Particulars	**Year ended 31st March, 2021**	**Year ended 31st March, 2020**
Power & Fuel	455.57	794.38
Rent	251.69	493.49
Repairs and maintenance:		
Buildings	0.09	0.01
Plant and machinery	1.23	8.51
Insurance	235.42	224.14
Payment to Auditors	52.48	51.54
Director Fees	8.60	7.60
Rates & Taxes	15.81	296.70
Cartage & Freight	105.64	1,048.87
Bank Charges	1,738.90	2,955.99
Professional Services	1,321.97	2,069.98
Travelling	347.07	765.48
Provision for Bad & Doubtful Debts	-	18,102.08
Provision for Doubtful Debts against expenses recoverable	-	2,805.57
Provision for Future Foreseeable Losses in Construction Contracts	(757.51)	1,993.30
Provision for Expected Credit Loss on Trade Receivables and due from customers	634.93	3,497.70
Net foreign exchange loss	-	293.78
Miscellaneous Expenses	1,108.28	6,687.57
Total other expenses	**5,520.17**	**42,096.69**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 21(a) : Details of payments to auditors

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Payment to auditors		
Audit fee	47.80	47.80
For other services	4.30	1.70
Re-imbursement of expenses	0.38	2.04
Total payments to auditors	**52.48**	**51.54**

Note 22: Income tax expenses

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Income tax expense		
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	-	
(Decrease) increase in deferred tax liabilities	-	
Total deferred tax expense/(benefit)	**-**	**-**
Total	**-**	**-**

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.

Note 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. For the purpose of company's capital management, capital includes issued capital and all other equity reserves. The Company manages its capital structure in light of changes in the economic and regulatory environment and the requirments of the financial covenants. However, in view of certain adverse factors and challenges faced by the Company over past few years as explained in Note 40 to the Standalone Financial Statements, networth of the Company has been adversely impacted. The Board of Directors expects that overall financial health of the Company would improve after proposed debt retructuring and availiability of the working capital.

Loan Covenants

Under the terms of the major borrowing facilities, the Company is required to comply with various financial covenants. The Company has been under financial stress due to external factors of the Company. EBITDA margins of the Company have not been sufficient to service interest/principal repayment even after infusion of funds by the promoters from time to time during the earlier years. The Company has not been able to comply with some of the covenants during the current as well as the previous years. The Company has persisting default in repayment of entire loans or borrowings to Banks as on 31st March, 2021 as disclosed in Note 12(a) and 12(b) to the Standalone Financial Statements.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 24: Risk Management

The Company's activities expose it to credit risk,liquidity risk and market risk.

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 payer/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the Company continues to engage in enforcement activities to attempt to recover the receivable dues.

(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. Whenever 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.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Year ended 31st March, 2021

(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	VL3	1,391.80	-	-	1,391.80
		Expenses Recoverable	VL3	27,892.45	-	3,007.70	24,884.75
		Security deposits and advance to employees	VL2	1,050.21	-	-	1,050.21
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	-

During the year, the Company has made provision for expenses recoverable wherein it does not expect to receive future cash flows Rs. 3007.70 Lakhs.

(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	288.79	1,36,673.87
Expected Credit Losses (Loss allowance provision)			-	31,453.59
Carrying amount (net of Impairment)			288.79	1,05,220.28

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 Rs. 634.92 Lakhs (Rs. 19,804.68 Lakhs)

Year ended 31st March, 2020

(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	VL3	1,442.01	-	-	1,442.01
		Claims Recoverable	VL3	23,386.52	-	2,805.57	20,580.95
		Security deposits and advance to employees	VL2	299.41	-	-	299.41

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

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	-

During the finanical year 2019-20, the Company has made provision for claim recoverable wherein it does not expect to receive future cash flows Rs. 2,805.57 Lakhs.

(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	-	1,67,217.05
Expected Credit Losses (Loss Allowance Provision)			-	28,684.97
Carrying Amount (net of Impairment)			-	1,38,532.08

During the year ended 31st March, 2020 , the Company has made provision for bad and doubtful debts for trade receivables wherein it does not expect to receive future cash flows Rs. 19,804.68 Lakhs (Rs. 5,403.11 lakhs for the year ended 31.03.2019)

(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 at 31st March, 2020	-	-	1,425.12
Add/(Less): Changes in Loss Allowances	-	-	-
Loss Allowance as at 31st March, 2021	**-**	**-**	**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 31st March, 2019	**8,880.29**	**687.10**	**9,567.39**
Changes in Loss Allowance	19,804.68	(687.10)	19,117.58
Loss Allowance as on 31st March, 2020	**28,684.97**	**-**	**28,684.97**
Changes in Loss Allowance	**2,768.62**		2,768.62
Loss Allowance as on 31st March, 2021	31,453.59		31,453.59

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.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(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

· 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 cash flows, balances due within 12 months and more than 12 months.

Contractual maturities of Financial Liabilities (31st March, 2021)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings*	2,06,568.09	-	13,444.26	2,20,012.35
Interest Accrued	4,476.15	-	-	4,476.15
Trade Payables	22,582.99	-	-	22,582.99
Employee Benefits payable	1,170.19	-	-	1,170.19
Lease Liability	-	-	2,270.27	2,270.27
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	448.50	-	-	448.50
Unpaid Dividends	-	-	-	-
Others	384.03	-	-	384.03
Total Non Derivative Financial Liabilities	**2,35,720.24**	**-**	**15,714.53**	**2,51,434.77**

*excludes the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 85,148.70 Lakhs

Contractual maturities of Financial Liabilities (31st March, 2020)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings	2,04,413.88	-	12,222.06	2,16,635.94
Interest Accrued	5,356.84	-	-	5,356.84
Trade Payables	22,633.24	-	-	22,633.24
Capital Creditors		-	-	-
Employee Benefits payable	1,564.84	-	-	1,564.84
Lease Liability	-	-	2,198.46	2,198.46
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	448.50	-	-	448.50
Unpaid Dividends	9.50	-	-	9.50
Others	334.54	-	-	334.54
Total Non Derivative Financial Liabilities	**2,34,851.64**	**-**	**14,420.52**	**2,49,272.16**

*excludes the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 86,370.90 Lakhs

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(C) Market Risk

(i) Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the 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.

(a) Foreign Currency Risk Exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs. Lakhs is as follow:

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	USD	EUR	ZAR	USD	EUR	ZAR
Financial Assets						
Trade Receivables	-	437.40	-	-	422.60	-
Net Exposure to Foreign Currency Risk (Assets)	**-**	**437.40**	**-**	**-**	**422.60**	**-**
Financial Liabilities						
Foreign Currency Loan	487.39	-	-	499.66	-	-
Trade Payables	131.83	1,144.45	3.34	72.91	227.59	3.34
Advance from Customers	-	127.04	-	-	2,100.99	-
Payable to Subsidiaries	-	-	-	-	-	-
Net Exposure to Foreign Currency Risk (Liabilities)	**619.22**	**1,271.49**	**3.34**	**572.57**	**2,328.58**	**3.34**

At the end of the reporting period the total notional amount of outstanding foreign currency forward contracts that the Company has committed to is NIL lakhs (31st March, 2020 USD NIL Lakhs).

(b) Sensitivity:

Particulars	Increase/(Decrease) in profit before tax	
	March 31, 2021	March 31, 2020
USD sensitivity		
INR/USD -Increase by 5% (31 March 2020-5%)*	30.96	28.63
INR/USD -Decrease by 5% (31 March 2020-5%)*	(30.96)	(28.63)
EUR sensitivity		
INR/EUR-Increase by 5% (31 March 2020-5%)*	41.71	(95.30)
INR/EUR-Decrease by 5% (31 March 2020-5%)*	(41.71)	95.30
ZAR sensitivity		
INR/ZAR-Increase by 5% (31 March 2020-5%)*	0.17	(0.17)
INR/ZAR- Decrease by 5% (31 March 2020-5%)*	(0.17)	0.17

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from Non-current & Current Borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During the year ended March 31, 2021 and March 31, 2020, the Company's borrowings at variable rate were mainly denominated in INR.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

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.

(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	31st March, 2021	31st March, 2020
Variable Rate Borrowings	1,99,531.65	1,97,372.45
Fixed Rate Borrowings*	20,480.69	19,263.49
Total borrowings	**2,20,012.34**	**2,16,635.94**

The Company has not entered into interest rate swaps to hedge against fluctuating market interest rates.

* Including interest free ICDs of Rs. 13444.26 (31st March, 2020 Rs. 12,222.06 lakhs) arising due to conversion of amount received from certain companies into long term borrowings.

*Excluding the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 85,148.70 Lakhs (31st March, 2020, Rs. 86,370.90 Lakhs)

(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	
	31st March, 2021	31st March, 2020
Interest rates increase by 50 basis points (50 bps) *	(3.54)	(3.54)
Interest rates decrease by 50 basis points (50 bps) *	3.54	3.54

* Holding all other variables constant

However, the Company has not recognised interest expense during the financial year ended 31st March, 2021. (Refer Note 43)

Note 25: Fair Value Measurements

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2021 and 31st March, 2020.

Particulars	31st March, 2021			31st March, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
- Equity Instruments*	31.69	-	-	5.75	-	-
- Mutual Funds	89.02	-	-	87.13	-	-
Trade Receivables	-	-	1,05,220.29	-	-	1,38,532.08
Loans	-	-	1,391.80	-	-	1,442.01
Cash and Cash Equivalents	-	-	2,722.85	-	-	1,661.15
Other Bank balances	-	-	58.24	-	-	107.95
Advance to employees			55.18			56.53
Security Deposits	-	-	995.04	-	-	242.88
Due from Customers	-	-	288.79	-	-	-
Deposits with Bank	-	-	-	-	-	11.25

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	31st March, 2021			31st March, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Expenses Recoverable	-	-	24,884.75	-	-	20,580.95
Total Financial Assets	**120.71**	**-**	**1,35,616.93**	**92.88**	**-**	**1,62,634.80**
Financial Liabilities						
Borrowings**	-	-	2,20,012.35	-	-	2,16,635.94
Interest Accrued	-	-	4,476.15	-	-	5,356.84
Trade Payables	-	-	22,582.99	-	-	22,633.24
Overdrawn Current account	-	-	-	-	-	-
Capital Creditors	-	-	-	-	-	-
Employee Benefits payable	-	-	1,170.19	-	-	1,564.84
Lease Liability	-	-	2,270.27	-	-	2,198.46
Security Deposits	-	-	90.29	-	-	90.29
Dividend Accrued on Preference Shares	-	-	448.50	-	-	448.50
Unpaid dividends	-	-	-	-	-	9.50
Others	-	-	384.03	-	-	334.54
Total Financial Liabilities	-	-	2,51,434.77	-	-	2,49,272.16

*excludes the amount of carrying value in subsidiaries at cost less impairment, 20641.55 and (Rs. 20,641.55 Lakhs 31st March, 2020)

**excludes the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 85,148.70 Lakhs (31st March, 2020: 86,370.90 Lakhs)

(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 31st March, 2021				
Financial Assets				
Financial instruments at FVPL				
Listed Equity Investments	31.69	-	-	**31.69**
Mutual Funds	-	89.02	-	**89.02**
Total Financial Assets	**31.69**	**89.02**	**-**	**120.71**
Financial Liabilities				
Derivatives not designated as hedges				
Foreign exchange forward contract	-	-	-	**-**
Total Financial Liabilities	**-**	**-**	**-**	**-**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. 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 31st March, 2020				
Financial Assets				
Financial Instruments at FVTPL				
Listed Equity Investments	5.75	-	-	**5.75**
Mutual Funds	-	87.13	-	**87.13**
Total Financial Assets	**5.75**	**87.13**	**-**	**92.88**

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.

(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 Assets and Liabilities measured at Amortised Cost

Particulars	**31st March, 2021**		**31st March, 2020**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Security Deposits	995.04	995.04	242.88	242.88
Due from Customers	288.79	288.79	-	-
Trade Receivables	1,05,220.29	1,05,220.29	1,38,532.08	1,38,532.08
Expenses Recoverable	24,884.75	24,884.75	20,580.95	20,580.95
Loans	1,391.80	1,391.80	1,442.01	1,442.01
Cash and Cash Equivalents	2,722.85	2,722.85	1,661.15	1,661.15
Other Bank balances	58.24	58.24	107.95	107.95
Advance to Employees	55.18	55.18	56.53	56.53
Deposits with Bank	-	-	11.25	11.25
Total Financial Assets	**1,35,616.94**	**1,35,616.94**	**1,62,634.80**	**1,62,634.80**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	31st March, 2021		31st March, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
Borrowings	2,20,012.35	2,20,012.35	2,16,635.94	2,16,635.94
Interest Accrued	4,476.15	4,476.15	5,356.84	5,356.84
Trade Payables	22,582.99	22,582.99	22,633.24	22,633.24
Employee Benefits payable	1,170.19	1,170.19	1,564.84	1,564.84
Lease Liability	2,270.27	2,270.27	2,198.46	2,198.46
Security Deposits	90.29	90.29	90.29	90.29
Dividend Accrued on Preference Shares	448.50	448.50	448.50	448.50
Unpaid Dividends	-	-	9.50	9.50
Others	384.03	384.03	334.54	334.54
Total Financial Liabilities	**2,51,434.77**	**2,51,434.77**	**2,49,272.16**	**2,49,272.16**

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

Initial recognition of financial assets and liabilities are at fair value with subsequent measurement at amortised cost.

Note 26: Related Party Disclosures

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 Limited- (deregistered w.e.f 30th June, 2017).#
(b) Joint Venture
(i) EMC MBE Contracting Company LLC#
(ii) McNally- Trolex
(iii) McNally- AML
(iv) McNally- Trolex- Kilburn
There is no transaction during the year
(c) Subsidiary of McNally Sayaji Engineering Limited
(i) MBE Coal & Minerals Technology India Private Limited
(d) Post employment benefit plan of the Company
(i) McNally Bharat Executive Staff Gratuity Fund
(ii) McNally Bharat Employees Provident Fund
(e) Key Managerial Personnel
(i) Mr. Aditya Khaitan - Chairman
(ii) Mr. Srinivash Singh - Managing Director
(iii) Mr. Manoj Kumar Digga- Chief Financial Officer (resigned w.e.f. 02nd Sept, 2020)
(iv) Mr. Brij Mohan Soni - Chief Financial Officer (appointed w.e.f. 07th Sept, 2020)
(v) Mr. Rahul Banerjee- Company Secretary

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(v) Ms. Arundhati Dhar - Independent Director
(vi) Mr. A.K Barman - Independent Director
(viii) Mr. Nilotpal Roy- Independent Director
(ix) Ms. Kasturi Roychoudhury - Independent Director

The following transactions were carried out with Related Parties in the ordinary course of business:

Description	MBE Coal & Mineral Technology India Private Limited	McNally Sayaji Engineering Limited	McNally-Trolex	McNally-AML	McNally-Trolex-Kilburn
Purchase of Materials , components and Services received	297.34	450.28	-	-	-
	(487.32)	(510.99)	-	-	-
Sale of Goods	-	896.53	-	-	-
	-	-	-	-	-
Rendering of services	150.85	308.19	-	-	-
	(277.22)	-	-	-	-
Reimbursement of Expenses Received	9.17	2.02	-	-	-
	(5.00)	-	-	-	-
Reimbursement of Expenses Paid	-	31.31	-	-	-
	(0.36)	-	-	-	-
Rent Received	-	21.81	0.82	0.54	0.82
	-	-	-	-	-
Rent paid	-	48.00	-	-	-
	-	(48.00)	-	-	-

Brackets indicate figures for previous year

Balances Outstanding as at 31st March

Description	MBE Coal & Mineral Technology India Pvt.Ltd	MBE Mineral Technologies Pte Ltd.	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	McNally Bharat Engg. (S.A.) Proprietary Ltd.
Investment at the year end	-	2550.74	17923.73	9.94	4.69	0.13
	-	(2550.74)	(17923.73)	(9.94)	(4.69)	(0.13)
Provision for impairment in value of investments	-	2550.74	-	-	4.69	0.13
	-	(2550.74)	-	-	(4.69)	(0.13)
Guarantees received	-	-	(5950.00)	-	-	-
	-	-	(5950.00)	-	-	-
Guarantees given	2850.00	-	5000.00	-	-	-
	(2850.00)	-	(5000.00)	-	-	-
Outstanding payables	120.86	-	-	-	-	3.9
	(247.64)	-	-	-	-	(3.89)
Outstanding Receivables/Loans	396.32	-	3125.69	2.05	1385.04	40.08
	(445.32)	-	(2613.48)	(2.05)	(1385.04)	(40.08)
Allowance for doubtful receivables	-	-	-	-	1385.04	40.08
	-	-	-	-	(1385.04)	(40.08)

