Annual Report 2016-17

beyond engineering

McNally Bharat Engineering Company Limited

FROM THE CHAIRMAN'S DESK

It is over two years since I have assumed the office of the Chairman of your Company. When I assumed this august Chair, the industry was reeling under multiple constraints like Global slowdown resulting in lower demand in mining products, low demand in China and shrinking of economies in the BRIC group other than India resulting in stalling of capacity built up and sluggishness in the entire EPC and Engineering sector across the world. The main focus of mine, during these two years, was to re-group and optimize all available resources, fixed cost reduction across the company, completion of all projects in hand as quickly as possible, restrategies and refocus on key business area.

Looking at the Company's performance in context of the slowdown and liquidity challenges in the infrastructure industry, it is evident that our ability to execute some of our projects and to maintain our working capital was significantly subdued.

Throughout 2016-17, MBECL contended with various challenges that impacted the infrastructure sector and the operating and financial performance of your Company. The fiscal year was a transitional year for the Company.

In pursuit of the above, I would like to take the opportunity to welcome Mr. Srinivash Singh on board who has joined your Company as its Managing Director on December 2016. Mr. Srinivash Singh has a vast and rich experience in the EPC sector and had earlier served as the Managing Director of your Company at which time your Company had experienced an impressive growth. With Mr. Singh on Board a turnaround is expected in the business efficiency and both financial and operational performance of your Company.

As has been earlier informed to all the stakeholders, due to substantial business changes in the business environment and overall impact of these changes in the business, your Company and EMC Limited had mutually decided not to go ahead with the proposed merger. EMC Limited also withdrew its involvement from the Management of your Company thereafter. As part of revival measures taken by your Company and to recapitalize it, Rs. 550 Crores of capital has been infused by issue of both Convertible Preference Shares and Equity Shares. Your Company is exploring various avenues to infuse further funds. The top management of your Company has been further strengthened with focus firmly being on Project Management, Construction, Risk Management, deciding management strategy & revitalizing engineering activities. Your Company is also taking aggressive steps to bid for new projects and is aiming to receive order bookings at least for Rs. 2500 Crores in the year 2017-18.

The tough times are definitely behind us, and what lies ahead is a period of getting smarter and bigger, as we move towards garnering a bigger chunk of the growth potential unleashed by the ongoing drive for improvement in infrastructure. The opportunities are humungous and backed by the committed new management team, the support of our stakeholders and partners and the commitment of our people, we are confident of making the most of the same.

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

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

Aditya Khaitan
Chairman, McNally Bharat Engineering Co. Ltd.

Corporate Information

Board of Directors

Mr. Aditya Khaitan
Chairman

Mr. Virendra Kumar Verma

Mr. Amritanshu Khaitan

Mr. Asim Kumar Barman

Ms. Arundhuti Dhar

Mr. Manish Agarwal

Mr. Puranam Hayagreeva Ravikumar
Resigned w.e.f. June 25, 2017

Mr. Partha Sarathi Bhattacharya

Mr. Srinivash Singh
Managing Director

Mr. Prasanta Kumar Chandra
Whole Time Director & COO

Mr. Prabir Kumar Ghosh
Whole Time Director & CFO

Company Secretary

Mr. Indranil Mitra
Appointed as on April 24, 2017

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

Auditors

Lovelock & Lewes, Chartered Accountants
Plot No. Y 14, Block EP, Sector V
Salt Lake Electronic Complex
Bidhan Nagar, Kolkata 700 091

Solicitors

Khaitan & Co., LLP
1B, Old Post Office Street, Kolkata 700 001

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

Director's Report

Your Directors have pleasure in presenting the Fifty Fourth Annual Report together with audited statement of accounts for the year ended March 31, 2017.

HIGHLIGHTS

The key highlights of the operations for the financial year 2016-17 over the previous year are (based on standalone only in all cases):

Total Income decreased from Rs. 252,625.18 Lacs to Rs. 224,063.64 lacs and earnings before Finance Cost, Depreciation & Amortization and Tax decreased from Rs. (302) to Rs. (13,213).

FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2017 is summarized below:

Rs. in Lakhs

Particulars	Standalone year ending March 31, 2017	Standalone year ending March 31, 2016 (Revised as per Ind AS)
Revenue from operations and other incomes	224,064	252,625
Profit before Finance Cost, Depreciation & Amortisation and Tax	(13,213)	(302)
Less: Finance cost	39,207	31,866
Earnings before Depreciation & Amortisation and Tax	(52,420)	(32,168)
Less: Depreciation & Amortisation	2,533	2,257
Profit before Tax	(54,953)	(34,425)
Total Tax Expenses	(49,126)	-
Profit for the year	(5,827)	(34,425)
Other comprehensive income	(48)	28
Total comprehensive income of the year	(5,875)	(34,397)
Retained earning amount brought forward from previous year	(74,945)	(40,686)
Transfer to / from general reserve	-	138
Balance total retained earnings at the end of the year	(80,821)	(74,945)

Financial and Business Performance / Review of Operations

The financial year 2016-17 has been a very significant year for your Company. During the year the fresh order inflow was substantially lower at Rs. 514 Cr. The Company during the year faced severe working capital crunch due to non-payment of dues by certain Private and Public sector customers and delayed execution on part of some customers. The borrowing level during the year continued to increase which also created pressure on cash flow and profitability due to high interest burden. Though the top line during the year was maintained at the same level as previous year, the pressure on high interest payout and higher provision of depreciation due to change in accounting policy resulted in loss of Rs. 58.75 crore during the financial year.

In December 2016, the Promoters of the Company decided to change the Management of your Company and appointed Mr. Srinivash Singh as Managing Director of your Company. Your Company and EMC mutually decided to call off the merger process considering the change in business and financial environment. EMC also withdrew its involvement from the Management of your Company from December, 2016. Therefore the financial year 2016-17 can be termed as year of transition for your Company and the financial performance could not be improved due to the above.

However, to improve the performance and increase the availability of working capital, the Company has taken certain measures. To recapitalize the Company and restoring erosion of net worth due to losses, Compulsorily Convertible Preference Shares for an amount of Rs. 50 Crores (approx) and Equity Shares for an amount of Rs. 25 Crores (approx) were issued. In addition, the bankers of the Company have already provided project specific working capital line to complete the ongoing projects. Effective steps have been taken to complete the old and held up projects and to bring back retention money and stuck up receivables within the current financial year.

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

Major Projects under Execution

The following major projects are under execution of your company:

- BOP Package for 2 x 600 MW STPP of M/s SCCL
- 132 KV GIS Substation at Domkol & Nazirpur of M/s WBSETCL
- 132 KV GIS Substation at Panagarh of M/s WBSETCL
- Coal Handling Plant for 1x500 MW TPS at Vindyachal of NTPC
- Coal Handling Plant for 3x250 MW TPS at Bongaigaon of NTPC
- Coal Handling Plant for 2x500 MW at Sagardighi of WBPDCL
- 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
- Limestone Milling and Conveying System for 2x250 MW at Bhavnagar of M/s BECL
- Dry Fly Ash Conveying system at Farakka of NTPC
- CW & Make up Water Package for 2x600 MW at Nabinagar of NPGC
- PT Plant for 2x660 MW at Mouda (Stage II) of NTPC
- Coke Handling Plant at Chennai for CPCL
- De-bottlenecking of Plant at Zawar of HZL
- Coal Handling Plant at Gevra for SECL
- Residential Accommodations for DGMAP at Jammu and Udaipur
- R&R Colony for NBCC at Pakri, Hazaribagh

SUBSIDIARIES

McNally Sayaji Engineering Ltd. (MSEL)

Major Orders Received

Hindustan Coal Transport Agency
– Supply of 400TPH Semi Mobile Coal crushing Plant

Bhushan Power and Steel Ltd
– Supply of Buckstay and Accessories for CokeOven Battery – 2

Bhilai Engineering Corp. Ltd
– Hammer Mills & Roll Crushers

Energo Engineering Projects Ltd
– Impactor/Hammer Mills & Roll Crushers

FL Smidth Private Ltd
– Roll Crushers / Impactors & Screens

ACB (India) Ltd
– Roll Crushers

Isgec heavy Engineering Ltd
– Impactors & Hammer Mills

Rungta Mines
– Roll crushers & Cone Crusher

Hemang Enterprise
– 2 Stage Mobile Plant

RSPL Limited
– Hammer Mills

JSW Steel Limited
– Screens & Feeders

BHEL
– Stacker/Reclaimer/ Crusher and Screen

Larson & Toubro
– Vibrating Screens

Famur India Mining Solutions Pvt. Ltd
– Paddle Feeder

Jindal Steel & Power Ltd
– Pulley

ACB India Ltd.
– Paddle Feeder

BGR
– Ring Granulator & Paddle Feeder

Hindustan Zinc Ltd.
– Slurry Pump, Flotation and Thickener

Grasim Industries Ltd. Chemical Division
– Thickener

LSC Infratech Ltd.
– Thickener

Vridhhi Holdings
– Sand Plant

Steel Authority Of India Ltd.
– Slurry Pump

Uranium Corporation Of India Ltd.
– Slurry Pump

ACC Ltd.
– Flotation and Slurry Pump

Tata Steel Ltd.
– Flotation and Slurry Pump

Vishnu Chemicals Ltd.
– Slurry Pump

Indian Rare Earths Ltd.
– Flotation

Janki Corp Ltd.
– Slurry Pump

NTPC Ltd.
– Slurry Pump

Dividend

In absence of profit for the current Financial year (2016-17), the Board of Directors of your Company considered it prudent not to recommend any dividend on Equity Shares for the year under review. The Non Convertible Redeemable Preference Shares of Rs. 100/- each issued by the Company is entitled to a fixed Dividend of 11.5% per annum as per the terms of issuance of such Non Convertible Redeemable Preference Shares. In absence of profit for the current year, the same will be adjusted out of the previous year's profit. Dividend will be tax free in the hands of the Non Convertible Redeemable Preference Shareholders.

The register of members and share transfer books will remain closed from September 14, 2017 to September 20, 2017 (both days inclusive).

Share Capital

During the Year ended 31st March, 2017, the Equity Share Capital of the Company has increased to 5,35,93,818 equity shares having a face value of Rs. 10/- each. During the year, the Company had issued 25,00,000 Equity Shares to Williamson Magor & Co. Ltd. on conversion of equivalent number of Warrants.

During the Year ended 31st March, 2017, your Company has also issued 8,32,87,939 Compulsorily Convertible Preference Shares having a face value of Rs. 10/- each at a premium amount of Rs. 56/- per share.

Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo

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

Management Discussion And Analysis Report

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

Report on Corporate Governance

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

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

Corporate Social Responsibility:

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

A CSR Policy has been formulated and is available on the website of the Company at http://www.mcnallybharat.com/investors/pdf/corporate-social-responsibility-policy.pdf. The policy encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

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

Directors' Responsibility Statement

The Board acknowledges the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 for the year ended 31st March, 2017, and state that:

1) in the preparation of annual accounts, the applicable accounting standards have been followed. There are no material departures from prescribed accounting standards;
2) the Directors have selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2016-17 and of profit / loss of the Company for that period;

3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the Directors have prepared the annual accounts on a going concern basis;

5) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

6) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors and Key Managerial Personnel

Mr. Subir Ranjan Dasgupta, who was an Independent Director, submitted his resignation on 14th December, 2016 due to his personal and professional commitments. The Board noted his resignation with regret and recorded its appreciation for the contributions made by Mr. Dasgupta during his association with the Company.

Mr. Manoj Toshniwal, who was an Additional Director, submitted his resignation on December 19, 2016, due to his professional commitments. The Board noted his resignation with regret and recorded its appreciation for the contributions made by Mr. Toshniwal during his association with the Company.

Ms. Arundhuti Dhar was appointed as an Independent Director of the Company at its Annual General Meeting held on September 29, 2016. Ms. Arundhuti Dhar has worked in diversified sectors like HR Consultancy, Retail Banking, Infrastructure & Real Estate Management and Real Estate Research in organisations 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.

Mr. Partha Sarathi Bhattacharyya was appointed as an Additional Director of the Company, who also serves as an Independent Director of the Company, on December 14, 2016. Mr. Partha Sarathi Bhattacharyya served as the Managing Director of Haldia Petrochemicals Limited from March 31, 2011 to June 2012. He also served as Chairman and Managing Director of Bharat Coking Coal Ltd. (BCCL) since November 2003. He served as Chairman of Coal India Ltd. from January 10, 2006 to February 28, 2011. Upon joining CIL, he initiated action on a few major strategic areas such as thrust on underground mining, coal beneficiation, land reclamation etc. He has spearheaded introduction of Integrity Pact in high value procurements with the objective of bringing transparency, equity, fairness and speedy decision making. He was felicitated by the Citizens Forum of Dhanbad on February 23, 2008 for the pivotal role played in the turnaround of BCCL. He had eight weeks' intensive programme on Project Appraisal & Management at Harvard University in 1990, two weeks programme on Capital Markets of Euro money raising in UK and two weeks' Advanced Management Programme-2006 at Cambridge, UK. He had extensively toured outside India, on various business assignments and had accompanied high level teams for discussions and negotiations with World Bank.

Mr. Manish Agarwal was appointed as an Additional Director of the Company on October 1, 2016. Mr. Agarwal has been involved in Financial Services for more than 16 years. He has completed numerous Corporate, Trade & Structured financing, Strategic business advisory & Restructuring. He has been part of starting & consolidating several businesses from conceptualization to implementation. He is the Founder of Leverage Capital Group in India. He also serves on the main Board of Oxley's; holding company and overseas Oxley Group business in India. Mr. Agarwal is a Visionary Entrepreneur & Investor and responsible for Identifying, Evaluating and Capitalizing on business opportunities for the group. He is also associated with Micro-Finance Lending Business, Real Estate Development & Management and Mining & International Trading

Mr. Srinivash Singh was appointed as the Managing Director of the Company on December 14, 2016. He earlier served as the Managing Director of the Company from October 27, 2002 to June 17, 2010, and as the Managing Director of BIL Infratech Limited from August 18, 2010, to April 21, 2016.

Mr. Prabir Ghosh and Mr. Prasanta Kumar Chandra, Whole Time Directors of the Company, have tendered their resignations from the Board, which shall be in effect from August 31, 2017. The Board noted their resignations with regret and recorded its appreciation for the contributions made by them during their association with the Company.

Mr. Dibakar Chatterjee, who was the Company Secretary, submitted his resignation on April 24, 2017, due to his personal reasons and family obligations. The Board noted his resignation with regret and recorded its appreciation for the contributions made by him during his association with the Company.

Mr. Lalit Khetan was appointed as the Chief Financial Officer of the Company by the Board of Directors on April 01, 2017.

Mr. Indranil Mitra was appointed as the Company Secretary of the Company by the Board of Directors on April 24, 2017.

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

As on March 31, 2017, the Company had four Key Managerial Personnel, being Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. P. K. Chandra, Whole Time Director & COO, and Mr. Dibakar Chatterjee, Company Secretary.

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

The Board met ten times during the year on May 30, 2016, June 29, 2016, August 12, 2016, August 23, 2016, September 13, 2016, October 1, 2016, December 14, 2016, February 14, 2017, February 17, 2017 and March 31, 2017. The intervening gap between any two Board Meetings was within the period prescribed by the Companies Act, 2013.

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

Board Evaluation

Pursuant to the said Evaluation Framework, the Board evaluated the performance of the Board, its Committees and the Individual Directors for the financial year 2016-17.

The Board was of the view that the performance of the Board as a whole was adequate and fulfilled the parameters stipulated in the evaluation framework in its pro growth activity and facing challenging operational and economic adversities during the year. The Board also ensured that the Committees functioned adequately and independently in terms of the requirements of the Companies Act, 2013, the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and at the same time supported as well as coordinated with the Board to help in its decision making. The individual Director's performance was also evaluated and the Board was of the view that the Directors fulfilled their applicable responsibilities and duties as laid down by the listing agreement and the Companies Act, 2013 and at the same time contributed with their valuable knowledge, experience and expertise for the functioning of the Company and counter 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, taking into account the views of executive Directors and non-executive Directors. The performance of all the Directors and Chairman was found to be extremely satisfactory in the present scenario.

Audit Committee

The Audit Committee of the Board as on 31st March 2017 consisted of Mr. V. K. Verma, Mr. A. K. Barman and Mrs. Arundhuti Dhar. Mr. V. K. Verma, a Non-Executive Independent Director, is the Chairman of the Audit Committee.

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board as on 31st March 2017 comprised of Mr. Asim Kr. Barman, a Non Executive Independent Director as its Chairman and Mr. V. K. Verma and Mrs. Arundhuti Dhar, Non Executive Independent Directors as its Members.

The Company's Policy relating to appointment of Directors, payment of managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 and Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached to this report as Annexure E.

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

The particulars of loans, guarantee or investment made under Section 186 of the Companies Act, 2013 are furnished in the Notes to the Financial Statements for the year ended March 31, 2017.

Particulars of contracts or arrangements made with related parties

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

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

Deposit

During the financial year ended March 31, 2017, your Company has not accepted any deposits from the public.

Going Concern Status

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

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

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

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

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

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

Annual Return

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

Statutory Auditors

M/s Lovelock and Lewes, Chartered Accountants (FRN: 301056E), retire as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting. In accordance with Section 139 of the Companies Act, 2013, Listed Companies cannot appoint or re-appoint the Auditors for more than two terms of five consecutive years. The existing companies covered under Auditor rotation requirement are to comply with these requirements within 3 years from the date of commencement of the Act. M/s Lovelock and Lewes, Chartered Accountants (ICAI Firm Registration No. 301056E), Kolkata, have been the Auditors for more than 13 years (including 3 years of transitional period) and accordingly they are not eligible for re-appointment as the Auditors at the ensuing Annual General Meeting. It is now proposed to appoint Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Statutory Auditors of your Company. Messers Deloitte Haskins & Sells LLP, have consented to be appointed as the Statutory Auditors of the Company and have confirmed that their appointment, if made, would be in compliance with the provision of Sections 139 and 141 of the Companies Act, 2013 and Rules framed thereunder. The Audit Committee and the Board, at their respective Meetings held on 11th August, 2017 has recommended appointment of Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the 54th Annual General Meeting until the conclusion of the 59th Annual General Meeting. The Board wishes to place on record its sincere appreciation for the valuable services rendered by M/s Lovelock and Lewes as the Statutory Auditors during their long association with the Company.

Secretarial Audit

In terms of the requirements of Section 204 of the Companies Act, 2013 the Secretarial Audit of the Company for the year ended March 31, 2017, was conducted by M/s A. K. Labh & Co, Company Secretaries. The Secretarial Auditors' Report is attached to this Report as Annexure G and forms part of the Directors' Report. Clarifications regarding the matter of emphasis of the Report of the Secretarial Auditor are as under:

1. There was a delay in reconciling the amount of unpaid dividend to be credited to Investor Education and Protection Fund with our bank statements for the financial year 2008-09, which resulted in delay in transfer of the unclaimed and unpaid dividend to the Investor Education and Protection Fund. The requisite information has been disclosed to the Ministry of Corporate Affairs.

2. The Company is taking necessary steps to get the approval from the Central Government towards remuneration paid / payable to the Whole-time Directors of the Company for the Financial Year 2016-17, which was in excess of the limits as specified under Section 197(3) read with Schedule V of the Companies Act, 2013.
3. There were few technical issues in filing certain forms in the MCA system for which certain forms were filed belatedly. However, the Company is in compliance with such filings and the Ministry of Corporate Affairs has approved all such returns filed.
4. Due to severe cash crunch, there were some lapses in depositing the contributions towards Provident Fund and the Employees' State Insurance with the prescribed authorities. However, the Company is taking best possible measures to regularize the same.
5. As on date, the Company has taken all the measures to be fully compliant with the requirements of the Secretarial Standards 1 and 2.

Cost Auditor

M/s A. Bhattacharya & Associates, Cost Accountants had been appointed as Cost Auditors for conducting the audit of cost records of the Company for the Financial Year 2016-17.

Statutory Auditor's Report

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

Consolidated Financial Statement

Qualification 1:

On May 25, 2017, an amount of USD 6.0 Mio (Rs. 3876 Lacs) was received by the Company from MBE Mineral Technologies Pte Ltd towards repayment of its interest, charges towards corporate guarantee, other expenses and loans and advances due to the Company. The Company expects to collect the balance portion of Rs. 3304 lacs also from MBE Mineral Technologies Pte Ltd.

Qualification 2:

The investment of Rs. 2550.74 Lacs in MBE Mineral Technologies Pte Ltd, Singapore by McNally Bharat Engineering Company Limited is considered good and recoverable in the views of the management.

Qualification 3:

The Company is in process of taking necessary approval from the Central Government / National Company Law Tribunal, wherever required, for excess in payment of managerial remuneration to Directors.

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 may threaten the very existence of the Company itself. The Management of your Company regularly monitors the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting.

Insurance

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

Occupational Health & Safety

In line with your Company's objectives, Occupational Health & Safety (OH&S) Management System has been integrated & tuned up with the project management, design, manufacturing, supply, construction and infrastructural projects on turnkey basis with an eye on continual improvement. Your Company has revised the OH&S Policy in July, 2017 and laid down a norm to establish Occupational Health & Safety Management System, which has subsequently been recertified as per BS OHSAS 18001:2007. The OH&S system and norms have been accorded national and international recognition and are compatible with national as well as international standards.

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

Since beginning, MBECL achieved low incident records including 'No Fatality' records, which shows a sustainable improvement in Occupational Health & Safety compared to other EPC firms in India. Apart from that there are many satisfied customers, who issued 'Merit Certificate' for our excellent safety performance in their project sites (such as BPCL- Kochi Refinery, NTPC-Mauda, WBPDCL Sagardighi Thermal Power-CHP#2, Tata Projects- Kalinganagar etc.).

MBE has received International RoSPA Award (RoSPA – Royal Society for the Prevention of Accident) of the many project sites for best safety performance (like Silver Award for RSP - Stock House, New CHP & Interplant, IISCO - RMHS, By Product & Water Package, 2x500MW CHP#2 - Sagardighi Thermal Power Plant, and BOP Satpura Thermal Power Station.), Certificate of Appreciation' from NSCI Award

(NSCI – National Safety Council of India) committee for NTPC-Bongaigaon TPP, 3x67.5MW Gas Based Thermal Power Plant – TPL - Kalinganagar and ACC Jamul Expansion Project (Cement Works) project sites and NSA Award (NSA – National Safety Award) for outstanding performance in industrial safety based on lowest average frequency at Kanyapur Febrication Shop (West Bengal), and S. K. Mines (Rajasthan).

Particulars of Employees

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

Other Disclosures

There were no complaints lodged pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during the year.

Cautionary Statement

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

Acknowledgement

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

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

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

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	0.00
	Corporate Guarantee Commission	0.00
	Interest Income	496.85
	Service Charges	0.00
Foreign Exchange Outgo	Travelling	23.17
	Professional and Consultation fees	28.12
	Interest Expenses	1441.13
	Others	29.63

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

Annexure B to the Directors' Report

Management Discussion & Analysis

Overview

The Global Economy continues to face subdued growth due to low commodity prices, low inflation rate, stagnant growth in advanced economies and geopolitical and political uncertainties. IMF projects global economic growth in 2017 to be 3.4% compared to 3.1% in 2016. The GDP growth of the Indian economy fell to 7.1% in 2016-17 compared to 7.6% in 2015-16, due to slowdown in manufacturing, decline in capital expenditure and Demonetization. However, India remained the fastest growing large economy. The Industrial sector grew at only 5.6% compared to 7.7% by the Services sector. The sector wise growth in Industrial sector was Mining & Quarrying (1.8%), Construction (1.7%), Manufacturing (7.9%) & Electricity Gas and Water Supply (7.2%).

Outlook for 2017–18 : Implementation of Goods & services Tax (GST) is expected to improve tax compliance and governance and provide an impetus to investment & growth.

Due to favorable indicators such as moderate inflation, reduced current Account Deficit (CAD), fiscal consolidation and transitory impact of Demonetization and decline in global crude oil prices, the Government expects the GDP to grow between 7 to 7.5% in 2017-18.

The present Government had announced a slew of initiatives in previous years to grow the economy. Some of these initiatives will have a direct impact on the performance of your company and offer huge possibilities in the coming years:

- Housing for all by 2022 under the Pradhan Mantri Awas Yojana (PMAY), entails the construction of 20 million houses by 2022.
- Create 100 SMART CITIES and rejuvenate 500 cities under AMRUT (Atal Mission for Rejuvenation and Urban Transformation).
- MAKE IN INDIA INITIATIVE to make the country a global manufacturing hub
- National Mission for Clean Ganga
- In railway sector following projects are planned which would be of interest to your company. (a) Development of 4 new Dedicated Freight Corridors (Delhi – Chennai, Kolkata – Mumbai, Kharagpur – Vijaywada & Chennai – Goa). Logistic parks are planned along the freight corridors. (b) After the launch of Metros in 8 cities, new metro services are planned in Ahmedabad, Nagpur, Pune & Lucknow. (c) 400 railway stations to be modernised with private sector participation.
- Airports : 50 greenfield airports are planned by 2025
- Jal Marg Vikas : Development of Inland waterways for freight transportation. 5 National waterways covering 4,400 kms is planned.
- Renewable energy: Addition of 175 GW by 2020, out of which 100 GW from Solar energy.
- Roads : NHAI plans 50,000 km new highway projects in the coming 6 years

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

Power

2016-17 has been a good year for the Indian power sector. All the policy initiatives taken by the present government in the year 2014 and 2015 have started showing results in 2016-17.

The total installed capacity has crossed the 3,00,000 Mw mark in 2016. Approximately 25,000 Mw of generation capacity has been added this year which is by far the highest capacity additions in a year. While coal accounts for 60 % of this capacity addition, renewable (largely solar and wind) accounts for 35 % of the same which is highest for any calendar year. Approximately 8,500 Mw of renewable generation capacity has been added in the country between January 2016 and November 2016 which is highest for any calendar year and accounts for around 19 % of the total renewable power installed in the country. This indicates the focus that renewable energy, primarily solar, has received from the present government and it is showing results on ground.

The Ujwal Discom Assurance Yojana (UDAY) has been one of the most talked about schemes related to the Indian power sector. The scheme has been designed in such a way so as to strike at the heart of the issues bugging the whole sector – the inefficient operation of the power distribution companies. As per the report from the ministry, of the 16 states which are part of the scheme, at least eight have a lower gap between their average cost of electricity supply and average cost of realisation and about 12 states have reduced their Aggregate Technical & Commercial (AT&C) loss levels. If successfully implemented, this policy can permanently solve the long-standing issues of the distribution sector and revive energy demand of the country.

While there has been tremendous progress in generation and transmission capacity addition in the country, energy and power demand have largely remained stagnant. The primary reason for the same can be attributed to the poor financial health of the DISCOMs. While UDAY has been considered a landmark policy for distribution sector reform, its effect has to be felt very soon. Utilization of the generation assets (popularly known as PLF) is on decline which is a worrying factor for the developers. So, the power demand rejuvenation is the key for the sector going forward. This is a new challenge for the policy makers and the utilities as they have never confronted this situation before and will, therefore, need some out-of-the-box ideas. The industrial sector, which is one of the largest power consumers, may not be able to ramp up fully immediately. Therefore, policy makers should focus on the commercial and residential sectors and make sure that the last mile pipes are not choked for power and carry out various initiatives to drive power consumption in this large user base. Further, driving the increase in the usage of Power for agricultural use will also act as a key driver for power demand and also impact our agriculture sector in a positive way.

While the government has taken initiative to install 100,000 Mw of solar power by 2022, our domestic solar panel manufacturing industry is not competitive and the sector does not have adequate capacity to meet the demand of the sector. As a result, majority of the solar panels are imported from countries like China which is against ‘Make in India’ policy of the government. While the government is working to boost the solar panel manufacturing sector, we expect more actions on this front in 2017 so that Indian companies get benefited from the growth of the solar sector.

Also, it has long been discussed that smart electricity infrastructure or smart grid is the future and this will drastically help to reduce AT&C loss of the DISCOMs. However, smart grid pilots, which were conceptualized in 2012, are yet to see the light of the day and the development of a low-cost smart meter which can be distributed to the masses is yet to become a reality. We understand that Smart Meter is at the heart of a Smart Grid and it is important that we start mass roll-out of these smart meters at the earliest. We expect to see a major development in this front, too, in near future.

MBE is all set to take the full advantage of the emerging traditional power market as well as renewable sector. It is already an established brand name in power equipment manufacturing all over the world. Considering the market trend and stringent environment laws to be implemented in India, McNally has already tied up with Fieda Enviro, China for ESP manufacturing and has necessary association and tie-up with proven International system suppliers for FGD projects. McNally has a strong team for execution of Solar Project and currently executing 100 MW Solar Plant on EPC basis for APGENCO at Taripadi, Andhra Pradesh.

Steel

India’s steel sector posted a robust 11% growth in production in 2016-17 at 101.2 MT even as domestic consumption remained anemic mainly due to poor off take from the end-use segments like construction, automobiles and white goods sectors. SAIL, RINL, Tata Steel, Essar, JSWL & JSPL together produced 57.5 MT during April-March 2016-17, which was a growth of 18.5% compared to same period last year; while production for other producers was down by 1.2%, according to Joint Plant Committee (JPC), a unit under the steel ministry.

JPC data showed that exports more than doubled during the year to 8.24 MT during the year from 4.07 MT a year ago. Imports, on the other hand, have declined by 37% to 7.42 MT during the year, making India a net exporter of steel.

Analysts said while governments’ series of measures to rein in imports have yielded results; exports were more than a compulsion for the domestic industry to substitute subdued demand within.

Starting from April, 2015, India has taken a slew of measures to counter predatory imports including raising import duty, imposition of minimum import price (MIP), anti-dumping duty and safeguard duty.

Even as India’s steel consumption growth remained weak in the current fiscal due to continued weakness in the key end-user industries, “2017-18 points to a favourable demand outlook for the steel sector in the medium-term,”. Industry is hopeful that the government’s proposed 3.96 lakh crore investments, budgeted for the current fiscal, in the infrastructure sector would result in substantial increase in steel consumption.

To meet the targeted steel production, Government of India is coming up with Modernization of SAIL plants, restrictions on export of Iron Ore dust / fines and has framed the policies for its captive utilization, which has given a boost to the Iron Ore Beneficiation industry in India.

Even though the Iron & Steel sector faced a slowdown in the last couple of years, we expect the prospects of MBE to improve after implementation of some of the projects like Bolani, Taldih, Raoghat, Chiria, Kirandul, Bacheli, Gandhamardhan, Jalpaposhi and Khaira mines.

Coal & Mining

Coal is the primary source of energy supply in India. About 55% of the current commercial energy use is met by coal.1 rising demand for energy and coal as the primary energy source make it a significant resource in the country. Over the years, the coal sector has seen a shift in regulation, from the nationalization of mines to more recent developments of opening up coal mining for private players.