Brackets indicate figures for previous year

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Balances Outstanding as at 31st March

Description	EMC MBE Contracting Co LLC	McNally- Trolex	McNally- AML	McNally- Trolex-Kilburn
Investment at the year end	152.31	-	-	-
	(152.31)	-	-	-
Provision for impairment in value of investments	152.31	-	-	-
	(152.31)	-	-	-
Guarantees received	-	-	-	-
	-	-	-	-
Guarantees given	-	-	-	-
	-	-	-	-
Outstanding payables	-	-	-	-
	-	-	-	-
Outstanding Receivables/Loans	67.06	200.82	300.54	200.82
	(67.06)	-	-	-
Allowance for doubtful receivables	67.06	-	-	-
	(67.06)	-	-	-

Transactions with Key Managerial Personnel	2020-21			2019-20		
	Remuneration	Sitting fees	Outstanding Balance payable as at year end	Remuneration	Sitting fees	Outstanding Balance payable as at year end
Mr. Srinivash Singh	182.60	-	11.87	220.13	-	23.60
Mr. Brij Mohan Soni	39.67	-	5.26	-	-	-
Mr. Manoj Kumar Digga	43.90	-	-	155	-	15.36
Mr. Indranil Mitra	-	-	-	8.48	-	-
Mr. Rahul Banerjee	10.74	-	0.96	7.79	-	1.82
Mr. Aditya Khaitan	-	1.00	-	-	1.20	-
Ms. Arundhati Dhar	-	2.00	-	-	3.20	-
Mr. A.K Barman	-	2.00	-	-	3.20	-
Mr. Nilotpal Roy	-	0.80	-	-	-	-
Ms.Kasturi Roy Choudhury	-	1.00	-	-	-	-

Remuneration includes	2020-21		2019-20	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Mr. Srinivash Singh	182.60	-	220.13	-
Mr. Brij Mohan Soni	37.83	1.84	-	-
Mr. Manoj Kumar Digga	41.05	2.86	147.90	7.10
Mr. Rahul Banerjee	10.19	0.55	7.44	0.35
Mr. Indranil Mitra	-	-	8.48	0.35
Mr. Saroj Kant Singh (Relative to KMP)	22.85	1.24	26.28	1.23

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	2020-21	2019-20
McNally Bharat Executive Staff Gratuity Fund	52.39	61.2
McNally Bharat Employees Provident Fund*	171.99	258.9

*Considered only Employer Contributation

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 27: Capital Commitments

There is no capital commitment as at Balance sheet date.

Note 28: Lease

The Company has also leasing arrangements in respect of operating leases for premises (guest house, offices etc.). These leasing arrangements which are cancellable in nature are renewable by mutual consent and agreement. The aggregate of such lease rentals on account of short-term leases and low-value assets are charged as rent to the Standalone Statement of Profit and Loss.

Particulars	2020-21	2019-20
Depreciation Recognized	148.28	148.28
Interest on Lease Liabilities	275.04	277.89
Expenses related to Short Term Leases & of low value assets	251.69	493.49
Total Cash outflow for Leases	551.50	793.30
Addition to Right of Use Assets during the year	-	-
Net Carrying amount of Right of Use at the end of the year	1,841.08	1,989.36

Note 29: Contingent Liabilities

a. The details of Contingent Liabilities are as under:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Claims against the company not acknowledged as debt*	45,031.46	41,286.36
Other money for which the Company is contingently liable:		
Indirect Tax matters relating to Excise Duty, Service Tax ,Central Sales Tax and Value added Tax	41,306.33	38,369.01
Income Tax matter pending	4,776.10	4,776.10
Corporate guarantees given in favour of subsidiary companies*	7,850.00	7,850.00
Bank Gurantees issued by company-Performance, Security and Earnest Money deposit	46,242.51	87,221.67
Liquidated damages relating to contract sales	Amount not readily ascertainable	

* In earlier year, the Company had entered a put option agreement with EIG(Mauritus) Limited, who invested in its one of the subsidiary companies. In order to exercise the put option, the Investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore. The Arbitrator issued a dissenting opinion requiring the company to pay damages amounting to Rs 18840.68 Lacs (including interest) and legal cost. The Company has challenged the said award in the High Court of the Republic of Singapore, the matter is pending with them.

The Company has filed a rectification petition under Section 154 of the Income Tax Act, 1961 for additions made being mistake apparent from record.

Details of Corporate Guarantees given covered under Section 186(4) of the Companies Act, 2013:-

Particulars	As at 31st March, 2021	As at 31st March, 2020
MBE Coal & Mineral India Private Limited (Banking Facility)	2,850.00	2,850.00
McNally Sayaji Engineering Limited (ECB & Rupee Term Loan)	5,000.00	5,000.00
Total	**7,850.00**	**7,850.00**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

b. Tata Capital Financial Services Limited (TCFSL), one of the Non-Convertible Redeemable Preference Shareholders of the Company 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 Rs. 2,831.63 Lakhs along with 100% liquidation damages which is disputed by the Company. The Arbitrator has issued interim directions in this matter which shall be contested by the company. Further, TCFSL had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the IBC") before the National Company Law Tribunal ("the NCLT'") to initiate Corporate Insolvency Resolution Process ("the CIRP") against the Company. The NCLT has dismissed the application filed by the TCFSL not being a financial creditor as per the provisions of the IBC. Further, TCFSL had filed an application with ("the NCALT).

c. The Director General of GST Intelligence (DGGI) Kolkata had conducted investigation in 2019-20 at the Corporate Office of the Company and denied Input Tax Credit of Rs. 945.04 Lakhs and also denied Input tax Credit Rs 200 Lacks as in 2020-21 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.

It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters pending resolution of the arbitration/appellate proceedings.

Note 30: Dues to Micro, Small & Medium Enterprises

The amount due to Micro, Small and Medium 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	31st March, 2021	31st March, 2020
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	195.64	106.07
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	90.73	53.34
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year	502.02	566.61

Note 31: Excess Remuneration paid to Key Managerial Personnel

The Company has received the lender and Shareholder approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Company amounting to Rs 98.60 Lakhs (Previous Year Rs. 65.80 Lakhs) for the year.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 32: Disclosure for Construction Contracts

The details as required in respect of construction constracts under Ind AS 115-Revenue from Contracts with Customers are as under:

Particulars	31st March, 2021	31st March, 2020
Contract costs incurred	18,06,627.82	17,79,839.44
Add : Recognised profit net of recognised (losses)	(34,531.08)	(39,755.56)
Contract Revenues*	**17,72,096.74**	**17,40,083.88**
Progress Billing	16,65,359.36	16,47,558.69
Unbilled Revenue (Net)#	(1,435.80)	(8,698.81)
Due from Customers	772.62	2,547.44
Less: Allowance for doubtful amount	483.84	2,547.44
Less: Provision for future foreseeable losses	-	-
Net Due from Customers	**288.79**	**-**
Due to Customers	(2,208.42)	(11,246.25)
Add: Provision for future foreseeable losses	2,208.42	2,965.93
Net Due to Customers	**0.00**	**(8,280.32)**
Advance payments received	**(4,021.68)**	**18,405.52**
Retention amount	**30,314.72**	**38,094.71**
Provision for future foreseeable losses recognised	**2,208.42**	**2,965.93**

Refer Note 24(A)(ii) for Loss Allowances on Trade Receivables

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.

Note 33: Earnings Per Share

Particulars	31st March, 2021	31st March, 2020
(a) Basic Earnings Per Share		
Profits/(Losses) attributable to the Equity Holders of the Company	(4,985.83)	(38,087.95)
Total Basic Earnings Per Share attributable to the Equity Holders of the Company	(2.36)	(18.00)
(b) Diluted Earnings Per Share		
Profits/(Losses) attributable to the equity holders of the company	(4,985.83)	(38,087.95)
Total Diluted Earnings Per Share attributable to the Equity Holders of the Company	**(2.36)**	**(18.00)**

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(c) Weighted average numbers of shares used as denominator

Particulars	31st March, 2021	31st March, 2020
	Number of Shares	
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	21,15,70,757	21,15,70,757
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	21,15,70,757	21,15,70,757

Note 34: Segment information

The Company is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per Ind AS 108-Operating Segments.

The Company has earned its substantial revenue from India during the Financial Year 2020 -21 & 2019-20.

Note 35: Assets pledged as Security

The carrying amounts of assets pledged as Security for Current and Non-current Borrowings are:

	Notes	March 31, 2021	March 31, 2020
Current			
Financial Assets			
Trade Receivables	6(a)	1,05,220.30	1,38,532.08
Cash and Cash Equivalents	6(c)	2,722.85	1,661.15
Other Financial Assets	6(d)	26,221.64	20,878.63
Loans	6(b)	1,391.80	1,442.01
Non-Financial Assets			
Inventories	9	293.00	526.86
Other Current Assets	10(a)	49,507.12	45,748.62
Total Current Assets pledged as security		**1,85,356.70**	**2,08,789.35**
Non-current			
Property, Plant and Equipment	3	2,635.69	3,169.99
Capital work in progress	3	462.62	462.48
Investments	5	18,012.75	18,010.86
Total non-currents assets pledged as security		**21,111.06**	**21,643.33**
Total assets pledged as security		**2,06,467.76**	**2,30,432.68**

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.

Investments in Mutual Funds relating to Rs. 89.02 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid in earlier year, however lien against the investment pledged has not been satisfied till date.

The Company has pledged its Investment to the extent of 1,600,000 Equity Shares of McNally Sayaji Engineering 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 Limited as security against loans taken by its Subsidiary Company namely McNally Sayaji Engineering Limited. (Refer Note 45)

The Company has executed a non-disposal undertaking and a first ranking pledge agreement over 6,331,487 Equity Shares of

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.

Note 36: Current Assets/Liabilities recoverable/payable within and beyond 12 months

Particulars	31st March, 2021			31st March, 2020		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Trade Receivables	1,05,220.30	-	1,05,220.30	1,38,532.08	-	1,38,532.08
Other Financial Assets	26,221.64	-	26,221.64	20,878.63	-	20,878.63
Other Current Assets	49,507.12	-	49,507.12	45,748.62	-	45,748.62
Borrowings	2,06,568.09	-	2,06,568.09	2,04,413.88	-	2,04,413.88
Trade Payables	22,582.99	-	22,582.99	22,633.24	-	22,633.24
Other Financial Liabilities	6,569.16	-	6,569.16	2,447.68	-	2,447.68
Other Current Liabilities	5,188.08	-	5,188.08	27,335.84	-	27,335.84

Note 37: Details of Loans given covered under Section 186(4) of the Companies Act, 2013

Particulars	March 31, 2021	March 31, 2020
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)#	1,391.80	1,391.80
McNally Bharat Infrastructure Limited (Subsidiary Company)#	-	50.21
Total	**2,816.92**	**2,867.13**

*Allowance for doubtful loan receivables recognised

#The Company has not recognised interest income on the loans for the year ended 31st March, 2021.

Refer Note 5 for investments made by the Company

Note 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 Kumardubi, 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.

Note 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

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

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 Rs. 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 in January, 2011 for a stay in the matter of payment of award money. The matter is still pending for hearing.

Note 40:

The Company’s financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company’s control and the Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Company has submitted its resolution proposal to the lenders for restructuring and the lenders have done the Techno Economic Viability (TEV) study of a Resolution plan submitted by company. The Lenders are actively considering the resolution plan and have appointed/would be appointing various agencies to evaluate the resolution plan as decided in the last consortium meeting held on 24th June 2021. The Management is evaluating various options and hopeful that with the support of the lenders and on approval of the Resolution Plan, the Company will be able to generate sufficient cash flows through profitable operations to discharge its financial obligations. Hence, the Board of Directors have decided to prepare the Standalone audited Financial Results on a going concern basis

Note 41:

During the year ended 31st March, 2019 , the Company had 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. 85,148.70 Lakhs (31st March, 2020, Rs. 86,370.90 Lakhs) arising out of aforesaid transaction had been considered as part of “Other Reserves” (Note 11(b)(v)) and Rs. 13,444.26 Lakhs (31st March, 2020 Rs. 12,222.06 Lakhs) had been considered as “Long term borrowings” (Note 12(a)) for which consents have been obtained from the counter parties during the year ended 31st March, 2020

Note 42:

The management has reviewed trade receivables, claims recoverable against bank guarantees invoked by certain parties, advances to suppliers, Loan to othes Accordingly, no provision made against its during the year ended 31st March, 2021.

Note 43:

The Company has been categorised as Non Performing Asset by the lender banks and majority of the lender banks have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. Accordingly, the Company has not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 31546.61 Lakhs on bank borrowings and Rs. 190.80 Lakhs on Inter-Corporate borrowings for the period ended 31st March, 2021 , The Company had also not recognised interest expense of Rs. 29,044.74 Lakhs and Rs. 1,059.48 Lakhs respectively for the year ended 31st March, 2020.

Note 44:

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) has declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 has significantly impacted business operations of the Company, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. The Company is closely monitoring the situation and the operations are being resumed in a phased manner considering directives from the GOI. The Company has evaluated its

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2021

liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

Note 45:

McNally Bharat Engineering Company Limited had pledged its investment to the extent of 23,37,211 Equity Shares as security against the term loan facilities granted to McNally Sayaji Engineering Ltd.(A subsidiary of MBE) from ICICI Bank Limited. During the quarter ended 31st December, 2020, ICICI Bank Limited has invoked pledge created over these shares for a transfer value of Re. 1 adjusted towards the over dues amount of the Company. The Company has objected the invocation of the said share pledge and undervalued transfer. Accordingly, the Company has not made any adjustment to the carrying value of the loan as on 31st March , 2021.

Note 46

During the year company has entered in to following joint venture as Lead Partner for participating in tenders:-

i) McNally - AML (JV)

ii) McNally-Trolex (JV)

iii) McNally - Trolex - Kilburn (JV)

Note 47

One of the Subsidiary, McNally Sayaji Engineering Limited is admitted to initiate Corporate Insolvency Resolution Process vide NCLT order dated 11th February, 2021, the said order has been challenged before the NCLAT and the accounts of the subsidiary have been consolidated as a going concern.

Note 48

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

Note 49

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

Signature to Note.1 to 49

As per our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051

Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

Independent Auditor's Report

To the Members of
McNally Bharat Engineering Company Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of McNally Bharat Engineering Company Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter described in the Basis for Qualified Opinion section of our Report, the aforesaid Consolidated Financial Statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairsof the Group as at 31st March, 2021, its consolidated loss (including Other Comprehensive Loss), its consolidated changes in equityand its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

Non-recognition of Interest Expense

The Holding Company and its Subsidiary Company, McNally Sayaji Engineering Company Limited have not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 35,615.61 Lakhs and Rs. 819.80 Lakhs respectively for the year ended 31st March, 2021 as referred in Note 47 to the Consolidated Financial Statements. The Holding Company and its Subsidiary Company, McNally Sayaji Engineering Company Limited had also not recognised interest expense of Rs 31,722.41 Lakhs and Rs. 1,690.51 Lakhs on Bank and Inter-Corporate Borrowings respectively for the year ended 31st March, 2020. As a result, finance costs, liability on account of interest and total comprehensive loss for the year ended 31st March, 2021 are understated to that extent.

This constitutes a departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

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

Emphasis of Matters

a) Material uncertainty related to Going Concern

We draw your attention to Note 44 to the Consolidated Financial Statements stating that the Group has reported net loss of Rs. 4,314.48 Lakhs during the year ended 31st March, 2021 and the Holding Company and its Subsidiary Company, McNally Sayaji Engineering Limited have shown their inability to meet their financial commitments/covenants to lenders and various other stakeholders. The management of the Holding Company is currently in discussion with the investors and

Independent Auditor's Report

lenders for carrying outa debt restructuring proposal as informed to us by them. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concernand the same is solely dependent on the acceptance of the debt restructuring proposal.

The Subsidiary Company, McNally Sayaji Engineering Limited has been drawn into Corporate Insolvency Resolution Process vide NCLT order dated 11th February, 2021. The said order has been challenged by the Subsidiary Company before the NCLAT.

Based on the Holding Company's Board of Directors assessment of the expected successful outcome of the restructuring proposal, the Consolidated Financial Statements have been prepared on going concern basis.

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

We draw your attention to Note 48 to the Consolidated Financial Statements which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial matters of the Group.

c) Recognition of Deferred Tax Assets

We draw your attention to Note 8 to the Consolidated Financial Statements, the Group had recognised deferred tax assets of Rs. 57,940.49 Lakhs upto 31st March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets can be utilised, which is solely dependent on the acceptance of the debt restructuring proposal. However, the Group has not recognized deferred tax assets in any of the subsequent years on prudent basis.

d) Non-adjustment of the Carrying Value of the Investments

We draw attention to Note 36(a) to the Consolidated Financial Statements regarding invocation of pledge over 23,37,211 Equity Shares of the Subsidiary Company, McNally Sayaji Engineering Limited held by the Company, by the Lender Bank of the Subsidiary Company i.e. ICICI Bank Limited as per their letter dated 27th November, 2020 at a value of Re. 1/- against the Term Loan facility availed by the Subsidiary Company. The Subsidiary Company has objected to such invocation vide their letter dated 15th December, 2020 and has not made any adjustment to the carrying value of its investment in the Subsidiary Company.

Our opinion is not modified in respect of these matters.

This statement includes the result of the following entities:

Wholly Owned Subsidiary Companies of the Holding company

- Mcnally Bharat Equipment Limited
- MBE Mineral Technlogies Pte Limited
- MBE Minerals Zambia Limited

Subsidiary Company of the Holding Company

- Mcnally Sayaji Engineering Limited

Step down Subsidiary of the Holding Company

- MBE Coal and Mineral Technology India Private Limited (Wholly Owned Subsidiary of Mcnally Sayaji Engineering Limited)

Joint Ventures of Holding Company

- EMC MBE Contracting Company LLC
- McNally-Trolex*
- McNally-AML*

Independent Auditor's Report

- McNally-Trolex-Kilburn*

*Joint Venture agreement executed during the year.

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 Qualified Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our Report.

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
1	**Estimated Cost to complete the Project:** (Refer note 1(d) to the Consolidated Financial Statements) The Holding Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard 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 the contract involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.	Our audit approach was combination of test of internal controls and substantive procedures which includes the following: 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's Certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis.
2.	**Provisions and Contingent Liabilities** (Refer note 31 to the Consolidated Financial Statements) The Holding 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 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.	Our audit approach was combination of test of internal controls and substantive procedures which includes the following: 1. Assessing the appropriateness of the design and implementation of the Holding 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 the Board and the 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 Holding Company considering the legal precedence and other rulings in similar cases.

Independent Auditor's Report

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
		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 Standalone Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance, Board's Report including Annexures to Board's Report and Shareholders Information but does not include the Consolidated Financial Statements and our Auditor's Report thereon.

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

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

If, we conclude, based on the work we have performed, on the other information obtained prior to the date of Auditor's Report, that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Consolidated Financial Statements

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

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

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

Independent Auditor's Report

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. 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 Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

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

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

Other Matters

a) The Consolidated Financial Statements include the audited Consolidated Financial Statements of one Subsidiary whose Consolidated Financial Statements reflect total assets of Rs. 41,661 Lakhs as at 31st March, 2021, total revenue of Rs. 17,772 Lakhs for the financial year ended 31st March, 2021 and total net loss of Rs. 657 Lakhs for the financial year ended 31st March, 2021, as considered in the Consolidated Financial Statements, which have been audited by us. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on our report and the audit procedures performed by us.

b) The Consolidated Financial Statements include the unaudited Financial Information/Results of one Indianand two foreignsubsidiaries whose Financial information/results reflect total assets of Rs. 139.39 Lakhs as at 31st March, 2021, total revenue of Rs. Nil for the financial year ended 31st March, 2021 and total net loss of Rs. 3.64 Lakhs for the financial year ended 31st March, 2021, as considered in the Consolidated Financial Statements. These unaudited Financial Information/ Results have been furnished to us by the Board of Directors of the Holding Company and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such unaudited Financial Information/Results. In our opinion and according to the information and explanations given to us by the Board of Directors of the Holding Company, these interim financial information/results are not material to the Group.

   Our opinion on the Consolidated Financial Statements is not modified in respect of the above matter with respect to the Financial Information/Results certified by the Board of Directors of the Holding Company.

c) The Financial Statements of the Joint Ventures of the Holding Company whose carrying value in the Financial Statements is Rs. Nil (net of impairment) has not been considered in the Consolidated Financial Statements.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 matter described in the Basis for Qualified Opinion Section above , in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and returns;

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Loss, 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;

Independent Auditor's Report

d) Considering the significance of the matter described in the Basis for Qualified Opinion Section above, in our opinion, the aforesaid 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 described in the Basis for Qualified Opinion, may have an adverse effect on the functioning of the Group;

f) On the basis of the written representations received from the directors of the Holding Company and its Subsidiary Companies as on 31st March, 2021 and taken on record by the respective Board of Directors, none of the directors of the Group companies incorporated in India, is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

g) The Qualified remarks relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

h) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its Subsidiary Companies and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Holding Company to its directors during the year isin accordance with the requirements of Section 197 of the Act.

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the unaudited financial information/results of the Subsidiary Companies, as noted in the Other Matters Paragraph above:

   i. except for the possible effect of the matter described in the Basis for Qualified Opinion section above, the Grouphas disclosed the impact of pending litigations on its financial position in the Consolidated Financial Statements (Refer Note 31(a) to the Consolidated Financial Statements);

   ii. except for the possible effect of the matters described in the Basis for Qualified Opinion section above, 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;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company.

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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 21050051AAAAGM3847

Place: Kolkata
Date: 30th June, 2021

Annexure A to the Independent Auditor's Report

Referred to in Paragraph 1(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limitedon the ConsolidatedFinancial Statements for the year ended 31st March,2021

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

In conjunction with our audit of the Consolidated Financial Statements of McNally Bharat Engineering Company Limited ("the Holding Company) and its subsidiaries which are incorporated in India (the Holding Company and its Subsidiaries together referred to as "the Group") as of and for the year ended 31st March, 2021, we have audited the internal financial controls with reference to consolidated financial statements.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statementsof the Holding Company 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") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference toconsolidated financial statements of the Holding Company and its Subsidiary Companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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

Annexure A to the Independent Auditor’s Report

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

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiaries which are incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31st March, 2021 based on the internal financial control with reference to Consolidated Financial Statements criteria established by such companies considering the essential components of such internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 21050051AAAAGM3847

Place: Kolkata
Date: 30th June, 2021

Consolidated Balance Sheet as at 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	14,691.90	16,092.19
Right to use Assets	3	2,043.28	2,216.84
Capital Work-in-progress	3	483.51	482.37
Investment Property	4	358.42	361.42
Other Intangible Assets	5	51.32	50.47
Goodwill on Consolidation	5	1,162.64	1,162.64
Financial Assets			
i. Investments	6	120.70	92.88
ii. Trade Receivables	7(a)	622.07	489.63
iii. Other Financial Assets	7(d)	480.08	516.84
Deferred Tax Assets (net)	8	57,940.49	57,940.49
Other Non-current Assets	9	149.41	94.15
Total Non-current Assets		**78,103.82**	**79,499.91**
Current Assets			
Inventories	10	9,449.35	11,298.51
Financial Assets			
i. Trade Receivables	7(a)	1,08,738.97	1,43,376.91
ii. Cash and Cash Equivalents	7(b)	3,823.23	2,198.64
iii. Bank Balances other than (ii) above	7(b)	365.72	384.51
iv. Loans	7(c)	1,430.18	1,442.01
v. Other Financial Assets	7(d)	26,625.64	21,605.42
Current Tax Assets (net)	11(a)	4,429.91	6,425.43
Other current assets	11(b)	46,855.47	42,553.22
Total Current Assets		**2,01,718.47**	**2,29,284.65**
Total Assets		**2,79,822.29**	**3,08,784.56**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12(a)	21,157.08	21,157.08
Other Equity			
Reserves and Surplus	12(b)	(25,881.59)	(20,356.81)
Equity attributable to owners of the Holding Company		(4,724.51)	800.27
Non-controlling Interest		2,019.79	1,895.31
Total Equity		**(2,704.72)**	**2,695.58**
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
i. Borrowings	13(a)	13,447.67	12,226.80
ii. Trade Payables	13(c)		
- Total outstanding dues of Micro, Small and Medium Enterprises		-	-
- Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		0.68	0.68
iii. Other Financial Liabilities	13(d)	2,482.10	2,420.85
Provisions	14	792.39	755.66
Other Non-current Liability		-	-
Total Non-current Liabilities		**16,722.84**	**15,403.99**
Current Liabilities			
Financial Liabilities			
i. Borrowings	13(b)	2,18,719.46	2,18,129.39
ii. Trade Payables	13(c)		
- Total outstanding dues of Micro, Small and Medium Enterprises		407.81	136.44
- Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		26,061.88	26,339.04
iii. Other Financial Liabilities	13(d)	17,603.97	18,938.83
Provisions	14	266.00	326.52
Other Current Liabilities	15	2,745.05	26,814.77
Total Current Liabilities		**2,65,804.17**	**2,90,685.00**
Total Liabilities		**2,82,527.01**	**3,06,088.98**
Total Equity and Liabilities		**2,79,822.29**	**3,08,784.56**
Significant Accounting Policies	1-2		

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 52.

As per our Report of even date

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E
(V. K. Singhi)
Partner
Membership Number: 050051
Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

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

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31st March , 2021	Year ended 31st March, 2020
Revenue from Operations	16	50,151.85	73,004.67
Other Income	17(a) & (b)	3,033.64	6,213.46
Total income		**53,185.49**	**79,218.13**
Expenses			
Cost of Materials Consumed	18(a)	20,991.44	29,353.06
Changes in Inventories of Work-in-Progress and Finished Goods	(b)18	1,367.00	455.83
Outsourcing Expenses to Job Workers		11,840.79	19,708.72
Employee Benefits Expense	19	7,563.99	10,345.68
Finance Costs	20	4,616.62	8,880.04
Depreciation and Amortisation Expenses	21	1,624.86	1,811.07
Other Expenses	22	9,531.16	47,432.77
Total Expenses		**57,535.84**	**1,17,987.17**
Profit/(Loss) before exceptional items		**(4,350.36)**	**(38,769.04)**
Exceptional Items	35	-	-
Profit/(Loss) before tax		**(4,350.36)**	**(38,769.04)**
Income Tax Expense	23		
- Provision written back		-	(25.22)
- Deferred Tax		-	-
Total Tax Expense		-	(25.22)
Profit/(Loss) for the year		**(4,350.36)**	**(38,743.82)**
Other Comprehensive Income/(Loss) for the year			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Post-employment Defined Benefit Obligations		35.75	(56.67)
Income Tax relating to these items		-	14.90
Other Comprehensive Income/(Loss) for the year		35.75	(41.77)
Total Comprehensive Income/ (Loss) for the year		(4,314.61)	(38,785.59)
Profit/(Loss) attributable to:			
Owners of the Holding Company		(4,471.52)	(38,623.04)
Non-Controlling Interest		121.16	(120.78)
		(4,350.36)	**(38,743.82)**
Other Comprehensive Income/(Loss) attributable to :			
Owners of the Holding Company		32.43	(32.85)
Non-Controlling Interest		3.32	(8.92)
		35.75	**(41.77)**
Total Comprehensive Income/(Loss) attributable to :			
Owners of the Holding Company		(4,439.09)	(38,655.88)
Non-Controlling Interest		124.48	(129.71)
		(4,314.61)	**(38,785.59)**
Earnings per share (EPS) for the year (Face value of Rs. 10/- per share):			
Basic (Rs.)	37	(2.11)	(18.26)
Diluted (Rs.)	37	(2.11)	(18.26)
Significant Accounting Policies, Judgements, Estimates and Assumptions	1-2		

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 52.

As per our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051

Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

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

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Cash flow from Operating Activities		
Profit/(Loss) before tax	**(4,350.36)**	**(38,769.04)**
Adjustments for		
Depreciation	1,624.90	1,811.07
Finance Costs	4,616.62	8,880.04
Interest Income	(2,316.17)	(3,316.08)
Loss/(Profit) on Disposal of Property, Plant & Equipment (Net)	(21.67)	5.53
Provision/Allowance for Doubtful Debts	151.00	18,430.70
Bad Debts Written Off	-	1.00
Provision for Expected Credit Loss on Trade Receivables and due from customers	634.93	3,497.70
Advances written off	-	5,049.07
Provision/Liabilities no longer required written back	(315.95)	(2,599.90)
Provision for Warranty	4.00	17.19
Provision for Doubtful Debts against Claims Recoverable	-	2,805.57
Provision for Future Foreseeable Losses in Construction Contracts	(757.51)	1,993.30
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(23.76)	298.51
Net (gain)/loss on financial assets measured at fair value through profit or loss	(27.82)	3.74
Change in Operating Assets and Liabilities:		
(Increase)/Decrease in Trade Receivables	33,488.41	10,361.43
(Increase)/Decrease in Inventories	1,847.86	6,799.03
Increase/(Decrease) in Trade Payables	(1,620.14)	(24,360.33)
Increase / (Decrease) in Employee Benefit Obligation	(5.00)	(276.00)
(Increase)/Decrease in Other Financial Assets	(3,255.75)	12,768.33
(Increase)/decrease in Other Non-current Assets	1.14	18.93
(Increase)/decrease in Other Current Assets	(4,249.46)	(9,246.41)
Increase/(decrease) in Provisions	25.14	(441.93)
Increase/ (decrease) in Other Financial Liabilities	960.46	(2,141.43)
Increase/ (decrease) in Other Liabilities	(22,121.51)	(9,803.62)
Cash generated from Operations		
Income taxes (paid)/Refund	1,996.01	(437.62)
Net cash inflow / (outflow) from Operating Activities	**6,285.35**	**(18,651.22)**
Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(59.33)	(317.68)
Loans given	50.36	-
Proceeds from sale of Property, Plant and Equipment	41.75	96.61
Deposits matured/(made)	(26.29)	4,247.82
Interest received	**165.51**	**695.00**
Net cash inflow / (outflow) from Investing Activities	**172.00**	**4,721.75**
Cash flows from Financing Activities		
Proceeds from borrowings	2,164.49	18,010.05
Repayment of borrowings	(14.00)	(2,947.78)
Transaction with non controlling interest	-	(120.78)

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

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest paid	(5,489.99)	(2,866.80)
Net increase in Cash Credit Facilities including WCDL	(1,491.00)	(67.00)
Net cash inflow / (outflow) from Financing Activities	**(4,830.50)**	**12,007.69**
Net increase / (decrease) in Cash and Cash Equivalents	**1,626.85**	**(1,921.78)**
Cash and cash equivalents at the beginning of the year	2,198.64	4,121.02
Effects of exchange rate changes on Cash and Cash Equivalents	(2.26)	(0.60)
Cash and Cash Equivalents at end of the year	3,823.23	2,198.64

Reconciliation of Cash and Cash Equivalents as per the Statement of Cash Flows
Cash and Cash Equivalents as per above comprise of the following

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Cash and Cash Equivalents (note 7(b))	3,823.23	2,198.64
Bank Overdrafts (note 13(d))	-	-
Balances per Statement of Cash Flows	**3,823.23**	**2,198.64**

Notes:

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

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying note nos. 1 to 52.