The recent coal block auction by Govt. of India has encouraged Govt. and Private industry like NTPC , CIL, WBPDCL, OCPL, CSPGCL, ADANI , JPL etc. to handover their allotted coal blocks to different MDOs for mine development and operation to deliver the sized coal for the owner's captive requirement. MDO is an emerging business opportunity where MBE can play a significant part in installing and operation of coal handling plants, conveyors & rapid loading systems.

As of April 1, 2016, India is estimated to have a total of about 308 billion tonnes of coal reserves.6 Coal deposits are mainly located in the states of Jharkhand, Odisha, Chhattisgarh, West Bengal, Madhya Pradesh, Telangana, and Maharashtra. MBE has been involved In Coal and Mining sector for over five decades, having built over 150 Coal Handling plants till date. In addition MBE has rich experience in Coal Handling Plant in EPC basis.

Port, Shipyard & Stockyard Machineries

MBE knows how to bring the latest technologies in India as long term licensee and in collaboration with the world leaders in each of the equipment segments it has entered since the late 1990s.

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

Further Private and Government Shipyards planning to modernize their facilities with bigger capacities Goliath Gantry Cranes and Electric Level Luffing Cranes in order to cater to bigger shipbuilding in their Shipyards can be business booster.

Company also plans to invest in near future in development of a strategic seaside set up with roll on roll off facility to supply fully erected machines like Ship Unloaders, STS, RTGCs, Stacker Reclaimers and Big Goliath Crane assemblies to meet the industry demands for domestic as well as exports market.

Metals & Minerals

MBE is an established EPC solution provider for Mineral Processing of base metals Ores such as Lead, Zinc, Copper, Iron, Gold, Platinum, Tungsten, Fluorspar etc. More than 50 projects have been successfully completed in India, African Countries and Middle East.

Apart from providing turnkey solutions in Metals & Mineral Beneficiation MBE's expertise are predominantly in the following package-

Fine Crushing & Screening, Material Handling & Conveying, Storage & Reclaiming, Wet/ Dry grinding & classification, Flotation/ Leaching Process, Thickening & Filtration, Tailing Disposal System, Plant Utility System, Water Management System and Switchyard/Sub Station.

In Aluminum Refineries MBE executes complete turnkey projects for Bauxite Handling, Grinding & Storage System, Evaporation package for Aluminate Liquor Concentration and Red Mud Thickening & Disposal System.

In the Smelter section MBE executes on turnkey basis Pre baked Green Anode Plant, Carbon recycling, Bath Processing with autogenous mill, anode storage, baking furnace & fume treatment plant and rodding shop. MBE is pioneer in India in Anode paste and Pre Bed Green Anode Plant having built the largest no. of plant.

With this huge credential MBE is now frontrunner in securing Upcoming expansion projects of Hindustan Zinc, Balco, Nalco etc.

Cement

Cement prices in India recorded a 6.7 % month-on-month growth in April 2017, thereby indicating the probability of growth in volume and profitability of cement companies in the quarter ending June 2017.

The housing sector is the biggest demand driver of cement, accounting for about 67 % of the total consumption in India. The other major consumers of cement include infrastructure at 13 %, commercial construction at 11 % and industrial construction at 9 %.

The cement capacity in India is estimated to be at 420 MT as of March 2017 with production growing at 5-6 % per year. The country's per capita consumption stands at around 225 kg.

On the back of growing demand, due to increased construction and infrastructural activities, the cement sector in India has seen many investments and developments in recent times.

According to data released by the Department of Industrial Policy and Promotion (DIPP), cement and gypsum products attracted Foreign Direct Investment (FDI) worth US$ 5.24 billion between April 2000 and March 2017.

In order to help the private sector companies thrive in the industry, the government has been approving their investment schemes & MBE is all set to play a major role in all these expansion projects.

Chemical & Fertilizer

In the context of revival plan of all the Govt. Fertilizer Plant huge investment has been planned by the Govt. and a separate SPV called HURL have been formed to cater to the upgradation of the existing fertilizer plants in Barauni, Sindri, Gorakhpur, Namrup. In view of this MBE is presently renewing it's credential in the fertilizer segment. The principal focus area is the Urea Handling, Bagging & Loading System. MBE in the past have undertaken projects related to Urea Handling, Bagging & Loading for the old fertilizer plants. MBE presently also is in dialogue with major fertilizer EPC giant like Toyo, Technip, Technimont ICB and are in regular touch with the consultant like PDIL & EIL.

Infrastructure

India needs about $1.5 trillion investment in the infrastructure sector in the coming 10 years according to latest reports from research analysts. Much of this investment is coming from many developed economies and major wealth funds across the world. There couldn't be a better example than the Delhi Mumbai Industrial Corridor where Japan has collaborated to develop one of the world's largest infrastructure projects in the country. India's fast-paced growth and its consistent role as a forerunner among emerging markets has been behind its reputation as an attractive destination for investment.

The Government of India is keen on developing the infrastructure sector in the country. This is clearly evident through the numerous initiatives announced for this sector as part of Budget 2017-18. A provision of Rs 2.4 lakh crore has been set aside for the transportation sector as a whole. This includes the Indian railways, shipping and roadways. Another landmark initiative by the government was to offer infrastructure status to the affordable housing sector.

The Minister of Road Transport and Highways and Shipping announced an investment of Rs 25 lakh crore for infrastructure over the next three years. This includes Rs 5 lakh crore for road, rail and port connectivity projects. A total of 6,604 km out of the 15,000 km of target set for national highways in 2016-17 has been constructed by the end of February 2017, according to the Minister of State for Road, Transport & Highways and Government of India

Smart Cities

Extension of economic activity from the metros to hyperlocal cities has been the script of growth for most developed countries. Prime Minister rolled out a massive plan of smart cities.

Affordable Housing

Govt. of India assigned infrastructure status to affordable housing in the recent budget in order to make the infrastructure sector more attractive and robust announcing Pradhan Mantri Awas Yojana.

India is the largest democracy in the world. But despite major developmental leaps in the recent years, there are a lot of challenges ahead. For instance, the country faces a shortage of around 1.8 crore housing units, according to the government data. The government has to complete at least 30 lakh houses per year in order to deliver on the promise of "Housing for all by 2022".

Transport

Elaborating further on the scale of investment in railways infrastructure in monetary terms Government informed that earlier India used to invest Rs. 40,000 crore a year in railways but now in the past two and half years alone the outlay for railways together has been Rs. 3,50,000 crore. Current road construction capacity is 22 km per day. Total road length (including highways) in India is 52 lakh kms out of which 96,000 km are highways and 40% of the total traffic in India is carried on highways which are only about 2% of our total road length. Government has already taken the decision to increase the national highway length from 96,000 km to 2,00,000 km. Government also plans for developing 36 ring roads in major cities of the country that will focus at providing commercial traffic an alternative to bypass cities. Government's ambitious project of developing inland waterways for transport has also been a focus to improve transport infrastructure in the country. Already work has started worth Rs. 3,000 crore in Ganga.

Budgetary allocations this year also indicate a more pronounced thrust at infrastructure development which makes India an attractive destination for investment. Indian Railways has been promised funds to modernise its infrastructure and services that includes laying 3,500 km of railway tracks and feeding 7,000 stations with solar power in the medium term.

Not long ago, government estimates said that India needed to invest $100bn (Rs 6.9 lakh crore) each year in the country's infrastructure. That requirement continues to be on top of the country's economic agenda even today. There are a lot of industries that depend directly or indirectly on the development of this sector. For this reason, the infrastructure sector is always in the spotlight whenever the topic of growth arises.

Oil & Gas

With the background of having successfully executed mega projects in EPC mode in its area of core competence, MBE has diversified in newer areas to maintain its pace of rapid growth.

The oil and gas sector is among the six core industries in India and plays a major role in influencing decision making for all the other important sections of the economy. India is expected to be one of the largest contributors to non-OECD petroleum consumption growth globally. Total oil imports rose 4.24 % year-on-year to US$ 86.45 billion in April-March 2016-17. India's oil consumption grew 8.3 % year-on-year to 212.7 million tonnes in 2016, as against the global growth of 1.5 %, thereby making it the third-largest oil consuming nation in the world. India is the fourth-largest Liquefied Natural Gas (LNG) importer after Japan, South Korea and China.

The demand of Petroleum Oil and Lubricants grew at a Compound Annual Growth Rate (CAGR) of 5.6 % under the 12th Five Year Plan (2012-17). The country's gas production is expected to touch 90 Billion Cubic Metres (BCM) in 2040 from 23.09 BCM in FY2016-17 (till December 2016). Gas pipeline infrastructure in the country stood at 16,240.4 km in November 2016.

Some of the major initiatives taken by the Government of India to promote oil and gas sector are:

- The Government of India plans to build a nine million tone (MT) refinery in Rajasthan as well as a 60 MT refinery in Maharashtra, auction oil and gas fields, increase use of liquefied natural gas (LNG), and is in discussions with Saudi Arabian Oil Co (Saudi Aramco) regarding investments in India, as per Mr. Dharmendra Pradhan, Minister of State for Petroleum and Natural Gas, Government of India.
- The Government of India plans to merge state oil companies to create integrated oil major that could compete globally, and utilize the synergy between various state entities for achieving efficiency and cost competitiveness in order to create more value for all shareholders.
- The Government of India plans to unveil a new policy for renewing and extending the lease of 28 oil and gas blocks in the country, with a view to attract more investments into these fields.
- The Cabinet Committee on Economic Affairs, Government of India, has approved the awarding of contracts on 23 onshore and 8 offshore contract areas of discovered small oil and gas fields that earlier belonged to Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL).
- The Ministry of Mines plans to restart operations in several hundred mines across the country in order to raise the share of mining and quarrying industry in India's Gross Value Addition (GVA) by one percentage point from 2.4 % at present, over the next two-to-three years

A core group comprising specialists in the area has been formed and MBE is actively pursuing opportunities in this areas. Given the size of the opportunity and continued spend on account of new projects, expansions and upgradations; the coming years would be the investment period for building a larger business for MBE.

MBE has made breakthroughs in this sector by bagging orders for offsite piping from Brahmaputra Cracker & Polymers, civil & structural work for BPCL Mahul Refinery and civil construction in the gasoline unit at Paradip Refinery, IOCL. MBE is presently executing a contract for Petcoke handling system as a part of Reside Up-gradation Project of Chennai Petroleum Corporation Limited at Manali which is scheduled to be completed by March 2018.

Segment wise Or Product wise Performance

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

Outlook

The Company has an order backlog of around Rs.2100 Crores and hopes to improve the order book position this year due to favorable conditions in the economy.

Developments In Human Resources / Industrial Relations including Number Of People Employed

Your Company believes in building long-term relationships with all stakeholders, emphasizing on “human resources” and in ensuring “opportunities for their growth and career development”. In terms of employee care, the organization provides allowances at HO, transport, accommodation along with other facilities at site. The Company also provides comprehensive insurance coverage for employees (at HO and project sites) to take care of medical exigencies and unforeseen situations. The organization offers a congenial work environment cutting across hierarchy and diverse work groups and taking into purview work-life balance.

Your Company is continuing with its organizational transformation exercise with key focus area being organization restructuring for improving organizational efficiency.

The industrial relations during the year have been cordial.

The SWOT Analysis & Action Plan for revival is being developed. The brief highlights are as under:

STRENGTHS

- An Engineering Company with six-decades of experience in EPC and manufacturing
- Successfully completed 400+ EPC projects
- Engineering & Technology – Proven track record of engineering excellence with technology backup of globally reputed technologists in the field of
  - ▼ Bulk Material Handling - Overburden to all kinds minerals & metals including Coal & Lignite – 500 TPH to 20000 TPH
  - ▼ Powder Handling - Ash, Coal, Fertilizer, Fluorspar, Gypsum, Graphite, etc.
  - ▼ Process
    - – Ferrous & Non-ferrous metals
    - – Beneficiation
    - – Pelletization
    - – Coal Washing
    - – Uranium, Gold
    - – Green Anode
    - – Evaporation Plant
    - – Separation – Crushing, Grinding, Screening, Flotation
    - – Transportation of High Density Slurry
  - ▼ Port Handling Equipment including Goliath Cranes
  - ▼ Cement Plants – Execution of Cement Plant upto 3-Million Ton capacity on EPC basis
  - ▼ Equipment Range – Crusher, Screens, Feeders, Grinding Mills, Stackers & Reclaimer, Wagon Tipplers, Flotation Equipment, Pumps, Clariflocculators, Thickeners, etc.
  - ▼ Steel Plant – Sintering, By-Product Plant, Coke Oven Battery
  - ▼ Power – Balance of Plant (BOP) of Thermal Power Plants, Ash Handling & Management Systems, High Concentrated Slurry Handling & Disposal, Water Management systems, Solar Power Plants, Flue Gas Desulfurization Plants

- ▼ Equipment Manufacturing Capacity – Four factories in India in East, West & Southern regions with more than 1000 people working and with a production capacity exceeding Rs. 500 Cr. per annum.
- ▼ Landmark Achievements
- ▼ First in India to setup Coal Washery, Rapid Loading System, Mineral Beneficiation Plant, 20000 TPH Conveying System
- ▼ Domestic manufacturing of Bucket Wheel Excavators & Spreaders, Goliath Cranes of 300 T capacity, Green Anode Paste Plant, Uranium Beneficiation, Hi-rate Thickening Systems
- ▼ Strong R&D Cell, Design automation cell and NABL accredited lab.
- ▼ Quality & System certifications like ISO 9001:2008 for QMS, ISO 14001:2015 for EMS, BS/OSHAS 18001:2007 for Health & Safety, ISO 17025:2005 by NABL for QA
- ▼ Strong support of Promoters

WEAKNESSES

- Non-completion of projects on time in recent years leading to reduction in level of Customer confidence.
- Cash flow Issues
- Loss of skilled personnel
- Constraints in Banking facilities
- MBE's decision not to participate in any tenders in last 3-years has created a sense in the market that MBE shall not continue Business in their traditional lines.
- Loss of creditors confidence due to undue delay in settlement of dues
- Erosion of Net Worth

OPPORTUNITIES

- In the recessionary industrial scenario, MBE has the opportunity to utilize its diverse knowledge bank & Human Resource in any area of industry wherever opportunity arises.
- Credentials in almost all sectors of business which is rare with many of EPC companies/competitors enabling MBE to deploy its resources to suit the segments where opportunity arises. MBE's new action plan to complete all projects within March'18 has regenerated confidence level of Customers.
- Global industrial recession and overseas partners' strong reliance in MBE partnership creates unique opportunity for MBE in countries like Africa, Turkey & UAE & their renewed desire to work with MBE in India on long term basis.
- New areas of business like Solar Power, FGD and diversification attempts in infrastructure buildings both in industrial and social sectors.
- Government's stress on Infrastructure and MBE's experience & team strength to restart business in this sector.

THREATS

- Entry of Segmented small competitors into technology driven areas of business leading to unfair competition.
- Large competitors' action in highlighting MBE's recent financial weakness to Customers willing to support MBE & delay in execution of projects.
- Invocation of Bank Guarantees/ termination of Contracts by some Customers without considering their own lapses.

Action Plan of MBE

- Regaining Customer Confidence:
  - Time bound completion plan for completion of 125 Nos. projects initiated.
  - New management team with primary focus on Project Management, Construction, Risk Management, deciding management strategy & revitalizing engineering activities.
- Strong Legal & Commercial Cell starting with an eminent legal scholar

- Over INR 300-Cr. injected in project activities besides meeting Bank interest payments during the last 3-months & balance fund for gap funding is in process of finalization.
- Further infusion of fund befitting the requirement is being planned and action in process.
- Persuading large Public Sector Companies to financially help completion of project by releasing our Retention Money.
- Meeting highest authorities of Customer by Mr. Srinivash Singh personally and assuring definite completion plan for projects:
  - Already met NTPC CMD & other Directors where 12 nos. projects with an order backlog of INR 235 Cr. and promised for completing within agreed time frame.
  - CMD & Directors of Singareni Collieries with an order backlog of INR 90-Cr. to be completed within agreed time schedule and received good response from Customer.
  - CMD of Coal India for two of their projects within agreed time schedule.
  - Highest authorities of Vedanta Group for nearly INR 200-Cr. project in process and agreed a time frame.
  - Mr. Srinivash Singh has already planned to meet other corporate Heads like CMDs of BHEL, NLC, NALCO, CPCL, IOCL, WBPDCL, WBSETCL and other power generating companies.
  - Stopping of invocation of BG by Coal India, NTPC, Singareni Collieries, MPPGCL successfully achieved.
  - In Q4 of FY 17, INR 367-Cr. invoicing has been done and substantial portion is work-in-progress.
- Initiation for securing new Contracts:
  - Aggressive steps to bid for new project initiated. From December 2016, MBE has participated in tenders worth more than INR 2000 Cr.
  - Secured one Contract of INR 415 Cr. for 100MW Solar Power Plant, INR 43 Cr. in Infrastructure.
  - Orders for OCPL INR 650 Cr. (approx.), Hindustan Zinc Ltd. INR 280 Cr. (approx.) are in the final stage of issuance and shall be received shortly.
  - Further order booking of nearly INR 2000 Cr. in March 2018 is in process
  - Diverse areas are being focused such as Solar Power, Fuel Gas Desulfurization (FGD), Cement, Fertilizer, Smelting Operations, Overseas tenders.
  - Serious thrust to enter Infrastructure building like Highways, Flyovers, Dedicated Freight Corridor, Sea Port, Airport Building.
- Initiating action to change Customer's perception of MBE's inaction, dis-interest on Project Contracts by meeting industry leaders and CMDs of Public/Government Companies.
- Taking Conciliatory and Legal steps to protect invocation of Bank Guarantees
- Trying to gain Creditor's confidence by discussion and persuasion and slowly move towards open credit.

Internal Control Systems and Their Adequacy

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

Financial Performance

The details of Financial Performance have been provided in the Report of the Directors.

Cautionary Statement

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

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

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, 2017 are given hereunder:

I Company's Philosophy:

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

II Governance Structure with Defined Roles And Responsibilities:

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

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

III. Corporate Governance Practices:

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

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

IV. Board of Directors:

a. Composition of the Board:

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

Name of Directors	Category of Directors	No. of other Directorships held #		No. of other Board Committee(s) of which he/she		No. of shares held in the Company as at March 31, 2017
		Public	Private	Is a Member	Is a Chairperson	
Mr. Aditya Khaitan	Promoter - Non Executive Chairman	9	2	6	2	Nil
Mr. Virendra Kumar Verma	Independent – Non Executive	1	-	1	1	700
Mr. P. S. Bhattacharya	Independent – Non Executive	6	1			Nil
Mr. Amritanshu Khaitan	Promoter - Non Executive	9	2	1	1	8000
Mr. Asim Kumar Barman	Independent – Non Executive	1	1	4	3	Nil
Mr. P. H. Ravikumar[A]	Independent – Non Executive	9	6			Nil
Ms. Arundhuti Dhar[B]	Independent – Non Executive	2	2	3	1	Nil
Mr. Manish Agarwal	Additional – Non Executive (Independent)	1	6	-	-	Nil
Miss. Nandini Khaitan[C]	Additional – Non Executive (Independent)	5	-	-	-	Nil
Mr. Manoj Toshniwal[D]	Additional – Non Executive (Independent)	5	1	-	-	Nil
Mr. Subir Ranjan Dasgupta[E]	Independent – Non Executive	2	11	2	2	Nil
Mr. Srinivash Singh[F]	Executive – Managing Director	1	1	-	-	Nil
Mr. Prasanta Kumar Chandra[G]	Executive – Whole Time Director	1	-	4	-	1000
Mr. Prabir Ghosh[G]	Executive – Whole Time Director	2	-	4	-	Nil

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

A. Mr. P. H. Ravikumar who was an Independent Director has resigned from the Board of Directors w.e.f June 25, 2017. The relevant forms under the Companies Act, 2013 and other applicable laws have been submitted.

B. Ms. Arundhati Dhar had been appointed as an Additional Independent Director by the Board of Directors of the Company at their meeting held on August 23, 2016. Thereafter, the Members of the Company, at their Annual General Meeting held on September 29, 2016, appointed her as an Independent Director of the Company for a term up to September 28, 2021. There was a gap of 3 months and 4 days between the date of resignation of Miss. Nandini Khaitan from her post as Independent Director on May 19, 2016, and the appointment of Ms. Arundhati Dhar as an Additional and Independent Director.

C. Miss. Nandini Khaitan who was an Independent Director has resigned from the Board of Directors w.e.f May 19, 2016. The relevant forms under the Companies Act, 2013 and other applicable laws have been submitted.

D. Mr. Manoj Toshniwal, who was appointed as an additional Director on October 1, 2016, ceased to be a Director of the company w.e.f December 19, 2016. The relevant forms under the Companies Act, 2013 and other applicable laws have been submitted.

E. Mr. Subir Ranjan Dasgupta who was an Independent Director has resigned from the Board of Directors w.e.f December 14, 2016. The relevant forms under the Companies Act, 2013 and other applicable laws have been submitted.

F. Mr. Srinivash Singh was appointed as the Managing director of the Company w.e.f December 14, 2016.

G. Mr. Prasanta Kumar Chandra and Mr. Prabir Ghosh who are the Whole Time Directors of the Company have tendered their resignations and they cease to be the Whole Time Directors with effect from August 31, 2017.

1. All Independent Directors have confirmed their independence to the Company.
2. The Non-Executive Directors have no pecuniary relationship or transactions with the Company in their personal capacity.
3. Except Mr. Aditya Khaitan and Mr. Amritanshu Khaitan, who are related to each other, no Director is related to any other Director on the Board.
4. The Board periodically reviews compliance reports of all laws applicable to the Company and the steps taken to rectify instances of non-compliance.
5. The Company has adopted the Code of Conduct for the Directors, Senior Management Personnel and other employees of the Company. The Code of Conduct is posted on the website of the Company. The Company has received confirmations from the Non-Executive Directors, Whole Time Directors and Senior Management Personnel regarding compliance with the Code of Conduct for the year ended March 31, 2017. A declaration to this effect signed by the Managing Director is attached to this report.

6. All the directors who are on various Committees are within the permissible limits of the listing regulation. The Directors have intimated from time to time their membership in the various Committees in other Companies.
7. No convertible instruments are held by non-executive directors.

b. Selection of Independent Directors:

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

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

c. Familiarisation programmes for Board Members:

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

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

Name of the Directors	**Sitting fees paid during the year (in Rs)**
Mr. Aditya Khaitan	2,00,000
Mr. Virendra Kumar Verma	2,20,000
Mr. P. S. Bhattacharya	20,000
Mr. Amritanshu Khaitan	1,80,000
Mr. Subir Ranjan Dasgupta	1,60,000
Mr. Asim Kumar Barman	3,60,000
Mr. P. H. Ravikumar	1,40,000
Miss. Nandini Khaitan	–
Ms. Arundhuti Dhar	2,00,000
Mr. Manish Agarwal	40,000
TOTAL	**15,20,000**

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

(In Rs)

Particulars	**Mr. Prasanta Kumar Chandra**	**Mr. Prabir Ghosh**
Salary	1,03,98,900.00	98,34,290.00
Performance Bonus	–	–
Contribution to P. F., and Other Funds	5,67,300.00	5,56,421.00
Perquisites	54,400.00	53,240.00
Total remuneration (In Rs.)	**1,10,20,600.00**	**1,04,43,951.00**
Total remuneration (Rs-In-Lakhs)	**110.20**	**104.43**

Notes:

1. Mr. Srinivash Singh, Managing Director has not drawn any remuneration for the Financial Year 2016-17.
2. None of the Non-executive Directors receive any remuneration from the Company apart from the sitting fees for meetings attended by them.
3. The resolutions appointing the Whole Time Directors do not provide for payment of severance fees.

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

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

(ii) During the year, 10 Board Meetings were held on May 30, 2016, June 29, 2016, August 12, 2016,August 23, 2016, September 13, 2016, October 01, 2016, December 14, 2016, February 14, 2017, February 17, 2017and March 31, 2017. The Ministry of Corporate Affairs vide General Circular No. 28/2011, dated 20.05.2011, has permitted the participation of Directors in Board Meetings through electronic mode. As permitted by the aforesaid circular, some of the Directors participated through electronic mode at the aforesaid Board Meetings.

(iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2017 and of the last Annual General Meeting is as under :

Directors	**Number of Board Meetings attended**	**Attendance at the Last AGM**
Mr. Aditya Khaitan	10	Yes
Mr. Srinivash Singh*	4	No
Mr. Virendra Kumar Verma	4	No
Mr. Manish Agarwal**	2	No
Mr. Amritanshu Khaitan	9	No
Mr. Subir Ranjan Dasgupta***	3	No
Mr. Asim Kumar Barman	9	Yes
Mr. P. H. Ravikumar****	5	Yes
Miss. Nandini Khaitan*****	0	No
Ms. Arundhuti Dhar******	6	Yes
Mr. Manoj Toshniwal#	0	No
Mr.Prasanta Kumar Chandra##	9	Yes
Mr. Prabir Ghosh##	8	Yes

*Mr. Srinivash Singh was appointed as the Managing director of the Company w.e.f December 14, 2016.

**Mr. Manish Agarwal was inducted to the Board with effect from October 1, 2016.

***Mr. Subir Ranjan Dasgupta who was an Independent Director has resigned from the Board of Directors w.e.f December 14,2016.

****Mr. P.H. Ravikumar who was an Independent Director has resigned from the Board of Directors w.e.f June 25, 2017.

*****Miss. Nandini Khaitan who was an Independent Director has resigned from the Board of Directors w.e.f May 19, 2016.

******Ms. Arundhuti Dhar was inducted to the Board with effect from August 23,2016.

#Mr. Manoj Toshniwal, who was appointed as an additional Director on October 1, 2016, ceased to be a Director of the company w.e.f December 19, 2016.

Mr. Prasanta Kumar Chandra and Mr. Prabir Ghosh who are the Whole Time Directors of the Company have tendered their resignations and will cease to be the Whole Time Directors with effect from August 31, 2017.

g. Code of Conduct:

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

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

V. Audit Committee

The role and terms of reference of the Audit Committee includes the areas laid down in Section 177 of the Companies Act, 2013 and Regulation 18 of the 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;

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

Composition:

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

Mr. V. K. Verma (Chairperson)
Mr. Asim Kr. Barman
Ms. Arundhuti Dhar

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

Mr. S. R. Dasgupta, who was a Member of the Audit Committee, stepped down from the Board of Directors of the Company with effect from 14th December, 2016.

The Audit Committee Meetings were held on May 29, 2016, September 13, 2016, December 14, 2016 and February 14, 2017. The attendance of each Audit Committee member is as under:

Name of the Audit Committee Member	Number of meetings attended
Mr. Virendra Kumar Verma	3
Mr. Subir Ranjan Dasgupta*	2
Mr. Asim Kr. Barman	4
Ms. Arundhuti Dhar**	1

*Mr. Subir Ranjan Dasgupta stepped down from the Board of Directors of the Company with effect from 14th December, 2016.

** Ms. Arundhuti Dhar became a member of the Audit Committee w.e.f December 14, 2016.

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

VI. Nomination and Remuneration Committee

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

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

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

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

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

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

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

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

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

Composition:

The composition of the Committee is as under:

Mr. Asim Kr. Barman (Chairman)
Mr. V. K. Verma
Ms. Arundhuti Dhar

The meetings of the Nomination & Remuneration Committee of the Company were held on June 29, 2016, August 23, 2016, October 1, 2016, December 14, 2016 and March 31, 2017. The attendance of the members of the Remuneration Committee was as follows:

Name of Remuneration Committee Member	Number of meetings attended
Mr. Asim Kumar Barman#	4
Mr. Subir Ranjan Dasgupta*##	3
Ms. Arundhuti Dhar**	1
Mr. V. K. Verma###	4

*Mr. Subir Ranjan Dasgupta, who was a Member of the Nomination & Remuneration Committee, stepped down from the Board of Directors of the Company with effect from 14th December, 2016.

**Ms. Arundhuti Dhar became a member of the Nomination & Remuneration Committee w.e.f December 14, 2016.

Mr. Asim Kumar Barman waived his sitting fees for the meetings held on August 23, 2016 and October 1, 2016.

Mr. Subir Ranjan Dasgupta waived his sitting fees for the meeting held on August 23, 2016.

Mr. V. K. Verma waived his sitting fees for the meeting held on August 23, 2016.

Remuneration Policy:

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

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

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

VII. Stakeholders Relationship Committee

The Stakeholders Relationship Committee constitutes of the following Members:

Mr. Asim Kr. Barman (Chairman)
Mr. P. H. Ravikumar
Mr. P. K.Chandra
Mr. P. K.Ghosh

The Stakeholders Relationship Committee of the Company met once during the year on September 13, 2016. The attendance of the members of the Shareholders'/Investors' Grievance Committee was as follows:

Stakeholders Relationship Committee Member	Number of meetings attended
Mr. P. H. Ravikumar*	1
Mr. Asim Kumar Barman	1
Mr. Prabir Ghosh	1
Mr. Prasanta Kumar Chandra	0

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

*Mr. P. H. Ravikumar, who was a Member of the Stakeholders Relationship Committee, stepped down from the Board of Directors of the Company with effect from 25th June, 2017.

Investors' Grievances

The following table shows the nature of complaints received from shareholders during 2016-17.

Nature of complaints	Pending as on April 1, 2016	Received during the year	Replied/ resolved during the year	Pending as on March 31, 2017
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, 2017, 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

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

Mr. Asim Kr Barman (Chairperson)
Mr. P. K. Chandra
Mr. P. K. Ghosh

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

During the year a meeting of the Corporate Social Responsibility Committee was held on December 14, 2016 which was attended by all the three members of the Committee.

IX. Meeting of Independent Directors

During the year a meeting of the Independent Directors was held on December 14, 2016 which was attended by Mr. P.H. Ravikumar, Mr. V. K. Verma, Mr. A. K. Barman and Ms. Arundhuti Dhar.

X. Extraordinary General Meeting

An Extraordinary General Meeting of the Company was held on 16th March, 2017.

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

Directors	Attendance at theLast EGM
Mr. Aditya Khaitan	Yes
Mr. Virendra Kumar Verma	No
Mr. Amritanshu Khaitan	Yes
Mr. Subir Ranjan Dasgupta	No
Mr. Asim Kumar Barman	No
Mr. P. H. Ravikumar	No
Miss. Nandini Khaitan	No
Ms. Arundhuti Dhar	Yes
Mr. Srinivash Singh	Yes
Mr.Prasanta Kumar Chandra	Yes
Mr. Prabir Ghosh	Yes

XI. Allotment Committee:

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

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

*Mr. S. R. Dasgupta, who was the Chairman of the Stakeholders Relationship Committee, stepped down from the Board of Directors of the Company with effect from 14th December, 2016.

Ms. Arundhuti Dhar, an Independent director of the Company became the Chairperson of the Committee thereafter.