As per our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051

Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

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

(All amounts are in Rs. Lakhs, unless otherwise stated)

A. Equity Share Capital

Particulars	Notes	Equity Share Capital
As at 31st March, 2019		**17,215.18**
CCPS Converted into Equity Shares	12(a)	3,941.90
As at 31st March, 2020		**21,157.08**
Changes in Equity Share Capital	12(a)	-
As at 31st March, 2021		**21,157.08**

B. Other Equity

Particulars	Notes	Compulsorily Convertible Preference Share Capital (CCPS)	Reserves and surplus							Non-Controlling Interests	Total
			Securities Premium	Retained Earnings	Capital Redemption Reserve	Capital Reserve	Foreign Currency Translation Reserve	Other Reserve	General Reserve		
Balance as at 1st April, 2019		**3,941.90**	**1,13,299.92**	**(2,06,827.29)**	**1.00**	**344.28**	**(294.04)**	**87,482.00**	**1,766.63**	**2,025.02**	**1,739.41**
Forfeiture of Share Warrants		-	-	-	100.00	-	-	-	-	-	100.00
Profit/(Loss) for the year	12(b)	-	-	(38,623.04)	-	-	-	-	-	(120.79)	(38,743.83)
Other Comprehensive Income/(Loss) for the year	12(b)	-	-	(32.85)	-	-	-	-	-	(8.92)	(41.77)
Adjustment for change in ownership interest	12(b)	-	-	23,931.83	-	-	-	-	-	-	23,931.83
Appropriations during the year	12(b)	-	-	-	-	-	36.72	-	-	-	36.72
Converted into Equity Shares	12(a)	(3,941.90)	-	-	-	-	-	-	-	-	(3,941.90)
Reversal of Fair value gain on Financial Liabilities	45	-	-	-	-	-	-	(1,111.10)		-	(1,111.10)
Transfer to Financial Liabilties	12(b)	-	(430.87)	-	-	-	-	-	-	-	(430.87)
Balance as at 31st March, 2020		-	**1,12,869.05**	**(2,21,551.35)**	**101.00**	**344.28**	**(257.32)**	**86,370.90**	**1,766.63**	**1,895.31**	**(18,461.51)**
Profit/(Loss) for the year	12(b)	-	-	(4,471.52)	-	-	-	-	-	121.16	(4,350.36)
Other Comprehensive Income/(Loss) for the year	12(b)	-	-	32.43	-	-	-	-	-	3.32	35.75
Appropriations during the year	12(b)	-	-	-	-	-	134.15	-	-	-	134.15
Reversal of Fair value gain on Financial Liabilities	45	-	-	-	-	-	-	(1,222.21)	-	-	(1,222.21)
Balance as at 31st March, 2021		-	**1,12,869.05**	**(2,25,990.44)**	**101.00**	**344.28**	**(123.17)**	**85,148.69**	**1,766.63**	**2,019.79**	**(23,861.79)**

Note : An amount of Rs. 620 Lakhs (including Securities Premium of Rs. 520 Lakhs) was received by the Holding Company as 25% subscription money from two parties towards allotment of 40,00,000 Equity Share Warrants. On non-exercise of their option attached to the warrants for subscription of Equity Shares of the Holding Company, the Holding Company has forfeited the amount during the financial year 2019-20.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying note nos. 1 to 52.

As per our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051

Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

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 31st March,2021.

Note 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 of Consolidated Financial Statements

(i) Compliance with Ind AS

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

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

(ii) Historical cost convention

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

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

(iii) Operating Cycle

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

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

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

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 the Consolidated Statement of Profit and Loss.

(i) Functional Currency

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

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at 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 Consolidated Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis 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 Group derives revenues primarily from turnkey solutions in the areas of Power, Steel, Aluminium, Material Handling, Mineral Beneficiation, Pyro processing, 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 and Services

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

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

(ii)Revenue from *Construction Contracts*

Revenue from contracts are recognised with reference to the stage of completion method in accordance with Ind AS - 115.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

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

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

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

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

(iii) *Dividend and Interest Income*

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

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

(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 ConsolidatedStatement 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.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(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 Group is classified as a finance lease. All other leases are classified as operating leases.

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 assetis 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.

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.

(g) Impairment of Non-financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating 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 ConsolidatedStatement 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 book overdrafts. Book overdrafts are shown within borrowings in current liabilities in the ConsolidatedBalance Sheet.

(i) Trade Receivables

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

(j) Inventories

Inventories consists of raw materials, stores, work in progress, bought out components, loose tools and finished goods and are stated at the lower of cost or 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 bases 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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

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 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.

(l) Investments and Other Financial Assets

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

(i) Classification

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

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

The classification depends on the 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 ConsolidatedStatement 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 ConsolidatedStatement of Profit and Loss.

Investments in subsidiaries and joint ventures are recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets".

(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 orLoss (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 the Consolidated Statement of Profit andLoss as other income when the Group's right to receive payments is

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/(losses) in the Consolidated 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 recognizes 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 recognized 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 Assets

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

(m) Derivatives that are not designated as hedges

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

(n) Offsetting of Financial Instruments

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

(o) Property, Plant and Equipment

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

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

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

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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

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.

ii) Impairment of Property, Plant and Equipment

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

(i) *Goodwill*

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for 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 or 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 costs.

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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

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

(t) Borrowing Costs

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

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

(u) Provisions, Contingent Liabilities and Contingent Assets

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

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

(v) Provisions, Contingent Liabilities and Contingent Assets (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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or amount of the obligation cannot be measured with sufficient reliability

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

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

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

(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 ConsolidatedBalance 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 the Consolidated 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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

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.

(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 the 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 obligations resulting from plan amendments or curtailments are recognized immediately in the Consolidated Statement of Profit and Loss as past service cost.

(x) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether the 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:

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

- 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.

(y) 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.

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

(za) Principles of consolidation and Equity Accounting

- Subsidiaries

Subsidiaries are all entities over which the Holding Company has control. The Holding Company controls an entity when it 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 Holding Company. 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.

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 Holding Company combines the financial statements of itself 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 Holding Company.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

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.

- *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. The Financial Statements of the Joint Venture of the Holding Company i.e. EMC MBE Contracting Company LLC whose carrying value in the Financial Statements of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.

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 to the Act, unless otherwise stated.

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the Consolidated Financial Statements and reported amounts of revenues and expenses during the period. The application of accounting policies requires 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. Recognition of Deferred Tax Assets for carried forward tax losses
5. Impairment of Trade Receivables and Due from Customers
6. Provisions, Claims and Contingent Liabilities
7. Estimation of Defined Benefits Obligation
8. Useful life of Property, Plant and Equipment
9. 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 forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 3: Property, Plant and Equipment

Particulars	Freehold Land	Leasehold Land	Building	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total	Capital Work-in-progress	Right to Use Assets
1st April, 2019										
Gross Block										
Opening Block	289.00	2,529.69	13,364.07	19,760.15	1,127.19	434.92	131.85	37,636.88	503.51	-
Additions	-	-	1.33	63.09	9.52	7.90	5.85	87.69	-	2,390.40
Disposals/ Adjustments	-	-	-	(557.52)	(68.19)	(4.30)	-	(630.01)	(21.14)	-
Closing Gross Block	**289.00**	**2,529.69**	**13,365.40**	**19,265.72**	**1,068.52**	**438.52**	**137.70**	**37,094.55**	**482.37**	**2,390.40**
Accumulated Depreciation										
Opening Accumulated Depreciation	0.40	194.01	3,778.00	14,640.00	797.20	407.35	83.70	19,900.66	-	-
Depreciation charge during the year	-	21.33	435.02	1,024.22	143.65	(2.15)	8.76	1,630.83	-	173.56
Disposals/ Adjustments	-	-	-	(466.99)	(57.85)	(4.29)	-	(529.13)	-	-
Closing Accumulated Depreciation	**0.40**	**215.34**	**4,213.02**	**15,197.23**	**883.00**	**400.91**	**92.46**	**21,002.36**	**-**	**173.56**
Net Block as at 31st March, 2020	**288.60**	**2,314.35**	**9,152.38**	**4,068.49**	**185.52**	**37.61**	**45.24**	**16,092.19**	**482.37**	**2,216.84**
1st April, 2020										
Gross Block										
Opening Gross Block	289.00	2,529.69	13,365.40	19,265.72	1,068.52	438.52	137.70	37,094.55	482.37	2,390.40
Additions	-	-	-	45.16	3.00	9.04	-	57.20	1.14	-
Disposals/Adjustments	-	-	-	(128.60)	-	-	(8.00)	(136.60)	-	-
Closing Gross Block	**289.00**	**2,529.69**	**13,365.40**	**19,182.28**	**1,071.52**	**447.56**	**129.70**	**37,015.15**	**483.51**	**2,390.40**
Accumulated Depreciation										
Opening Accumulated Depreciation	0.40	215.34	4,213.02	15,197.23	883.00	400.91	92.46	21,002.36	-	173.56
Depreciation charge during the year	-	57.00	536.00	805.01	43.86	12.03	7.78	1,461.68	-	173.56
Disposals/Adjustments	-	-	-	(117.79)	-	(15.00)	(8.00)	(140.79)	-	-
Closing Accumulated Depreciation	**0.40**	**272.34**	**4,749.02**	**15,884.45**	**926.86**	**397.94**	**92.24**	**22,323.25**	**-**	**347.12**
Net Block as at 31st March, 2021	**288.60**	**2,257.35**	**8,616.38**	**3,297.83**	**144.66**	**49.62**	**37.46**	**14,691.90**	**483.51**	**2,043.28**

Pursuant to the Scheme of Arrangement between the holding company and the subsidiary company McNally Sayaji Engineering Limited (MSEL), the existing charges on the assets of the erstwhile Products Division of Holding Company for facilities enjoyed by it will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain property, plant and equipment of the subsidiary company (net written down value as at 31.03.2021 of Rs. 472 Lakhs (31.03.2020 Rs. 509 Lakhs) comprised in erstwhile Product Division of MBECL (Kumardhubi Unit 1)[Refer Note 31]

(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 forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 4: Investment Property [Leasehold Land]

Particulars	31st March, 2021	31st March, 2020
Gross Block		
Opening Block	397.42	397.42
Disposals / Adjustments	-	-
Closing Gross Block	**397.42**	**397.42**
Accumulated Depreciation		
Opening Balance	36.00	33.00
For the Year	3.00	3.00
Closing Accumulated Depreciation	39.00	36.00
Net Block	**358.42**	**361.42**

	31st March, 2021	31st March, 2020
Fair Value		
Investment Property	**2,250**	**2,250**

Estimation of fair value

The fair valuation is based on report dated as on 21.05.2019 in active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry and trend of fair market rent in the area of property located.

The valuation is based on valuation performed by an accredited independent valuer. All resulting fair value estimates for investment properties are included in level 2.

Note 5: Intangible Assets

Particulars	Designs and Drawings	Computer Software *	Total	Goodwill on Consolidation
1st April, 2019				
Gross Block				
Opening Block	**320.56**	**94.76**	415.32	1,162.64
Additions	-	3.00	3.00	-
Closing Gross Block	**320.56**	**97.76**	**418.32**	**1,162.64**
Accumulated Amortisation				
Opening Accumulated Amortisation	320.56	43.70	364.26	-
Amortisation Charge for the year	-	3.68	3.68	-
Other adjustments	-	-	(0.09)	-
Closing Accumulated Amortisation	**320.56**	**47.38**	**367.85**	**-**
Closing Net Block as at 31st March, 2020	**-**	**50.38**	**50.47**	**1,162.64**
1st April, 2020				
Gross Block				
Opening Gross Carrying Amount	**320.56**	**97.76**	**418.32**	1,162.64
Additions	-	1.90	**1.90**	-
Closing Gross Block	**320.56**	**99.66**	**420.22**	**1,162.64**
Accumulated Amortisation				
Opening Accumulated Amortisation	320.56	47.38	367.85	-
Amortisation charge for the year	-	0.96	0.96	-
Adjustment	-	-	0.09	-
Closing Accumulated Amortisation	**320.56**	**48.34**	**368.90**	**-**
Closing Net Block as at 31st March, 2021	**-**	**51.32**	**51.32**	**1,162.64**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 6: Non-Current Investments

Particlaurs	As at 31st March, 2021	As at 31st March, 2020
Investments in Equity Instruments (fully paid-up)		
Equity Instruments carried at Fair Value Through Profit or Loss		
Quoted		
10,960 (31st March, 2020 : 10,960) Equity Shares of Rs. 5/- each of Eveready Industries India Limited	29.59	5.53
10,960 (31st March, 2020 : 10,960) Equity Shares of Rs. 5/- each of McLeod Russel India Limited	2.09	0.22
Total (Equity Instruments)	**31.68**	**5.75**
Investment in Mutual Funds carried at fair value through profit or loss		
Unquoted		
362,970.078 (31st March, 2020 : 362,970.078) units of L&T Short Term Opportunities Growth Fund	89.02	87.13
Total (Mutual Funds)	**89.02**	**87.13**
Total	**120.70**	**92.88**
Total Non-current Investments	**120.70**	**92.88**
Aggregate amount of quoted investments and market value thereof	31.68	5.75
Aggregate amount of unquoted investments	89.02	87.13

(i) Investments pledged as security

Refer note 39 for Investments pledged as security by the group.

Note 7(a) : Trade receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured		
Trade Receivables - Considered good	1,09,361.04	1,43,866.54
Trade Receivables - Credit impaired	34,916.32	32,170.81
Less: Allowance for Doubtful Receivables (Provision for Expected Credit Loss)	(34,916.32)	(32,170.81)
Total Trade Receivables	**1,09,361.04**	**1,43,866.54**
Current	1,08,738.97	1,43,376.91
Non-current $	622.07	489.63

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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 7(b) : Cash and cash Equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with Banks		
- in Current Accounts	3,794.53	2,186.06
- in Cash Credit Accounts	0.04	0.04
- Cheques on Hand	12.00	-
Deposits with Bank @	11.87	-
Cash on hand	4.79	12.54
Total Cash and Cash Equivalents	**3,823.23**	**2,198.64**
Other Bank Balances		
Earmarked balances with banks (refer note (i)) *	51.20	101.13
Deposits with bank *	314.52	279.40
Balance in unpaid dividend account **	-	3.98
Total other bank balances	**365.72**	**384.51**

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

(ii) There are certain repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the reporting period and prior periods.

@ Held as lien by bank as bank guarantees

* The above figures are subject to balance confirmation

** Under reconciliation

Note 7(c) : Loans

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Loan to others	1,430.18	1,442.01
Total Loans	**1,430.18**	**1,442.01**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 7(d) : Other financial assets

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Security Deposits *	1,008.79	64.14	246.22	1.74
Advance to Employees	55.18	-	56.53	-
Due from customers	288.79	-	-	-
Unbilled Revenue	309.85	-	634.61	-
Balance with Govt/Amount recoverable from Govt	-	14.00	-	15.00
Earnest Money deposit	-	65.94	-	72.62
Less: Doubtful Earnest Money Deposit	-	(2.00)	-	(2.00)
Earmarked balances with bank (refer note (i))	-	-	-	11.25
Claims Recoverable	24,881.72	-	20,580.94	-
Others	81.31	338.00	87.12	418.23
Total Other Financial Assets	**26,625.64**	**480.08**	**21,605.42**	**516.84**

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

* It includes Rs 552 Lakhs deposit as per direction of High court order against arbitration case.