The Allotment Committee of the Company met twice during the year on September 8, 2016 and March 30, 2017. The attendance of the members of the Allotment Committee was as follows:

Allotment Committee Member	Number of meetings attended
Mr. S. R. Dasgupta	1
Ms. Arundhuti Dhar	1
Mr. Prabir Ghosh	2
Mr. Prasanta Kumar Chandra	2

XII. Subsidiary Companies:

The Company has the following subsidiaries as on 31st March, 2017:

a) McNally Sayaji Engineering Limited
b) McNally Bharat Equipments Limited
c) MBE Mineral Technologies Pte Limited, Singapore
d) MBE Minerals Zambia Limited
e) McNally Bharat Engineering (SA) Proprietary Limited
f) Vedica Sanjeevani Projects Pvt. Ltd.

McNally Sayaji Engineering Limited has the following subsidiary:

- MBE Coal & Mineral Technology India Private Limited

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

- MBE EWB Technologies Kft, Hungary.

XIII. Disclosures

a) Disclosures on Materially Significant Related Party Transactions having Potential Conflict: 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/investors/pdf/vigil-policy.pdf. The Management affirms that no personnel have been denied access to the Audit Committee.

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

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

e. Related Party Transactions:

The Company has adopted a policy on dealing with Related Party Transactions and the same is disclosed in the website of the Company.

There was no material related party transaction for the year ended 31st March, 2017 which were not on arm's length basis.

f. Disclosure of Accounting Treatment:

All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis.

g. Risk Management Policy:

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

h. The Senior Management has informed the Board that they are not having any personal interest in material, commercial and financial transactions of the Company that may have potential conflict with the interest of the Company at large.

The Company has adopted a policy on remuneration for Directors, Key Managerial personnel and other employees and has laid down evaluation criteria for Independent Directors. Both the above policies are available in Annexure E of the Annual Report. The policy on Independent Director's familiarization and continuing education program is available in the Company's Website at: http://www.mcnallybharat.com/investors/pdf/familarisation-programme-for-IDs.pdf

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

j. None of the non-executive director has any pecuniary relationship or transactions with the company.

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

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

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

XIV. Compliance with Non-Mandatory Requirements

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

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
51st	Wednesday	July 30, 2014	11.00 a.m	Eastern Zonal Cultural Centre, Purbashree,IB- 201, Sector – 3, Salt Lake City, Kolkata – 700106
52nd	Monday	September 28, 2015	2.30 pm	Williamson Magor Hall, The Palladian LoungeThe Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata 700 001
53rd	Thursday	September 29, 2016	11.00 a.m	Williamson Magor Hall, The Palladian LoungeThe Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata 700 001

Details of Special Resolutions adopted in the previous 3 AGMs:

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

Particulars of Resolution	Resolution adopted on	No. of shares and % of Votes in Favour	No. of shares and % of Votes against
Creation of Mortgage or Charge under Section 180 (1) (a)	July 30, 2014	1,17,42,320 100% of the valid votes casted	Nil, 0.00% of the valid votes casted
Increasing the borrowing limit under section 180 (1) (c)	July 30, 2014	1,17,42,120 100% of the valid votes casted	200, 0.00% of the valid votes casted
Increasing the limits of loan & investments under section 186	July 30, 2014	1,17,42,319 100% of the valid votes casted	1, 0.00% of the valid votes casted
Increasing the authorized share Capital of the Company	July 30, 2014	1,17,42,320 100% of the valid votes casted	Nil, 0.00% of the valid votes casted

Particulars of Resolution	Resolution adopted on	No. of shares and % of Votes in Favour	No. of shares and % of Votes against
Change in Capital Clause of Articles of association	July 30, 2014	1,17,42,320 100% of the valid votes casted	Nil, 0.00% of the valid votes casted
Further Issue of Shares	July 30, 2014	1,17,42,310 100% of the valid votes casted	100.00% of the valid votes casted
To appoint Ms. Nandini Khaitan as an Independent Director of the Company.	September 28, 2015	14868339 100% of the valid votes casted	385 0.00% of the valid votes casted
To issue, offer and allot equity shares/fully convertible debentures/ partly convertible debentures / non-convertible debentures with warrants/any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment to the Qualified Institutional Buyers ('QIBs') on private placement basis for a sum not exceeding Rs. 200 Crores	September 28, 2015	13539150 100% of the valid votes casted	185 0.00% of the valid votes casted
To waive recovery of excess remuneration amounting to Rs. 2,16,16,007.87 paid to Late Deepak Khaitan as the Executive Chairman of the Company during the Financial Year ended 31st March, 2015, over and above the limit prescribed under the provisions of Section 197 of the Companies Act, 2013.	September 28, 2015	13488950 90.72% of the valid votes casted	1379774 9.28%of the valid votes casted
To appoint Ms. Arundhuti Dhar as an Independent Director of the Company.	September 28, 2015	3000556 100% of the valid votes casted	NIL
To reappoint Mr. Prasanta Kumar Chandra (DIN 01919454) as the Whole Time Director &COO of the Company.	September 29, 2016	28816723 100% of the Valid Votes casted	NIL
To reappoint Mr. Prabir Kumar Ghosh (DIN 01912656) as the Whole Time Director of the Company.	September 29, 2016	28816723 100% of the Valid Votes casted	NIL

Mr. Ajay Kumar Chandak, a Practicing Chartered Accountant was appointed scrutinizer to scrutinize the e-voting process for the AGMs held on July 30, 2014 and September 28, 2015 and Mr. A.K. Labh, a Practicing Company Secretary was appointed scrutinizer to scrutinize the e-voting process for the AGM held on September 29, 2016 .

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

Particulars of Resolution	Resolution adopted on	No. of shares and % of Votes in Favour	No. of shares and % of Votes against
Issue of 75,00,000 equity shares on Preferential Basis to Person/ entities not forming part of Promoter/ Promoter Group	February 28, 2015	1,35,64,168 100% of the valid votes casted	300 0.00% of the valid votes casted
Issue of 20,00,000 equity shares on Preferential Basis to Williamson Magor&Company Limited, an entity forming part of Promoter/ Promoter Group	February 28, 2015	1,13,82,769 100% of the valid votes casted	300 0.00% of the valid votes casted
Issue of 30,00,000 warrants on Preferential Basis to Williamson Magor & Company Limited, an entity forming part of Promoter/ Promoter Group	February 28, 2015	99,09,427 87.05% of the valid votes casted	14,73,642 12.95% of the valid votes casted
Issue of upto 10,000,000 Equity Shares of the face value of Rs. 10/- each at a price of Rs. 100/- per Equity Share on Preferential Basis	July 30, 2015	15034661 100% of the valid votes casted	173 0.00% of the valid votes casted
Alteration of Articles of Association of the Company	July 30, 2015	15034661 100% of the valid votes casted	173 0.00% of the valid votes casted
Approval of remuneration of Mr. Deepak Khaitan, Executive Chairman, in case of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule V to the Companies Act, 2013, and subject to the approval of the Central Government wherever required	July 30, 2015	13701219 91.13% of the valid votes casted	1333615 8.87%of the valid votes casted
Approval of remuneration of Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer, in case of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule V to the Companies Act, 2013, and subject to the approval of the Central Government wherever required	July 30, 2015	13701219 91.13% of the valid votes casted	1333615 8.87% of the valid votes casted
Approval of remuneration of Mr. Prabir Kumar Ghosh as the Whole Time Director and Group Chief Financial Officer, incase of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule V to the Companies Act, 2013, and subject to the approval of the Central Government wherever required	July 30, 2015	13701219 91.13% of the valid votes casted	1333615 8.87% of the valid votes casted
Amendment of Articles of Association of the Company	March 16, 2017	38666044 99.99% of the valid votes casted	10 0.01%of the valid votes casted
Allotment of Compulsorily Convertible Preference Shares (CCPS) to Williamson Magor & Company Ltd	March 16, 2017	38665994 99.99% of the valid votes casted	60 0.01%of the valid votes casted

Particulars of 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 Equity Shareholders and certain Debenture holders of VedicaSanjeevani Projects Pvt. Ltd.	March 16, 2017	38665994 99.99% of the valid votes casted	60 0.01%of the valid votes casted
Allotment of Equity Shares to certain investors on a Preferential basis	March 16, 2017	38666044 99.99% of the valid votes casted	100 0.01% of the valid votes casted

Mr. Ajay Kumar Chandak, a Practicing Chartered Accountant was appointed scrutinizer to scrutinize the e-voting process for the EGMs held on February 28, 2015 and July 30, 2015 and Mr. A. K. Labh, a Practicing Company Secretary was appointed scrutinizer to scrutinize the e-voting process for the EGM held on March 16, 2017.

Means of Communication:

Quarterly results:

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

XVII. General Shareholder Information

a. Annual General meeting to be held:

Day, Date, Time and Venue:

Day : Wednesday

Date : September 20, 2017

Time : 11.00 am

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

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

c. Period of Book Closure : September 14, 2017 to September 19, 2017 (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 2016-2017.

Stock Codes:

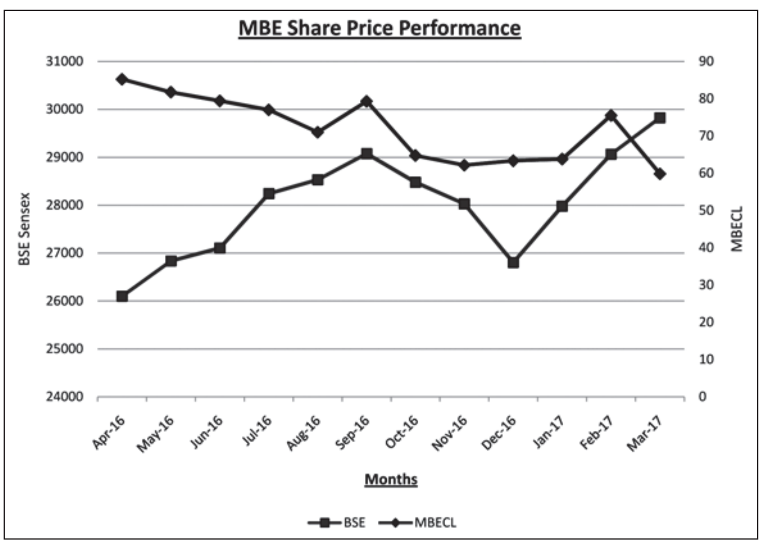
Bombay Stock Exchange	532629
National Stock Exchange	MBECL
Reuters Code	MCNL.BO
Bloomberg Code	MCNA:IN
International Securities Identification Number (ISIN) for the Company's shares in dematerialized form	INE 748A01016

e. **Market Price Data:**

The details of the monthly highest and lowest closing quotations of the equity shares of the Company at the Bombay Stock Exchange and the National Stock Exchange during the financial year 2016-17 are as under:

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-16	85.2	75	86.25	73.85
May-16	81.75	71.6	81.5	72
Jun-16	79.4	62.3	79.3	62.4
Jul-16	77	67.7	77.4	66
Aug-16	71	63.2	73.9	63.2
Sep-16	79.3	56	79.35	56
Oct-16	64.75	58	64.65	57.7
Nov-16	62.15	45.6	61.85	45
Dec-16	63.35	49.1	63.4	49
Jan-17	63.8	49.8	64	49.7
Feb-17	75.5	56.7	75.45	56.95
Mar-17	59.85	49.6	59.9	49.65

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



f. **Share Transfer Agents:**

The Company has engaged the services of Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, Kolkata 700001, a SEBI registered Registrar, as their Share Transfer Agents for processing the transfers, sub-division, consolidation, splitting of securities, etc. Since trading in Company's shares can now be done only in the dematerialized form, request for Demat and Remat 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, 2017:**

Share Holding	No of Holders	% age	No of Shares	% age
Upto 500	13559	83.5583	1833830	3.4217
501 to 1000	1283	7.9066	1079016	2.0133
1001 to 2000	675	4.1597	1064315	1.9859
2001 to 3000	207	1.2757	534688	0.9977
3001 to 4000	107	0.6594	392659	0.7327
4001 to 5000	89	0.5485	426844	0.7964
5001 to 10000	150	0.9244	1055662	1.9697
Above 10000	157	0.9675	47206804	88.0826
Grand Total	**16227**	**100.0000**	**53593818**	**100.0000**

i. **Pattern of Shareholding as on 31st March, 2017:**

Category	No. of Holders	No. of Shares
1 Promoter & Promoter Group		
– Individual/HUF (Indian)	3	32021
– Bodies Corporate (Indian)	8	38613121
– Individual/HUF (Foreign)	1	600
– Bodies Corporate (Foreign)		
2 Mutual Funds	1	6976
3 Financial Institutions/Banks	3	21489
4 Insurance Companies	3	213413
5 Foreign Institutional Investors	2	42487
6 Domestic Companies	404	2822322
7 Foreign Companies		
8 Resident Individual	15387	10588537
9 Non Resident Individual	253	595312
10 Clearing Member	173	657540
Total	**16238**	**53593818**

j. Convertible Instruments:

The Company allotted the following Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 56/- per CCPS convertible into 1 equity share each (convertible within 18 months) to Williamson Magor & Company Limited, Williamson Financial Services Limited and Babcock Borsig Limited belonging to Promoter & Promoter Group Companies and to equity shareholders and certain debenture holders of Vedica Sanjeevani Projects Pvt Ltd:

Date of Allotment	Category of CCPS holder	No. of CCPS held	As a Percentage of Total No. of CCPS	As a Percentage of Total No. of Shares of the Company assuming full conversion of CCPS
30.03.2017	Promoter & Promoter Group	4,16,66,666	50.03	29.62
30.03.2017	Public	4,16,21,273	49.97	29.59

k. Dematerialization of Shares:

As on March 31, 2017, 50181444 Shares of the Company's total shares representing 93.63% shares were held in dematerialized form and the balance 6.37% representing 3412374 shares were in paper form.

l. Address of Correspondence:

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

Shareholders' correspondence should be addressed to:

McNally Bharat Engineering Company Limited
Share Department
4, Mangoe Lane, Kolkata – 700 001
Compliance Officer : Mr. Indranil Mitra, *Company Secretary*
Telephone Nos: 66281052
Fax No: 66282277, E-mail: mbecal@mbecl.co.in

Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 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

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

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

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

We hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2017.

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

Auditors' Certificate regarding compliance of conditions of Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance McNally Bharat Engineering Company Limited, for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

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

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

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

For and on behalf of

Lovelock & Lewes
Firm Registration Number 301056E
Chartered Accountants
Prabal Kr. SarkarPartner
Membership No:52340

Place: Kolkata
Date: August 11, 2017

Annexure D Report on Corporate Social Responsibility Activities

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

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

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

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

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

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

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

   Mr. Asim Kr Barman (Chairperson)

   Mr. P. K. Chandra

   Mr. P. K. Ghosh

3. Average net profit of the Company for last three financial years:

   (Rs. 17224.7 Lacs) (Net Loss)

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

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

   a) Total amount to be spent for the financial year:
   None, due to average net loss incurred

   b) Amount unspent and reasons for the same, if any;
   None, due to average net loss incurred

   c) Manner in which the amount spent during the financial year :
   None, due to average net loss incurred. Therefore, no detailed statement in this regard under Section 135 of the Companies Act, 2013 is being reported.

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

Annexure E to the Directors' Report

REMUNERATION POLICY

1. **Preamble**

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

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

2. **Policy**

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

3. **Policy Objectives**

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

   a) The Remuneration Policy aims to enable the company to attract, retain and motivate appropriately qualified Persons/ Members for the Board and Executive level.

   b) The Remuneration Policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account Shareholder interests, industry standards and relevant Indian corporate regulations.

   c) The Remuneration Policy seeks to ensure that the interests of the Board Members and Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle.

   d) The Remuneration Policy will ensure that the remuneration to Directors and Executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

4. **Principles of Remuneration**

   I. **Transparency:**

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

   II. **Performance Driven Remuneration:**

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

   III. **Affordability and Sustainability:**

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

   IV. **Flexibility:**

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

   V. **Internal Equity:**

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

   VI. **External Equity:**

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

VII. Non-Monetory Benefits:

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

5. Remuneration for Directors in Wholetime Employment

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

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

a) Basic Salary:

The basic salary shall be fixed within a salary grade.

b) Bonus:

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

c) Reimbursement:

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

d) Variable Pay and Other Benefits:

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

e) Sitting Fees:

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

6. Remuneration of Non- Executive Directors

I. Sitting Fees:

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

II. Commission:

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

7. Remuneration of Key Managerial Personnel and Other Executives

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

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

8. Role of Nomination & Remuneration Committee

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

9. **Selection Of Board Members**

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

ii) While considering nomination of candidates for appointment on the Board, the Nomination and Remuneration Committee will consider candidates not only from the field in which the Company operates but also from other professional areas like management, finance, accountancy, law, banking, merchant banking etc., with the objective of maintenance of Board diversity. The Committee shall also consider the following qualifications like possessing basic academic qualification, requisite knowledge, experience and business skills that will benefit the Company and its business operations.

iii) At the time of considering the candidates for appointment as Director the criteria for determining positive attributes shall inter alia include the following :-Achiever, constructive, creative, decisive, deliberative, devoted, diligent, disciplined, dynamic, enterprising, focused, result oriented, self confident, sees the whole picture.

iv) While considering candidates for appointment as an Independent Director, the Nomination and Remuneration Committee shall consider the criteria for determining independence of a candidate as provided in Section 149(6) of the Companies Act, 2013 and the Rules made thereunder as also in Clause 49 of the Listing Agreement

10. **Removal**

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

11. **Retirement**

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

12. **Approval and Disclosure**

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

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

13. **Amendment**

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

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

Annexure F to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	McNally Sayaji Engineering Company Limited	L28999WB1943PLC133247	Subsidiary	74.86	2(87)
2	MBE Mineral Technologies Pte Limited	Foreign Company	Subsidiary	100	2(87)
3	McNally Bharat Equipments Limited	U27106WB2008PLC123789	Subsidiary	99.4	2(87)
5	MBE Minerals Zambia Limited	Foreign Company	Subsidiary	99.99	2(87)
7	McNally Bharat Engineering (SA) Proprietary Limited	Foreign Company	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	32,021	–	32,021	0.06%	32,021	–	32,021	0.06%	0.00%
b) Central Govt	–	–	–	0.00%	–	–	–	0.00%	0.00%
c) State Govt(s)	–	–	–	0.00%	–	–	–	0.00%	0.00%
d) Bodies Corp.	3,56,09,603	5,03,518	3,61,13,121	70.68%	3,56,13,121	30,00,000	3,86,13,121	72.05%	6.92%
e) Banks / FI	–	–	–	0.00%	–	–	–	0.00%	0.00%
f) Any other	–	–	–	0.00%	–	–	–	0.00%	0.00%
Sub Total (A) (1)	**3,56,41,624**	**5,03,518**	**3,61,45,142**	**70.74%**	**3,56,45,142**	**30,00,000**	**3,86,45,142**	**72.11%**	**6.92%**
(2) **Foreign**									
a) NRI Individuals	–	–	–	0.00%	–	–	–	0.00%	0.00%
b) Other Individuals	–	–	–	0.00%	–	–	–	0.00%	0.00%
c) Bodies Corp.	–	–	–	0.00%	–	–	–	0.00%	0.00%
d) Any other	–	–	–	0.00%	–	–	–	0.00%	0.00%
Sub Total (A) (2)	**–**	**–**	**–**	**0.00%**	**–**	**–**	**–**	**0.00%**	**0.00%**
TOTAL (A)	**3,56,41,624**	**5,03,518**	**3,61,45,142**	**70.74%**	**3,56,45,142**	**30,00,000**	**3,86,45,142**	**72.11%**	**6.92%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	6,976	6,976	0.01%	–	6,976	6,976	0.01%	0.00%
b) Banks / FI	19,230	–	19,230	0.04%	21,489	–	21,489	0.04%	11.75%
c) Central Govt	–	–	–	0.00%	–	–	–	0.00%	0.00%
d) State Govt(s)	–	–	–	0.00%	–	–	–	0.00%	0.00%
e) Venture Capital Funds	–	–	–	0.00%	–	–	–	0.00%	0.00%
f) Insurance Companies	2,62,813	600	2,63,413	0.52%	2,12,813	600	2,13,413	0.40%	–18.98%
g) FIIs	251	–	251	0.00%	–	–	–	0.00%	–100.00%
h) Foreign Venture Capital Funds	–	–	–	0.00%	–	–	–	0.00%	0.00%
i) Others (specify)	2,32,236	–	2,32,236	0.45%	42,487	–	42,487	0.08%	–81.71%
Foreign Portfolio Investors	2,32,236	–	2,32,236	0.45%	42,487	–	42,487	0.08%	–81.71%
Sub-total (B)(1)	**5,14,530**	**7,576**	**5,22,106**	**1.02%**	**2,76,789**	**7,576**	**2,84,365**	**0.53%**	**–45.54%**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	24,15,255	2,40,990	26,56,245	5.20%	25,00,439	2,40,990	27,41,429	5.12%	3.21%
ii) Overseas	–	–	–	0.00%	–	–	–	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	44,14,279	1,64,850	45,79,129	8.96%	53,50,334	1,63,098	55,13,432	10.29%	20.40%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	63,39,239	–	63,39,239	12.41%	50,75,105	–	50,75,105	9.47%	–19.94%
c) Others (specify)									
Non Resident Indians	5,43,923	710	5,44,633	1.07%	5,94,602	710	5,95,312	1.11%	9.31%
Overseas Corporate Bodies	–	–	–	0.00%	–	–	–	0.00%	0.00%
Foreign Nationals	600	–	600	0.00%	600	–	600	0.00%	0.00%
Clearing Members	1,71,646	–	1,71,646	0.34%	6,57,540	–	6,57,540	1.23%	283.08%
Trusts	–	–	–	0.00%	–	–	–	0.00%	0.00%
NBFCs registered with RBI	1,35,078	–	1,35,078	0.26%	80,893	–	80,893	0.15%	–40.11%
Foreign Bodies - D R	–	–	–	0.00%	–	–	–	0.00%	0.00%
Sub-total (B)(2):	**1,40,20,020**	**4,06,550**	**1,44,26,570**	**28.24%**	**1,42,59,513**	**4,04,798**	**1,46,64,311**	**27.36%**	**1.65%**
Total Public (B)	**1,45,34,550**	**4,14,126**	**1,49,48,676**	**29.26%**	**1,45,36,302**	**4,12,374**	**1,49,48,676**	**27.89%**	**0.00%**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**0.00%**	**–**	**–**	**–**	**0.00%**	**0.00%**
Grand Total (A+B+C)	5,01,76,174	9,17,644	5,10,93,818	100.00%	5,01,81,444	34,12,374	5,35,93,818	100.00%	4.89%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	B M Khaitan	21	0.00%	–	21	0.00%	–	0.00%
2	Amritanshu Khaitan	8,000	0.02%	–	8,000	0.01%	–	0.00%
3	Isha Khaitan	24,000	0.05%	–	24,000	0.04%	–	0.00%
4	EMC Limited	1,42,87,689	27.96%	–	1,42,87,689	26.66%	–	0.00%
5	Mcleod Russel India Limited	30,52,295	5.97%	–	30,52,295	5.70%	–	0.00%
6	Williamson Magor & Co Limited	99,67,437	19.51%	43.01	1,24,67,437	23.26%	–	25.08%
7	Babcock Borsig Limited	13,01,000	2.55%	84.55	13,01,000	2.43%	–	0.00%
8	Williamson Financial Services Limited	15,51,000	3.04%	96.71	15,51,000	2.89%	–	0.00%
9	Kilburn Engineering Limited	8,54,300	1.67%	–	8,54,300	1.59%	–	0.00%
10	MKN Investment Private Limited	50,00,000	9.79%	100	50,00,000	9.33%	100	0.00%
11	Bishnauth Investments Limited	99,400	0.19%	–	99,400	0.19%	–	0.00%

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**B M Khaitan**						
	At the beginning of the year	April 1, 2016		21	0.00%	21	0.00%
	Changes during the year			–	0.00%	–	0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	21	0.00%	21	0.00%
2	**Amritanshu Khaitan**						
	At the beginning of the year	April 1, 2016		8,000	0.02%	8,000	0.01%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	8,000	0.02%	8,000	0.01%
3	**Isha Khaitan**						
	At the beginning of the year	April 1, 2016		24,000	0.05%	–	0.00%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	24,000	0.05%	24,000	0.04%
4	**Mcleod Russel India Limited**						
	At the beginning of the year	April 1, 2016		30,52,295	5.97%	30,52,295	5.70%
	Changes during the year			–	0.00%	–	0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	30,52,295	5.97%	30,52,295	5.70%
6	**EMC Limited**						
	At the beginning of the year	April 1, 2016		1,42,87,689	27.96%	1,42,87,689	26.66%
	Changes during the year				0.00%	–	0.00%
					0.00%	–	0.00%
					0.00%	–	0.00%
	At the end of the year	March 31, 2017	No Change	1,42,87,689	27.96%	1,42,87,689	26.66%
7	**MKN Investment Private Limited**						
	At the beginning of the year	April 1, 2016		50,00,000	9.79%	50,00,000	9.33%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	50,00,000	9.79%	50,00,000	9.33%

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
8	**Williamson Magor & Co Limited**						
	At the beginning of the year	April 1, 2016		99,67,437	19.51%	99,67,437	18.60%
	Changes during the year	September 8, 2016	Allot	25,00,000	4.89%	1,24,67,437	23.26%
					0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017		1,24,67,437	24.40%	1,24,67,437	23.26%
9	**Babcock Borsig Limited**						
	At the beginning of the year	April 1, 2016		13,01,000	2.55%	13,01,000	2.43%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	13,01,000	2.55%	13,01,000	2.43%
10	**Williamson Financial Services Limited**						
	At the beginning of the year	April 1, 2016		15,51,000	3.04%	15,51,000	2.89%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	15,51,000	3.04%	15,51,000	2.89%
11	**Kilburn Engineering Limited**						
	At the beginning of the year	April 1, 2016		8,54,300	1.67%	8,54,300	1.59%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	8,54,300	1.67%	8,54,300	1.59%
12	**Bishnauth Investments Limited**						
	At the beginning of the year	April 1, 2016		99,400	0.19%	99,400	0.19%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017	No Change	99,400	0.19%	99,400	0.19%

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

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

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Systematix Fincorp India Limited**						
	At the beginning of the year	April 1, 2016		3,60,023	0.70%		0.00%
	Changes during the year	May 20, 2016	Transfer	(31,500)	–0.06%	3,28,523	0.61%
		July 22, 2016	Transfer	(23,000)	–0.05%	3,05,523	0.57%
		October 7, 2016	Transfer	12,623	0.02%	3,18,146	0.59%
		December 2, 2016	Transfer	(72,023)	–0.14%	2,46,123	0.46%
		December 16, 2016	Transfer	23,000	0.05%	2,69,123	0.50%
		December 31, 2016	Transfer	72,023	0.14%	3,41,146	0.64%
		January 20, 2017	Transfer	(2,60,000)	–0.51%	81,146	0.15%
		March 3, 2017	Transfer	2,60,000	0.51%	3,41,146	0.64%
	At the end of the year	March 31, 2017		3,41,146	0.67%	3,41,146	0.64%
2	**Chandra Kant Pasari***						
	At the beginning of the year	April 1, 2016	1,49,500		0.29%		0.00%
	Changes during the year	September 23, 2016	Transfer	25,000	0.05%	1,74,500	0.33%
		October 7, 2016	Transfer	16,000	0.03%	1,90,500	0.36%
		December 2, 2016	Transfer	(1,90,500)	–0.37%	–	0.00%
		December 31, 2016	Transfer	1,88,500	0.37%	1,88,500	0.35%
		January 13, 2017	Transfer	2,000	0.00%	1,90,500	0.36%
		February 24, 2017	Transfer	9,500	0.02%	2,00,000	0.37%
		March 10, 2017	Transfer	1,000	0.00%	2,01,000	0.38%
	At the end of the year	March 31, 2017		2,01,000	0.39%	2,01,000	0.38%
3	**Geojit BNP Paribas Financial Services Limited***						
	At the beginning of the year	April 1, 2016		5,500	0.01%	–	0.00%
	Changes during the year	April 22, 2016	Transfer	(5,300)	–0.01%	200	0.00%
		April 29, 2016	Transfer	(4)	0.00%	196	0.00%
		May 13, 2016	Transfer	14	0.00%	210	0.00%
		May 20, 2016	Transfer	(210)	0.00%	–	0.00%
		June 24, 2016	Transfer	1,050	0.00%	1,050	0.00%
		June 30, 2016	Transfer	(1,050)	0.00%	–	0.00%
		July 8, 2016	Transfer	224	0.00%	224	0.00%
		July 15, 2016	Transfer	(184)	0.00%	40	0.00%
		July 22, 2016	Transfer	(40)	0.00%	–	0.00%
		July 29, 2016	Transfer	10,200	0.02%	10,200	0.02%
		August 5, 2016	Transfer	(8,637)	–0.02%	1,563	0.00%
		August 12, 2016	Transfer	(1,363)	0.00%	200	0.00%
		August 19, 2016	Transfer	(10)	0.00%	190	0.00%
		August 26, 2016	Transfer	755	0.00%	945	0.00%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		September 2, 2016	Transfer	(930)	0.00%	15	0.00%
		September 9, 2016	Transfer	1,362	0.00%	1,377	0.00%
		September 16, 2016	Transfer	23	0.00%	1,400	0.00%
		September 23, 2016	Transfer	(1,000)	0.00%	400	0.00%
		September 30, 2016	Transfer	(400)	0.00%	–	0.00%
		October 7, 2016	Transfer	600	0.00%	600	0.00%
		October 14, 2016	Transfer	1,657	0.00%	2,257	0.00%
		October 21, 2016	Transfer	(2,057)	0.00%	200	0.00%
		October 28, 2016	Transfer	(200)	0.00%	–	0.00%
		November 4, 2016	Transfer	3	0.00%	3	0.00%
		November 11, 2016	Transfer	(3)	0.00%	–	0.00%
		November 18, 2016	Transfer	1,540	0.00%	1,540	0.00%
		November 25, 2016	Transfer	(1,540)	0.00%	–	0.00%
		January 6, 2017	Transfer	325	0.00%	325	0.00%
		January 13, 2017	Transfer	(325)	0.00%	–	0.00%
		January 20, 2017	Transfer	30	0.00%	30	0.00%
		January 27, 2017	Transfer	420	0.00%	450	0.00%
		February 3, 2017	Transfer	6,265	0.01%	6,715	0.01%
		February 10, 2017	Transfer	6,971	0.01%	13,686	0.03%
		February 17, 2017	Transfer	21,361	0.04%	35,047	0.07%
		February 24, 2017	Transfer	(20,010)	–0.04%	15,037	0.03%
		March 3, 2017	Transfer	(6,273)	–0.01%	8,764	0.02%
		March 10, 2017	Transfer	45,637	0.09%	54,401	0.10%
		March 17, 2017	Transfer	(15,169)	–0.03%	39,232	0.07%
		March 24, 2017	Transfer	(9,947)	–0.02%	29,285	0.05%
		March 31, 2017	Transfer	2,28,785	0.45%	2,58,070	0.48%
	At the end of the year	March 31, 2017		2,58,070	0.51%	2,58,070	0.48%
4	**Laxminarayan Vyapaar Pvt. Ltd**						
	At the beginning of the year	April 1, 2016		1,00,000	0.20%	–	0.00%
	Changes during the year						0.00%
							0.00%
	At the end of the year	March 31, 2017		1,00,000	0.20%	1,00,000	0.19%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
5	**Choice Equity Broking Private Limited**						
	At the beginning of the year	April 1, 2016		20,300	0.04%		0.00%
	Changes during the year	April 22, 2016	Transfer	1,000	0.00%	21,300	0.04%
		June 3, 2016	Transfer	(300)	0.00%	21,000	0.04%
		June 10, 2016	Transfer	500	0.00%	21,500	0.04%
		June 17, 2016	Transfer	5,000	0.01%	26,500	0.05%
		June 24, 2016	Transfer	(5,000)	–0.01%	21,500	0.04%
		July 15, 2016	Transfer	(128)	0.00%	21,372	0.04%
		July 22, 2016	Transfer	(8)	0.00%	21,364	0.04%
		August 26, 2016	Transfer	(364)	0.00%	21,000	0.04%
		September 9, 2016	Transfer	364	0.00%	21,364	0.04%
		September 16, 2016	Transfer	(364)	0.00%	21,000	0.04%
		September 23, 2016	Transfer	10,000	0.02%	31,000	0.06%
		October 7, 2016	Transfer	(10,000)	–0.02%	21,000	0.04%
		December 9, 2016	Transfer	300	0.00%	21,300	0.04%
		December 16, 2016	Transfer	(300)	0.00%	21,000	0.04%
		January 13, 2017	Transfer	2,010	0.00%	23,010	0.04%
		January 20, 2017	Transfer	9,500	0.02%	32,510	0.06%
		January 27, 2017	Transfer	(2,500)	0.00%	30,010	0.06%
		February 3, 2017	Transfer	(9,000)	–0.02%	21,010	0.04%
		February 10, 2017	Transfer	300	0.00%	21,310	0.04%
		February 17, 2017	Transfer	(310)	0.00%	21,000	0.04%
		March 3, 2017	Transfer	(990)	0.00%	20,010	0.04%
		March 17, 2017	Transfer	100	0.00%	20,110	0.04%
		March 24, 2017	Transfer	(10)	0.00%	20,100	0.04%
	At the end of the year	March 31, 2017		20,100	0.04%	20,100	0.04%
6	**P D K Impex Pvt. Ltd***						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year	February 17, 2017	Transfer	2,00,000	0.39%	2,00,000	0.37%
		March 17, 2017	Transfer	(2,00,000)	–0.39%	–	0.00%
		March 24, 2017	Transfer	2,00,000	0.39%	2,00,000	0.37%
	At the end of the year	March 31, 2017		2,00,000	0.39%	2,00,000	0.37%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
7	**Systematix Finvest Pvt. Ltd.**						
	At the beginning of the year	April 1, 2016		–	0.00%		0.00%
	Changes during the year	July 22, 2016	Transfer	23,000	0.05%	23,000	0.04%
		December 16, 2016	Transfer	(23,000)	–0.05%	–	0.00%
		January 20, 2017	Transfer	2,60,000	0.51%	2,60,000	0.49%
		March 3, 2017	Transfer	(2,60,000)	–0.51%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
8	**Vistar Financiers Pvt. Ltd**						
	At the beginning of the year	April 1, 2016		60,000	0.12%	–	0.00%
	Changes during the year	April 22, 2016	Transfer	(35,000)	–0.07%	25,000	0.05%
		July 15, 2016	Transfer	35,000	0.07%	60,000	0.11%
		August 5, 2016	Transfer	(11,000)	–0.02%	49,000	0.09%
		February 3, 2017	Transfer	11,000	0.02%	60,000	0.11%
		February 17, 2017	Transfer	(10,000)	–0.02%	50,000	0.09%
	At the end of the year	March 31, 2017		50,000	0.10%	50,000	0.09%
9	**Chandrakant Kirtilal Parikh**						
	At the beginning of the year	April 1, 2016		21,000	0.04%	–	0.00%
	Changes during the year	September 30, 2015	Transfer		0.00%	–	0.00%
	At the end of the year	March 31, 2017		21,000	0.04%	21,000	0.04%
10	**Gopal Pravinchandra Vakharia (HUF)**						
	At the beginning of the year	April 1, 2016		21,800	0.04%		0.00%
	Changes during the year	August 12, 2016	Transfer	(200)	0.00%	21,600	0.04%
		September 16, 2016	Transfer	1,000	0.00%	22,600	0.04%
		September 23, 2016	Transfer	800	0.00%	23,400	0.04%
		October 14, 2016	Transfer	900	0.00%	24,300	0.05%
		October 28, 2016	Transfer	(200)	0.00%	24,100	0.04%
		November 04, 2016	Transfer	200	0.00%	24,300	0.05%
		December 02, 2016	Transfer	600	0.00%	24,900	0.05%
		December 09, 2016	Transfer	500	0.00%	25,400	0.05%
		December 16, 2016	Transfer	(100)	0.00%	25,300	0.05%
		January 13, 2017	Transfer	300	0.00%	25,600	0.05%
		January 27, 2017	Transfer	(500)	0.00%	25,100	0.05%
		February 10, 2017	Transfer	(400)	0.00%	24,700	0.05%
		February 17, 2017	Transfer	(1,700)	0.00%	23,000	0.04%
		March 03, 2017	Transfer	301	0.00%	23,301	0.04%
		March 10, 2017	Transfer	199	0.00%	23,500	0.04%
		March 17, 2017	Transfer	1,500	0.00%	25,000	0.05%
	At the end of the year	March 31, 2017		25,000	0.05%	25,000	0.05%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
11	**Amal N Parikh ***						
	At the beginning of the year	April 1, 2016		2,99,998	0.59%	2,99,998	0.56%
	Changes during the year				0.00%		0.00%
	At the end of the year	March 31, 2017		2,99,998	0.59%	2,99,998	0.56%
12	**Mount Intra Finance Pvt. Ltd***						
	At the beginning of the year	April 1, 2016		–	0.00%		0.00%
	Changes during the year	March 31, 2017		2,52,443	0.49%	2,52,443	0.47%
	At the end of the year	March 31, 2017		2,52,443	0.49%	2,52,443	0.47%
13	**Rekha Rakesh Jhunjhunwala**						
	At the beginning of the year	April 1, 2016		34,98,349	6.85%		0.00%
	Changes during the year	February 17, 2017	Transfer	(49,000)	–0.10%	34,49,349	6.44%
		February 24, 2017	Transfer	(1,61,000)	–0.32%	32,88,349	6.14%
		March 3, 2017	Transfer	(41,714)	–0.08%	32,46,635	6.06%
		March 10, 2017	Transfer	(2,07,560)	–0.41%	30,39,075	5.67%
		March 17, 2017	Transfer	(2,44,408)	–0.48%	27,94,667	5.21%
		March 24, 2017	Transfer	(86,034)	–0.17%	27,08,633	5.05%
		March 31, 2017	Transfer	(3,97,284)	–0.78%	23,11,349	4.31%
	At the end of the year	March 31, 2017		23,11,349	4.52%	23,11,349	4.31%
14	**Rakesh Radheshyam Jhunjhunwala**						
	At the beginning of the year	April 1, 2016		5,00,000	0.98%		0.00%
	Changes during the year				0.00%	–	0.00%
					0.00%	–	0.00%
	At the end of the year	March 31, 2017		5,00,000	0.98%	5,00,000	0.93%
15	**General Insurance Corporation of India**						
	At the beginning of the year	April 1, 2016		1,70,094	0.33%		0.00%
	Changes during the year	February 24, 2017	Transfer	(50,000)	–0.10%	1,20,094	0.22%
					0.00%	1,20,094	0.22%
	At the end of the year	March 31, 2017		1,20,094	0.24%	1,20,094	0.22%
16	**Maverick Share Brokers Limited - Client Beneficiary Account**						
	At the beginning of the year	April 1, 2016		31,975	0.06%		0.00%
	Changes during the year	April 22, 2016	Transfer	(25,000)	–0.05%	6,975	0.01%
		June 24, 2016	Transfer	200	0.00%	7,175	0.01%
		July 8, 2016	Transfer	5,000	0.01%	12,175	0.02%
		July 22, 2016	Transfer	33,716	0.07%	45,891	0.09%
		July 29, 2016	Transfer	52,535	0.10%	98,426	0.18%
		August 5, 2016	Transfer	(500)	0.00%	97,926	0.18%
		August 19, 2016	Transfer	(29,000)	–0.06%	68,926	0.13%
		September 9, 2016	Transfer	(60,000)	–0.12%	8,926	0.02%
		September 16, 2016	Transfer	849	0.00%	9,775	0.02%
		September 23, 2016	Transfer	(1,200)	0.00%	8,575	0.02%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		September 30, 2016	Transfer	(323)	0.00%	8,252	0.02%
		October 7, 2016	Transfer	(177)	0.00%	8,075	0.02%
		October 14, 2016	Transfer	100	0.00%	8,175	0.02%
		October 28, 2016	Transfer	10,000	0.02%	18,175	0.03%
		November 18, 2016	Transfer	14,000	0.03%	32,175	0.06%
		December 2, 2016	Transfer	(10,000)	–0.02%	22,175	0.04%
		December 9, 2016	Transfer	(20,000)	–0.04%	2,175	0.00%
		December 23, 2016	Transfer	(100)	0.00%	2,075	0.00%
		January 27, 2017	Transfer	3,500	0.01%	5,575	0.01%
		March 3, 2017	Transfer	1,000	0.00%	6,575	0.01%
		March 31, 2017	Transfer	24,800	0.05%	31,375	0.06%
	At the end of the year	March 31, 2017		31,375	0.06%	31,375	0.06%
17	**Systematx Shares and tocks (India) Limited**						
	At the beginning of the year	April 1, 2016		22,482	0.04%		0.00%
	Changes during the year	April 22, 2016	Transfer	(14)	0.00%	22,468	0.04%
		May 20, 2016	Transfer	31,500	0.06%	53,968	0.10%
		May 27, 2016	Transfer	(468)	0.00%	53,500	0.10%
		July 22, 2016	Transfer	17	0.00%	53,517	0.10%
		August 5, 2016	Transfer	8	0.00%	53,525	0.10%
		August 12, 2016	Transfer	(25)	0.00%	53,500	0.10%
		September 2, 2016	Transfer	30	0.00%	53,530	0.10%
		September 16, 2016	Transfer	(25)	0.00%	53,505	0.10%
		September 23, 2016	Transfer	(5)	0.00%	53,500	0.10%
		October 7, 2016	Transfer	(12,623)	–0.02%	40,877	0.08%
		December 2, 2016	Transfer	(14,877)	–0.03%	26,000	0.05%
		December 9, 2016	Transfer	10	0.00%	26,010	0.05%
		December 31, 2016	Transfer	14,877	0.03%	40,887	0.08%
		January 13, 2017	Transfer	1,000	0.00%	41,887	0.08%
		January 20, 2017	Transfer	(510)	0.00%	41,377	0.08%
		January 27, 2017	Transfer	(500)	0.00%	40,877	0.08%
		February 3, 2017	Transfer	411	0.00%	41,288	0.08%
		February 10, 2017	Transfer	(411)	0.00%	40,877	0.08%
		February 24, 2017	Transfer	25	0.00%	40,902	0.08%
		March 10, 2017	Transfer	825	0.00%	41,727	0.08%
		March 17, 2017	Transfer	(500)	0.00%	41,227	0.08%
		March 24, 2017	Transfer	250	0.00%	41,477	0.08%
		March 31, 2017	Transfer	75	0.00%	41,552	0.08%
	At the end of the year	March 31, 2017		41,552	0.08%	41,552	0.08%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
18	**Dalmia Securities Private Limited#**						
	At the beginning of the year	April 1, 2016		2,52,443	0.49%	–	0.00%
	Changes during the year	March 31, 2016	Transfer	(2,52,443)	–0.49%	–	0.00%
				0.00%			0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
19	**Arco Impex Limited**						
	At the beginning of the year	April 1, 2016		2,37,100	0.46%	–	0.00%
	Changes during the year				0.00%	–	0.00%
	At the end of the year	March 31, 2017		2,37,100	0.46%	2,37,100	0.44%
20	Mountain Vanijya Private Limited#						
	At the beginning of the year	April 1, 2016		1,76,000	0.34%	1,76,000	0.33%
	Changes during the year	December 2, 2016	Transfer	(1,76,000)	–0.34%	–	0.00%
		December 31, 2016	Transfer	1,62,465	0.32%	1,62,465	0.30%
		January 6, 2017	Transfer	(41,881)	–0.08%	1,20,584	0.22%
		January 13, 2017	Transfer	(32,361)	–0.06%	88,223	0.16%
		January 20, 2017	Transfer	(21,814)	–0.04%	66,409	0.12%
		January 27, 2017	Transfer	(20,077)	–0.04%	46,332	0.09%
		February 3, 2017	Transfer	(5,332)	–0.01%	41,000	0.08%
		March 3, 2017	Transfer	6,103	0.01%	47,103	0.09%
		March 10, 2017	Transfer	(32,559)	–0.06%	14,544	0.03%
		March 17, 2017	Transfer	(14,544)	–0.03%	–	0.00%
	At the end of the year	March 31, 2016		–	0.00%	–	0.00%
21	**Sushilabai Ishwardas Bamb**						
	At the beginning of the year	April 1, 2015		21,982	0.04%	21,982	0.04%
	Changes during the year	April 24, 2016	Transfer	(300)	0.00%	21,682	0.04%
	At the end of the year	March 31, 2016		21,682	0.04%	21,682	0.04%
22	**Babalbhai Manilal Patel**						
	At the beginning of the year	April 1, 2016		0	0.00%	–	0.00%
	Changes during the year	November 3, 2016	Transfer	3000	0.01%	3,000	0.01%
		November 4, 2016	Transfer	4235	0.01%	7,235	0.01%
		November 5, 2016	Transfer	4000	0.01%	11,235	0.02%
		December 6, 2016	Transfer	10895	0.02%	22,130	0.04%
		December 7, 2016	Transfer	–5100	–0.01%	17,030	0.03%
		December 8, 2016	Transfer	–3444	–0.01%	13,586	0.03%
		December 9, 2016	Transfer	–5143	–0.01%	8,443	0.02%
		January 10, 2017	Transfer	–8443	–0.02%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
23	**Silver Stallion Limited#**						
	At the beginning of the year	April 1, 2016		1,80,000	0.35%		0.00%
	Changes during the year	July 22, 2016	Transfer	(3,404)	–0.01%	1,76,596	0.19%
		July 29, 2016	Transfer	(76,596)	–0.15%	1,00,000	0.00%
		September 23, 2016	Transfer	(1,00,000)	–0.20%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
24	**Mukul Agrawal**						
	At the beginning of the year	April 1, 2016		4,25,000	0.83%		0.00%
	Changes during the year	April 22, 2016	Transfer	50,000	0.10%	4,75,000	0.89%
		April 29, 2016	Transfer	50,000	0.10%	5,25,000	0.98%
		May 6, 2016	Transfer	36,399	0.07%	5,61,399	1.05%
		May 13, 2016	Transfer	13,601	0.03%	5,75,000	1.07%
		May 20, 2016	Transfer	50,000	0.10%	6,25,000	1.17%
		June 3, 2016	Transfer	(29,000)	–0.06%	5,96,000	1.11%
		July 15, 2016	Transfer	1,04,000	0.20%	7,00,000	1.31%
		December 2, 2016	Transfer	(7,00,000)	–1.37%	–	0.00%
		December 31, 2016	Transfer	7,00,000	1.37%	7,00,000	1.31%
		February 10, 2017	Transfer	(12,553)	–0.02%	6,87,447	1.28%
		February 17, 2017	Transfer	(1,87,476)	–0.37%	4,99,971	0.93%
		February 24, 2017	Transfer	(37,269)	–0.07%	4,62,702	0.86%
		March 17, 2017	Transfer	(90,729)	–0.18%	3,71,973	0.69%
	At the end of the year	March 31, 2017		3,71,973	0.73%	3,71,973	0.69%
25	**Mukul Mahavirprasad Agrawal**						
	At the beginning of the year	April 1, 2016		3,75,000	0.73%	3,75,000	0.70%
	Changes during the year	December 2, 2016	Transfer	(3,75,000)	–0.73%	–	0.00%
		December 31, 2016	Transfer	3,75,000	0.73%	3,75,000	0.70%
	At the end of the year	March 31, 2017		3,75,000	0.73%	3,75,000	0.70%
26	**MKN Investment Private Limited**						
	At the beginning of the year	April 1, 2014		50,00,000	9.79%	50,00,000	9.33%
	Changes during the year			–	0.00%		0.00%
	At the end of the year	March 31, 2015		50,00,000	9.79%	50,00,000	9.33%
27	**Bamb Prashant Ishwardas**						
	At the beginning of the year	April 1, 2014		28,458	0.06%	28,458	0.05%
	Changes during the year	October 21, 2016	Transfer	500	0.00%	28,958	0.05%
	At the end of the year	March 31, 2015		28,958	0.06%	28,958	0.05%

*Not in the list of Top 10 shareholders as on 01/04/2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2017.

#Ceased to be in the list of Top 10 shareholders as on 31/03/2017. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2016.

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

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

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Aditya Khaitan**						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
2	**Virendra Kumar Verma**						
	At the beginning of the year	April 1, 2016		700	0.00%	700	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		700	0.00%	700	0.00%
3	**Manoj Toshniwal**[1]						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
3	**Arundhuti Dhar**[2]						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
4	**Nandini Khaitan**[3]						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
5	**Amritanshu Khaitan**						
	At the beginning of the year	April 1, 2016		8,000	0.02%	8,000	0.01%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		8,000	0.02%	8,000	0.01%
5	**Subir Ranjan Dasgupta**[4]						
	At the beginning of the year	April 1, 2016		2,500	0.00%	2,500	0.00%
	Changes during the year	January 1, 2017	Transfer	(2,500)	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
6	**Asim Kumar Barman**						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
7	**P H Ravikumar**						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
8	**Manish Agarwal**[5]						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
9	**Partha Sarathi Bhattacharyya[6]**						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
10	**Prasanta Kumar Chandra**						
	At the beginning of the year	April 1, 2016		1,000	0.00%	1,000	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		1,000	0.00%	1,000	0.00%
11	**Prabir Ghosh**						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
12	**Srinivash Singh[7]**						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%
13	**Dibakar Chatterjee**						
	At the beginning of the year	April 1, 2016		–	0.00%	–	0.00%
	Changes during the year			–	0.00%	–	0.00%
	At the end of the year	March 31, 2017		–	0.00%	–	0.00%

1. Mr. Manoj Toshniwal who was appointed as an additional Director on October 1, 2016, ceased to be a Director of the company w.e.f December 19, 2016.2. Ms. Arundhuti Dhar had been appointed as an Additional Director on August 23, 2016, and later as an Independent Director by the Members of the Company on September 29, 20163. Miss. Nandini Khaitan who was an Independent Director has resigned from the Board of Directors w.e.f May 19, 2016. 4. Mr. Subir Ranjan Dasgupta who was an Independent Director has resigned from the Board of Directors w.e.f December 14, 2016.5. Mr. Manish Agarwal had been appointed as the Additional Director of the Company on October 1, 20166. Mr. Partha Sarath Bhattacharya had been appointed as the Additional Director of the Company on December 14, 20167. Mr. Srinivash Singh had been appointed as the Managing Director of the Company on December 14, 2016

V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,46,712.87	74,335.03	–	2,21,047.90
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	3,660.45	–	–	3,660.45
Total (i+ii+iii)	1,50,373.32	74,335.03	–	2,24,708.36
Change in Indebtedness during the financial year				
* Addition	–	93,759.21	–	93,759.21
* Reduction	–	–	–	
Net Change	–	93,759.21	–	93,759.21
Indebtedness at the end of the financial year				
i) Principal Amount	1,07,614.46	1,68,094.24	–	2,75,708.70
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	3,946.74	–	–	3,946.74
Total (i+ii+iii)	**1,11,561.20**	**1,68,094.24**	**–**	**2,79,655.44**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name Designation	Name of MD/WTD/ Manager Prabir Ghosh# Whole Time Director & Group CFO	Prasanta Kumar Chandra# Whole Time Director & COO	Total Amount (Rs.)
1	**Gross salary**		**(Rs.)**	**(Rs.)**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	98,34,290.00	1,03,98,900.00	2,02,33,190.00	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		53,240.00	54,400.00	1,07,640.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		–	–	–
2	Stock Option		–	–	–
3	Sweat Equity		–	–	–
4	Commission – as % of profit		–	–	–
	– others, specify		–	–	–
5	Contributions to Provident Fund and other funds		5,56,421.00	5,67,300.00	11,23,721.00
	Total (A)		**1,04,43,951.00**	**1,10,20,600.00**	**2,14,64,551.00**
	Ceiling as per the Act*		1,20,00,000.00		1,20,00,000.00

*Mr. Srinivash Singh, appointed as the Managing Director of the Company on December 14, 2016, has not drawn any salary during the Financial Year ended March 31, 2017

#Requisite approval of the Central Government required under Section 197 of the Companies Act, 2013, shall be taken in the forthcoming Annual General Meeting of the Company towards payment of remuneration to the two Whole Time Directors of the Company

B. Remuneration to other Directors

SN.	Particulars of Remuneration		Name of Directors		Total Amount (Rs.)
1	**Independent Directors**	**Virendra Kumar Verma**	**Partha Sarathi Bhattacharya**	**Subir Ranjan Dasgupta**	
	Fee for attending board committee meetings	2,20,000.00	20,000.00	1,60,000.00	
	Commission	–	–	–	
	Others, please specify	–	–	–	
	Total (1)	2,20,000.00	20,000.00	1,60,000.00	
	Independent Directors	Asim Kumar Barman	Arundhuti Dhar	P H Ravikumar	
	Fee for attending board committee meetings	3,60,000.00	2,00,000.00	1,40,000.00	
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (1) 3,60,000.00	**2,00,000.00**	**1,40,000.00**	**11,00,000.00**	
2	Other Non-Executive Directors	Aditya Khaitan	Amritanshu Khaitan	Manish Agarwal	–
	Fee for attending board committee meetings	2,00,000.00	1,80,000.00	40,000.00	
	Commission	–	–	–	
	Others, please specify	–	–	–	
	Total (2) 2,00,000.00	**1,80,000.00**	**40,000.00**	**4,20,000.00**	
	Total (B)=(1+2)				**15,20,000.00**
	Total Managerial Remuneration				**–**
	Overall Ceiling as per the Act				–

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs.)
		Name Designation	Dibakar Chatterjee Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		8,50,000.00	8,50,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		–	–
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		–	–
2	Stock Option		–	–
3	Sweat Equity		–	–
4	Commission			
	– as % of profit		–	–
	– others, specify		–	–
5	Others, please specify			–
	Total		**8,50,000.00**	**8,50,000.00**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

Annexure G to the Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

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

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

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

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

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

I report that, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) Secretarial Standards (SS–1 and SS-2) as issued by The Institute of Company Secretaries of India;

(iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

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

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

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009.

Matter of Emphasis :

1. There was a delay in transferring the Unclaimed and Unpaid Dividend for the Financial Year 2008-09 to the Investor Education and Protection Fund.
2. Remuneration paid / payable to the Whole-time Directors of the Company for the Financial Year 2016-17 was in excess of the limits as specified under Section 197(3) read with Schedule V of the Companies Act, 2013. However, I have been informed that the Company is taking necessary steps to get the approval from the concerned authority.
3. There are certain forms which have been filed belatedly with the Ministry of Corporate Affairs.
4. The Company is not regular in depositing the contributions towards Provident Fund and the Employee State Insurance with the prescribed authorities.
5. The Company is in process of implementation of various provisions of Secretarial Standards (SS-1 & SS-2).

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

Further, to the best of my knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environments laws, etc.

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

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

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

I further report that :

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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 are captured and recorded as part of the minutes.

(d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that :

(a) The Board of Directors at its meeting held on 14.12.2016 had decided not to go ahead with the proposed merger of EMC Limited, McNally Bharat Engineering Company Limited and McNally Sayaji Engineering Limited with Kilburn Engineering Limited.

(b) The Company has increased the authorized share capital of the Company by creation of additional equity shares and creation of new convertible preference shares in the authorized share capital of the Company and made necessary amendments in the Memorandum and Articles of Association of the Company.

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

Place: Kolkata
Dated: 11.08.2017

Annexure H to the Directors' Report

Particulars of Employees

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

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

Executive Directors

	Remuneration(Rs)	Ratio to the median remuneration
Mr. Prabir Ghosh, Whole Time Director & Group CFO	1,04,43,952	20.45:1
Mr. Prasanta Kumar Chandra, Whole Time Director & COO	1,10,20,200	21.57:1

Non Executive Directors

Name of the Directors	Sitting fees paid during the year (in Rs)	Ratio to the median remuneration
Mr. Aditya Khaitan	2,00,000	0.39:1
Mr. Virendra Kumar Verma	2,20,000	0.43:1
Mr. P. S. Bhattacharya	20,000	0.04:1
Mr. Amritanshu Khaitan	1,80,000	0.35:1
Mr. Subir Ranjan Dasgupta	1,60,000	0.31:1
Mr. Asim Kumar Barman	3,60,000	0.70:1
Mr. P. H. Ravikumar	1,40,000	0.27:1
Ms. Arundhuti Dhar	2,00,000	0.39:1
Mr. Manish Agarwal	40,000	0.08:1

Mr. Srinivash Singh was appointed as the Managing Director of the Company on December 14, 2016. He earlier served as the Managing Director of the Company from October 27, 2002 to June 17, 2010, and as the Managing Director of BIL Infratech Limited from August 18, 2010, to April 21, 2016. He did not take any remuneration from McNally Bharat Engineering Company Ltd. till March 31st 2017

(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. Prabir Ghosh	Whole Time Director & Group CFO	Nil
Mr. Prasanta Kumar Chandra	Whole Time Director & COO	Nil
Mr. Aditya Khaitan	Non Executive Director	Nil
Mr. Amritanshu Khaitan	Non Executive Director	Nil
Mr. Virendra Kumar Verma	Independent Director	Nil
Mr. Manish Agarwal	Independent Director	Nil
Mr. Subir Ranjan Dasgupta	Independent Director	Nil
Mr. Asim Kumar Barman	Independent Director	Nil
Ms Arundhuti Dhar	Independent Director	Nil
Mr. P. H. Ravikumar	Independent Director	Nil
Mr. P. S. Bhattacharya	Independent Director	Nil

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

(iv) The number of permanent employees on the rolls of company: 939

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

Average percentile increase already made in the salaries of employees in the last financial year (barring KMPs, including CFO & CS) = There has been no increase in the remuneration during the financial year ended March 31, 2017.

Percentile increase in the managerial remuneration in the last financial year (including CFO & CS) = There has been no increase in the remuneration during the financial year ended March 31, 2017.

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

The remuneration paid during the financial year ended 31st March, 2017 is in terms of the Remuneration Policy of the Company.

Information pursuant to Rule 5(2) of chapter XIII of the Companies (Appointment & Remuneration of Management Personnel) Rule, 2014

(I) The following are the names of top ten Employees in terms of Remuneration

Name	Designation	Remuneration Receuved (in Rs. Lacs)	Nature of Employment (Permanent or Contractual)	Qualification	Total Experience	DOJ	Age	The Last Employment held	The Percentage of Equity Share held	Whether any such employee is a relative of any Director Manager of the Company and if so, name of such Director Manager
Mr. P. K. Chandra	Whole Time Direcotr & COO	110.20	Permanent	B.E., Mechanical, ICWA	40.03	24-Jan-03	60	Texamco Group of Companies - Head Machinery Division	0.001%	No
Mr. Prabir Kumar Ghosh	Whole Time Director	104.44	Permanent	Chartered Accountant	33.02	4-Jul-16	57	IFB Agro Industries Ltd. - President		No
Mr. Pawan Kumar Ganeriwala	Chief of Corporate Service	60.60	Contractual	B.Com	41.03	1-Apr-15	59	Senior Flexonics CEO		No
Mr. Vishwa Deo Sharma	Business Head Infrastructure Projects	59.23	Contractual	B.E., Civil	42.03	2-May-16	63	Supreme Infrastructure (India) Lte. - Head Strategies and Processes		No
Mr. Biman Kanti Dasgupta	Sr Vice President Power Project Divn.	56.07	Permanent	B.E., Mechanical	38.03	10-Mar-10	59	Alstom Project India Ltd. - Head of Project Management		No
Mr. Kunal Chattopadhyay	Vice President Marketing	51.15	Permanent	B.E., Mechanical	39.03	1-Apr-03	59	Burn Standard Co. Ltd. Chief Manager		No
Mr. Pulak Kumar Tarafder	Vice President IT	50.50	Permanent	M.Tech, Science Computer	33.02	3-Jan-08	58	TIL Limited, Techno Functional Head		No
Mr. Tinanjan Mitra	Associate Vice President Construction	45.96	Permanent	Diploma Engg. Mechanical	33.02	22-Feb-13	53	L&T, Chief Project Manager		No
Mr. Biswarup Roy Chowdhury	Vice President	45.96	Permanent	B.E., Mechanical	38.03	23-Jul-12	59	Reliance Infrastructure Ltd., Vice President		No
Mr. Saroj Kumar Chatterjee	Vice President Projects	45.44	Permanent	B.E., Mechanical	34.02	23-Aprl-99	54	Mining and Allied Machinery Corp. Ltd. Asstt. Engineer		No

Information pursuant to Rule 5(2) of chapter XIII of the Companies (Appointment & Remuneration of Management Personnel) Rule, 2014

(I) The following persons were employeed throughout the financial year and were in receipt of remuneration for that year which, in the aggregate, was not less than Rupees One crore two lakhs

Name	Designation	Remuneration Receuved (in Rs. Lacs)	Nature of Employment (Permanent or Contractual)	Qualification	Total Experience	DOJ	Age	The Last Employment held	The Percentage of Equity Share held	Whether any such employee is a relative of any Director Manager of the Company and if so, name of such Director Manager
Mr. P. K. Chandra	Whole Time Director & COO	110.20	Permanent	B.E., Mechanical	40.03	24-Jan-03	60	Texmaco Group of Companies - Head Mechinery Division		No
Mr. Prabir Kumar Ghosh	Whole Time Director	104.44	Permanent	Chartered Accountant	33.02	4-Jul-16	57	IFB Agro Industries Ltd. President		No

(III) There was no employees in the Company, whether employeed throughout or part of the financial year 2016-17, who has drawn remuneration in excees of that drawn by the Wholetime Director and holds along with spouse and dependent children not less than two per cent of the equity share capital of the company.