** Others are net of provision of Rs. 81.67 Lakhs as at 31st March, 2021 (31st March, 2020: 81.67 Lakhs)

Note 8 : Deferred tax assets
(A) The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Assets on :		
Tax losses	57,589.94	57,589.94
Others	1,203.55	1,203.55
Total Deferred Tax Assets	**58,793.49**	**58,793.49**
Set-off of deferred tax liabilities pursuant to set-off provisions	(853.00)	(853.00)
Net Deferred Tax Assets	**57,940.49**	**57,940.49**

Note 8 : Deferred tax assets
(B) The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Property, Plant and Equipment and Intangible Assets	848.00	848.00
Other items	5.00	5.00
Total deferred tax liabilities	**853.00**	**853.00**
Set-off of deferred tax liabilities pursuant to set-off provisions	(853.00)	(853.00)
Net Deferred Tax Liabilities	**-**	**-**

The Group had recognised Deferred Tax Assets amounting to Rs 57,940.49 Lakhs upto 31st March, 2019. The Group believes that based on the infusion of fresh funds by the investors coming to the Holding Company and the lenders' support on the debt restructuring proposal, there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Group has not recognised further Deferred Tax Assets during the subsequent years taking a conservative approach. {Also refer note 23(a) to the Consolidated Financial Statements.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 9: Other Non-Current Assets (Unsecured, considered good)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital Advances	4.99	4.99
Prepaid Rent	2.43	2.52
Balance with Statutory/Government Authorities	-	0.46
Others	141.99	86.18
Total Other Non-Current Assets	**149.41**	**94.15**

Note 10 : Inventories

Particulars	As at 31st March, 2021	As at 31st March, 2020
Inventories		
-Raw Materials	2,951.35	3,319.91
-Loose Tools	60.00	60.47
Work-in-progress	5,514.00	6,857.63
Finished Goods	39.00	62.54
Stores and Spares	885.00	997.96
Total Inventories	**9,449.35**	**11,298.51**

Note 11(a): Current tax assets (net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance Income Tax	4,429.91	6,425.43
(net of provisions Rs. 3,972.21 Lakhs, Previous Year Rs. 3,972.21 Lakhs)		
Total Current Tax Assets (net)	**4,429.91**	**6,425.43**

Note 11(b): Other Current Assets (Unsecured, considered good)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance to suppliers & others *	27,292.11	23,862.26
Balance with statutory/government authorities {Refer Note 31(d)} **	18,530.27	17,518.53
Gratuity Receivable @	28.00	15.97
Prepaid Expenses	815.10	1,066.30
Others	190.00	90.16
Total Other Current Assets	**46,855.47**	**42,553.22**

* Balances shown are subject to confirmation and reconciliation with respective parties

* net of amounts written off in C.Y. Rs. Nil (Previous Year: Rs. 5,022.07 Lakhs)

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

@ Gratuity Acturial Valuation - Fair Value of plan assets is more than present value of obligation.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 12: Equity Share Capital and Other Equity

12(A) Equity Share Capital

Particulars	Equity Shares		Compulsorily Convertible Preference Shares(CCPS)	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
As at 31st March, 2019	24,00,00,000	24,000.00	14,00,00,000	14,000.00
As at 31st March, 2020	24,00,00,000	24,000.00	14,00,00,000	14,000.00
As at 31st March, 2021	**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 31st March, 2019	17,21,51,757	17,215.18	3,94,19,000	3,941.90
CCPS converted into Equity Shares	3,94,19,000	3,941.90	(3,94,19,000)	(3,941.90)
As at 31st March, 2020	21,15,70,757	21,157.08	-	-
Changes	-	-	-	-
As at 31st March, 2021	**21,15,70,757**	**21,157.08**	**-**	**-**

i) 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 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 is 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 forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

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

Note 12 : Equity Share Capital and Other Equity

12(A) Equity Share Capital

Particulars	31st March, 2021		31st March, 2020	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co Limited	2,53,18,952	11.97	3,16,18,952	14.94
Williamson Financial Services Limited	1,92,14,753	9.08	2,07,02,515	9.79
Babcock Borsig Limited	1,36,64,636	6.46	1,36,64,636	6.46
Sahal Business Private Limited	1,74,47,637	8.25	1,74,47,637	8.25
IL&FS Financial Services Limited	1,61,29,000	7.62	1,61,29,000	7.62
Aditya Birla Finance Limited	1,12,90,000	5.34	1,12,90,000	5.34
DMI Finance Private Limited	1,09,87,762	5.19	32,00,000	1.51

iv) Aggregate number of shares issued for consideration other than cash for the period of five years immediately preceeding the date at which the Balance Sheet is prepared:

On 30th March, 2017, the Company had allotted 4,16,21,273 Compulsorily Convertible Preference Shares (CCPS) at Rs. 66 (including Security Premium of Rs. 56) per share for Rs. 27,470.04 Lakhs to the shareholders and debenture holders of Vedica Sanjeevani Projects Private Limited for consideration other than cash, with whom the Company had entered into an agreement on 17th February, 2017. Vide the same agreement entered into by the Company and Vedica Sanjeevani Projects Private Limited on 17th February, 2017, the Company acquired 4,75,200 Equity Shares and 12,47,004 debentures of Vedica Sanjeevani Projects Private Limited, as consideration for issued CCPS. The CCPS so allotted have been converted into Equity Shares as per the terms.

Note 12(b) Reserves and Surplus

Particulars	As at 31st March, 2021	As at 31st March, 2020
Securities Premium	1,12,869.05	1,12,869.05
Capital Redemption Reserve	101.00	101.00
General Reserve	1,766.63	1,766.63
Capital Reserve	344.28	344.28
Retained Earnings	(2,25,990.45)	(2,21,551.35)
Foreign Currency Translation Reserve	(123.17)	(257.32)
Other Reserves	85,148.70	86,370.90
Total Reserves and Surplus	**(25,881.59)**	**(20,356.81)**

(i) Securities Premium

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	1,12,869.05	1,13,299.92
Transfer to Financial Liabilities	-	(430.87)
Closing balance	**1,12,869.05**	**1,12,869.05**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Nature and purpose:

Securities Premium has arisen on issue of Shares. The Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Capital Redemption Reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	101.00	1.00
Forfeiture of Share Warrants (to the extent of face value)	-	100.00
Closing balance	**101.00**	**101.00**

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	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	1,766.63	1,766.63
Closing balance	**1,766.63**	**1,766.63**

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.

(iv) Capital Reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	344.28	344.28
Closing balance	**344.28**	**344.28**

Nature and purpose:

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

(v) Retained Earnings

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	(2,21,551.35)	(2,06,827.29)
Net profit /(loss) for the year	(4,471.52)	(38,623.04)
Items of OCI directly transferred to retained earnings	32.43	(32.85)
Adjustment/Other Adjustment for change in ownership interest	-	23,931.83
Closing balance	**(2,25,990.45)**	**(2,21,551.35)**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Nature and purpose:

This reserve & surplus represents the cumulative Profits/Loss of the Group and can be utilised in accordance with the provisions of the Companies Act, 2013. The Retained Earnings is a part of Reserve & Surplus.

(vi) Foreign Currency Translation Reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	(257.32)	(294.04)
Effects of exchange rate change on consolidation	134.15	36.72
Closing balance	**(123.17)**	**(257.32)**

Nature and purpose:

Represents reserve created on account of consolidation of foreign subsidiary.

(vii) Other Reserves

Particulars	As at 31st March, 2021	As at 31st March, 2020
As per last Financial Statement	86,370.90	87,482.00
Reversal of Fair value gain on Financial Liabilities (refer note 45)	(1,222.21)	(1,111.10)
Closing balance	**85,148.70**	**86,370.90**

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 45).

Note 13: Financial Liabilities

13(a) Non-current Borrowings

Particulars	Coupon/ Interest rate	As at 31st March, 2021	As at 31st March, 2020
Secured			
Term Loans			
Rupee loan			
- From banks	10.75% to 13.00%	3,358.25	3,360.84
- From others	8.24%	-	4.74
Foreign currency loan - from banks (refer note (ii) & (iii))	6 month LIBOR+4.15%	487.39	499.66
Unsecured			
From Others			
Inter-Corporate deposits (Refer Note No 45 & C below)	0.00%	13,444.42	12,222.06
Inter-Corporate deposits	12.00-15.00%	-	3,197.00
9,75,000, 11.50% Non-Convertible Redeemable Preference Shares	11.50%	5,451.43	5,451.43
(Refer note A below & Note No 31(c))			
Total Non-current Borrowings		**22,741.49**	**24,735.73**
Less: Current maturities of long-term debt (included in note 13(d))		3,842.39	3,860.50
Less: Liability for Redeemable Preference Shares (included in note 13(d))		5,451.43	5,451.43
Less: Interest accrued (included in note 13(d))		-	-
Less: Reclassified to Current Borrowings(note 13(b))		-	3,197.00
Non-current Borrowings		**13,447.67**	**12,226.80**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

A. 11.50% Non-Convertible Redeemable Cummulative Preference Shares

(i) Non-Convertible Redeemable Cumulative Preference Shares were redeemable by the Holding Company in 8 equal quarterly instalments commencing from 5th June, 2018 and the last installment payable was on 5th March, 2020 which has been on default as on the date of approval of these Consolidated Financial Statements.

The Holding Company has executed a non-disposal undertaking and a first ranking pledge agreement in favour of a Preference Shareholder i.e. Tata Capital Financial Services Limited, over 6,331,487 Equity Shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.

B. External Commercial Borrowing from ICICI Bank Limited

(i) Terms of repayment:

Loan having a balance outstanding of USD 6.60 lakhs being the last instalment due on 23rd December, 2018 which has been on default by the Holding Company as on the date of approval of these Consolidated Financial Statements.

(ii) Security details

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

Details of loan	Nature of Security
External Commercial Borrowings 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.

The amount of interest expense not provided in the books of account on External Commercial Borrowing from ICICI Bank Limited by the Holding Company for the year ended 31st March, 2021 is Rs. 77.98 Lakhs and 31st March, 2020 is Rs. 97.84 Lakhs. (Refer to Note 47 to the Consolidated Financial Statements)

C. Inter-Corporate Borrowings

The amount of interest expense not provided in the books of account on the Inter-Corporate Borrowings by the Holding Company in Note 13(a) for the financial year ended 31st March, 2019 was Rs. 9,216.88 Lakhs. The same still remains unprovided. (Refer to Note 47 to the Consolidated Financial Statements)

13(a) Non-current Borrowings (Contd.)

D. Nature of Security, terms of repayment and rate of interest for Secured Borrowings for the Subsidiary Company, McNally Sayaji Engineering Limited

Nature of Security	Terms of Repayment and Rate of Interest
i. Year end term loan balance from ICICI Bank Ltd. of Rs 2,500 Lakhs (31.03.2020 Rs. 2,500 Lakhs) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Subsidiary Company (excluding Kumardhubi Plant - Unit 1 of the Subsidiary Company) both present and future and pledge over 26% shares of the Company held by Holding Company. This facility is also guaranteed by Holding Company. However, the pledge has since been invoked by ICICI Bank Ltd with adjustment of Re 1 towards the overdues under the facilities availed by the Subsidiary Company from ICICI Bank Ltd. In view of impairment in the investment value in the books of the Holding Company, pursuant to above invocation a claim of Rs 4079 Lakhs has been lodged against the subsidiary company by the Holding Company. Being aggreived, no adjustments have been made in the books of accounts to the effect of adjustments made by ICICI Bank Ltd as well as claim lodged by the Holding Company.	Repayable in 8 equal half yearly installments of Rs. 625 Lakhs each, commenced from 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 begins June 18, 2015 and every half year thereafter.
ii. Year end term loan balance from DBS Bank Ltd. of Rs 852 Lakhs (31.03.2020 Rs. 852 Lakhs) is secured by first pari passu charge on all movable and immovable fixed assets of the Holding Company (excluding Kumardhubi plant - Unit 1) both present and future	Repayable in 8 equal quarterly installments of Rs. 125 Lakhs each commenced from 3rd July, 2017. Interest is payable at the 13% p.a. on monthly basis.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Nature of Security	Terms of Repayment and Rate of Interest
iii. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 0.47 Lakhs (31.03.2020 Rs. 4 Lakhs) to be secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments of Rs. 0.25 Lakhs ending in July, 2021. Interest is payable at the rate of 9.49% to 9.75%p.a.
iv. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 6 Lakhs (31 March, 2020 Rs. 9 Lakhs) to be secured by hypothecation of the asset under finance.	Car Loans are repayable in 60 equal monthly installments of Rs. 0.28 Lakhs each ending in January, 2023. Interest is payable at the rate of 8.24%p.a.

Details of default by the Holding Company during the year in respect of Non-current Borrowings {including current maturities of long term debts shown under Note No. 13(d)} are as under:

Name of the Shareholder/Lender	Amount of Default	Remarks
Various Preference Shareholders	5,899.93	Amount of default persisting as on the date of approval of these Consolidated Financial Statements
ICICI Bank (Secured Long term borrowing (ECB))	487.39	

The Holding Company has submitted a resolution plan to its lenders for debt restructuring as more described in Note 44 to the Consolidated Financial Statements.

Details of default by the Subsidiary Company, McNally Sayaji Engineering Limited during the year in respect of Non-current Borrowings are as under:

The Subsidiary Company has been categorised as Non-Performing Asset by the lender banks, consequently, some of the lender banks have stopped debiting interest on their debts and Subsidiary company has already been under Corporate Insolvency Resolution process (CIRP) on and from 11th February 2021 (Refer Note no. 44). The details of continuing defaults at the year end in respect of Non-Current Borrowings (including current maturities of long term debts shown under Note No. 13(d) are as follow :

Particulars	Principal	Interest*
Term Loans from Banks		
-ICICI Bank	2,500.00	107.00
-DBS Bank	852.00	50.00
Total Term Loan- Default	**3,352.00**	**157.00**

*In addition to the above, the amount of interest expense not provided in the books of account on the above borrowings by the Subsidiary Company for the year ended 31st March, 2021 is Rs. 699 Lakhs (for the year ended 31st March, 2021 is Rs. 542 Lakhs). (Refer to Note 47 to the Consolidated Financial Statements)

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

13(b) Current Borrowings

Particulars	Coupon/ Interest rate	As at 31st March, 2021	As at 31st March, 2020
Loans repayable on demand			
Secured			
From banks (refer note(i))			
Cash credit from banks *	12.05% to 18.75%	1,96,373.78	1,95,679.54
Working capital demand loans from banks	12.5% to 13.50%	16,076.30	16,090.20
Unsecured			
From others			
Inter Corporate Borrowings (Refer Note No. 47)	15% to 18%	6,269.38	6,359.65
Total Current Borrowings		**2,18,719.46**	**2,18,129.39**
Less: Interest accrued (included in note 12(c))		-	-
Current Borrowings		**2,18,719.46**	**2,18,129.39**

* The above loan amount is after netoff of Rs. 15.06 Lakhs with current account balance.

Also refer Note 13(a)

(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 Limited Consortium equivalent to the value of the property 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, McNally Sayaji Engineering Limited are pledged for Working Capital Demand Loans.
Cash Credit facilities and Working Capital Demand Loans by the Subsidiary Company	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.
Loans repayable on demand availed by MBE Coal & Mineral Technology India Private Limited	**ICICI BANK Limited:** Secured by first charge by way of hypothecation of MBE Coal & Mineral Technology India Private Limited's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any and First charge over the movable fixed assets of the Subsidiary company.and immovable property situated at Kharagpur, West Bengal.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(i) Details of loans	Nature of Security
	Kotak Mahindra Bank Limited: Secured by first charge by way of hypothecation of Subsidiary Company's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any.
	Further, Secured by Corporate Guarantee of the Holding Company in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited.

13(b) Current Borrowings (Contd.)

(ii) Details of default in respect of Current Borrowings of the Holding Company are as follow:

Name of the lender	Amount of Default	Remarks
	Principle	
Allahabad Bank - Cash Credit	8,592.86	Amount of default persisting as on the date of approval of these Consolidated Financial Statements
Axis Bank Limited - Cash Credit	20,756.11	
Bank of Baroda - Cash Credit	4,206.03	
Bank of India - Cash Credit	43,594.50	
Canara Bank - Cash Credit	2,399.38	
DCB Bank- Cash Credit	295.02	
ICICI Bank - Cash Credit	15,760.15	
IDBI Bank - Cash Credit	17,569.77	
Karur Vysya Bank - Cash Credit	8,679.48	
Lakshmi Vilas Bank - Cash Credit	97.72	
Oriental Bank of Commerce Bank - Cash Credit	1,082.25	
Punjab National Bank - Cash Credit	15,069.83	
Standard Chartered Bank- Cash Credit	2,606.84	
State Bank Of India - Cash Credit	25,743.48	
UCO Bank - Cash Credit	1,213.23	
Union Bank - Cash Credit	15,207.79	
United Bank of India - Cash Credit	93.50	
Cash Credit Total Default	**1,82,967.93**	
Axis Bank Limited - Working Capital Demand Loan	12,660.40	
Standard Chartered Bank- Working Capital Demand Loan	3,415.90	
Working Capital Demand Loan Total Default	**16,076.30**	
Inter-Corporate Borrowings Total Default	**1,585.00**	

* The amount of interest expense not provided on Current Bank Borrowings and Inter-Corporate Borrowings for the year ended 31st March 2021 is Rs.31,546.61 Lakhs and Rs.190.80 Lakhs and (31st March, 2020 is Rs. 28,946.90 Lakhs and Rs. 1,059.48 Lakhs) respectively. (Refer to Note 47 to the Consolidated Financial Statements)

The Holding Company has submitted resolution plan to the lenders for debt restructuring and described in Note 44 to the Consolidated Financial Statements.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Principal	Interest*
Loan from Bank Repayable on Demand		
-ICICI Bank (including Overdraft)	3,900	-
-DBS Bank	415	66
-IDBI Bank	1,500	65
-State Bank of India	3,538	-
-Kotak Mahindra Bank	2,068	-
Total Loan from Bank Repayable on Demand -Default	**11,421**	**131**
Total Inter-Corporate Loans- Default	**4,924**	**66**

*In addition to the above, the amount of interest expense not provided in the books of account on the above bank borrowings for the year ended 31st March, 2021 is Rs. 3,370 Lakhs and Rs. 629 Lakhs on Inter-Corporate Borrowings. (FY 2019-20 Rs. 2,136 lakhs and Rs. 631 Lakhs for Bank Borrowing and on Inter corporate borrowing) (Refer to Note 47 to the Consolidated Financial Statements)

13(c) Trade payables

Particulars	March 31, 2021	March 31, 2020
Trade Payables due to Micro, Small and Medium enterprises (Refer note 40)	407.81	136.44
Trade Payables other than Micro, Small and Medium enterprises	26,062.56	26,339.72
Total Trade Payables	26,470.37	26,476.16
Current	26,469.69	26,475.48
Non-current	0.68	0.68

13(d) Other Financial Liabilities

Particulars	March 31, 2021	March 31, 2020
Non-current		
Lease Liability	2,482.10	2,420.85
Total Other Non-current Financial Liabilities	**2,482.10**	**2,420.85**
Current		
Current maturities of long-term debt	3,842.70	3,860.50
Interest accrued on borrowings and others @	4,830.15	5,710.78
Liabililty for Redeemable Preference Shares	5,451.43	5,451.43
Capital Creditors	18.51	18.78
Employee Benefits Payable	1,539.01	1,994.40
Security Deposits	90.30	90.29
Dividend Accrued on Preference Shares	448.50	448.50
Unpaid Dividends *	-	9.50
Lease Liability	11.00	7.99
Liabilities for Expenses $	953.33	1,012.85
Others	419.03	333.81
Total Other Current Financial Liabilities	**17,603.97**	**18,938.83**

@ For interest accrued and due on bank borrowings as at 31st March 2019; after that not provided, refer Note 13 (a) and 13(b)

* Under Reconciliation

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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 14: Provisions

Particulars	As at 31st March , 2021		As at 31st March , 2020	
	Current	Non-current	Current	Non-current
Provisions				
-Warranty	86.06	-	103.52	-
-Anticipated loss on contracts	-	165.11	-	145.10
-Decommissioning obligations	75.30	-	103.86	-
-Compensated absence	-	-	11.62	73.67
-Gratuity	70.13	402.49	76.86	351.75
-Others	34.51	224.79	30.66	185.14
Total Provisions	**266.00**	**792.39**	**326.52**	**755.66**

(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 31st March, 2020, this particular provision had a carrying amount of Rs 86.06 lakhs (31st March, 2020 Rs 103.52 lakhs). Where claims costs differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 8.61 lakhs higher or lower (31st March, 2020: Rs 10 lakhs higher or lower).