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

Independent Auditors' Report

TO THE MEMBERS OF MCNALLY BHARAT ENGINEERING COMPANY LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of **McNally Bharat Engineering Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records inaccordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design,implementation and maintenance of adequate internal financial controls,that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

Basis for Qualified Opinion

8. We draw your attention to:
   i. Note 33 to the financial statements regarding non – provisioning towards overdue receivables amounting to Rs. 7180 Lacs (net) that are due for more than one year from MBE Mineral Technologies Pte Limited, the wholly owned subsidiary of the Company in Singapore, which is not in accordance with requirements of Ind AS 109 – Financial Instruments and not in compliance with the provisions of Notification NO. FEMA/120/RB-2004 dated July 7, 2004, as amended from time to time of the Foreign Exchange Management Act, 2000. As set out in the aforesaid note, the Management is making necessary efforts to ensure collection of dues from the subsidiary. However, there

are uncertainties regarding the amounts that would be collected ultimately and the impact of the same on the Current Financial Assets, Loss BeforeTax is presently unascertainable.

ii. Note 33to the financial statements regarding non – provisioning towards impairment in the carrying value of long term investments in MBEMineral Technologies Pte Limited aggregating Rs. 2550.74 Lacs, which is not in accordance with the requirement of Ind AS 36 Impairment of Assets. Consequently, in the absence of the sufficient appropriate audit evidence to support management assessment regarding the carrying value of investments, we are unable to comment on its impact on the loss, if any, for the year.

iii. Note 34 to the financial statements regarding remuneration aggregating Rs.76.8 Lacs paid/payable to a whole-time director of the Company for which the company has not obtained the requisite approvals as mandated under Section 197 (3) read with Schedule V of the Act. The impact of the said non-compliance is currently unascertainable.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the indeterminate effects of the matters referred to in the Basis for Qualified Opinion paragraph above, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner sorequired and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

10. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 30, 2016and a qualified opinion dated May 30, 2015 respectively. The qualified opinion was with regard to managerial remuneration paid in excess of the limits prescribed under the Companies Act, 2013, which was subsequently regularised by the Company. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

    Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, except for the indeterminate effects of the matters referred to in paragraph 8 above,proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, except for the indeterminate effects of the matters referred to in paragraph 8 above,the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A, wherein we have expressed a qualified opinion.

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

(i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017on its financial position in its standalone Ind AS financial statements – Refer Note 31;

(ii) The Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses,if any, on long-term contracts including derivative contracts – Refer Note 35;

(iii) The instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, during the year ended March 31, 2017 are as follows:

Year of Dividend	Unpaid (Rs. Lacs)	Due Date	Actual date of transfer	Delay (days)
2008-09	2.047	30.12.2016	11.05.2017	132

(iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 36.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
May 30, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of McNally Bharat Engineering Company Limited on the standalone financial statements for the year ended March 31, 2017.

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

1. We have audited the internal financial controls over financial reporting of McNally Bharat Engineering Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods

are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes inconditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2017

   The Company's internal financial controls relating to review of investments and receivables for appropriate provisioning did not operate effectively which resulted in non-ascertainment of adequate provision against certain investments in and receivables from subsidiary.

   The Company's internal financial controls relating to compliance with laws and regulations did not operate effectively which resulted in the non-compliance not having been detected timely and the managerial remuneration not been approved in accordance with requirements of Section 197 read with Schedule V of the Companies Act, 2013.

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

Opinion

10. In our opinion, except for the effects of the material weakness described in the Basis for Qualified Opinion paragraph above, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

11. We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2017, and the material weakness does affect our opinion on the standalone Ind AS financial statements of the Company.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number : 52340

Kolkata
May 30, 2017

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of McNally Bharat Engineering Company Limited on the financial statements as of and for the year ended March 31, 2017

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

(b) The fixed Assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The Company does not own any immovable property as disclosed in Note 3 on Property, plant & equipment to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the management during the year.The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.

iii. The Company has granted unsecured loans, to a company covered in the register maintained under Section 189 of the Act. The Company has not granted any secured/unsecured loans to firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) In respect of the aforesaid loans, no schedule of repayment of principal has been stipulated by the Company.Therefore, in absence of stipulation of repayment terms we do not make any comment on the regularity of repayment of principal and payment of interest.

(c) Inrespect of the aforesaid loans,there is no amount which is overdue for more than ninety days.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax and value added tax have not been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases and is regular in depositing undisputed statutory dues including duty of customs, duty of excise and cess as applicable with appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2017, for a period of more than six months from the date they became payable are as follows:

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount Relates	Due Date	Date of Payment
Income Tax Act, 1961	TDS u/s 194 A	39,938,855	Mar-16	30/04/2016	Not Yet Paid
Income Tax Act, 1961	TDS u/s 195	1,947,064	Jun-15	07/07/2015	Not Yet Paid
Jharkhand VAT Act	JH WCT	389,730	Apr-16	21/05/2016	24/04/2017
Jharkhand VAT Act	JH WCT	3,059,135	May-16	21/06/2016	Not Yet Paid
Jharkhand VAT Act	JH WCT	2,249,798	Jun-16	21/07/2016	Not Yet Paid

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount Relates	Due Date	Date of Payment
Jharkhand VAT Act	JH WCT	1,380,092	Jul-16	21/08/2016	Not Yet Paid
Jharkhand VAT Act	JH WCT	56,187	Aug-16	21/09/2016	Not Yet Paid
Jharkhand VAT Act	JH WCT	898,679	Sep-16	21/10/2016	Not Yet Paid
Bihar VAT Act	Bihar WCT	3,923	May-16	21/06/2016	Not Yet Paid
Bihar VAT Act	Bihar WCT	85,487	Jun-16	21/07/2016	Not Yet Paid
Bihar VAT Act	Bihar WCT	166,872	Jul-16	21/08/2016	Not Yet Paid
Bihar VAT Act	Bihar WCT	62,049	Aug-16	21/09/2016	Not Yet Paid
Bihar VAT Act	Bihar WCT	679,656	Sep-16	21/10/2016	Not Yet Paid
Gujrat VAT Act	GUJWCT	760,948	Mar-16	21/04/2016	Not Yet Paid
Gujrat VAT Act	GUJWCT	9,998	Apr-16	21/05/2016	Not Yet Paid
Gujrat VAT Act	GUJWCT	6,649	Jun-16	21/07/2016	Not Yet Paid
Tamil Nadu VAT Act	TM WCT	104,302	Mar-14	21/04/2014	Not Yet Paid
Tamil Nadu VAT Act	TM WCT	193,551	Mar-15	21/04/2015	Not Yet Paid
Tamil Nadu VAT Act	TM WCT	738,228	Mar-16	21/04/2016	11-May-17
Tamil Nadu VAT Act	TM WCT	61,636	Apr-16	21/05/2016	11-May-17
Tamil Nadu VAT Act	TM WCT	164,363	May-16	21/06/2016	11-May-17
Tamil Nadu VAT Act	TM WCT	82,084	Jun-16	21/07/2016	11-May-17
Tamil Nadu VAT Act	TM WCT	56,308	Jul-16	21/08/2016	11-May-17
Tamil Nadu VAT Act	TM WCT	121,283	Aug-16	21/09/2016	11-May-17
Tamil Nadu VAT Act	TM WCT	20,075	Sep-16	21/10/2016	11-May-17
Uttar Pradesh VAT Act	UP WCT	117,755	Oct-15	21/11/2015	Not Yet Paid
Uttar Pradesh VAT Act	UP WCT	47,306	Mar-16	21/04/2016	Not Yet Paid
Uttar Pradesh VAT Act	UP WCT	58,731	May-16	21/06/2016	Not Yet Paid
Uttar Pradesh VAT Act	UP WCT	26,667	Jun-16	21/07/2016	Not Yet Paid
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	5,922,947	Feb-16	15/03/2016	Not Yet Paid
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	6,356,076	Mar-16	15/04/2016	Not Yet Paid
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	5,802,138	Apr-16	15/05/2016	Not Yet Paid
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	5,715,100	May-16	15/06/2016	Not Yet Paid

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount Relates	Due Date	Date of Payment
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	5,792,201	Jun-16	15/07/2016	Not Yet Paid
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	5,587,154	Jul-16	15/08/2016	Not Yet Paid
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	5,454,081	Aug-16	15/09/2016	Not Yet Paid
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	5,579,015	Sep-16	15/10/2016	Not Yet Paid
Employee's State Insurance Scheme	ESI	3,694	Apr-16	21/05/2016	Not Yet Paid
Employee's State Insurance Scheme	ESI	3,434	May-16	21/06/2016	Not Yet Paid
Employee's State Insurance Scheme	ESI	3,434	Jun-16	21/07/2016	Not Yet Paid
Employee's State Insurance Scheme	ESI	3,351	Jul-16	21/08/2016	Not Yet Paid
Employee's State Insurance Scheme	ESI	1,874	Aug-16	21/09/2016	Not Yet Paid
Employee's State Insurance Scheme	ESI	1,874	Sep-16	21/10/2016	Not Yet Paid

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise, value added tax, service tax as at March 31, 2017 which have not been deposited on account of dispute, are as follows:

Name of the Statute	Nature of Dues	Rs in lacs	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	CST	470.27	2006-2007	West Bengal Appellate and Revisional Board
Central Sales Tax Act, 1956	CST	26	2007-08	West Bengal Appellate and Revisional Board
Central Sales Tax Act, 1956	CST	29.46	2008-09	West Bengal Appellate and Revisional Board
APCST Act, 1957	CST	60.62	2011-12	Asst. Commissioner Commercial Tax, Andhra Pradesh
Central Sales Tax Act, 1956	CST	133.49	2012-13	Addl Commissioner of CT (Appeals)
Central Sales Tax Act, 1956	CST	217.09	2011-12	Addl Commissioner of CT (Appeals)

Name of the Statute	Nature of Dues	Rs in lacs	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	CST	106.77	2012-13	Addl. Commissioner Appeals West Bengal
Central Sales Tax Act, 1956	CST	293.7	2013-14	Addl. Commissioner Appeals West Bengal
MP VAT ACT	Entry Tax	63.29	2012-13	Addl Commissioner of CT (Appeals)
BIHAR VAT ACT	Entry Tax	11.04	2010-11	JCCT appeals (Patna)
BIHAR VAT ACT	Entry Tax	5.87	2011-12	JCCT appeals(Patna)
Central Excise Act, 1944	Excise Duty	129.51	1989-1993	Commissioner of Central Excise , Pondicherry
APCST Act, 1957	Sales Tax	4.16	1994-95	Sales Tax Appellate Tribunal - Hyderabad
Rajasthan Sales Tax Act, 1994	Sales Tax	1.33	2005-06	Deputy commissioner (appeals), Udaipur
UP Trade Tax Act, 1948	Sales Tax	1.3	2003-04	Deputy commissioner (Appeals) Robertsgunj , UP
WBST Act, 1994	Sales Tax	3.9	2003-04	Deputy Commissioner, Commercial Taxes, Kolkata
Finance Act'1994	Service Tax	16.81	2005-06	Addl Commissioner of Service Tax
Finance Act'1994	Service Tax	1,385.09	2003-04	Asst. Commissioner (Adjudication) Service Tax.
West Bengal Value Added Tax Act, 2003	VAT	72.27	2005-2006	West Bengal Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT	65.67	2007-08	West Bengal Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT	79.84	2008-09	West Bengal Appellate and Revisional Board
West Bengal Value Added Tax Act, 2003	VAT	20.26	2009-10	West Bengal Appellate and Revisional Board
APVAT Act	VAT	12.62	2010-11	Asst. Commissioner Commercial Tax, Andhra Pradesh
KVAT	VAT	670.06	2010-11	Appeal filed before the Jt. Commissioner Appeals Div. V Bangalore
APVAT Act	VAT	0.94	2011-12	Asst. Commissioner Commercial Tax, Andhra Pradesh
BIHAR VAT ACT	VAT	47.12	2010-11	JCCT appeals(Patna)
BIHAR VAT ACT	VAT	29.34	2011-12	JCCT appeals(Patna)
West Bengal Value Added Tax Act, 2003	VAT	763.4	2012-13	Addl.Commissioner Appeals West Bengal
West Bengal Value Added Tax Act, 2003	VAT	703.91	2013-14	Addl.Commissioner Appeals West Bengal
West Bengal Value Added Tax Act, 2003	VAT	182.59	2006-2007	West Bengal Appellate and Revisional Board
Income Tax Act, 1961	Income Tax	3778.89	2012-13	Commissioner of Income Tax(Appeals)

viii. According to the records of the Company examined by us and the information and explanations given to us, except for loan or borrowings fromICICI Bank for the period from March 26, 2017 to March 31, 2017 aggregating to Rs.3,12,50,000 and from Aditya Birla Finance Limited for 1 day ending March 31, 2017 aggregating to Rs.7,62,00,000 as described below, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.

Name	Nature of dues	Period of default	Amount of default(Rs.)
ICICI Bank	Instalment of Long Term Borrowing	6 days	3,12,50,000
Aditya Birla Finance Limited	Instalment of Long Term Borrowing	1 day	7,62,00,000

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across anyinstance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. Except for managerial remuneration aggregating to Rs. 76.80 lacs, the managerial remuneration paid/ provided for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. The Company is in the process of applying to the Central Government for necessary approval mandated under Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has made a preferential allotment of compulsory convertible preference shares during the year under review, in compliance with the requirements of Section 42 of the Act. Further, the amounts raised have been used for the purpose for which funds were raised.

xv. TheCompany has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Prabal Sarkar
Partner
Membership Number : 52340

Kolkata
May 30, 2017

Standalone Balance Sheet as at March 31, 2017

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

Particulars	Notes	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	6,600.43	9,076.65	10,784.05
Capital work-in-progress	3	462.58	462.48	819.51
Intangible assets	4	48.81	43.91	57.35
Financial assets				
i. Investments	5	48,467.09	18,116.66	19,883.08
ii. Trade receivables	6(a)	–	–	0.28
iii. Other financial assets	6(d)	67.10	61.53	3,355.84
Deferred tax assets	7	38,313.30	–	–
Other non-current assets	8	191.64	327.51	414.83
Total non-current assets		**94,150.95**	**28,088.74**	**35,314.94**
Current assets				
Inventories	9	2,614.83	14,849.59	12,773.43
Financial assets				
i. Trade receivables	6(a)	165,243.79	138,519.74	122,064.27
ii. Cash and cash equivalents	6(c)	8,576.73	4,438.93	4,478.23
iii. Bank balances other than cash and cash equivalents above	6(c)	1,609.40	1,720.13	210.58
iv. Loans	6(b)	8,647.07	8,330.99	5,242.59
v. Other financial assets	6(d)	149,312.40	139,601.22	100,654.96
Current tax assets (net)	10(b)	11,799.31	4,499.33	3,152.35
Other current assets	10(a)	70,500.48	59,038.07	41,062.91
Total current assets		**418,304.01**	**370,998.00**	**289,639.32**
Total assets		**512,454.96**	**399,086.74**	**324,954.26**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11(a)	5,359.38	5,109.38	4,059.38
Other equity				
Compulsorily convertible preference shares	11(a)	8,328.79	–	–
Money received against share warrants		–	625.00	750.00
Reserves and surplus	11(b)	(3,451.18)	(45,541.94)	(19,878.11)
Total equity		**10,236.99**	**(39,807.56)**	**(15,068.73)**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
i. Borrowings	12(a)	10,551.62	26,820.56	6,492.52
ii. Other financial liabilities	12(c)	280.25	203.50	108.25
Employee benefit obligations	14	685.73	603.78	659.37
Other non-current liabilities	16	–	–	26.50
Provisions	13	–	–	83.03
Total non-current liabilities		**11,517.60**	**27,627.84**	**7,369.67**
Current Liabilities				
Financial Liabilities				
i. Borrowings	12(b)	240,930.97	174,553.31	137,092.40
ii. Trade payables	12(d)	147,927.39	132,043.22	105,676.59
iii. Other financial liabilities	12(c)	40,343.03	31,401.37	22,810.14
Employee benefit obligations	14	558.24	354.00	271.38
Other current liabilities	16	60,836.12	67,524.51	59,598.53
Provisions	13	104.62	93.86	1,400.00
Current tax liabilities	15	–	5,296.19	5,804.28
Total current liabilities		**490,700.37**	**411,266.46**	**332,653.32**
Total liabilities		**502,217.97**	**438,894.30**	**340,022.99**
Total equity and liabilities		**512,454.96**	**399,086.74**	**324,954.26**

The above standalone balance sheet should be read in conjunction with the accompanying note nos. 1 to 44.

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

For Lovelock & Lewes

Firm Registration Number 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, 30th May, 2017

For and on behalf of Board of Directors of
McNally Bharat Engineering Company Limited

Aditya Khaitan – Chairman
Srinivash Singh – Managing Director
Lalit Khetan – CFO
Prasanta Kumar Chandra – Director
Indranil Mitra – Company Secretary
Prabir Ghosh – Director

Standalone Statement of Profit and Loss For The Year Ended March 31, 2017

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

Particulars	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Revenue from operations	17	192,439.02	248,145.03
Other income	18(a)	31,192.86	4,024.43
Other gains/(losses) - net	18(b)	431.76	455.72
Total income		**224,063.64**	**252,625.18**
Expenses			
Cost of materials consumed	19	148,410.17	141,644.18
Outsourcing expenses to job workers		53,092.17	61,866.01
Excise duty		287.39	439.92
Employee benefit expense	20	9,344.01	11,323.40
Finance costs	23	39,206.65	31,866.10
Depreciation and amortisation expense	21	2,533.13	2,256.62
Other expenses	22	26,143.44	37,653.49
Total expenses		**279,016.96**	**287,049.72**
Profit before tax		**(54,953.32)**	**(34,424.54)**
Income tax expense	24		
– Current tax		(10,812.49)	–
– Deferred tax		(38,313.30)	–
Total tax expense		**(49,125.79)**	–
Profit for the year		**(5,827.53)**	**(34,424.54)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefitobligations		(47.66)	27.62
Other comprehensive income for the year		**(47.66)**	**27.62**
Total comprehensive income for the year		**(5,875.19)**	**(34,396.92)**
Earnings per share	**37**		
Basic earnings per share (Face value of INR 10 only each)		(12.30)	(72.18)
Diluted earnings per share (Face value of INR 10 only each)		(12.30)	(72.18)

The above standalone statement of profit and loss should be read in conjunction with the accompanying note nos. 1 to 44.

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

For Lovelock & Lewes

Firm Registration Number 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, 30th May, 2017

For and on behalf of Board of Directors of
McNally Bharat Engineering Company Limited

Aditya Khaitan	–	Chairman
Srinivash Singh	–	Managing Director
Lalit Khetan	–	CFO
Prasanta Kumar Chandra	–	Director
Indranil Mitra	–	Company Secretary
Prabir Ghosh	–	Director

Standalone Statement of Changes in Equity for the Year Ended March 31, 2017

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

A. Equity share capital

Particulars	Notes	Equity Share Capital
As at 1 April 2015		4,059.38
Changes in equity share capital	11(a)	1,050.00
As at 31 March 2016		5,109.38
Changes in equity share capital	11(a)	250.00
As at 31 March 2017		5,359.38

B. Other equity

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital	Reserves and surplus				Total
				Securities premium reserve	Retained earnings	Capital redemption reserve	General Reserve	
Balance at 1 April 2015		750.00	–	19,119.82	(40,686.15)	1.00	1,687.22	(19,128.11)
Profit for the year		–	–	–	(34,424.54)	–	–	(34,424.54)
Other comprehensive income		–	–	–	27.62	–	–	27.62
Total comprehensive income for the year		–	–	–	**(34,396.92)**	–	–	**(34,396.92)**
Transfer to/from General Reserve		–	–	–	137.58	–	(137.58)	–
Total for the year		–	–	–	**(34,259.34)**	–	**(137.58)**	**(34,396.92)**
Issue of shares	11(a)	(125.00)	–	9,450.00	–	–	–	9,325.00
Transaction costs		–	–	(716.91)	–	–	–	(716.91)
		(125.00)	–	8,733.09	–	–	–	8,608.09
Balance at 31 March 2016		**625.00**	–	**27,852.91**	**(74,945.49)**	**1.00**	**1,549.64**	**(44,916.94)**

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital	Reserves and surplus				Total
				Securities premium reserve	Retained earnings	Capital redemption reserve	General Reserve	
Balance at 1 April 2016		625.00	–	27,852.91	(74,945.49)	1.00	1,549.64	(44,916.94)
Profit for the year		–	–	–	(5,827.53)	–	–	(5,827.53)
Other comprehensive income		–	–	–	(47.66)	–	–	(47.66)
Total comprehensive income for the year		–	–	–	**(5,875.19)**	–	–	**(5,875.19)**
Issue of shares	11(a)	(625.00)	8,328.79	48,891.25	–	–	–	56,595.04
Transaction costs		–	–	(925.30)	–	–	–	(925.30)
		(625.00)	8,328.79	47,965.95	–	–	–	55,669.74
Balance at 31 March 2017		–	**8,328.79**	**75,818.86**	**(80,820.68)**	**1.00**	**1,549.64**	**4,877.61**

The above standalone statement of changes in equity should be read in conjunction with the accompanying note nos. 1 to 44.
This is the statement of changes in equity referred to in our report of even date.

Standalone Statement of Cash Flows for the Year Ended March 31, 2017

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax	**(54,953.32)**	**(34,424.54)**
Adjustments for		
Depreciation	2,533.13	2,256.62
Finance Cost	39,206.65	31,866.10
Interest Income	(627.10)	(669.20)
Dividend Income	(0.33)	(0.44)
Loss/(Profit) on Disposal of Fixed Assets (Net)	0.29	(2.72)
Loss/(Profit) on Sale of Investments	9.94	(790.22)
Bad Debts Written Off	1,351.14	3,901.40
Expected credit loss provided for/(written back)	(26,972.88)	9,868.45
Advance from customer written back	(1,879.50)	(907.03)
Liability no longer required written back	–	(33.05)
Provision for doubtful advances	1,425.12	–
Provision for Future Foreseeable Losses in Construction Contracts	493.46	83.97
Provision for impairment in value of investments	4.82	–
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(386.53)	(319.95)
(Gain)/loss on fair valuation of derivative contracts	(439.16)	325.55
Net (gain)/loss on financial assets measured at fair value through profit or loss	(2.54)	8.95
Provision for Onerous Contracts written back	–	(1,400.00)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	(19,809.10)	(23,186.97)
(Increase)/Decrease in inventories	12,234.76	(2,076.16)
Increase/(Decrease) in trade payables	15,952.49	26,258.24
(Increase)/Decrease in other financial assets	6,362.12	(40,201.75)
(Increase)/decrease in other non-current assets	135.87	87.31
(Increase)/decrease in other current assets	(11,462.41)	(17,975.16)
Increase/(decrease) in provisions	10.77	10.83
Increase/ (decrease) in employee benefit obligations	238.53	54.64
Increase/ (decrease) in other financial liabilities	719.76	79.74
Increase/ (decrease) in other liabilities	(4,860.59)	8,844.17
Cash generated from operations		
Income taxes paid	(1,783.67)	(1,855.07)
Net cash inflow from operating activities	**(42,498.28)**	**(40,196.29)**

Standalone Statement of Cash Flows for the Year Ended March 31, 2017

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of investments	(194.00)	(152.31)
Purchase of property, plant and equipment	(57.87)	(193.96)
Loans given during the year	(1,118.26)	(2,205.14)
Proceeds from sale of investments	0.00	–
Proceeds from sale of property, plant and equipment	2.85	17.93
Deposits matured/(made) during the year	102.49	(1,510.83)
Dividends received	0.33	0.44
Interest received	130.25	139.11
Net cash outflow from investing activities	**(1,134.21)**	**(3,904.76)**
Cash flows from financing activities		
Proceeds from issues of shares	1,767.70	10,364.85
Proceeds from borrowings	295,717.35	195,773.66
Repayment of borrowings	(215,973.33)	(126,177.08)
Dividend paid'	(0.02)	(0.07)
Interest paid	(38,836.13)	(32,468.47)
Net cash inflow (outflow) from financing activities	**42,675.57**	**47,492.89**
Net increase (decrease) in cash and cash equivalents	**(956.92)**	**3,391.84**
Cash and cash equivalents at the beginning of the financial year	3,782.96	391.12
Cash and cash equivalents at end of the year	**2,826.04**	**3,782.96**

Reconciliation of cash and cash equivalents as per the cash flow statement
Cash and cash equivalents as per above comprise of the following

	31-Mar-17	**31-Mar-16**
Cash and cash equivalents (note 6(c))	8,576.73	4,438.93
Bank overdrafts (note 12(c))	(5,750.69)	(655.97)
Balances per statement of cash flows	**2,826.04**	**3,782.96**

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 44.
This is the statement of cash flows referred to in our report of even date.

For Lovelock & Lewes

Firm Registration Number 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, 30th May, 2017

For and on behalf of Board of Directors of
McNally Bharat Engineering Company Limited
Aditya Khaitan – Chairman
Srinivash Singh – Managing Director
Lalit Khetan – CFO
Prasanta Kumar Chandra – Director
Indranil Mitra – Company Secretary
Prabir Ghosh – Director

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

Background

McNally Bharat Engineering Company Limitedis a Company limited by shares, incorporated and domiciled in India. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The company is engaged in diversified construction activities primarily execution of Turnkey Projects.

The financial statements are approved for issue by the Company's Board of Directors on May 30, 2017.

Note 1: Significant accounting policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The standalone financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These standalone financial statements for the year ended 31 March 2017 are the first financial statements of the Company under Ind AS. Refer note 40for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The accounting policies are applied consistently to all the periods presented in these financial statements including the preparation of the opening Ind AS balance sheet as at 1st April 2015, being the date of transition to Ind AS.

(ii) Historical cost convention

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

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

(iii) Operating Cycle

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

(iv) Use of estimates and judgement

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

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

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.The chief operating decision maker comprises of the Managing Director, two whole time Directors and the CFO.

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

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

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, and value added taxes.

The company recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

(i) Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates.

(ii) Revenue from construction contracts

Revenue from construction contracts is recognized by reference to percentage of completion method. Percentage of completion is measured by reference to the contract costs incurred upto the end of the reporting period as a percentage of total estimated costs for each contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Variation in contract work, claims and incentive payments are included in contract revenue to the extent agreed to with the customer and are capable of being reliably measured.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interests in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interests in joint arrangements where it is not probable that the difference will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balance relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle and liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(g) Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(h) Impairment of non financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less 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.

(j) Trade receivables

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

(k) Inventories

Inventories consists of raw materials and stores

Raw materialsand stores are stated at the lower of cost and net realizable value. Cost of raw materials 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 inventory on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Due allowance is estimated and made for obsolete items, wherever necessary.

(l) Investments and other financial assets

(i) Classification

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or 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 profit or loss.

(a) Debt instruments measured at amortized cost

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

(b) Equity instruments at Fair value through Profit and loss (FVTPL) - The Company subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit and loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/(losses) in the statement of profit and loss. The Company has not chosen the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26 details how the Company determines whether there has been a significant increase in credit risk.

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 asset

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

(v) Income recognition

(a) Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discount estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(b) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(m) Derivatives that are not designated as hedges

Derivatives are initially recogsnied 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.

(n) Offsetting financial instruments

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

(o) Property, plant and equipment

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 profit or loss during the reporting period in which they are incurred.

(i) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. The initial estimate of dismantling equipment has been added to the deemed cost.

(ii) 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 certain cases are different than those specified by Schedule II to the Companies Act 2013, in order to reflect the actual usage of the assets. 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(p) Intangible assets

(i) Computer Software

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 depending upon its useful life.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

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

(r) Trade and other payables

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

(s) Borrowings

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

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

Borrowing are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in 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 24months after the reporting period.

(t) Borrowing costs

General and specific borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take substantial period of time to get ready for intended use or sale.

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

(u) Provisions and Contingent liabilities

Provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and amount can be reliably estimated. Provisions are not recognized for future operating losses.

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 increase in the provision due to the passage of time is reognised as interest expense.

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

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

(v) Employee benefits

(i) Short – term obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 12 months after the year end and non - monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non current liabilities in the balance sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

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

(ii) Other long term employee benefit obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 12 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 profit or loss.

The obligations are presented as non current liabilities in the balance sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

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

The company has a provident fund benefit plan which is administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both employees and 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 balance sheet in respect of above defined benefit plansis the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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

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

(w) Contributed equity

Equity shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Dividends

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

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.(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.

(z) Investments in subsidiaries and joint venture

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

(i) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its investments recognized as at 1 April 2015 measured as per the previous GAAP and used that carrying value as the deemed cost of investments.

Rounding of amounts

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

The MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2017 to amend Ind AS 107 – Statement of Cash Flows. The amendment will come into force from accounting period commencing on or after April 1, 2017. The Company, is in the process of assessing the possible impact of Ind AS 7 and will adopt the amendments on the required effective date.

Note 2: Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgements are:

1. Estimation of defined benefits obligation (Note 14)
2. Recognition of deferred tax assets for carried forward tax losses (Note 7)
3. Impairment of trade receivables and due from customers (Note 26)

   Estimates and judgements are continually evaluated. 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.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

(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
Year ended 31 March 2016						
Gross carrying amount						
Deemed cost as at 1 April 2015	9,840.55	748.84	114.96	79.70	10,784.05	819.51
Additions	158.71	22.11	-	13.14	193.96	
Disposals	(30.58)	-	(20.96)	-	(51.54)	
Transfers	357.03	-	-	-	357.03	(357.03)
Closing gross carrying amount	**10,325.71**	**770.95**	**94.00**	**92.84**	**11,283.50**	**462.48**
Accumulated depreciation						
Depreciation charge during the year	2,033.38	104.25	24.13	81.42	2,243.18	
Disposals	(28.90)	-	(7.43)	-	(36.33)	
Closing accumulated depreciation	2,004.48	104.25	16.70	81.42	2,206.85	
Net carrying amount	**8,321.23**	**666.70**	**77.30**	**11.42**	**9,076.65**	**462.48**
Year ended 31 March 2017						
Gross carrying amount						
Opening gross carrying amount	10,325.71	770.95	94.00	92.84	11,283.50	462.48
Additions	30.56	12.32	12.05	2.84	57.77	0.10
Disposals	(12.62)	(2.69)	-	(0.57)	(15.88)	
Closing gross carrying amount	**10,343.65**	**780.58**	**106.05**	**95.11**	**11,325.39**	**462.58**
Accumulated depreciation						
Opening accumulateddepreciation	2,004.48	104.25	16.70	81.42	2,206.85	
Depreciation charge during the year	2,360.22	136.01	21.70	12.92	2,530.85	
Disposals	(11.17)	(1.13)	-	(0.44)	(12.74)	
Closing accumulated depreciation	**4,353.53**	**239.13**	**38.40**	**93.90**	**4,724.96**	
Net carrying amount	**5,990.12**	**541.45**	**67.65**	**1.21**	**6,600.43**	**462.58**

(i) Property, plant and equipment pledged as security
Refer to note 39 on property, plant and equipment pledged as security by the company.