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.

Decommissioning obligations:

Provision for decommissioning obligations relates to equipments erected at the construction site which are required to be de-commissioned at the time of handing over the construction site to the customer.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(ii) Movements in provisions

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

Particulars	Warranty	Anticipated loss on contracts	Decommissioning Obligations
As at 31st March, 2019	103.46	125.60	103.90
Charged/(credited) to Consolidated Statement of Profit and Loss			
- additions	21.17	-	-
- amount used	(20.12)	(1.00)	-
- unused amounts reversed	(0.99)	-	-
- unwinding of discount	-	20.50	(0.04)
As at 31st March, 2020	**103.52**	**145.10**	**103.86**
Charged/(credited) to Consolidated Statement of Profit and Loss			
- additions	3.42	-	-
- amount used	(20.88)	-	-
- unused amounts reversed	-	-	-
- unwinding of discount	-	20.01	(28.56)
As at 31st March, 2021	**86.06**	**165.11**	**75.30**

(iii) Leave Obligations

In the Holding Company, at present, there is no accumulation of leaves which is encashable in future years.

(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
1st April, 2019	**1,142.59**	**883.85**	**258.74**
Current service cost	89.66	-	89.66
Interest expense/(income)	88.05	58.35	29.70
Total amount recognised in Profit and Loss	**177.71**	**58.35**	**119.36**
Remeasurements			
- Return on plan assets	-	2.10	(2.10)
- Due to financial assumptions	48.13	-	48.13
- Due to experience adjustments	74.19	-	74.19
Total amount recognised in Other Comprehensive Income	**122.32**	**2.10**	**120.22**
Employer contributions	-	90.20	(90.20)
Benefit payments	(332.96)	332.96	-
31st March, 2020	**1,108.66**	**697.34**	**408.12**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2020	**1,108.66**	**697.34**	**411.32**
Current service cost	73.54	-	73.54
Interest expense/(income)	77.58	41.99	35.59
Total amount recognised in Profit and Loss	**151.12**	**41.99**	**109.13**
Remeasurements			
- Return on plan assets	-	5.10	(5.10)
- Due to financial assumptions	8.39	-	8.39
- Due to experience adjustments	7.05	-	7.05
Total amount recognised in Other Comprehensive Income	**15.44**	**5.10**	**10.34**
Employer contributions	-	96.39	(96.39)
Benefit payments	(284.76)	284.76	-
31st March, 2021	**990.48**	**545.86**	**444.62**

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 31st March , 2021	Year ended 31st March , 2020
Present value of funded obligations	990.48	1,108.66
Fair value of plan assets	545.86	697.34
Deficit of funded plans	444.62	408.12

The significant actuarial assumptions used are as follows:

Particulars	Year ended 31st March , 2021	Year ended 31st March , 2020
Discount rate	6.90%	7.00%
Salary escalation	4.00 - 6.00%	4.00 - 6.00%
Expected return on plan assets	6.90%	7.70%
Withdrawal rate	1.00-8.00%	1.00-8.00%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2012-14) ultimate	

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

Assumption	Increase/ (decrease)	Assumption Rate	Amount of change in defined benefit obligations as at 31st March, 2021
Base scenerio	-	-	888.71
Discount rate	Increase by	1%	932.79
Discount rate	Decrease by	1%	1,055.22
Salary escalation	Increase by	1%	1,059.00
Salary escalation	Decrease by	1%	927.68
Withdrawal rate	Increase by	1%	1,000.70
Withdrawal rate	Decrease by	1%	977.86

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

The 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 31st March, 2021	As at 31st March, 2020
Less than a year	119.10	162.56
Between 1 to 2 years	90.01	154.45
Between 2 to 5 years	344.86	424.64
More than 5 years	3,925.03	1,123.52

The weighted average duration of the defined benefit obligation is 5.07 to 6.31 years (31st March, 2020 - 5.02 to 9.82 years).

The contribution expected to be made by the Group for the year ended 31st March, 2022 is Rs. 140.37 Lakhs.

Risk exposure

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

Investment risk	The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the interest rate on plan assets will increase the plan liability.
Life expectancy	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

(v) 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 31st March, 2021 and 31st March, 2020.

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.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Discount rate	6.90%	7.70%
Guaranteed interest rate	8.50%	8.50%
Expected average remaining woking life (in years)	11.95	11.72

The Group contributed ₹ 289.72 lakhs and ₹ 436.90 lakhs during the year ended 31st March, 2021 and 31st March, 2020, respectively, and the same has been recognised in the Consolidated 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 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.

Note 15: Other Liabilities

Particulars	As at 31st March , 2021	As at 31st March , 2020
Advance from customers	1,805.48	17,277.10
Statutory Tax Payables	671.83	502.27
Due to Customers	62.49	8,830.03
Dividend Distribution Tax on preference dividend	91.76	91.76
Benevolent fund	113.04	112.99
Others	0.45	0.62
Total Other Liabilities	**2,745.05**	**26,814.77**
Current	2,745.05	26,814.77
Non-current	-	-

Note 16: Revenue from Operations

The Group derives the following types of revenue:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Contract Revenue and Sale of Equipment	48,575.56	70,924.05
Sale of Services	1,017.93	1,480.56
Other Operating Revenue	558.36	600.06
Total Revenue from Operations	**50,151.85**	**73,004.67**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 17: Other Income and Other Gains/(Losses)

(a) Other Income

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest Income from Financial Assets measured at amortised cost	2,273.29	2,713.02
Interest Income	217.80	603.06
Provision/Liabilities no longer required written back	166.05	2,599.90
Allowance for Bad Debts Written Back	149.61	-
Net Foreign Exchange Gain	39.03	3.07
Corporate Guarantee Commission	147.35	147.35
Advance from customers written back	-	65.00
Miscellaneous Income	12.70	85.80
Total Other Income	**3,005.82**	**6,217.20**

(b) Other Gains/(Losses)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	27.82	(3.74)
Total Other Gains/(Losses)	27.82	(3.74)
Total Other Income and Other Gains/(Losses) (a+b)	**3,033.64**	**6,213.46**

Note 18(a): Cost of Materials Consumed

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Raw Materials at the beginning of the year	3,319.91	4,955.25
Add: Purchases	9,516.43	14,096.72
Less: Raw Materials at the end of the year	(2,951.34)	(3,319.91)
Total Cost of Raw Materials Consumed	**9,885.00**	**15,732.06**
Add: Consumption of bought out components	11,106.44	13,621.00
Total Cost of Materials Consumed	**20,991.44**	**29,353.06**

Note 18(b): Changes in Inventories of Work-in-progress and Finished Goods

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening balance		
Work-in progress	6,858.00	7,376.00
Finished goods	62.00	-
Total Opening balance	**6,920.00**	**7,376.00**
Closing balance		
Work-in progress	5,514.23	6,857.63
Finished goods	38.77	62.54
Total Closing balance	**5,553.00**	**6,920.17**
Total Changes in Inventories of Work-in-progress and Finished Goods	**1,367.00**	**455.83**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 19: Employee Benefits Expense

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries, Wages and Bonus	6,798.63	8,928.46
Contribution to Provident and Other Funds	443.54	599.45
Workmen and Staff Welfare Expenses	321.83	817.77
Total Employee Benefits Expense	**7,563.99**	**10,345.68**

Note 20: Finance Costs

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest and finance charges on financial liabilities not at fair value through profit or loss	359.00	908.67
Interest Expense on Fair Value of Revenue(Net)	937.55	2,519.55
Discounting on fair valuation of financial instruments on amortised cost	3,007.70	4,644.27
Unwinding of discount on provisions	312.37	621.80
Other borrowing cost	-	73.63
Proposed dividend on redeemable preference share	-	112.12
Total Finance Costs	**4,616.62**	**8,880.04**

Note 21: Depreciation and Amortisation Expense

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Depreciation on Property, Plant and Equipment	1,620.90	1,804.39
Depreciation on Investment Properties	3.00	3.00
Amortisation of Intangible Assets	0.96	3.68
Total Depreciation and Amortisation Expense	**1,624.86**	**1,811.07**

Note 22: Other Expenses

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest and finance charges on financial liabilities not at fair value through profit or loss	359.00	908.67
Consumption of Stores and Spares	763.39	234.22
Fabrication and Other Charges	1,379.68	2,178.61
Power & Fuel	700.33	1,088.42
Rent	263.60	438.77
Repairs and Maintenance :		
Buildings	11.09	22.45
Plant and Machinery	50.38	73.32
Others	64.31	385.81
Legal & Professional Fees	1,788.53	2,890.67
Insurance	314.47	299.25
Commission Expenses	9.00	361.39
Director's Fees	10.60	10.52

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 22: Other Expenses

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Rates & Taxes	43.58	351.42
Cartage & Freight	309.64	1,502.95
Bank Charges	1,738.93	2,956.01
Travelling	554.83	1,211.32
Provision for Expected Credit Loss on Trade Receivables and due from customers	634.93	3,497.70
Bad Debts Written Off	-	1.00
Provision/Allowance for Doubtful Debts	151.00	18,430.70
Provision for Future Foreseeable Losses in Construction Contracts	-757.51	1,993.30
Provision for Doubtful Debts against Expenses Recoverable	-	2,805.57
Advance written off	-	5,049.07
Net Foreign Exchange Loss	5.36	298.51
Provision for warranty	3.62	17.19
Liquidated Damages Expenses	11.99	32.18
Royalty	10.00	15.93
Payment to Auditors	54.41	95.88
Subscriptions and donations	1.00	0.85
Miscellaneous Expenses*	1,413.99	1,189.76
Total Other Expenses	**9,531.16**	**47,432.77**

Note 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.

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Income Tax Expense		
Current tax		
Current tax on profits for the year	-	-
Provision of earlier years written back	-	(25.22)
Total Current Tax Expense	-	(25.22)
Deferred tax		
Decrease (increase) in deferred tax assets	-	(1.00)
(Decrease) increase in deferred tax liabilities	-	1.00
Total Deferred Tax Expense/(Credit)	-	-
Total	**-**	**(25.22)**

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.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 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, creditors and market confidence and to sustain future developments and growth of its business. For the purpose of Group's capital management, capital includes issued capital and all other equity reserves. The Group manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants. However, in view of certain adverse factors and challenges faced by the Group over past few years as explained in Note 44 to the Consolidated Financial Statements, networth of the Company has been adversely impacted. The Board of Directors of the Holding Company expects that overall financial health of the Company would improve after proposed debt restructuring and availability of the working capital. However, one of its subsidiary, McNally Sayaji Engineering Limited, has been drawn to Corporate Insolvency Resolution Preocess (CIRP). The decision is awaited.

Loan Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with various financial covenants. The Group has been under financial stress due to external factors. EBITDA margins of the Group have not been sufficient to service interest/ principal repayment even after infusion of funds by the promoters from time to time during the earlier years. The Group has not been able to comply with some of the covenants during the current as well as the previous years. The Holding Company and one of its Subsidiary Companies, McNally Sayaji Engineering Limited has persisting default in repayment of borrowings from Banks and Other Borrowings as on 31st March, 2021 as disclosed in Note 13(a) and 13(b) to the Consolidated Financial Statements.

Note 25: Risk Management

The Group's activities expose it to credit risk,liquidity risk and market risk.

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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

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

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

(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.

Year ended 31st March, 2021

(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	VL3	1,430.18	-	-	1,430.18
		Investments	VL1	120.70	-	-	120.70
		Claims Recoverable	VL3	27,889.42	-	3,007.70	24,881.72
		Others	VL1	2,224.00	-	-	2,224.00
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Security deposits/ Earnest Money Deposits	VL6	2.00	100%	2.00	-

During the year, the Holding Company has made provision for expenses recoverable wherein it does not expect to receive future cash flows Rs. 3,007.70 Lakhs.

(b) Expected Credit Loss for Due from Customers, Trade Receivables and Claims Recoverable under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables	Claims Recoverable
Gross Carrying amount	Loss allowance measured at life-time expected credit losses	VL3	288.79	1,44,277.36	27,889.42
Expected Credit Losses (Loss allowance provision)			-	34,916.32	3,007.70
Carrying amount (net of impairment)			288.79	1,09,361.04	24,881.72

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 25: Risk Management (contd.)

Year ended 31st March, 2020

(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	VL3	1,442.01	-	-	1,442.01
		Investments	VL1	92.88	-	-	92.88
		Claims Recoverable	VL3	23,386.52	-	2,805.57	20,580.95
		Others	VL1	1,541.32	-	-	1,541.32
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	-

During the year, the Holding Company has made provision for expenses recoverable wherein it does not expect to receive future cash flows Rs. 2,805.57 Lakhs.

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables	Claims Recoverable
Gross Carrying Amount	Loss allowance measured at life-time expected credit losses	VL3	-	1,76,037.35	23,386.52
Expected Credit Losses (Loss allowance provision)			-	32,170.81	2,805.57
Carrying Amount (net of impairment)			-	1,43,866.54	20,580.95

(iii) Reconciliation of loss allowance provisions- Security deposits/ Earnest Money 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 31st March , 2019	-	-	**2.00**
Loss allowance as on 31st March, 2020	-	-	**2.00**
Loss allowance as on 31st March, 2021	-	-	**2.00**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. 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 31st March, 2019	12,396.33	687.11	13,083.44
Changes in loss allowance	19,774.48	(687.11)	19,087.37
Loss allowance as on 31st March, 2020	**32,170.81**	-	**32,170.81**
Changes in loss allowance	2,745.51	-	**2,745.51**
Loss allowance as on 31st March, 2021	**34,916.32**	-	**34,916.32**

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 (31st March, 2021)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings*	2,28,013.57	-	13,447.67	2,41,461.24
Interest Accrued	4,830.15	-	-	4,830.15
Trade Payables	26,469.69	-	0.68	26,470.38
Capital Creditors	18.51	-	-	18.51
Employee Benefits payable	1,539.01	-	-	1,539.01
Lease Liability	11.00	-	2,482.10	2,493.10
Security Deposits	90.30	-	-	90.30
Dividend Accrued on Preference Shares	448.50	-	-	448.50
Unpaid Dividends	-	-	-	-
Liabilities for Expenses	953.33	-	-	953.33
Others	419.03	-	-	419.03
Total non derivative financial liabilities	**2,62,793.10**	**-**	**15,930.46**	**2,78,723.56**

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 85,148.70 Lakhs

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Contractual maturities of financial liabilities (31st March, 2020)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings*	2,27,441.32		12,226.80	2,39,668.11
Interest Accrued	5,710.78	-	-	5,710.78
Trade Payables	26,475.48	-	0.68	26,476.16
Capital Creditors	18.78	-	-	18.78
Employee Benefits payable	1,994.40	-	-	1,994.40
Lease Equalisation	7.99	-	2,420.85	2,428.84
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	448.50	-	-	448.50
Unpaid Dividends	9.50	-	-	9.50
Liabilities for Expenses	1,012.85			1,012.85
Others	333.81	-	-	333.81
Total non derivative financial liabilities	**2,63,543.70**	**-**	**14,648.33**	**2,78,192.03**

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 86,370.79 Lakhs.