(ii) Contractual obligations
Refer to note 29 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Capital work-in-progress
Capital work-in-progress mainly comprises equipment purchased and under installation.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE 4 : INTANGIBLE ASSETS

Particulars	Computer software*
Year ended 31 March 2016 Gross carrying amount	
Deemed cost as at 1 April 2015	57.35
Additions	–
Disposals	–
Closing gross carrying amount	**57.35**
Accumulated amortisation	
Amortisation charge for the year	13.44
Disposals	–
Closing accumulated amortisation	**13.44**
Closing net carrying amount	**43.91**
Year ended 31 March 2017	
Gross carrying amount	
Opening gross carrying amount	57.35
Additions	7.18
Closing gross carrying amount	**64.53**
Accumulated amortisation	
Opening accumulated amortisation	13.44
Amortisation charge for the year	2.28
Closing accumulated amortisation	**15.72**
Closing net carrying amount	**48.81**

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

NOTE 5 : NON-CURRENT INVESTMENTS

Particulars	31 March 2017	31 March 2016	1 April 2015
In subsidiaries			
Investment in equity instruments (fully paid-up)			
Quoted			
67,29,698 (31 March 2016 : 67,29,698, 1 April 2015 : 67,29,698) equity shares of McNally Sayaji Engineering Limited	15,343.11	15,343.11	15,343.11
Unquoted			
6,49,459 (31 March 2016 : 6,49,459, 1 April 2015 : 6,49,459) equity shares of MBE Mineral Technologies Pte Limited (refer note 33)	2,550.74	2,550.74	2,550.74
99,400 (31 March 2016 : 99,400, 1 April 2015 : 99,400) equity shares of McNally Bharat Equipments Limited	9.94	9.94	9.94
Nil (31 March 2016 : 99,400, 1 April 2015 : 99,400) equity shares of McNally Bharat Infrastructure Limited	–	9.94	9.94
4,99,99,996 (31 March 2016 : 4,99,99,996, 1 April 2015 : 4,99,99,996) equity shares of MBE Minerals Zambia Limited	4.69	4.69	4.69
Nil (31 March 2016 : Nil, 1 April 2015 : 3,49,322) equity shares of MBE Coal & Mineral Technology India Pvt. Limited	–	–	1,909.78
100 (31 March 2016 : 100, 1 April 2015 : 100) equity shares of McNally Bharat Engineering (SA) Proprietary Limited	0.13	0.13	0.13

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

NOTE 5 : NON-CURRENT INVESTMENTS *(Contd.)*

Particulars	31 March 2017	31 March 2016	1 April 2015
4,75,200 (31 March 2016 : Nil, 1 April 2015 : Nil) equity shares of Vedica Sanjeevani Projects Private Limited {refer note 11(a)}	15,000.00	–	–
Investment in compulsorily convertible preference shares (fully paid-up)			
Unquoted			
36,00,000 (31 March 2016 : Nil, 1 April 2015 : Nil) compulsorily convertible preference shares of McNally Sayaji Engineering Limited	2,700.00	–	–
In joint venture			
Investment in equity instruments (fully paid-up)			
Unquoted			
87,500 (31 March 2016 : 87,500, 1 April 2015 : – Nil) equity shares of EMC MBE Contracting Company LLC	152.31	152.31	–
In others			
Equity instruments carried at FVTPL			
Quoted			
10,960 (31 March 2016 : 10,960, 1 April 2015 : 10,960) equity shares of Eveready Industries India Limited	28.75	25.47	28.54
10,960 (31 March 2016 : 10,960, 1 April 2015 : 10,960) equity shares of McLeod Russel India Limited	18.20	20.33	26.21
Total (equity instruments)	**35,807.87**	**18,116.66**	**19,883.08**
Investment in mutual funds			
Unquoted			
12,39,618.663 (31 March 2016 : Nil, 1 April 2015 : Nil) units of L&T Short Term Opportunities Growth Fund	194.00	–	–
Total (mutual funds)	**194.00**	–	–
Investment in debentures			
In subsidiaries			
Unquoted			
12,47,004 (31 March 2016 : Nil, 1 April 2015 : Nil) debentures of Vedica Sanjeevani Projects Private Limited {refer note 11(a)}	12,470.04	–	–
Total (debentures)	**12,470.04**	–	–
Total	**48,471.91**	**18,116.66**	**19,883.08**
Impairment in the value of investments	**4.82**	–	–
Total	**48,467.09**	**18,116.66**	**19,883.08**
Aggregate amount of quoted investments and market value thereof*	46.95	45.80	54.75
Aggregate amount of unquoted investments	48,424.96	18,070.86	19,828.32
Aggregate amount of impairment in the value of investments	4.82	–	–

* The above market value of quoted investments excludes market value of investments in McNally Sayaji Engineering Limited in absence of availability of market quote.

(i) Refer to note 39 on investments pledged as security by the company.

(ii) One of the subsidiaries of the Company i.e. McNally Bharat Infrastructure Limited (MBIL) was sold to Seajuli Developers & Finance Limited on February 17, 2017, as part of business restructuring.

(iii) One of the subsidiaries of the Company i.e. McNally Sayaji Engineering Limited issued 36,00,000 Compulsorily Convertible Preference Shares (CCPS) on March 31, 2017 at face value of Rs. 10 each and premium of INR 65 thus totalling INR 27000 lacs. This CCPS issue was in lieu of the moneys due by the subsidiary to the Company.

(iv) Out of equity instruments held as investments in McNally Sayaji Engineering Limited, non disposal undertakings have been issued for 56,61,590 shares in favour of financial institutions.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

6(A) TRADE RECEIVABLES

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Unsecured, considered good			
Trade receivables	170,483.57	151,715.38	132,354.64
Less: Allowance for expected credit loss	(5,239.78)	(13,195.64)	(10,290.09)
Total receivables	**165,243.79**	**138,519.74**	**122,064.55**
Current	165,243.79	138,519.74	122,064.27
Non-current	–	–	0.28

6(B) LOANS

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Unsecured, considered doubtful						
Loans to subsidiaries (refer note 42)	1,425.12	–	1,424.40	–	1,232.99	–
Unsecured, considered good						
Loans to others	1,465.14	–	–	–	–	–
Loan to subsidiaries (refer note 33 and 42)	7,181.93	–	6,906.59	–	4,009.60	–
	10,072.19	–	8,330.99	–	5,242.59	–
Less: Allowance for doubtful loans	(1,425.12)	–	–	–	–	–
Total loans	**8,647.07**	–	**8,330.99**	–	**5,242.59**	–

6(C) CASH AND CASH EQUIVALENTS

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Balances with banks			
– in current accounts	8,514.34	4,366.09	4,302.48
Remittance in transit	–	–	28.30
Cash on hand	62.39	72.84	147.45
Total cash and cash equivalents	**8,576.73**	**4,438.93**	**4,478.23**
Other bank balances			
Deposits with bank	1,600.29	1,702.78	191.95
Balance in unpaid dividend account	9.11	17.35	18.63
Total other bank balances	**1,609.40**	**1,720.13**	**210.58**

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

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

6(D) OTHER FINANCIAL ASSETS

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
(i) Derivatives						
Foreign-exchange forward contracts	203.60	–	–	–	198.31	–
(ii) Others						
Security deposits	247.25	14.15	457.33	12.53	284.65	11.08
Advance to Employees	96.13	–	88.57	–	73.69	–
Due from customers (refer note 35)	130,522.90	–	126,743.02	–	99,537.01	–
Deposits with bank	–	52.95	–	49.00	–	9.58
Expenses Recoverable	17,100.94	–	9,462.49	–	–	3,335.18
Others	1,141.58	–	2,849.81	–	561.30	–
Total other financial assets	**149,312.40**	**67.10**	**139,601.22**	**61.53**	**100,654.96**	**3,355.84**

NOTE 7 : DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Tax losses	42,433.00	384.18	891.02
Provisions	–	191.51	214.25
Other items			
Others 6,387.29	189.25	66.50	
Total deferred tax assets	**48,820.29**	**764.94**	**1,171.77**
Set-off of deferred tax liabilities pursuant to set-off provisions	(10,506.99)	(764.94)	(1,171.77)
Net deferred tax assets	**38,313.30**	**–**	**–**

Significant estimates

The company has recognised deferred tax assets on carried forward tax losses. The company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the company. The company is expected to generate taxable income from 2018-19 onwards.

Movement in deferred tax assets

Particulars	Tax losses	Provisions	Other items	Total
At 1 April 2015	891.02	214.25	66.50	1,171.77
(Charged)/credited:				
– to profit or loss	(506.84)	(22.74)	122.75	(406.83)
At 31 March 2016	384.18	191.51	189.25	764.94
(Charged)/credited:				
– to profit or loss	42,048.82	(191.51)	6,198.04	48,055.35
At 31 March 2017	42,433.00	–	6,387.29	48,820.29

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

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Particulars	**31 March, 2017**	**31 March, 2016**	**1 April, 2015**
Property, plant and equipment and intangible assets	288.78	764.94	1,171.77
Other items			
Items taxable in later years	10,218.21	–	–
Total deferred tax liabilities	**10,506.99**	**764.94**	**1,171.77**
Set-off of deferred tax liabilities pursuant to set-off provisions	(10,506.99)	(764.94)	(1,171.77)
Net deferred tax liabilities	–	–	–

Movements in deferred tax liabilities

Particulars	**Property, plant and equipment and intangible assets**	**Other items**	**Total**
At 1 April 2015	1,171.77	–	1,171.77
Charged/(credited)			
– to profit or loss	(406.83)	–	(406.83)
At 31 March 2016	764.94	–	764.94
Charged/(credited)			
– to profit or loss	(476.16)	10,218.21	9,742.05
At 31 March 2017	**288.78**	**10,218.21**	**10,506.99**

NOTE 8 : OTHER NON-CURRENT ASSETS

Particulars	**31 March, 2017**	**31 March, 2016**	**1 April, 2015**
Capital advances	122.35	253.47	336.04
Prepaid Rent	68.83	73.58	78.33
Balance with statutory/government Authorities	0.46	0.46	0.46
Total other non-current assets	**191.64**	**327.51**	**414.83**

NOTE 9 : INVENTORIES

Particulars	**31 March, 2017**	**31 March, 2016**	**1 April, 2015**
Raw materials	2,614.58	14,849.34	12,773.18
Loose Tools	0.25	0.25	0.25
Total inventories	**2,614.83**	**14,849.59**	**12,773.43**

NOTE 10(A) : OTHER CURRENT ASSETS

Particulars	**31 March, 2017**	**31 March, 2016**	**1 April, 2015**
Advance to suppliers & others	49,549.25	44,158.06	29,845.65
Advance to subsidiaries	10,459.70	7,839.06	6,691.61
Income tax refund receivable	–	–	19.28
Balance with statutory/government Authorities	10,280.66	6,799.05	4,375.41
Prepaid rent	9.50	9.50	9.51
Prepayments	201.37	232.40	121.45
Total other current assets	**70,500.48**	**59,038.07**	**41,062.91**

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE 10(B) : CURRENT TAX ASSETS (NET)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Advance income tax (net off provisions)	11,799.31	4,499.33	3,152.35
Total current tax assets (net)	**11,799.31**	**4,499.33**	**3,152.35**

NOTE 11 : EQUITY SHARE CAPITAL AND OTHER EQUITY

11(A) EQUITY SHARE CAPITAL

Authorised share capital

Particulars	Equity shares		Compulsorily convertible preference shares	
	Number of shares	Amount	Number of shares	Amount
As at 1 April 2015	70,000,000	7,000.00	–	–
Increase during the year	–	–	–	–
As at 31 March 2016	**70,000,000**	**7,000.00**	–	–
Increase during the year	95,000,000	9,500.00	85,000,000	8,500.00
As at 31 March 2017	**165,000,000**	**16,500.00**	**85,000,000**	**8,500.00**

(i) Movements in share capital

Particulars	Number of shares	Equity share capital (par value)	Number of shares	Compulsorily convertible preference share capital (par value)
As at 1 April 2015	40,593,818	4,059.38	–	–
Issued during the year	10,500,000	1,050.00	–	–
As at 31 March 2016	**51,093,818**	**5,109.38**	–	–
Issued during the year	2,500,000	250.00	83,287,939	8,328.79
As at 31 March 2017	**53,593,818**	**5,359.38**	**83,287,939**	**8,328.79**

Terms and rights attached to equity shares:

Each equity share has a par value of INR 10. It entitles the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of shares held and amounts paid thereon.

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

Terms and rights attached to compulsorily convertible preference shares:

Each CCPS shall be compulsorily convertible into one equity share at any time within 18 months from the date of allotment.

CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the company.

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

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

(ii) Shares of the company held by holding/ultimate holding company

The company does not have a holding company.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

(iii) Details of shareholders holding more than 5% shares in the company

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Company Ltd.	12,467,437	23.26%	9,967,437	19.51%	5,179,748	12.76%
McLeod Russel India Ltd.	3,052,295	5.70%	3,052,295	5.97%	3,052,295	7.52%
MKN Investments Pvt. Ltd.	5,000,000	9.33%	5,000,000	9.79%	5,000,000	12.32%
Rekha Rakesh Jhunjhunwala	–	–	3,498,349	6.85%	3,498,349	8.62%
EMC Limited	14,287,689	26.66%	14,287,689	27.96%	–	–

Details of shareholders holding more than 5% shares of compulsorily convertible preference shares

Particulars	31 March, 2017	
	Number of shares	% holding
Williamson Magor & Company Ltd.	15,151,515	18.19%
Williamson Financial Services Ltd.	15,151,515	18.19%
Babcock Borsig Ltd.	11,363,636	13.64%
Alosha Marketing Pvt. Ltd.	6,743,818	8.10%
Atash Suppliers Pvt. Ltd.	7,085,818	8.51%
Index Sales Pvt. Ltd.	5,908,000	7.09%
Mortal Vinimay Pvt. Ltd.	4,268,000	5.12%
Sahal Business Pvt. Ltd	13,647,637	16.39%

(iv) Aggregate number of shares issued for consideration other than cash

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

11(B) RESERVES AND SURPLUS

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Securities premium reserve	75,818.86	27,852.91	19,119.82
Capital redemption reserve	1.00	1.00	1.00
General Reserve	1,549.64	1,549.64	1,687.22
Retained earnings	(80,820.68)	(74,945.49)	(40,686.15)
Total reserves and surplus	**(3,451.18)**	**(45,541.94)**	**(19,878.11)**

(i) Securities premium reserve

Particulars	31 March, 2017	31 March, 2016
Opening balance	27,852.91	19,119.82
Issue of shares during the year	48,891.25	9,450.00
Transaction costs arising on issue of shares	(925.30)	(716.91)
Closing balance	**75,818.86**	**27,852.91**

Nature and purpose:

Securities premium reserve has arisen on issue of shares. The reserve is utilised in accordance with the provision of the Act.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

(ii) Capital redemption reserve

Particulars	31 March, 2017	31 March, 2016
Opening balance	1.00	1.00
Appropriations during the year	–	–
Closing balance	**1.00**	**1.00**

Nature and purpose:
The reserve is a non distributable reserve.

(iii) General Reserve

Particulars	31 March, 2017	31 March, 2016
Opening balance	1,549.64	1,687.22
Transferred (to)/from Retained earnings	–	(137.58)
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	31 March, 2017	31 March, 2016
Opening balance	(74,945.49)	(40,686.15)
Net profit for the period	(5,827.53)	(34,424.54)
Items of OCI directly transferred to retained earnings	(47.66)	27.62
Transfer from General Reserve	–	137.58
Closing balance	**(80,820.68)**	**(74,945.49)**

NOTE 12 : FINANCIAL LIABILITIES

12(A) NON-CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	31 March, 2017	31 March, 2016	1 April, 2015
Secured				
Term loans				
From banks				
Rupee loan	10.75% to 12.50%	17,013.60	37,527.91	4,712.80
Foreign currency loan	5.18%	2,312.48	3,303.96	4,115.24
From others		–	3.17	16.92
Unsecured				
Term loans				
From others				
Rupee loan	9.75% to 12.65%	14,940.63	7,466.64	7,530.50
Redeemable preference shares				
9,75,000, 11.50% Non-Convertible Redeemable Preference Shares		3,247.64	2,429.65	1,722.89
Total non-current borrowings		37,514.35	50,731.33	18,098.35
Less: Current maturities of long-term debt (included in note 12(c))		26,522.47	23,451.03	10,936.68
Less: Interest accrued (included in note 12(c))		440.26	459.74	669.15
Non-current borrowings		**10,551.62**	**26,820.56**	**6,492.52**

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

Terms of repayment

1. In case of loan having a nominal balance outstanding of INR 15000, repayable in 16 quarterly installments starting May 17, 2017. The last installment date being February 17, 2021.
2. In case of loan having a nominal balance outstanding of INR 1875, repayable in 16 quarterly installments starting September 30, 2014. The last installment date being June 26, 2018
3. In case of loan having a nominal balance outstanding of USD 35, repayable in 10 semi annual installments starting June 23, 2014. The last installment date being December 23, 2018
4. In case of loan having a nominal balance outstanding of INR 7500, repayable as under:

Repayment amount	Repayment date
762	3/31/2017
810	9/30/2017
4,981	12/30/2017
204	12/31/2017
743	12/31/2017

5. In case of loan having a nominal balance outstanding of INR 7838, repayable on January 1, 2019.

Security details

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

Details of loan	Nature of Security
Rupee term loan from Ratnakar Bank Limited	Subservient charge by way of hypothecation over the Current Assets and movable Fixed Assets of the Company.Corporate Guarantee from Williamson Magor & Co. Limited
Rupee term loan from ICICI Bank Limited	First pari passu charge (pari passu with Development Credit Bank) on moveable assets/equipments both present and future excluding those which are exclusively charged to other lenders with minimum asset cover of 1.10 times on the outstanding facility.
External Commercial Borrowing from ICICI Bank Limited	First charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility.

Details of default

The details of default during the year in respect of borrowings outstanding at the year end is as under:

Name of the lender	Nature of due	Amount of default	Remediation of default
ICICI Bank	Installment of long term borrowings	1,250.00	Paid before the approval of financial statements
ICICI Bank	Interest on long term borrowings	362.64	Paid before the approval of financial statements
ICICI Bank	Installment of ECB borrowings	930.37	Paid before the approval of financial statements
ICICI Bank	Interest on ECB borrowings	175.24	Paid before the approval of financial statements
Aditya Birla Finance Limited	Installment of long term borrowings	762.00	Paid before the approval of financial statements

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

12(B) CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	31 March, 2017	31 March, 2016	1 April, 2015
Term loans				
Secured				
From banks				
Rupee loan	10.50% to 11%	7,700.00	325.15	1,827.92
Foreign currency loan		–	–	732.48
Foreign currency packing credit		–	–	1,905.30
Unsecured				
From banks				
Rupee loan	10% to 13%	89,996.55	29,790.38	26,858.97
Foreign currency loan	6.46%	2,555.08	22,712.33	–
From others				
Rupee loan		–	–	5,101.83
Loans repayable on demand				
Secured				
From banks				
Cash credit from banks	11.10% to 16.25%	80,588.38	86,608.40	74,702.34
Working capital demand loans from banks	11.50% to 14.50%	–	18,944.28	19,883.70
Unsecured				
From banks				
Foreign currency packing credit	11.50% to 14.50%	18,949.69	–	–
From related parties		–	2,124.85	6,742.21
From others	15% to 18%	41,652.28	14,365.69	–
Total current borrowings		**241,441.98**	**174,871.08**	**137,754.75**
Less: Interest accrued (included in note 12(c))		511.01	317.77	662.35
Current borrowings		**240,930.97**	**174,553.31**	**137,092.40**

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

Terms of the borrowings

1. Refer Note 39 for assets charged as security against the borrowings.

Details of loan	Nature of Security
Short term loan from Ratnakar Bank Limited	Subservient charge on entire current assets and movable fixed assets of the company.Unconditional and irrevocable corporate guarantee from Williamson Magor & Co. Limited.
Short term loan from IDBI Bank Limited	Pari passu first charge on entire current assets of the company and mortgage on Kumardhubi unit 1 property presently owned by McNally Sayaji Engineering Limited.Corporate guarantee of McNally Sayaji Engineering Limited restricted to the extent of value of property mortgaged.
Cash credit facility from consortium of banks	A first pari passu charge by way of hypothecation of the current assets viz., stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills receivables including receivables from hire purchase/leasing, book debts and other movable assets, both present and future. A first pari passu charge in favour of the said Banks by way of third party charge on the movable and fixed assets of the Kumardhubi Division owned by McNally Sayaji Engineering Company Limited, (a Subsidiary Company). A corporate guarantee from McNally Sayaji Engineering Company Limited in favour of the BOI Consortium equivalent to the value of the property to be mortgaged by McNally Bharat Engineering Company Limited. Charge on fixed assets on subservient basis except ICICI to the extent of term loan.

2. Excepting loans repayable on demand, other loans are repayable within 12 months from the origination date.
3. Details of default are as follows:

Name of the lender	Nature of due	Amount of default	Remediation of default
IDBI Bank	Installment of short term loan	800.00	Paid before the approval of financial statements
IDBI Bank	Interest on short term loan	338.05	Paid before the approval of financial statements

The cash credit accounts have generally been overdrawn during the year.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

12(C) OTHER FINANCIAL LIABILITIES

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Non-current			
Others			
Lease equalisation	280.25	203.50	108.25
Total other non-current financial liabilities	280.25	203.50	108.25
Current			
Current maturities of long-term debt	26,522.47	23,451.03	10,936.68
Interest accrued on borrowings and others	3,946.74	3,660.45	4,263.06
Capital creditors	470.48	523.65	319.20
Employee Benefits payable	2,659.46	2,339.26	1,867.20
Security deposits	213.19	36.68	36.68
Dividend Accrued on Preference Shares	112.13	27.88	27.65
Unpaid dividends	14.62	17.09	18.43
Overdrawn current accounts	5,750.69	655.97	4,087.11
Others	653.25	453.80	1,145.80
Derivatives not designated as hedges			
Foreign-exchange forward contracts	–	235.56	–
Option contracts	–	–	108.33
Total other current financial liabilities	**40,343.03**	**31,401.37**	**22,810.14**

12(D) TRADE PAYABLES

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Trade payables due to micro, small and medium enterprises (refer note 32)	959.76	595.01	233.23
Trade payables Others	105,713.11	93,427.67	97,910.77
Acceptances	41,254.52	38,020.54	7,532.59
Total trade payables	**147,927.39**	**132,043.22**	**105,676.59**

NOTE 13 : PROVISIONS

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Decommissioning obligations	104.62	–	104.62	93.86	–	93.86	–	83.03	83.03
Onerous contracts	–	–	–	–	–	–	1,400.00	–	1,400.00
Total	**104.62**	–	**104.62**	**93.86**	–	**93.86**	**1,400.00**	**83.03**	**1,483.03**

Information about individual provisions and significant estimates

Decommissioning obligations

Provision for decommissioning obligations relates to equipments erected at the construction site which are required to be decommissioned at the time of handing over the construction site to the customer.

Onerous contracts

Provision for onerous contract is made in respect of certain contracts wherein progress of contracts have suffered for various reasons mostly beyond the control of the company resulting in the contracts becoming onerous.

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

(ii) Movements in provisions

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

Particulars	Decommissioning obligations	Onerous contracts	Total
As at 1 April 2015	**83.03**	**1,400.00**	**1,483.03**
Charged/(credited) to profit or loss			
– unused amounts reversed	–	(1,400.00)	(1,400.00)
– unwinding of discount	10.83	–	10.83
As at 31 March 2016	**93.86**	–	**93.86**
As at 1 April 2016	**93.86**	–	**93.86**
Charged/(credited) to profit or loss			
- unwinding of discount	10.76	–	10.76
As at 31 March 2017	**104.62**	–	**104.62**

NOTE 14 : EMPLOYEE BENEFIT OBLIGATIONS

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Leave obligations (i)	91.05	444.00	535.05	155.65	418.74	574.39	177.78	447.65	625.43
Gratuity (ii)	110.75	–	110.75	45.36	–	45.36	20.12	–	20.12
Others	356.44	241.73	598.17	152.99	185.04	338.03	73.48	211.72	285.20
Total employee benefit obligations (net off plan assets)	**558.24**	**685.73**	**1,243.97**	**354.00**	**603.78**	**957.78**	**271.38**	**659.37**	**930.75**

(i) Leave obligations

The leave obligations cover the company's liability for earned leave. The amount of the provision of INR 91 (31 March 2016 — INR 156, 1 April 2015 — INR 178) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. The amount that is expected to be settled within next 12 months is INR 189.

(ii) 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.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

The amounts recognised in the 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
1 April 2015	**578.33**	**558.21**	**20.12**
Current service cost	69.82	–	69.82
Interest expense/(income)	46.27	(44.66)	1.61
Total amount recognised in Profit and Loss	**116.09**	**(44.66)**	**71.43**
Remeasurements			
– Return on plan assets	–	(10.88)	10.88
– Due to financial assumptions	10.19	–	10.19
– Due to experience adjustments	(48.68)	–	(48.68)
Total amount recognised in other comprehensive income	**(38.49)**	**(10.88)**	**(27.61)**
Employer contributions	–	(18.58)	(18.58)
Benefit payments	(115.70)	115.70	–
31 March 2016	**540.23**	**494.87**	**45.36**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1 April 2016	**540.23**	**494.87**	**45.36**
Current service cost	57.58	–	57.58
Interest expense/(income)	43.22	(37.11)	6.11
Total amount recognised in Profit and Loss	**100.80**	**(37.11)**	**63.69**
Remeasurements			
– Return on plan assets	–	2.82	(2.82)
– Due to financial assumptions	18.88	–	18.88
– Due to experience adjustments	31.60	–	31.60
Total amount recognised in other comprehensive income	**50.48**	**2.82**	**47.66**
Employer contributions	–	(45.96)	(45.96)
Benefit payments	(140.19)	140.19	–
31 March 2017	**551.32**	**440.57**	**110.75**

The net liability disclosed above relates to funded plan.

The significant actuarial assumptions used were as follows:

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discount rate	7.50%	8.00%	8.00%
Salary escalation	4.00%	4.00%	4.00%
Expected return on plan assets	7.50%	8.00%	8.00%
Withdrawal rate	1.00-8.00%	1.00-8.00%	1.00-8.00%

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

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

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, 2017
Discount rate	Increase by	1%	(35.01)
Discount rate	Decrease by	1%	39.71
Salary escalation	Increase by	1%	40.12
Salary escalation	Decrease by	1%	(36.16)
Withdrawal rate	Increase by	1%	9.49
Withdrawal rate	Decrease by	1%	(10.64)

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:

Year	As at March 31, 2017	As at March 31, 2016
2016-17	–	81.89
2017-18	30.08	33.83
2018-19	91.61	35.18
2019-20	60.93	24.39
2020-21	51.71	32.73
2021-22	75.07	–
Thereafter	246.56	332.21

The weighted average duration of the defined benefit obligation is 5.24 years (March 31, 2016 - 6.62 years).

The expected contibution to the fund during 2017-18 would be INR 154.55.

(iii) 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 detrmined annually predominantly considering th 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, 2017, March 31, 2016 and April 1, 2015 respectively.

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.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

(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	31 March, 2017	31 March, 2016
Discount rate	7.50%	8.00%
Guaranteed interest rate	8.65%	8.75%
Expected average remaining woking life (in years)	11.76	8.11

The company contributed Rs. 337 lacs And Rs. 413 lacs during the years ended March 31, 2017 and March 31, 2016, 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 15 : CURRENT TAX LIABILITIES

Particulars	31 March, 2017	31 March, 2016
Opening balance	5,296.19	5,804.28
Add : Excess provision for earlier years written back	(5,296.19)	–
Less : Taxes paid	–	(508.09)
Closing balance	–	**5,296.19**

NOTE 16 : OTHER LIABILITIES

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Advance from customers	56,068.86	61,903.07	55,101.63
Statutory tax payables	3,679.43	3,495.02	1,356.41
Due to Customers (refer note 35)	973.40	2,034.11	3,088.00
Dividend Distribution Tax on preference dividend	22.83	5.68	4.70
Benevolent fund	91.60	86.63	74.29
Total other liabilities	**60,836.12**	**67,524.51**	**59,625.03**

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Current	60,836.12	67,524.51	59,598.53
Non-current	–	–	26.50

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE 17 : REVENUE FROM OPERATIONS

The company derives the following types of revenue:

Particulars	**31 March, 2017**	**31 March, 2016**
Sale of Equipments & Contract Revenue	190,749.61	240,942.27
Other operating revenue	1,689.41	7,202.76
Total revenue from continuing operations	**192,439.02**	**248,145.03**
Revenue from Operations include excise duty	**287.39**	**439.92**

NOTE 18 : OTHER INCOME AND OTHER GAINS/(LOSSES)

(a) Other income

Particulars	**31 March, 2017**	**31 March, 2016**
Interest income	627.10	669.20
Interest income from financial assets measured at amortised cost	1,552.52	443.15
Unwinding of discount on security deposit	1.63	1.44
Dividend income from investments mandatorily measured at fair value through profit and loss	0.33	0.44
Net foreign exchange gain	–	260.27
Expected credit loss on trade receivables and due from customers written back	26,972.88	–
Corporate Guarantee Commission	147.35	157.63
Advance from customers written back	1,879.50	907.03
Liability no longer required written back	–	33.05
Miscellaneous Income	11.55	152.22
Provision for onerous contract written back	–	1,400.00
Total other income	**31,192.86**	**4,024.43**

(b) Other gains/(losses)

Particulars	**31 March, 2017**	**31 March, 2016**
Net gain/(loss) on sale of investments	(9.94)	790.22
Fair value (losses)/gains on derivatives not designated as hedges	439.16	(325.55)
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	2.54	(8.95)
Total other gains/(losses)	**431.76**	**455.72**

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE 19 : COST OF MATERIALS CONSUMED

Particulars	31 March, 2017	31 March, 2016
Raw materials at the beginning of the year	14,849.34	12,773.18
Add: Purchases	7,847.96	25,423.30
Less: Raw material at the end of the year	(2,614.58)	(14,849.34)
Total cost of raw materials consumed	**20,082.72**	**23,347.14**
Add: Consumption of bought out components	**128,327.45**	**118,297.04**
Total cost of materials consumed	**148,410.17**	**141,644.18**

NOTE 20 : EMPLOYEE BENEFIT EXPENSE

Particulars	31 March, 2017	31 March, 2016
Salaries, wages and bonus (refer note 34)	7,887.37	9,352.07
Contribution to provident and other funds	389.75	484.32
Workmen and Staff Welfare Expenses	1,066.89	1,487.01
Total employee benefit expense	**9,344.01**	**11,323.40**

NOTE 21 : DEPRECIATION AND AMORTISATION EXPENSE

Particulars	31 March, 2017	31 March, 2016
Depreciation of property, plant and equipment	2,530.85	2,243.18
Amortisation of intangible assets	2.28	13.44
Total depreciation and amortisation expense	**2,533.13**	**2,256.62**

NOTE 22 : OTHER EXPENSES

Particulars	31 March, 2017	31 March, 2016
Power & Fuel	916.10	1,209.69
Rent	1,163.49	1,448.58
Repairs and maintenance		
Buildings	-	0.03
Plant and machinery	62.95	79.57
Insurance	407.30	473.30
Payment to Auditors	73.24	68.21
Director Fees	15.20	13.60
Rates & Taxes	387.17	498.69
Cartage & Freight	2,120.72	3,629.11
Bank Charges	5,592.17	3,628.34
Professional Services	3,989.17	3,121.53
Travelling	1,763.93	2,328.44
Bad Debts Written Off	1,351.14	3,901.40
Provision for doubtful advances	1,425.12	-
Provision for Future Foreseeable Losses in Construction Contracts	493.46	83.97
Provision for Expected Credit Loss on Trade Receivables and due from customers	-	9,868.45
Provision for impairment in value of investments	4.82	-
Net foreign exchange loss	641.51	-
Miscellaneous Expenses	5,735.95	7,300.58
Total other expenses	**26,143.44**	**37,653.49**

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

NOTE 22(A) : DETAILS OF PAYMENTS TO AUDITORS

Particulars	31 March, 2017	31 March, 2016
Payment to auditors		
Audit fee	46.80	46.80
For other services	26.10	20.60
Re-imbursement of expenses	0.34	0.81
Total payments to auditors	**73.24**	**68.21**

NOTE 23 : FINANCE COSTS

Particulars	31 March, 2017	31 March, 2016
Interest and finance charges on financial liabilities not at fair value through profit or loss	37,623.84	30,510.98
Dividend on Redeemable Preference Shares	112.13	112.13
Discounting on fair valuation of financial instruments on amortised cost	1,435.05	825.74
Unwinding of discount on provisions	35.63	34.02
Exchange differences regarded as an adjustment to borrowing costs	–	383.23
Total	**39,206.65**	**31,866.10**

NOTE 24 : INCOME TAX EXPENSE

Particulars	31 March, 2017	31 March, 2016
(a) Income tax expense		
Current tax		
Current tax on profits for the year	–	–
Excess provision of earlier years written back	(10,812.49)	–
Total current tax expense	**(10,812.49)**	–
Deferred tax		
Decrease (increase) in deferred tax assets	(48,055.35)	–
(Decrease) increase in deferred tax liabilities	9,742.05	–
Total deferred tax expense/(benefit)	**(38,313.30)**	
Total	**(49,125.79)**	–

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. There is no current tax liability as the Company has incurred losses in the current year.

The company has recognised deferred tax assets on carried forward tax losses. The company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the company. The company is expected to generate taxable income from 2018-19 onwards.

NOTE 25 : CAPITAL MANAGEMENT

Risk 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

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

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. As a matter of prudence, the management brought in place infusion of capital by way of enhancement of Equity capital and through issue of Compulsorily Convertible Preference Shares during the current financial year.

Loan covenant

Under the terms of the major borrowing facilities, the Company is required to comply with various financial covenants. The Company has not complied with some of the covenants.

NOTE 26 : RISK MANAGEMENT

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

The 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 co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

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

(i) Credit risk management

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

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

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

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

(ii) Provision for expected credit losses

The group provides for expected credit loss of trade receivables, 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 to effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

(a) Expected credit loss for loan, investments, expenses recoverable and other financial assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	8,647.07	–	–	8,647.07
		Investments in debentures of related parties	VL1	12,470.04	–	–	12,470.04
		Expenses Recoverable	VL1	17,100.94	–	–	17,100.94
		Security deposits, advance to employees and others	VL1	1,499.11	–	–	1,499.11
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	VL6	1,425.12	100%	1,425.12	–

(b) Expected credit loss for trade receivables and due from customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables
Gross carrying amount	Loss allowance measured at life-time expected credit losses	VL3	143,509.14	170,483.57
Expected credit losses (Loss allowanceprovision)			11,791.85	5,239.78
Carrying amount (net of impairment)			131,717.29	165,243.79

Year ended March 31, 2016

(a) Expected credit loss for loan, expenses recoverable and other financial assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not in creased significantly since initial recognition	Loans	VL1	8,330.99	0%	–	8,330.99
		Expenses Recoverable	VL1	9,462.49	0%	–	9,462.49
		Security deposits, advance to employees and others	VL1	3,408.23	0%	–	3,408.23

(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	158,304.54	151,715.38
Expected credit losses (Loss allowanceprovision)			30,808.88	13,195.64
Carrying amount (net of impairment)			127,495.66	138,519.74

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

Year ended March 31, 2015

(a) Expected credit loss for loan, expenses recoverable, and other financial assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	5,242.59	0%	–	5,242.59
		Expenses Recoverable	VL1	3,335.18	0%	–	3,335.18
		Security deposits, advance to employees and others	VL1	930.72	0%	–	930.72

(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	124,047.04	132,354.36
Expected credit losses (Loss allowanceprovision)			23,845.98	10,290.09
Carrying amount of trade receivables (net of impairment)			100,201.06	122,064.27

The gross carrying amount of trade receivables is Rs. 170,483.57 (31 March 2016 - Rs. 151,715.38, 1 April 2015 - Rs.132,354.64)

During the period, the Company has made write offs of trade receivables wherein it does not expect to receive future cash flows Rs. 1,351.14 (2015-16 - Rs. 3,901.40)

(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 notcredit-impaired	Financial assets for which creditrisk has increased significantly and credit-impaired
Loss allowance on 1 April 2015	**–**	**–**	**–**
Add (Less): Changes in loss allowances due to			
Assets originated or purchased	–	–	–
Write offs	–	–	–
Recoveries	–	–	–
Loss allowance on 31 March 2016	**–**	**–**	**–**
Add (Less): Changes in loss allowances due to			
Assets originated or purchased	–	–	–
Write offs	–	–	1,425.12
Recoveries	–	–	–
Loss allowance on 31 March 2017	**–**	**–**	**1,425.12**

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

(iv) Reconciliation of loss allowance provision - Trade receivables & due from customers

Particulars	**Loss Allowance**
Loss allowance on 1 April 2015	34,136.07
Changes in loss allowance	9,868.45
Loss allowance on 31 March 2016	44,004.52
Changes in loss allowance	(26,972.88)
Loss allowance on 31 March 2017	17,031.64

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, existing market conditions as well as forward looking estimates at the end of each reporting period. Forward looking information (including macro-economic information) has been incorporated into the determination of expected credit losses).

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying businesses, 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 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 undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities (31 March 2017)	**Less than 12 months**	**12 months to 24 months**	**More than 24 months**	**Total**
Non derivatives				
Borrowings	256,713.08	12,292.00	9,000.00	278,005.08
Interest accrued	3,946.74	3,946.74		
Trade payables	85,025.25	62,902.14		147,927.39
Overdrawn current account	5,750.69			5,750.69
Capital creditors	470.48			470.48
Employee Benefits payable	2,659.46			2,659.46
Lease equalisation			280.25	280.25
Security deposits	213.19			213.19
Unpaid dividends	14.62			14.62
Others	765.38	765.38		
Total non derivative financial liabilities	**355,558.89**	**75,194.14**	**9,280.25**	**440,033.29**

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

Contractual maturities of financial liabilities (31 March 2017)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non derivatives				
Borrowings	176,790.29	23,303.63	24,730.98	224,824.90
Interest accrued	3,660.45			3,660.45
Trade payables	111,007.16	21,036.06		132,043.22
Overdrawn current account	655.97			655.97
Capital creditors	523.65			523.65
Employee Benefits payable	2,339.26			2,339.26
Lease equalisation	203.50		203.50	
Security deposits	36.68			36.68
Unpaid dividends	17.09			17.09
Others	481.68			481.68
Total non derivative financial liabilities	295,512.23	44,339.69	24,934.48	364,786.40
Derivatives				
Foreign exchange forward contract	235.56	–	–	235.56
Total derivative financial liabilities	235.56	–	–	235.56

Contractual maturities of financial liabilities (31 March 2017)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non derivatives				
Borrowings	139,234.72	10,502.35	4,784.54	154,521.61
Interest accrued	4,263.06			4,263.06
Trade payables	87,331.32	18,345.27		105,676.59
Book overdraft in cuurent account	4,087.11			4,087.11
Capital creditors	319.20			319.20
Employee Benefits payable	1,867.20			1,867.20
Lease equalisation	108.25		108.25	
Security deposits	36.68			36.68
Unpaid dividends	18.43			18.43
Others 1,173.45	1,173.45			
Total non derivative financial liabilities	**238,331.17**	**28,847.62**	**4,892.79**	**272,071.58**
Derivatives				
Foreign exchange forward contract	108.33	–	–	108.33
Total derivative financial liabilities	**108.33**	**–**	**–**	**108.33**

(C) Market risk

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. primarily with respect to the US$ and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). 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 INR. The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR is as follows

Particulars	31-Mar-17			31-Mar-16			1-Apr-15		
	USD	EUR	ZAR	USD	EUR	ZAR	USD	EUR	ZAR
Financial assets									
Trade receivables	–	351.46	–	–	380.62	–	–	343.31	–
Loans to subsidiaries	7,218.48	–	–	8,839.99	–	–	5,409.41	–	–
Net exposure to foreign currency risk (assets)	**7,218.48**	**351.46**	–	**8,839.99**	**380.62**	–	**5,409.41**	**343.31**	–
Financial liabilities									
Foreign currency loan	2,285.50	–	–	3,271.73	–	–	1,905.04	732.09	–
Trade payables	1,158.80	1,452.14	3.97	331.71	2,754.96	2.13	41.49	119.97	35.05
Payable to subsidiaries	–	31.07	–	585.65	33.62	–	283.77	31.47	–
Payable to associates	–	1.27	–	–	1.24	–	–	–	–
Derivative liabilities									
Foreign exchange forward contracts Buy foreign currency	2,555.08	–	–	22,712.33	–	–	3,972.78	–	–
Net exposure to foreign currency risk (liabilities	**5,999.38**	**1,484.48**	**3.97**	**26,901.42**	**2,789.82**	**2.13**	**6,203.08**	**883.53**	**35.05**

(b) Sensitivity:

Particulars	**Increase/(Decrease) in profit after tax**	
	31-Mar-17	**31-Mar-16**
USD sensitivity		
INR/USD -Increase by 5% (31 March 2016-5%)*	60.95	(873.79)
INR/USD -Decrease by 5% (31 March 2016-5%)*	(60.95)	873.79
EUR sensitivity		
INR/EUR-Increase by 5% (31 March 2016-5%)*	(56.65)	(120.46)
INR/EUR-Decrease by 5% (31 March 2016-5%)*	56.65	120.46
ZAR sensitivity		
INR/ZAR-Increase by 5% (31 March 2016-5%)*	(0.20)	(0.11)
INR/ZAR-Increase by 5% (31 March 2016-5%)*	0.20	0.11

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During 31 March 2017 and 31 March 2016, the group's borrowings at variable rate were mainly denominated in INR and USD.

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

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

(a) Interest rate risk exposure

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

Particulars	**31-Mar-17**	**31-Mar-16**	**1-Apr-15**
Variable rate borrowing	236,352.78	208,334.36	147,779.39
Fixed rate borrowings	41,652.28	16,490.54	6,742.21
Total borrowings	**278,005.06**	**224,824.90**	**154,521.60**

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

(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**	
	31-Mar-17	**31-Mar-16**
Interest rates increase by 50 basis points (50 bps) *	(117.73)	(111.59)
Interest rates decrease by 50 basis points (50 bps) *	117.73	111.59

* Holding all variables constant

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE 27 : FAIR VALUE MEASUREMENTS

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
– Equity instruments	46.95	–	–	45.80	–	54.75	–		
– Debentures	–	–	12,470.04	–	–	–	–	–	–
– Mutual funds	194.00	–	–	–	–	–	–	–	–
Trade receivables	–	–	165,243.79	–	–	138,519.74	–	–	122,064.55
Loans	–	–	8,647.07	–	–	8,330.99	–	–	5,242.59
Cash and cash equivalents	–	–	8,576.73	–	–	4,438.93	–	–	4,478.23
Other bank balances	–	–	1,609.40	–	–	1,720.13	–	–	210.58
Derivative financial assets	203.60	–	–	–	–	–	198.31	–	–
Security deposits	–	–	261.40	–	–	469.85	–	–	295.73
Advance to Employees	–	–	96.13	–	–	88.57	–	–	73.69
Due from customers	–	–	130,522.90	–	–	126,743.02	–	–	99,537.01
Deposits with bank	–	–	52.95	–	–	49.00	–	–	9.58
Expenses Recoverable	–	–	17,100.94	–	–	9,462.49	–	–	3,335.18
Others	–	–	1,141.58	–	–	2,849.81	–	–	561.30
Total financial assets	**444.55**	**–**	**345,722.93**	**45.80**	**–**	**292,672.53**	**253.06**	**–**	**235,808.44**
Financial liabilities									
Borrowings	–	–	278,005.06	–	–	224,824.90	–	–	154,521.60
Interest accrued	–	–	3,946.74	–	–	3,660.45	–	–	4,263.06
Derivative financial liabilities	–	–	–	235.56	–	–	108.33	–	–
Trade payables	–	–	147,927.39	–	–	132,043.22	–	–	105,676.59
Book overdraft in cuurent account	–	–	5,750.69		–	655.97	–	–	4,087.11
Capital creditors	–	–	470.48	–	–	523.65	–	–	319.20
Employee Benefits payable	–	–	2,659.46	–	–	2,339.26	–	–	1,867.20
Lease equalisation	–	–	280.25	203.50	108.25				
Security deposits	–	–	213.19	–	–	36.68	–	–	36.68
Dividend Accrued on Preference Shares	–	–	112.13	–	–	27.88	–	–	27.65
Unpaid dividends	–	–	14.62	–	–	17.09	–	–	18.43
Others	–	–	653.25	–	–	453.80	–	–	1,145.80
Total financial liabilities	**–**	**–**	**440,033.26**	**235.56**	**–**	**364,786.40**	**108.33**	**–**	**272,071.57**

(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 - reurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2017					
Financial assets					
Financial instruments at FVPL					
Listed equity investments		47	–	–	**47**
Mutual funds		–	194	–	**194**
Derivatives not designated as hedges					
Foreign exchange forward contract		–	204	–	**204**
Total financial assets		**47**	**398**	–	**445**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contract		–	–	–	–
Total financial liabilities		–	–	–	–
Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
At 31 March 2017					
Financial assets					
Investments					
Debentures		–	–	12,470	**12,470**
Security deposits		–	–	264	**264**
Due from customers		–	–	130,543	**130,543**
Trade receivables		–	–	165,345	**165,345**
Expenses Recoverable		–	–	17,107	**17,107**
Total financial assets		–	–	**325,729**	**325,729**
Financial Liabilities					
Borrowings		–	–	278,005	**278,005**
Lease equalisation		–	–	288	**288**
Total financial liabilities		–	–	**278,293**	**278,293**

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

Financial assets and liabilities measured at fair value - reurring fair value measurements At 31 March 2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at FVPL					
Listed equity investments		46	–	–	46
Total financial assets		**46**	**–**	**–**	**46**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contract		–	236	–	236
Total financial liabilities		**–**	**236**	**–**	**236**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At 31 March 2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits		–	–	470	**470**
Due from customers		–	–	126,743	**126,743**
Trade receivables		–	–	138,520	**138,520**
Expenses Recoverable		–	–	9,462	**9,462**
Total financial assets		–	–	**275,195**	**275,195**
Financial Liabilities					
Borrowings		–	–	224,825	**224,825**
Lease equalisation		–	–	203	**203**
Total financial liabilities		–	–	**225,028**	**225,028**

Financial assets and liabilities measured at fair value - reurring fair value measurements At 1 April 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at FVPL					
Listed equity investments		55	–	–	55
Derivatives not designated as hedges					
Option contract		–	198	–	198
Total financial assets		**55**	**198**	**–**	**253**
Financial liabilities					
Derivatives not designated as hedges					
Option contract		–	108	–	108
Total financial liabilities		**–**	**108**	**–**	**108**

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At 1 April 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits		–	–	296	296
Due from customers		–	–	99,537	99,537
Trade receivables		–	–	122,065	122,065
Expenses Recoverable		–	–	3,335	3,335
Total financial assets		–	–	**225,233**	**225,233**
Financial Liabilities					
Borrowings		–	–	154,522	154,522
Lease equalisation		–	–	108	108
Total financial liabilities		–	–	**154,630**	**154,630**

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listing equity instruments and mutual funds that have net asset value calculated at the close of every day using observable inputs. The fair value of all equity instruments which are traded in stock exchange is valued using the closing price as at the reporting period.

Level 2 : The fair value of financial instruments that are not traded in the active market is determined using valuation technique which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs require to fair value an instruments are observable, the instrument is included in level 2.

Level 3 : If one or more of the significant input is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and other financial instruments included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments						
Debentures	12,470	12,470	–	–	–	–
Security deposits	261	264	470	470	296	296
Due from customers	130,523	130,543	126,743	126,743	99,537	99,537
Trade receivables	165,244	165,345	138,520	138,520	122,065	122,065
Expenses Recoverable	17,101	17,107	9,462	9,462	3,335	3,335
Total financial assets	**325,599**	**325,729**	**275,195**	**275,195**	**225,233**	**225,233**
Financial liabilities						
Borrowings	278,005	278,005	224,825	224,825	154,522	154,522
Total financial liabilities	**278,005**	**278,005**	**224,825**	**224,825**	**154,522**	**154,522**

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

The carrying amount of loans, advance to employees, cash and cash equivalents, other financial assets, trade payables, interest accrued, book overdraft in current accounts, capital creditors, employee benefits payable, security deposits, dividend accrued on preference shares, unpaid dividend and others are considered to be the same as their fair value, due to their short term nature.

The fair values for trade receivables, due from customers, security deposits and expenses recoverable were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

NOTE 28 : RELATED PARTIES

(a) Subsidiaries

(i) McNally Sayaji Engineering Limited (MSEL)
(ii) McNally Bharat Equipments Limited (MBEL)
(iii) McNally Bharat Infrastructure Limited (MBIL) (ceased to be subsidiary w.e.f 17.02.2017)
(iv) MBE Mineral Technologies Pte Limited
(v) MBE Minerals Zambia Ltd
(vi) McNally Bharat Engineering (SA) Proprietary Ltd
(vii) Vedica Sanjeevani Projects Private Limited (w.e.f from 30.03.2017)

(b) Joint Venture of the Company

(i) EMC MBE Contracting Co LLC

(c) Entity having significant influence over the company

(i) EMC Ltd
(d) Subsidiaries of MBE Mineral Technologies Pte Limited
(i) MBE EWB Technologies Kft

(e) Subsidiaries of McNally Sayaji Engineering Limited

(i) MBE Coal & Minerals Technology India Pvt. Ltd

(f) Subsidiaries of Vedica Sanjeevani Projects Private Limited

(i) Christopher Estates Private Limited
(ii) Ganpati Arcade Private Limited (ceased to be a subsidiary during the year)

(g) Associates of MBE Mineral Technologies Pte Limited

(i) MBE Coal & Minerals Technologies GmbH

(h) Post employment benefit plan of the Company

(i) McNally Bharat Executive Staff Gratuity Fund
(ii) McNally Bharat Employees Provident Fund

(i) Key Management Personnel

(i) Mr. S. Singh - Managing Director (appointed on 14.12.2016)
(ii) Mr. Prasanta Kumar Chandra - Whole-time Director & COO
(iii) Mr. Prabir Ghosh- Whole-time Director
(iv) Mr. Aditya Khaitan - Chairman

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

(v) Mr. Amritanshu Khaitan

(vi) Mr. S.R Dasgupta (resigned w.e.f 14.12.2016)

(vii) Mr. V.K. Verma

(viii) Mr. P.H Ravikumar

(ix) Ms. Arundhati Dhar (appointed on 23.08.2016)

(x) Mr. Manish Agarwal (appointed on 01.10.2016)

(xi) Mr. A.K Barman

(xii) Mr.P.S. Bhattacharya (appointed on 14.12.2016)

(xiii) Ms. N. Khaitan (resigned w.e.f. 19.05.2016)

(xiv) Mr. Manoj Toshniwal (appointed on 01.10.2016 and resigned on 19.12.2016)

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE : 31 RELATED PARTIES

Transactions with related parties

Description	MBE Coal & Mineral Technology India Pvt.Ltd	MBE Mineral Techno logies Pte Ltd.	EMC MBE Contracting Co LLC	MBE Coal & Mineral Techno-logies GmbH	MBE EWB Techno-logies Kft	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	McNally Bharat Infrastructure Limited	MBE Minerals Zambia Limited	EMC Limited	McNally Bharat Engg. (S.A.) Proprietary Ltd.	Williamson Magor & Co. Ltd	Vedica Sanjeevani Projects Pvt Ltd
Purchase of Materials and components	–	–	–	–	–	4,690.48	–	–	–	–	–		–
	–	–	–	–	–	(3,049.79)	–	–	–	–	–		–
Rendering of services	–	–	–	–	–	174.63	–	–	–	–	–		–
	–	–	–	–	–	–	–	–	–	–	–		–
Purchase of services	94.35	–	–	–	–	–	–	150.13	–	–	–		–
	–	–	–	–	–	–	–	(187.07)	–	–	–		–
Sale of goods / contracts	–	–	–	–	–	–	–	–	–	–	–		–
	–	–	–	–	(94.05)	–	–	–	–	–	–		–
Bank Charges Reimbursed	583.37	–	–	–	–	–	–	–	–	–	–		–
	–	–	–	–	–	–	–	–	–	–	–		–
Rent paid	–	–	–	–	–	72.00	–	–	–	–	–		–
	–	–	–	–	–	(34.00)	–	–	–	–	–		–
Loan Given	–	–	–	–	–	–	–	–	–	–	–		–
	–	(2,143.74)	–	–	–	–	–	–	–	–	–		–
Loan Taken	–	–	–	–	–	–	–	–	–	–	–	24,981.00	–
	–	–	–	–	–	(2,124.85)	–	–	–	(15.00)	–		–
Investment made during the year	–	–	–	–	–	2,700.00	–	–	–	–	–		27,470.04
	–	–	(152.31)	–	–	–	–	–	–	–	–		–
Loans repaid	–	–	–	–	–	–	–	–	–	–	–	19,081.00	–
	–	(61.15)	–	–	–	–	–	–	–	–	–		–
Guarantee given	–	–	–	–	–	–	–	–	–	–	–		–
	–	–	–	–	–	–	–	–	–	–	–		–
Guarantee Charges received	–	–	–	–	–	–	–	–	–	–	–		–
	(9.86)	(10.28)	–	–	–	–	–	–	–	–	–		–
Guarantee received	–	–	–	–	–	–	–	–	–	–	–		–
	–	–	–	–	–	(6,200.00)	–	–	–	–	–		–
Standby Letter of Credit given	–	–	–	–	–	–	–	–	–	–	–		–
	–	–	–	–	–	–	–	–	–	–	–		–
Impairment in value of investments	–	–	–	–	–	–	–	–	4.69	–	0.13		–
	–	–	–	–	–	–	–	–	–	–	–		–
Sale of Investment	–	–	–	–	–	–	–	–	–	–	–		–
	–	–	–	–	–	(2,700.00)	–	–	–	–	–		–
Interest received on loan	–	496.85	–	–	–	–	–	–	–	–	–		–
	–	(523.84)	–	–	–	–	–	(98.54)	(121.71)	–	–		–

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE : 31 RELATED PARTIES *(Contd.)*

Transactions with related parties

Description	MBE Coal & Mineral Technology India Pvt.Ltd	MBE Mineral Techno logies Pte Ltd.	EMC MBE Contracting Co LLC	MBE Coal & Mineral Techno-logies GmbH	MBE EWB Techno-logies Kft	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	McNally Bharat Infrastructure Limited	MBE Minerals Zambia Limited	EMC Limited	McNally Bharat Engg. (S.A.) Proprietary Ltd.	Williamson Magor & Co. Ltd	Vedica Sanjeevani Projects Pvt Ltd
Advance given	–	–	–	–	–	–	–	–	–	–	–		–
	–	–	(64.27)	–	–	–	–	–	–	–	–		–
Impairment in value of advances	–	–	–	–	–	–	–	–	1,385.03	–	40.08		–
	–	–	–	–	–	–	–	–	–	–	–		–
Expenses incurred during the year	–	–	–	0.12	–	485.12	–	–	–	–	–		–
	–	–	–	–	–	(739.47)	–	–	–	–	–		–
Income earned during the year	–	–	–	0.12	–	24.00	–	–	–	–	–		–
	–	–	–	–	–	(24.00)	–	–	–	–	–		–
Interest Paid	–	–	–	–	–	111.90	–	–	–	2.25	–	1,503.60	–
	–	–	–	–	–	(352.53)	–	–	–	(2.00)	–		–
Investment at the year end	–	2,550.74	152.31	–	–	18,043.11	9.94	–	4.69	–	0.13		27,470.04
	–	(2,550.74)	(152.31)	–	–	(15,343.11)	(9.94)	(9.94)	(4.69)	–	(0.13)		–
Provision for impairment in value of investments	–	–	–	–	–	–	–	–	4.69	–	0.13		–
	–	–	–	–	–	–	–	–	–	–	–		–
Guarantees received	–	–	–	–	–	5,950.00	–	–	–	–	–		–
	–	–	–	–	–	(6,200.00)	–	–	–	–	–		–
Guarantees given	2,850.00	–	–	–	–	6,496.28	–	–	–	–	–		–
	(3,500.00)	–	–	–	–	(7,367.50)	–	–	–	–	–		–
Outstanding payables	397.88	–	–	1.27	56.50	900.94	–	–	–	19.33	–	8,061.58	–
	(237.86)	–	–	(1.24)	(26.79)	(3,735.62)	–	–	–	(15.00)	–		–
Outstanding Receivables	65.67	7,180.93	–	–	33.46	–	1.00	–	–	–	–		–
	–	(6,850.10)	(64.27)	–	–	–	(1.00)	(1,244.09)	(1,384.85)	–	(39.55)		–

* The amount outstanding as at March 31, 2017 has not been disclosed as McNally Bharat Infrastructure Limited was not a related party as at the year end.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE : 28 RELATED PARTIES *(Contd.)*

Transactions with Key Managerial Personnel	2016-17		2015-16	
	Remuneration	Sitting fees	Remuneration	Sitting fees
Mr. S. Singh	–	–	–	–
Mr. Prasanta Kumar Chandra	110.20	–	109.66	–
Mr. Prabir Ghosh	104.44	–	115.30	–
Mr. Aditya Khaitan	–	2.00	–	2.00
Mr. Amritanshu Khaitan	–	1.80	–	2.00
Mr. S.R Dasgupta	–	1.60	–	2.20
Mr. V.K. Verma	–	2.20	–	2.00
Mr. P.H Ravikumar	–	1.40	–	1.00
Ms. Arundhati Dhar	–	2.00	–	–
Mr. Manish Agarwal	–	0.40	–	–
Mr. A.K Barman	–	3.60	–	3.40
Mr.P.S. Bhattacharya	–	0.20	–	–
Ms. N. Kaitan	–	–	–	0.80
Mr. Manoj Toshniwal	–	–	–	–

Remuneration includes	2016-17		2015-16	
	Short term employee benefits	Post emplyment benefits	Short term employee benefits	Post emplyment benefits
Mr. Prasanta Kumar Chandra	104.53	5.67	103.99	5.67
Mr. Prabir Ghosh	98.88	5.56	109.63	5.67

Details of contribution to post employment benefit plans

Particulars	2016-17	2015-16
McNally Bharat Executive Staff Gratuity Fund	45.96	18.58
McNally Bharat Employees Provident Fund	389.75	484.32

NOTE 29 : CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Property, plant and equipment	4.05	146.54	102.16

NOTE 30 : NON-CANCELLABLE OPERATING LEASES

The Company leases various office premises under non-cancellable operating leases. These leases have varying terms, escalation clauses and renewal rights.

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year	408.42	408.42	396.11
Layter than one year but not later than five years	610.45	1,018.88	1,427.30
Later than five years	–	–	–

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

Rental expense relating to operating leases

Particulars	31-Mar-17	31-Mar-16
Total rent expense relating to operating leases	1,163.49	1,448.58

NOTE 31 : CONTINGENT LIABILITIES

The details of contingent liabilities is as under:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Claims against the company not acknowledged as debt	4.80	100.00	100.00
Other money for which the Company is contingently liable:			
Indirect tax matters relating to excise duty, service tax, sales tax	5,607.74	2,620.00	2,335.00
Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed.	498.25	–	1,640.00
Corporate guarantees given in favour of subsidiary companies*	8,800.00	10,867.50	11,899.70
Other guarantees given	–	–	240.80
Standby letter of credit	–	–	2,006.70
Liquidated damages relating to contract sales	Amount not readily ascertainable	Amount not readily ascertainable	Amount not readily ascertainable

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

MBE Coal & Mineral India Pvt Ltd (Banking Facility)	2,850.00	3,500.00	3,500.00
McNally Sayaji Engineering Ltd (ECB & Rupee Term Loan)	5,950.00	7,367.50	5,289.00
MBE Mineral technologies Pte Ltd	–	–	3,110.70
	8,800.00	**10,867.50**	**11,899.70**

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

NOTE 32 : DUES TO MICRO AND SMALL ENTERPRISES

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	966.24	595.00	233.23
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	37.47	84.07	85.22
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	2,414.91	1,868.64	1,309.74

NOTE 33

An amount of INR 7180 stands receivable from MBE Mineral Tehnologies Pte Limited (MBE Singapore) on account of advances given as allowed under FEMA and Exchange Control Guidelines of Reserve Bank of India. Part of the receivables is also on account of interest being charged on such advances. The amount shall be paid by MBE Singapore as and when it receives payment from Schillingtons Limited, UK against the sale proceeds of sale of 70% stake of MBE Singapore in CMT group Germany to Schillingtons. The agreement to sell between MBE Singapore and Shillingtons is valid as per the German law, which provides for extension of payment time with bilateral consent. The said agreement have been extended by both the parties from time to time as permitted in the agreement. This receivable is backed by receivable from sale proceeds of valuable assets and MBE Singapore can at any point of time reclaim the transferred shares, by not extending payment time, which have been well defined in sale agreement notarized in the City of Cologne. Investment of INR 2550.74 in as well as advances aforesaid to MBE Mineral Technologies Pte Limited, Singapore by company is considered good and recoverable.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE 34

The remuneration of INR 76.80 paid/payable to a wholetime director of the company is pending compliance with the requirements of Section 197(3) read with Schedule V of the Companies Act, 2013.