(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 follow

Particulars	31st March, 2021				31st March , 2020			
	USD	EUR	ZAR	GBP	USD	EUR	ZAR	GBP
Financial Assets								
Trade Receivables	142.00	518.40	-		2.00	463.60	-	-
Advance to Supplier	189.00	18.00	-		-	4.00	-	-
Net exposure to foreign currency risk (assets)	**331.00**	**536.40**	**-**		**2.00**	**467.60**	**-**	**-**
Financial Liabilities								
Foreign Currency Loan	487.39	-	-	-	499.66	-	-	-
Trade Payables	173.83	1,270.45	3.34	2.00	126.91	384.59	3.34	2.00
Advance from Customers	210.00	127.04	-	-	35.00	2,124.99	-	-
Net exposure to foreign currency risk (liabilities)	**871.22**	**1,397.48**	**3.34**	**2.00**	**661.57**	**2,509.58**	**3.34**	**2.00**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(b) Sensitivity:

Impact on Profit

Particulars	Increase/(Decrease) in profit before tax	
	31st March, 2021	**31st March, 2020**
USD sensitivity		
INR/USD -Increase by 5% (31st March, 2020-5%)*	(27.01)	(32.98)
INR/USD -Decrease by 5% (31st March, 2020-5%)*	27.01	32.98
EUR sensitivity		
INR/EUR-Increase by 5% (31st March, 2020-5%)*	(43.05)	(102.10)
INR/EUR-Decrease by 5% (31st March, 2020-5%)*	43.05	102.10
ZAR sensitivity		
INR/ZAR-Increase by 5% (31st March, 2020-5%)*	(0.17)	(0.17)
INR/ZAR-Decrease by 5% (31st March, 2020-5%)*	0.17	0.17
GBP sensitivity		
INR/GBP-Increase by 5% (31st March, 2020-5%)*	(0.10)	(0.10)
INR/GBP-Decrease by 5% (31st March, 2020-5%)*	0.10	0.10

* 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 the year ended 31st March , 2021 and 31st March, 2020, the group's borrowings at variable rate were mainly denominated in INR.

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

(a) Interest rate risk exposure

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

Particulars	**31st March, 2021**	**31st March, 2020**
Variable rate borrowings	2,12,940.72	2,15,634.98
Fixed rate borrowings*	25,165.23	24,033.14
Total borrowings	**2,38,105.95**	**2,39,668.12**

The Group has not entered into interest rate swaps to hedge against fluctuating market interest rates.

* Including interest free ICDs availed by the Holding Company amounting to Rs. 13,444.26 Lakhs (31st March, 2020: 12,222.06 Lakhs) arising due to conversion of amount received from certain companies in to long term borrowings. Refer note no 44

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 85,148.70 Lakhs (31st March, 2020 : Rs. 86,370.79 Lakhs)

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(b) 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	
	31st March, 2021	**31st March, 2020**
Interest rates increase by 50 basis points (50 bps) *	(91.54)	(95.54)
Interest rates decrease by 50 basis points (50 bps) *	91.54	95.54

* Holding all variables constant

However, the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited have not recognised interest expense during the financial year ended 31st March, 2021. (Refer Note 47 to the Consolidated Financial Statements).

Note 26: Fair Value Measurements

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2021 and 31st March, 2020.

Particulars	31st March, 2021			31st March, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
- Equity instruments	31.68	-	-	5.75	-	-
- Mutual funds	89.02	-	-	87.13	-	-
Trade Receivables	-	-	1,09,361.04	-	-	1,43,866.54
Loans	-	-	1,430.18	-	-	1,442.01
Cash and Cash Equivalents	-	-	3,823.23	-	-	2,198.64
Other Bank Balances	-	-	365.72	-	-	384.51
Security deposits	-	-	1,072.93	-	-	247.96
Advance to Employees	-	-	55.18	-	-	56.53
Due from customers	-	-	288.79	-	-	-
Unbilled Revenue	-	-	309.85	-	-	634.61
Deposits with bank	-	-	-	-	-	11.25
Claims Recoverable	-	-	24,881.72	-	-	20,580.95
Others	-	-	497.25	-	-	590.97
Total Financial Assets	**120.69**	**-**	**1,42,085.89**	**92.88**	**-**	**1,70,013.97**
Financial Liabilities						
Borrowings	-	-	2,41,461.24	-	-	2,39,668.11
Interest accrued	-	-	4,830.15	-	-	5,710.78
Trade payables	-	-	26,470.37	-	-	26,476.16
Capital creditors	-	-	18.51	-	-	18.78
Employee Benefits payable	-	-	1,539.01	-	-	1,994.40
Lease Liability	-	-	2,493.10	-	-	2,428.84
Security deposits	-	-	90.30	-	-	90.29
Dividend Accrued on Preference Shares	-	-	448.50	-	-	448.50
Unpaid dividends	-	-	-	-	-	9.50
Liabilities for Expenses	-	-	953.33	-	-	1,012.85
Others	-	-	419.03	-	-	333.81
Total Financial Liabilities	**-**	**-**	**2,78,723.55**	**-**	**-**	**2,78,192.02**

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 85,148.70 Lakhs (31st March, 2020 : Rs. 86,370.79 Lakhs)

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. 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 31st March, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial instruments at FVTPL				
Listed Equity Investments	31.68	-	-	**31.68**
Mutual Funds	-	89.02	-	**89.02**
Total Financial Assets	**31.68**	**89.02**	**-**	**120.69**

Financial Assets and Liabilities measured at fair value At 31st March, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial instruments at FVTPL				
Listed Equity Investments	5.75	-	-	**5.75**
Mutual Funds	-	87.13	-	**87.13**
Total Financial Assets	**5.75**	**87.13**	**-**	**92.88**

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.

(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 forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(iii) Fair value of the Financial Asset and Liabilities measured at Amortised Cost

Particulars	31st March, 2021		31st March, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Security deposits	1,072.93	1,072.93	247.96	247.96
Loans	1,430.18	1,430.18	1,442.01	1,442.01
Cash and Cash Equivalents	3,823.23	3,823.23	2,198.64	2,198.64
Other Bank Balances	365.72	365.72	384.51	384.51
Due from customers	288.79	288.79	-	-
Advance to Employees	55.18	55.18	56.53	56.53
Unbilled Revenue	309.85	309.85	634.61	634.61
Deposits with bank	-	-	11.25	11.25
Trade receivables	1,09,361.04	1,09,361.04	1,43,866.54	1,43,866.54
Claims Recoverable	24,881.72	24,881.72	20,580.95	20,580.95
Others	497.25	497.25	590.97	590.97
Total Financial Assets	**1,42,085.89**	**1,42,085.89**	**1,70,013.97**	**1,70,013.97**
Financial Liabilities				
Borrowings	2,41,461.24	2,41,461.24	2,39,668.11	2,39,668.11
Interest accrued	4,830.15	4,830.15	5,710.78	5,710.78
Trade payables	26,470.37	26,470.37	26,476.16	26,476.16
Capital creditors	18.51	18.51	18.78	18.78
Employee Benefits payable	1,539.01	1,539.01	1,994.40	1,994.40
Lease Liability	2,493.10	2,493.10	2,428.84	2,428.84
Security deposits	90.30	90.30	90.29	90.29
Dividend Accrued on Preference Shares	448.50	448.50	448.50	448.50
Unpaid dividends	-	-	9.50	9.50
Liabilities for Expenses	953.33	953.33	1,012.85	1,012.85
Others	419.03	419.03	333.81	333.81
Total Financial Liabilities	**2,78,723.55**	**2,78,723.55**	**2,78,192.04**	**2,78,192.04**

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

Initial recognition of financial assets and liabilities are at fair value with subsequent measurement at amortised cost.

Note 27: Related Party Disclosures

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 Limited (deregistered w.e.f. June 30, 2017) #

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

(vi) MBE Coal & Mineral Technology India Private Limited (wholly owned subsidiary of MSEL)

(b) Joint Venture

(i) EMC MBE Contracting Company LLC #

(ii) McNally- Trolex *

(iii) McNally- AML *

(iv) McNally- Trolex- Kilburn *

 # There is no transaction during the year

** Joint Venture agreement executed during the year.*

(c) Post employment benefit plan of the Company

(i) McNally Bharat Executive Staff Gratuity Fund

(ii) McNally Bharat Employees Provident Fund

(d) Key Managerial Personnel

(i) Mr. Aditya Khaitan - Chairman

(ii) Mr. Srinivash Singh - Managing Director

(iii) Mr. Manoj Kumar Digga- Chief Financial Officer (resigned w.e.f. 02nd Sept, 2020)

(iv) Mr. Brij Mohan Soni - Chief Financial Officer (appointed w.e.f.07th Sept, 2020)

(v) Mr. Rahul Banerjee- Company Secretary

(v) Ms. Arundhati Dhar - Independent Director

(vi) Mr. A.K Barman - Independent Director

(viii) Mr. Nilotpal Roy- Independent Director

(ix) Ms. Kasturi Roychoudhury - Independent Director

The following transactions were carried out with Related Parties in the ordinary course of business:

Description	McNally- Trolex	McNally- AML	McNally- Trolex- Kilburn
Rent Received	0.82	0.54	0.82
	-	-	-

Balances Outstanding of Joint Ventures

Description	EMC MBE Contracting Co LLC	McNally- Trolex	McNally- AML	McNally- Trolex- Kilburn
Investment at the year end	152.31	-	-	-
	(152.31)	-	-	-
Provision for impairment in value of investments	152.31	-	-	-
	(152.31)	-	-	-
Outstanding Receivables/Loans	67.06	200.00	300.00	200.00
	(67.06)	-	-	-
Allowance for doubtful receivables	67.06	-	-	-
	(67.06)	-	-	-

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Bracket indicates Previous year figures.

Transactions with Key Managerial Personnel	2020-21			2019-20		
	Remuneration	Sitting fees	Outstanding Balance payable as at year end	Remuneration	Sitting fees	Outstanding Balance payable as at year end
Mr. Srinivash Singh	182.60	-	11.87	220.13	-	23.60
Mr. Brij Mohan Soni	39.67	-	5.26	-	-	-
Mr. Manoj Kumar Digga	43.90	-	-	155.00	-	15.36
Mr. Indranil Mitra	-	-	-	8.48	-	-
Mr. Rahul Banerjee	10.74	-	0.96	7.79	-	1.82
Mr. Aditya Khaitan	-	1.00	-	-	1.20	-
Ms. Arundhati Dhar	-	2.00	-	-	3.20	-
Mr. A.K Barman	-	2.00	-	-	3.20	-
Mr. Nilotpal Roy	-	0.80	-	-	-	-
Ms. Kasturi Roy Choudhury	-	1.00	-	-	-	-

Remuneration includes	2020-21		2019-20	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Mr. Srinivash Singh	182.60	-	220.13	-
Mr. Brij Mohan Soni	37.83	1.84	-	-
Mr. Manoj Kumar Digga	41.05	2.86	147.90	7.10
Mr. Rahul Banerjee	10.19	0.55	7.44	0.35
Mr. Indranil Mitra	-	-	8.48	0.35
Mr. Saroj Kant Singh (Relative to KMP)	22.85	1.24	26.28	1.23

Note:

a) 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.

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

Details of contribution to post employment benefit plans

Remuneration includes	2020-21	2019-20
McNally Bharat Executive Staff Gratuity Fund	96.39	80.20
McNally Bharat Employees Provident Fund *	267.99	392.90

* Considered only Employer contribution.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 28: Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follow:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Property, Plant and Equipment (Net of advances)	-	49.57

Note 29: Lease

The Group has also leasing arrangements in respect of operating leases for premises (guest house, offices etc.). These leasing arrangements which are cancellable in nature are renewable by mutual consent and agreement. The aggregate of such lease rentals on account of short-term leases and low-value assets are charged as rent to the Consolidated Statement of Profit and Loss.

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

Particulars	2020-21	2019-20
Depreciation recognized	174	173
Interest on lease liabilities	305	309
Expenses relating to short-term leases & of low-value assets	280	502
Total cash outflow for leases	618	858
Additions to ROU during the year	-	-
Net Carrying Amount of ROU Assets at the end the year	2043	2217

Note 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, it's associate company, for Rs. 1,375.50 Lakhs (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 been impaired during the financial year ended 31st March, 2019.

Note 31: Contingent Liabilities

a. The details of contingent liabilities are as under:

Particulars	31st March, 2021	31st March, 2020
Claims against the Group(including under litigation/arbitration) not acknowledged as debt (Refer note (e) below)	45031.46	42,631.36
Other money for which the Group is contingently liable:		
Indirect tax matters relating to excise duty, service tax, sales tax and value added tax	48,282.33	44,428.01
Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed	5,479.10	5,846.10
Other demands related to claims made by certain ex-employees towards employee benefits due to them	41.00	41.00
Civil Suits filed by Customer for Equipment issue	117.00	117.00
Civil Suits filed by Suppliers	132.00	132.00
Demand from Jharkhand Mineral Area Development Authority	1,054.70	1,054.70
Arbitration with Odisha Mining Corporation	445.00	445.00

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	31st March, 2021	31st March, 2020
Others		
Bank Gurantees issued by company-Performance , Security and Earnest Money deposit	47,330.51	89,170.67
Liquidated damages relating to contract sales	Amount not readily ascertainable	Amount not readily ascertainable

b. The banks have issued guarantees on behalf of the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited to various parties for performance, security and earnest money deposit aggregating to Rs. 47,330.51 Lakhs as on 31st March, 2021 (Rs. 89,170.67 lakhs as on 31st March 31, 2020) for which the Group is contingently liable for payment.

c. Tata Capital Financial Services Limited (TCFSL), one of the Non-Convertible Redeemable Preference Shareholders of the Holding Company 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 Rs. 2,831.63 Lakhs along with 100% liquidation damages which is disputed by the holding company. The Arbitrator has issued interim directions in this matter which shall be contested by the company. Further, TCFSL had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“the IBC”) before the National Company Law Tribunal (“the NCLT’”) to initiate Corporate Insolvency Resolution Process (“the CIRP”) against the Company. The NCLT has dismissed the application filed by the TCFSL not being a financial creditor as per the provisions of the IBC. Further, TCFSL had filed an application with (“the NCALT).

d. The Director General of GST Intelligence (DGGI) Kolkata had conducted investigation in 2019-20 at the Corporate Office of the Company and denied Input Tax Credit of Rs. 945.04 Lakhs and also denied Input tax Credit Rs 200 Lakhs as in 2020-21 availed by the Company. Pending adjudication of the matter, the Company has included the Input Tax Credit in Note- 11(b) under Balance with Statutory/Government authorities.

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

It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters pending resolution of the arbitration/appellate proceedings. Future cash outflows in respect of the above matters are determinable only on receipts of judgments / decisions pending at various forums / authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group’s financial position and result of operations.

Details of Corporate Guarantees given and covered under Section 186(4) of the Companies Act, 2013:-

Particulars	31st March, 2021	31st March, 2020
By the Holding Company		
On behalf of MBE Coal & Mineral India Private Limited (Banking Facility)	2,850.00	2,850.00
On behalf of McNally Sayaji Engineering Limited (ECB & Rupee Term Loan)	5,000.00	5,000.00
By the Subsidiary Company, McNally Sayaji Engineering Limited		
On behalf of the Holding Company (to the extent of value of earstwhile product division (Kumardubi Unit-I) [refer note 3 & Note 49]"	5,950.00	5,950.00
Total	**13,800.00**	**13,800.00**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 32 : Excess Remuneration paid to Key Managerial Personnel of the Holding Company

The Company has received the lender and Shareholder approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Company amounting to Rs 98.60 Lakhs (Previous Year: Rs. 65.80 Lakhs) for the year.

Note 33 : Details of future foreseeable losses under construction contracts

Particulars	31st March, 2021	31st March, 2020
Provision for future foreseeable losses	2,208.42	2,965.93

Note 34: Disclosure for Construction Contracts

The details as required in respect of Construction Contracts under Ind AS 115 in respect of the Holding Company are as under:

Particulars	31st March, 2021	31st March, 2020
Contract costs incurred	18,06,627.82	17,79,839.44
Add : Recognised profit net of recognised losses	(34,531.08)	(39,755.56)
Contract Revenues	17,72,096.74	17,40,083.88
Progress Billing	16,65,359.36	16,47,558.69
Unbilled Revenue (Net)	(1,435.80)	(8,698.81)
Due from Customers	772.62	2,547.44
Less: Allowance for doubtful amount	483.84	2,547.44
Net Due from Customers	**288.79**	**-**
Due to Customers	(2,208.42)	(11,246.25)
Add: Provision for future foreseeable losses	2,208.42	2,965.93
Net Due to Customers	**-**	**(8,280.32)**
Advance payments received	**(4,021.68)**	**18,405.52**
Retention amount	**30,314.72**	**38,094.71**
Provision for future foreseeable losses recognised	**2,208.42**	**2,965.93**

Refer Note 25(A)(ii) for Loss Allowances on Trade Receivables

Sale of equipments and contract revenue in respect of construction contracts as reported in this account 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 Holding Company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

The Holding Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

Note 35

On Commencement of CIRP of one of its Subsidiary Company, McNally Sayaji Engineering Limited as per the advice of IRP, complete evaluation of the Non-moving and slow-moving inventories of the Subsidiary Company has been initiated, in view of some items in Work-in-Progress found some Non-Moving since long, over the years. However, preliminary evaluation also resulted in identification of certain Inventories which requires reconciliation. Pending complete comprehensive evaluation and reconciliation, no provision has been taken in the financial statements including Rs. 875 Lakhs on such account of shortfall in the value of inventories (including Work-in-Progress).

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 36: Interest in Other Entities

(a) Interest in Subsidiaries

The group's subsidiaries as at 31st March, 2021 are set out below. Unless otherwise stated, they have share capital consisiting 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 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
			%	%	%	%
i)	McNally Sayaji Engineering Limited	India	81.56	81.56	18.44	18.44
ii)	McNally Bharat Equipments Limited	India	99.40	99.40	0.60	0.60
iii)	MBE Minerals Zambia Limited	Zambia	100.00	100.00	-	-
iv)	MBE Mineral Technologies Pte Limited	Republic of Singapore	100.00	100.00	-	-
v)	MBE Coal & Mineral Technology India Private Limited (Step-down Subsidiary)	India	81.56	81.56	18.44	18.44

The Holding Company, McNally Bharat Engineering Company Limited had pledged its investment to the extent of 23,37,211 Equity Shares as security against the term loan facilities granted to McNally Sayaji Engineering Limited, one of its subsidiary company, from ICICI Bank Limited. During the quarter ended 31st December, 2020, ICICI Bank Limited has invoked pledge created over these shares for a transfer value of Re. 1 adjusted towards the over dues amount of the Company. The Company has objected the invocation of the said share pledge and undervalued transfer. Accordingly, the Company has not made any adjustment to the carrying value of the loan as on 31st March, 2021.

(b) Interest in Joint Venture

Set out below is the Joint Venture of the Group as at 31st March, 2021, 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 Financial Statements of the Joint Ventures of the Holding Company whose carrying value in the Financial Statements of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Statements.

	Name of Entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non controlling interests	
			Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
			%	%	%	%
i)	EMC MBE Contracting Co LLC	Oman	35.00%	35.00%	-	-
i)	MBE-AML (JV)	India	98.00%	0.00%	-	-
i)	MBE_Trolex (JV)	India	97.00%	0.00%	-	-
i)	MBE-Trolex-Kilburn (JV)	India	80.00%	0.00%	-	-

Further, Financial Statements of Joint Ventures entered during the year have not been considered in the Consolidated Financial Statements as Profit/ (Loss) for the year are not material.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 37: Earnings Per Share

Particulars	**Year ended 31st March, 2021**	**Year ended 31st March , 2020**
(a) Basic Earnings Per Share		
Profits/(Losses) attributable to the Equity Holders of the Group	(4,471.52)	(38,623.04)
Total Basic Earnings Per Share attributable to the equity holders of the Group	(2.11)	(18.26)
(b) Diluted Earnings Per Share		
Profits/(Losses) attributable to the equity holders of the Group	(4,471.52)	(38,623.04)
Total Diluted Earnings Per Share attributable to the Equity holders of the Group	(2.11)	(18.26)

(c) Weighted average numbers of shares used as denominator

Particulars	**31st March, 2021**	**31st March , 2020**
	Number of shares	**Number of shares**
Weighted average number of equity shares and potentional equity shares used as the denominator in calculating basic earnings per share	21,15,70,757	21,15,70,757

Note 38: Segment information

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

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

Particulars	**31st March, 2021**	**31st March , 2020**
Revenue from Customers		
- India	48,497.85	72,819.67
- Outside India	1,654.00	185.00
	50,151.85	**73,004.67**
Non-current Assets		
- India	77,961.82	79,366.15
- Outside India	142.00	133.76
	78,103.82	**79,499.91**

External customers individually accounting for more than 10% of the revenues have generated Nil revenue from operations for the Group in the current year (Year ended 31st March, 2020- Nil)

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 39: Assets pledged as Security

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

Particulars	Notes	**Year ended 31st March, 2021**	**Year ended 31st March, 2020**
Current			
Financial Assets			
Trade Receivables	7(a)	1,08,738.97	1,43,376.91
Loans	7(b)	1,430.18	1,442.01
Cash and Cash Equivalents (including other Bank Balances)	7(c)	4,188.95	2,583.15
Other Financial Assets	7(d)	26,625.64	21,605.42
Non-Financial Assets			
Inventories	10	9,449.35	11,298.51
Other Current Assets	11(b)	46,855.47	42,553.22
Total Current Assets pledged as security		1,97,288.58	2,22,859.23
Non-current			
Investments*	6	120.70	92.87
Trade Receivables	7(a)	622.07	489.63
Property, Plant and Equipment	3	14,691.90	16,092.19
Capital work in progress	3	483.51	482.37
Investment Property	4	358.42	361.42
Other Intangible Assets	5	51.32	50.47
Total Non-currents assets pledged as Security		16,327.93	17,568.96
Total Assets pledged as Security		2,13,616.50	2,40,428.19

Note:

Pursuant to the Scheme of Arrangement between the holding company and the subsidiary company McNally Sayaji Engineering Limited (MSEL), the existing charges on the assets of the erstwhile Products Division of Holding Company for facilities enjoyed by it will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain property, plant and equipment of the subsidiary company (net written down value as at 31.03.2021 of Rs. 472 Lakhs (31.03.2020 Rs. 509 Lakhs) comprised in erstwhile Product Division of MBECL (Kumardhubi Unit 1)[Refer Note 31]

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.

Investments of the Holding Company in Mutual Funds of Rs. 89.02 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 Holding Company has pledged its Investments to the extent of 1,600,000 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by the Company.

The Holding Company has pledged its Investment to the extent of 2,337,211 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by its Subsidiary Company namely McNally Sayaji Engineering Limited which has been invoked by ICICI BAnk Limited furing quarter ended 31.03.2020, which is under dispute as referred to in Note 36 to the Consolidated Financial Statements, necessary adjustment pending.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

The Holding 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 Rs. 6,682 Lakhs.

Note 40: Dues to Micro, Small and Medium Enterprises

The amount due to Micro, Small and Medium 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	31st March, 2021	31st March , 2020
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	407.81	136.44
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	106.73	59.34
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year	638.02	812.61

Note 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.

Note 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 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 Rs. 3,535 Lakhs 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. The matter is still pending for hearing.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 43 : Additional Information required by Schedule III to the Act

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 (Rs. Lakhs)	As a % Consolidated Profit or Loss	Amount (Rs. Lakhs)	As a % Consolidated Other Comprehensive Income	Amount (Rs. Lakhs)	As a % Consolidated Total Comprehensive Income	Amount (Rs. Lakhs)
Holding Company								
McNally Bharat Engineering Company Limited								
31st March 2021	-272.89%	7,380.90	115.02%	(5,003.58)	49.65%	17.75	115.56%	(4,985.83)
31st March 2020	503.96%	13,584.55	98.31%	(38,087.95)	-21.40%	8.94	98.18%	(38,079.01)
Subsidiaries (Group's Share)								
Mcnally Sayaji Engineering Limited								
31st March 2021	-197.27%	5,335.66	-12.32%	535.85	41.07%	14.68	-12.76%	550.53
31st March 2020	177.55%	4,785.94	1.37%	(530.04)	100.05%	(41.80)	1.47%	(571.84)
MBE Mineral Technologies Pte Ltd.								
31st March 2021	107.32%	(2,902.81)	0.08%	(3.45)	0.00%	-	0.08%	(3.45)
31st March 2020	-7.95%	(214.30)	0.01%	(4.87)	0.00%	-	0.01%	(4.87)
Mcnally Bharat Equipment Limited								
31st March 2021	-0.22%	5.91	0.00%	(0.18)	0.00%	-	0.00%	(0.18)
31st March 2020	0.22%	5.91	0.00%	(0.18)	0.00%	-	0.00%	(0.18)
MBE Minerals Zambia Limited								
31st March 2021	10.80%	(292.21)	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
31st March 2020	-13.47%	(363.10)	0.00%	-	0.00%	-	0.00%	-
Mcnally Bharat Engineering (SA) Proprietary Limited								
31st March 2021	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31st March 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-Controlling Interest								
31st March 2021	-74.68%	2,019.79	-2.79%	121.16	9.28%	3.32	-2.89%	124.48
31st March 2020	70.31%	1,895.31	0.31%	(120.78)	21.35%	(8.92)	0.33%	(129.70)
Adjustment for change in ownership interest								
31st March 2021		(14,251.96)						
31st March 2020		(16,998.74)						
Total								
31st March 2021	**100.00%**	**(2,704.72)**	**100.00%**	**(4,350.22)**	**100.00%**	**35.75**	**100.00%**	**(4,314.47)**
31st March 2020	**100.00%**	**2,695.58**	**100.00%**	**(38,743.82)**	**100.00%**	**(41.78)**	**100.00%**	**(38,785.60)**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 44

The Group's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Group's control and the Holding Company and Subsidiary Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Holding Company has submitted its resolution proposal to the lenders for restructuring and the lenders have done the Techno Economic Viability (TEV) study of a Resolution plan submitted by holding company. The Lenders are actively considering the resolution plan and have appointed/would be appointing various agencies to evaluate the resolution plan as decided in the last consortium meeting held on 24th June 2021. The Management is evaluating various options and hopeful that with the support of the lenders and on approval of the Resolution Plan, the Holding Company will be able to generate sufficient cash flows through profitable operations to discharge its financial obligations. Hence, the Board of Directors have decided to prepare the Consolidated Audited Financial Results on a going concern basis.

The Subsidiary Company, McNally Sayaji Engineering Limited has been drawn into Corporate Insolvency Resolution Process vide NCLT order dated 11th February, 2021. The said order has been challenged before the NCLAT.

Note 45

During the year ended 31st March, 2019 , the Holding Company had 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. 85,148.70 Lakhs (31st March, 2020, Rs. 86,370.90 Lakhs) arising out of aforesaid transaction had been considered as part of "Other Reserves" (Note 11(b)(v)) and Rs. 12,222.06 Lakhs (31st March, 2020 Rs. 11,110.96 Lakhs) had been considered as "Long term borrowings" (Note 12(a)) for which consents have been obtained from the counter parties during the year ended 31st March, 2020.

Note 46

The management has reviewed trade receivables, claims recoverable against bank guarantees invoked by certain parties, advances to suppliers, Loan to others. Accordingly, no provision has been made against its during the year ended 31st March, 2021.

Note 47

The lender banks of the Holding Company and one of the Subsidiary Companies, McNally Sayaji Engineering Limited have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. The Holding Company and the Subsidiary Company have not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 35,615.61 Lakhs and Rs. 819.80 Lakhs respectively for the year ended 31st March, 2021.The Holding Company had also not recognised interest expense of Rs 31,722.41 Lakhs and Rs. 1,690.51 Lakhs on Bank and Inter-Corporate Borrowings respectively for the year ended 31st March, 2020.

Note 48

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

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2021

(All amounts are in Rs. Lakhs, unless otherwise stated)

Note 49

In earlier years, the Subsidiary Company, McNally Sayaji Engineering Limited had issued a corporate guarantee in favour of the lender banks of the Holding Company to the extent of value of fixed assets at Kumardhubi Unit-1 having a book value of Rs. 472 lakhs as on 31st March, 2021. The Review Report of the Holding Company for the nine months ended 31st December, 2020 expressed material uncertainty towards going concern of the Holding Company which is undergoing a debt restructuring plan. Since the resolution plan of its Holding Company is under development phase, no provision has been considered in the Financial Statements of the Subsidiary Company.

Note 50

Revenue Expenditure on Research and Development is Rs Nil (31.03.2020 Rs. Nil)

Note 51

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

Note 52

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

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051

Place: Kolkata
Date: 30th June, 2021

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
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

Part A: Subsidiaries

		1	2	3	4
Sl. No.	**Name of the subsidiary**	**MBE Mineral Technologies Pte Ltd**	**MBE Minerals Zambia 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	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
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	US$ 54.44	ZMK 3.33	INR (Lakhs)	INR
4	Share capital	US$ 49,95,816	ZMK 50,000	1,259	10,00,000
5	Reserves and surplus	US$ -52,79,756	ZMK -87,79,498	5,283	-4,38,906
6	Total assets	US $ 41,912	ZMK 22,10,333	41,661	42,77,548
7	Total Liabilities	US$ 3,25,851	ZMK 109,39,831	35,119	37,16,454
8	Investments	-	-	-	-
9	Turnover	-	-	18,274	-
10	Profit / Loss before taxation	US$ -6,329	-	657	-15,998
11	Provision for taxation	-	-	-18	-
12	Profit / Loss after taxation	US$ -6,329	-	675	-15,998
13	Proposed Dividend	-	-	-	-
14	Extent of shareholding (in percentage)	100%	100%	63%	99.40%

Part B: Associates and Joint Ventures

		1	2	3
Sl. No.	**Name of the Associates or Joint Ventures**	**MCNALLY TROLEX KILBURN (JV)**	**MCNALLY TROLEX (JV)**	**MCNALLY AML (JV)**
1	Latest Balance Sheet Date	31 March, 2021	31 March, 2021	31 March, 2021
2	Date on which the Associate or Joit Venture was associated or acquired	03 September, 2020	07 October, 2020	12 October, 2020
3	Shares of Associate or Joint Ventures held by the Company on the year end	80%	96-97%	97-98%
4	Amount of Investment in Associates or Joint Ventures	-	-	-
5	Extent of Holding (%)	80%	96-97%	97-98%
6	Joint Control / Significant influence	Joint Venture	Joint Venture	Joint Venture
7	Reason for not consolidated	NA	NA	NA
8	Networth attributable to Shareholding as per latest audited Balance Sheet	-	-	-
9	Profit / Loss for the year			
	i) Considered in Consolidation	-	-	-
	II) Not Considered in Consolidation	-5,43,198.00	-8,66,168.00	-3,00,952.00

1 Names of subsidiaries which are yet to commence operations: Nil

2 EMC MBE Contracting Co LLC , a joint venture for MBECL having 35% share is a dormant JV since last couple of years hence the company has initiated winding up proceedings.

For **McNally Bharat Engineering Company Limited**

(Srinivash Singh)
Managing Director
DIN No.: 00789624

(Asim Kumar Barman)
Director
DIN: 02373956

(Brij Mohan Soni)
Chief Financial Officer

(Rahul Banerjee)
Company Secretary

Place: Kolkata
Date: 30th June, 2021

McNally Bharat Engineering Company Limited

CIN: L45202WB1961PLC025181

4, Mangoe Lane, Kolkata - 700 001