NOTE 35

The details as required in respect of construction constracts under Ind AS 11 is as under:

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Contract costs incurred	15,13,502.07	13,67,117.74	11,88,335.37
Add : Recognised profit net of recognised losses	20,106.30	66,038.11	66,113.92
Contract Revenues	**15,33,608.37**	**14,33,155.85**	**12,54,449.29**
Progress Billing	13,91,018.07	12,76,882.91	11,33,483.25
Unbilled Revenue (Net)	1,42,590.30	1,56,272.94	1,20,966.04
Due from Customers	1,43,509.14	1,58,304.54	1,24,047.04
Less: Allowance for doubtful amount	11,791.85	30,808.88	23,845.98
Less: Provision for future foreseeable losses	1,194.39	752.64	664.05
Net Due from Customers	**1,30,522.90**	**1,26,743.02**	**99,537.01**
Due to Customers	(919.17)	(2,031.59)	(3,080.87)
Add: Provision for future foreseeable losses	(54.23)	(2.52)	(7.14)
Net Due to Customers	**(973.40)**	**(2,034.11)**	**(3,088.00)**
Advance payments received	**55,907.22**	**61,760.89**	**55,075.13**
Retention amount	**76,907.19**	**81,416.95**	**73,433.59**
Provision for future foreseeable losses recognised	**1,248.62**	**755.16**	**671.19**

Sale of equipments and contract revenue as reported in this accounts is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.

The company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

NOTE 36

Disclosure in respect of specified bank notes held and transacted pursuant to notification no. G.S.R.308 (E) dated March 30, 2017 issued by MCA:

Particulars	Specified bank notes (SBNs)	Other denomination notes & coins	Total
Closing cash in hand as on November 8, 2016	12.24	276.52	288.76
Add: Permitted receipts	–	156.91	156.91
Less: Permitted payments	–	180.00	180.00
Less: Amount deposited in banks	12.24	–	12.24
Closing cash in hand as on December 30, 2016	–	253.43	253.43

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

NOTE 37: EARNINGS PER SHARE

Particulars	31-Mar-17	31-Mar-16
(a) Basic earnings per share		
From continuing operations attributable to the equity holders of the company	(6,645.52)	(35,131.30)
Total basic earnings per share attributable to the equity holders of the company	(12.30)	(72.18)
(b) Diluted earnings per share		
From continuing operations attributable to the equity holders of the company	(6,645.52)	(35,131.30)
Total diluted earnings per share attributable to the equity holders of the company	(12.30)	(72.18)

(c) Reconciliations of earnings used in calculating earnings per share

Particulars	31-Mar-17	31-Mar-16
Basic earnings per share		
Profit attributable to the equity holders of the Company used in calculating basic earnings per share		
Total comprehensive income for the year	(5,875.19)	(34,396.92)
Adjustment of redemption premium in case of redeemable preference shares from securities premium	(770.33)	(734.38)
	(6,645.52)	(35,131.30)
Diluted earnings per share		
Profit from continuing operations attributable to the equity holders of the company:		
Used in calculating basic earnings per share	(6,645.52)	(35,131.30)
Add/less: adjustments on dilutive potential equity shares	–	–
Used in calculating diluted earnings per share	(6,645.52)	(35,131.30)
Profit attributable to the equity holders of the Company used in calculating diluted earnings per share	(6,645.52)	(35,131.30)

(d) Weighted average numbers of shares used as denominator

Particulars	31-Mar-17 Number of shares	31-Mar-16 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	5,40,50,190	4,86,75,785
Adjustments for calculation of diluted earnings per share:	–	–
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**5,40,50,190**	**48,675,785**

NOTE 38 : SEGMENT INFORMATION

The company is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting under Ind AS 108.

The company has earned its entire revenue in 2016-17 and 2015-16 from India. All non current assets of the company are located in India.

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

(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	31-Mar-17	31-Mar-16	01-Apr-15
Current				
Financial assets				
Investments	5	194.00	–	–
Trade Receivables	6(a)	1,65,243.79	1,38,519.74	1,22,064.27
Cash and cash equivalents	6(c)	8,576.73	4,438.93	4,478.23
Other financial assets	6(d)	1,49,312.40	1,39,601.22	1,00,654.96
Loans	6(b)	8,647.07	8,330.99	5,242.59
Non-financial assets				
Inventories	9	2,614.83	14,849.59	12,773.43
Other current assets	10(a)	70,500.48	59,038.07	41,062.91
Total current assets pledged as security		**4,05,089.30**	**3,64,778.54**	**2,86,276.39**
Non-current				
Property, plant and equipment	3	6,600.43	9,076.65	10,784.05
Capital work in progress	3	462.58	462.48	819.51
Total non-currents assets pledged as security		**7,063.01**	**9,539.13**	**11,603.56**
Total assets pledged as security		**4,12,152.31**	**3,74,317.67**	**2,97,879.95**

Note:

Current assets except investments are pledged under first charge for working capital loans and under residual charge for rupee term loan of RBL Bank Limited. Investments are put under lien for loan taken from L&T Finance Limited.

Non current assets are pledged under first charge for rupee term loan and ECB from ICICI Bank Limited and as second charge for working capital loans.

NOTE 40 : FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

These are the company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use

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

that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Investments in subsidiaries and joint ventures

The company has opted Paragraph D14 and D15 and accordingly considered the previous GAAP carrying amount of investments as deemed cost as at the transition date.

A.1.3 Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for detrmining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).The Company has elected to avail of the above exemption.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model.
- Estimation of dates of recovery of financial assets.
- Determination of discounted value for financial instruments carried at amortised cost.

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

B: Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity comprehensive income and cash flows for prior period. The following table represents the reconciliation from previous GAAP to Ind AS.

Reconciliation of total equity as at April 1, 2015

Particulars	Amount
Total equity (shareholders' funds) as per previous GAAP	**31,499.32**
Adjustments:	
Transaction Cost relating to borrowings	116.33
Transaction Cost & Redemption Premium on Redeemable Preference Shares	(747.89)
Interest Free Security Deposit against Rental premises	(6.54)
Fair valuation of expenses Recoverable	(1,015.13)
Gain on derivative contract	198.31
Impact of fair valuation of equity instruments held at fair value through Profit & Loss	50.18
Impact of retention on actual billing made during the current year	(9,288.23)
Impact of retention on unbilled revenue	(1,130.70)
Expected Credit Loss	(34,136.07)
Decommissioning Obligation in respect of fixed assets	(65.48)
Impact of fair valuation of lease obligations	432.17
Reclassification of preference share capital into financial liabilities	(975.00)
Total adjustments	**(46,568.05)**
Total equity as per Ind AS	**(15,068.73)**

Reconciliation of total equity as at March 31, 2016

Particulars	Amount
Total equity (shareholders' funds) as per previous GAAP	**11,349.99**
Transaction Cost relating to borrowings	1,057.81
Transaction Cost & Redemption Premium on Redeemable Preference Shares	(1,454.65)
Interest Free Security Deposit against Rental premises	(9.86)
Fair valuation of expenses Recoverable	(1,397.72)
Loss on derivative contract	(323.84)
Impact of fair valuation of equity instruments held at fair value through Profit & Loss	41.23
Impact of retention on actual billing made during the current year	(3,754.14)
Impact of retention on unbilled revenue	(661.95)
Expected Credit Loss	(44,004.51)
Decommissioning Obligation in respect of fixed assets	(83.90)
Impact of fair valuation of lease obligations	408.98
Reclassification of preference share capital into financial liabilities	(975.00)
Total adjustments	**(51,157.55)**
Total equity as per Ind AS	**(39,807.56)**

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Amount
Profit after tax as per previous GAAP	**(30,376.60)**
Adjustments:	
Transaction Cost relating to borrowings	941.48
Reclassification of dividend on redeemable preference shares and corporate dividend tax	(137.58)
Interest Free Security Deposit against Rental premises	(3.32)
Bank Guarantees Encashed (Expenses Recoverable)	(382.59)
Loss on derivative contract	(522.15)
Impact of fair valuation of shares of Mcleod Russel & Eveready	(8.95)
Impact of retention on actual billing made during the current year	5,534.11
Impact of retention on unbilled revenue	468.75
Expected Credit Loss	(9,868.46)
Decommissioning Obligation in respect of fixed assets	(18.42)
Remeasurements of Post employment benefits obligations	(27.62)
Impact of fair valuation of lease obligations	(23.19)
Total adjustments	**(4,047.94)**
Profit after tax as per Ind AS	**(34,424.54)**
Other comprehensive income	**27.62**
Total comprehensive income as per Ind AS	**(34,396.92)**

Reconciliation of cash flows for the year ended March 31, 2016

Particulars	PreviousGAAP *	Ind AS	Adjustment
Cash flow from operating activities	(43,814.35)	(40,196.29)	(3,618.06)
Cash flow from investing activities	(1,208.94)	(3,904.76)	2,695.82
Cash flow from financing activities	44,983.98	47,492.89	(2,508.91)
Net increase/(decrease) in cash and cash equivalents	(39.30)	3,391.84	(3,431.14)
Cash and cash equivalents (Opening balance)	4478.23	391.12	4,087.11
Cash and cash equivalents (Closing balance)	4,438.93	3,782.96	655.97

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

A. Borrowings

As required under Ind AS 109 transaction costs incurred towards origination of borrowings have been deducted from the carrying amoiunt of borrowings on initial recognition. These costs are recognised in the statement of profit and loss for long term borrowings and in securities premium account for redeemable preference shares over the tenure of the borrowing/ redeemable preference shares as interest expense, computed using effective interest rate method corresponding effect being in Long term borrowings/redeemable preference shares classified as long term borrowings and to the extent attributable to Current maturity of long term debts.

Under the previous GAAP these transaction costs were charged to the profit & loss and securities premium as and when incurred. Consequently, borrowings including current maturities as at 31st March 2016 have been reduced net by INR 1057.81 (April 1, 2015 - INR 116.33) with a corresponding adjustment to retained earnings resulting in increase in total equity.

Under the previous GAAP, redeemable preference shares were classified as a part of equity while the same under Ind AS has been classified as financial liability. The issuance cost were charged to securities premium as and when incurred under

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

the previous GAAP. Under Ind AS, transaction costs including issuance cost and redemption premium have been amortised over the tenure of preferece shares. Consequently, redeemable preference shares classified as borrowings as at 31st March 2016 have been increased net by INR 2429.65 (April 1, 2015 - INR 1722.89) with a corresponding adjustment to retained earnings resulting in decrease in total equity.

B. Other financial liabilities

As required under Ind AS 109 financial liabilities are fair valued on initial recognition and subsequently carried at amortised cost. Consequently, financial liabilities as at March 31, 2016 have been reduced by INR 408.98 (April 1, 2015 - INR 432.17) with a corresponding adjustment to retained earnings resulting in increase in total equity.

C. Decommissioning obligations relating to equipments

As required under Ind AS 16, cost of property, plant and equipment would include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Provision for decommissioning obligations has been made In accordance with Ind AS 37 which has been discounted to arrive at the value on initial recognition. The same has been capitalised and depreciated. Unwinding of discounting has been charged to finance cost with corresponding credit to provisions. Consequently provision has increased as at March 31, 2016 by INR 93.86 (April 1, 2015 - INR 83.03) with corresponding debit to property, plant and equipment which has increased as at March 31, 2016 by INR 9.95 (April 1, 2015 - INR 17.55) and balance adjustment to retained earnings resulting in decrease in total equity.

D. Fair valuation of investments

Under the previous GAAP, investments in equity instruments were classified as long term investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary decline in the value of such investments, Under Ind AS 109, these investments in other than subsidiaries and joint venture are required to be measured at fair value and have been taken to profit and loss. The resulting fair value changes of these investments have been recognised in retained earnings as at March 31, 2016 amounting to INR 41.23 (April 1, 2015 - INR 50.19)

E. Security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued the security deposits under Ind AS. Difference between fair value of security deposits and the carrying value (transaction value) as per previous GAAP has been recognised as prepaid rent. Consequently the amount of security deposits has been decreased by INR 92.93 as at March 31, 2016 (April 1, 2015 - INR 94.37). The advance rental increased by INR 83.08 as at March 31, 2016 (April1, 2015 - INR 87.84). Consequently retained earnings as at the April 1, 2015 and profit and loss for the year ended March 31, 2016 have been adjusted accordingly.

F. Fair valuation of forward contracts

Under the previous GAAP, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability was amortised as expense/income over the life of the contract. Under Ind AS 109, forward contracts are carried at fair value and the resultant gain and losses are recorded in the statement of Profit & Loss. Accordingly, the same has been fair valued resulting in decrease in equity by INR 323.84 as at March 31, 2016 and increase as at April 1, 2015 by INR 198.31.

G. Remeasurement of post employment benefit obligations

Under Ind AS 19, remeasurements i.e. actuarial gains and losses and return on plan assets, excluding amount included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by INR 27.62. There is no impact on the total equity as at March 31, 2016.

H. Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of

Notes to Standalone Financial Statements for the Year Ended March 31, 2017

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

profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by INR 439.92. There is no impact on the total equity and profit.

I. Trade receivables and due from customers

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result the allowance for doubtful debts increased by INR 44004.52 lacs as at March 31, 2016 (April 1, 2015 - INR 34136.07). Consequently retained earnings as at the April 1, 2015 and profit and loss for the year ended March 31, 2016 have been adjusted accordingly.

J. Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

K. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

L. Deferred revenue

Under the previous GAAP, contract revenue was recorded at transaction value. Under Ind AS 11, contract revenue is measured at the fair value of consideration received or receivable. A portion of revenue is retained by the customer (retention money) at the time of making the payment, which is released by the customer at the end of the project. Therefore, the arrangement effectively constitutes a financing transaction as the customer makes the payment on deferred settlement terms. Contractual maturity represents the expected date of collection of retention money. Accordingly, the Company discounts the related retention money over the contractual maturity period. This change has resulted in a decrease in trade receivables as at March 31, 2016 by Rs. 3754.15 (April 1, 2015 - INR 9288.24) with a corresponding decrease in equity.

M. Bank Overdrafts

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Consequently, cash and cash equivalents have reduced by INR 655.97 lakhs as at March 31, 2016 (April 1, 2015 - INR 4087.11) with a corresponding impact on cash flows from financing activities.

N. Deferred Tax

Deferred tax adjustments arising on above adjustments, where applicable have been made.

NOTE 41: CURRENT ASSETS/LIABILITIES RECOVERABLE/PAYABLE WITHIN AND BEYOND 12 MONTHS

Particulars	2017			2016			2015		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Trade receivables	88,336.60	76,907.19	**1,65,243.79**	57,652.49	80,867.26	**1,38,519.74**	48,818.42	73,245.85	**1,22,064.27**
Other financial assets	18,789.50	1,30,522.91	**1,49,312.40**	12,858.19	1,26,743.03	**1,39,601.22**	1,117.95	99,537.00	**1,00,654.96**
Other current assets	58,696.30	11,804.18	**70,500.48**	54,479.80	4,558.27	**59,038.07**	37,866.64	3,196.27	**41,062.91**
Trade payables	85,025.25	62,902.14	**1,47,927.39**	1,11,007.16	21,036.06	**1,32,043.22**	87,331.32	18,345.27	**1,05,676.59**
Other financial liabilities	28,051.04	12,292.00	**40,343.03**	8,097.74	23,303.63	**31,401.37**	12,307.79	10,502.35	**22,810.14**
Other current liabilities	48,785.15	12,050.97	**60,836.12**	62,664.54	4,859.96	**67,524.51**	4,523.40	55,075.13	**59,598.53**

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

NOTE 42: DETAILS OF LOANS GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013 AND OUTSTANDING AS AT THE REPORTING DATE

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Balance of loan given to MBE Minerals Zambia Limited (100% subsidiary)	1,385.57	1,384.85	1,195.66
Balance of loan given to MBE Mineral Technologies Pte Ltd.,Singapore (100% subsidiary)	7,180.93	6,850.10	3,880.35
Balance of loan given to McNally Bharat Equipments Limited (100% subsidiary)	1.00	1.00	1.00
Balance of loan given to McNally Bharat Engg. (S.A.) Proprietary Ltd. (100% subsidiary)	39.55	39.55	37.33
Balance of loan given to McNally Bharat Infrastructure Limited (100% subsidiary till 17.02.2017)	–	1,426.17	1,310.53
	8,607.04	**9,701.67**	**6,424.87**

All the above loans have been given for business purpose.

NOTE 43 :

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

NOTE 44 :

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

For Lovelock & Lewes

Firm Registration Number 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, 30th May, 2017

For and on behalf of Board of Directors of
McNally Bharat Engineering Company Limited
Aditya Khaitan – Chairman
Srinivash Singh – Managing Director
Lalit Khetan – CFO
Prasanta Kumar Chandra – Director
Indranil Mitra – Company Secretary
Prabir Ghosh – Director

Independent Auditors' Report

To the Members of McNally Bharat Engineering Company Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of McNally Bharat Engineering Company Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint venture and associate company; (refer Note 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associate and joint venture in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and joint venture respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 under Other Matters below, other than the unaudited financial statements/financial information as certified by the management and referred to in paragraph 10 under Other Matters below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

7. Basis for Qualified Opinion

   We draw your attention to the following matters:

   (i) Note 31 to the consolidated Ind AS financial statements regarding remuneration aggregating 76.8 Lacs paid/payable to a whole-time director of the Holding Company for which the company has not obtained the requisite approvals mandated under Section 197 (3) read with Schedule V of the Act.

   (ii) Note 32 to the consolidated Ind AS financial statements regarding MBE Coal & Mineral Technology India Private Limited, a subsidiary of the Holding Company, which uses the services of a third party service organization for payroll processing. As per the requirements of SA 402 (Revised) "Audit Considerations Relating To An Entity Using A Service Organisation", we have not been able to obtain sufficient appropriate audit evidence to identify and assess the risk of material misstatement around the controls established by such third party service organization either through obtaining a Type II report from the auditors of the service organization or through performance of relevant audit procedures. Accordingly, we are unable to comment on the Employee Benefit Expense and the Employee Benefit Liability amounting to Rs. 931.73 Lacs and Rs. 108.67 Lacs respectively with a consequential impact on the Statement of Profit & Loss and Cash Flow Statement for the year and the Balance Sheet as on March 31, 2017.

   (iii) The Company's management has converted the financial statements of MBE Mineral Technologies Pte. Ltd, a subsidiary incorporated outside India from the accounting principles generally accepted in that country to the accounting principles generally accepted in India. We have not audited these conversion adjustments made by the Company's management. Additionally, as mentioned in paragraph (v) below the audit opinion on MBE Minerals Technologies Pte Limited has been disclaimed by its auditors and thus reliance cannot be placed on its financial information which reflect total assets of Rs. 15004 Lacs and net assets of Rs. 7547 Lacs as at March 31, 2017, total revenue of Rs. 10 Lacs, net loss of Rs. 576 Lacs and net cash flows amounting to Rs. (7.05 Lacs).

   (iv) Further, vide our report dated May 30, 2017 we have qualified our opinion on the Consolidated financial statements of the Holding Company with regard to the carrying value of investments aggregating to Rs. 2550.74 Lacs and recoverability of the receivable aggregating to Rs. 7180 Lacs from the aforesaid subsidiary, the balances of which are eliminated pursuant to consolidation adjustments.

   (v) Basis of disclaimer of opinion (as reported by the component auditor)

   We draw your attention to the following disclaimer of opinion on the financial statements of MBE Minerals Technologies Pte Limited, a subsidiary of the Holding Company issued by an independent firm of Accountants (incorporated in Singapore) vide its report dated May 18, 2017 reproduced by us as under:

   "(i) On 24th of March 2015, the Company sold its investment in subsidiary for Euro 14,000,000. As per terms of agreement with the buyer, the consideration is to be received on or before 30th September 2015. An agreement signed with buyer on 7th January 2016 which states that the Euro 1,000,000 will be paid by 30th June 2016 and balance of Euro 13,000,000 by 30th September 2016, which also failed to materialise. A new agreement been signed giving the buyer extension of time to pay by 30 June 2017. As this is after the date of our audit report we are not in a position to determine whether any provision is required for doubtful debts. As the sales consideration was not received by the Company till to-date, we are not in a position to determine that whether the sale of subsidiary is constituted valid transaction and accordingly we are not in a position to comments if any needed to the financial statements.

   (ii) The Company's trade receivables of US$678,076 and other receivables of US$19,988,800 balances has been remained outstanding for over 2 years. The management considers the receivable will be fully received and hence no provision for doubtful debts has been made in the financial statements. However, we have not found any substantive evidence or alternative audit procedure to go along with the view of the management.

We are not in a position to establish the amount to be provided in the financial statement towards bad and doubtful debts if any. The audit evidence available was limited we have been unable to obtain sufficient evidence concerning trade and other receivables."

The consequential impact of matters described above in the consolidated Ind AS financial statements is presently not ascertainable.

8. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the indeterminate effects of matters referred to in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2017, and their consolidated loss (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter Paragraph

9. We did not audit the financial statements/financial information of three subsidiaries (including companies incorporated outside India) whose financial statements/financial information reflect total assets of Rs. 33207.68 Lacs and net assets ofRs. 2218.79 Lacs as at March 31, 2017, total revenue of Rs. 9.70 Lacs, net loss of Rs. 354.09 Lacs and net cash flows amounting to Rs. 10.87 Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. Three of these financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

10. We did not audit the financial information of two subsidiaries (both companies incorporated outside India) whose financial information reflect total assets of Rs 261.41 Lacs and net assets of Rs. (1547.76 Lacs) as at March 31,2017, total revenue of Rs. Nil, net loss of Rs. Nil and net cash flows amounting to Rs. (7.89 Lacs) for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 274.75 Lacs for the year ended March 31, 2017 as considered in the consolidated Ind AS financial statements, in respect of an associate company and a joint venture (both incorporated outside India) whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

11. The financial statements of a subsidiary located outside India, included in the consolidated financial statements, which constitute total assets of Rs. 2505.12 Lacs and net assets of Rs. 3232.10 Lacs as at March 31, 2017, total revenue of Rs. 1469.77 Lacs, net profit of Rs. 19.06 Lacs and net cash flows amounting to Rs. 142.72 Lacs for the year then ended, have been prepared in accordance with accounting principles generally accepted in that country and have been audited by other auditors under generally accepted auditing standards applicable in that country. The Company's management has converted the financial statements of such subsidiary located outside India from the accounting principles generally accepted in that country to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

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

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

Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and except for matter stated in paragraph 7(ii) above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, except for the indeterminate effects of the matters referred to in paragraph 7 above, proper books of account as required by law has been maintained by the Holding Company, its subsidiaries included in the Group incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

(d) In our opinion, except for the indeterminate effects of the matters referred to in paragraphs 7 and 8 above, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company audits subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comments in the Basis for Qualified Opinion paragraph above.

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

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group, its associate and joint venture- Refer Note 33 to the consolidated Ind AS financial statements.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2017- Refer (a) Note 34 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associate and joint venture and (b) the Group's share of net loss in respect of its associates.

iii. The instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India, during the year ended March 31, 2017 are as follows:

Year of Dividend	Unpaid (Rs. Lacs)	Due Date	Actual date of transfer	Delay (days)
2008-09	2.047	30.12.2016	11.05.2017	132

iv. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016.

Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company, and its subsidiary companies incorporated in India and as produced to us by the Management - Refer Note 35. There is no associate company and jointly controlled company in India.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
June 1, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of McNally Bharat Engineering Company Limited on the consolidated financial statements for the year ended March 31, 2017.

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

1. In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of McNally Bharat Engineering Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Basis for Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of internal financial controls over financial reporting as at March 31, 2017 with respect to the Holding Company and its subsidiary companies, which are companies incorporated in India.

   (i) The Holding Company's internal financial controls relating to compliance with laws and regulations did not operate effectively which resulted in the non-compliance not having been detected timely and the managerial remuneration not been approved in accordance with requirements of Section 197 read with Schedule V of the Companies Act, 2013 [Refer paragraph 7 (i.) of the main audit report].

   (ii) The Holding Company's internal financial controls relating to review of investments and receivables for appropriate provisioning did not operate effectively.

   (iii) A subsidiary of the Holding Company uses the services of a third party service organization for payroll processing. As per the requirements of SA 402 (Revised) "Audit Considerations Relating To An Entity Using A Service Organisation", we have not been able to obtain sufficient appropriate audit evidence to identify and assess the risk of material misstatement around the controls established by such third party service organization either through obtaining a Type II report from the auditors of the service organization or through performance of relevant audit procedures and accordingly are unable to comment of the adequacy and operating effectiveness of the internal financial controls over the payroll processing system.

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

Qualified Opinion

10. In our opinion, except for the effects of the material weakness described in the Basis for Qualified Opinion paragraph above, the Holding Company and its subsidiary companies, which are companies incorporated in India, has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding 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.

11. We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, which are companies incorporated in India, for the year ended March 31, 2017, and the material weakness does affect our opinion on the consolidated Ind AS financial statements of the Holding Company.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
June 1, 2017

Consolidated Balance Sheet as at March 31, 2017

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

Particulars	Notes	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	3	22,811.92	27,091.01	29,883.70
Capital Work-in-Progress		404.69	487.82	204.10
Goodwill	4	15,623.27	1,265.89	1,265.89
Other Intangible Assets	4	85.19	227.06	332.52
Investment in Associate		1,405.51	2,965.83	2,671.42
Financial Assets				
Investments	5	740.95	45.80	54.75
Trade Receivables	6(a)	12,840.77	12,417.76	10,471.49
Loans	6(b)	2,910.35	–	–
Other Financial Assets	6(d)	861.89	718.06	4,063.43
Deferred Tax Assets	7	42,298.10	950.06	1,075.51
Other Non-current Assets	8	197.22	332.49	1,946.53
Total Non-Current Assets		**100,179.76**	**46,501.78**	**51,969.34**
Current Assets				
Inventories	9	33,735.21	30,031.88	26,712.85
Financial Assets				
Trade Receivables	6(a)	175,533.10	150,817.35	129,344.06
Cash and Cash Equivalents	6(c)	9,250.99	4,683.09	5,833.85
Bank Balance other than cash and cash equivalents above		2,281.40	2,314.41	272.94
Loans	6(b)	1,611.02	–	–
Other Financial Assets	6(d)	149,921.43	138,752.26	100,528.83
Current Tax Assets (Net)	10(b)	12,000.41	4,785.51	3,282.75
Other Current Assets	10(a)	63,711.72	53,968.32	48,987.50
Total Current Assets		**448,045.28**	**385,352.82**	**314,962.78**
TOTAL ASSETS		**548,225.04**	**431,854.60**	**366,932.12**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	11(a)	5,359.38	5,109.38	4,059.38
Other Equity				
Compulsorily Convertible preference share	11(a)	8,328.79	–	–
Money received against share warrants		–	625.00	750.00
Reserves and Surplus	11(b)	(3,824.26)	(46,719.00)	(18,147.02)
Equity attributable to Owners' of McNally Bharat Engineering Company Limited		**9,863.91**	**(40,984.62)**	**(13,337.64)**
Non-controlling interest		**3,571.74**	**2,977.48**	**3,805.74**
Total Equity		**13,435.65**	**(38,007.14)**	**(9,531.90)**
Liabilities				
Non-current liabilities				
Financial Liabilities				
Borrowings	12(a)	16,785.00	32,464.26	10,456.66
Trade Payables	12(d)	53.00	13.00	28.63
Other Financial Liabilities	12(c)	610.09	612.47	540.42
Employee Benefit Obiligations	14	900.19	815.52	854.75
Provisions	13	–	135.36	219.00
Other Non-current Liabilities	16	349.84	96.54	372.91
Total Non-Current liabilities		**18,698.12**	**34,137.15**	**12,472.37**
Current Liabilities				
Financial Liabilities				
Borrowings	12(b)	262,660.34	189,240.53	155,888.17
Trade Payables	12(d)	140,433.65	129,328.70	109,587.79
Other Financial Liabilities	12(c)	45,855.78	40,340.46	28,772.15
Other Current Liabilities	16	65,923.21	70,242.69	61,972.41
Employee Benefit Obligations	14	872.59	610.36	533.84
Provisions	13	320.94	640.90	1,974.87
Current Tax Liabilities (Net)	15	24.76	5,320.95	5,262.42
Total Current Liabilities		**516,091.27**	**435,724.59**	**363,991.65**
Total Liabilities		**534,789.39**	**469,861.74**	**376,464.02**
TOTAL EQUITY LIABILITIES		**548,225.04**	**431,854.60**	**366,932.12**

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

For Lovelock & Lewes

Firm Registration Number 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, 1st June, 2017

For and on behalf of Board of Directors of
McNally Bharat Engineering Company Limited

Aditya Khaitan – Chairman
Srinivash Singh – Managing Director
Prabir Ghosh – Director
Prasanta Kumar Chandra – Director
Lalit Khetan – CFO
Indranil Mitra – Company Secretary

Consolidated Statement of Profit and Loss For The Year Ended March 31, 2017

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

Particulars	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Revenue from Operations	17	220,176.14	272,454.02
Other Income	18(a)	30,561.76	5,067.14
Other gains/(losses)-net	18(b)	1,155.26	(337.87)
Total Income		**251,893.16**	**277,183.29**
Expenses :			
Cost of Materials Consumed	19(a)	158,379.87	152,213.83
Outsourcing expenses to job workers		53,502.12	61,907.69
Changes in Invertories of Work-in Progress and finished goods	19(b)	233.98	(10,003.58)
Excise duty		2,996.90	3,087.03
Employee Benefits Expense	20	13,638.79	15,030.78
Finance Costs	23	43,231.06	34,803.48
Depreciation and Amortisation Expense	21	4,533.76	3844.65
Other Expenses	22	32,349.05	44,761.72
Total Expenses		**308,865.53**	**31,4645.60**
Loss before share of net profits of investments accounted for using equity method and tax		**(56,972.37)**	**(37,462.31)**
Share of net loss of associates and joint ventures accounted for using the equity method		274.75	64.10
Loss before tax		(57,247.12)	(37,526.41)
Income Tax expenses :	24		
Current Tax		(10,809.52)	44.29
Deferred Tax-Charge/(Credit)		(41,348.04)	125.45
Total Tax Expenses		**(52,157.56)**	**169.74**
Profit/(Loss) for the Year		**(5,089..56)**	**(37,696.15)**
Other Comprehensive Income			
Items that will not be reclasssified to profit or loss			
Remeasurements of post-employment defined benefit obligations		(108.85)	27.62
Income Tax relating to these items		19.28	-
Other Comprehensive Income for the year, net of tax		**(89.57)**	**27.62**
Total Comprehensive income for the year		**(5,179.13)**	**37,668.53**
Profit/(Loss) is attributable to :			
Owners' of McNally Bharat Engineering Company Limited		(5,694.41)	(36,864.87)
Non-controlling interests		604.85	(831.28)
Other comprehensive income is attributable to :			
Owners' of McNally Bharat Engineering Company Limited		(78.98)	24.60
Non-controlling interests		(10.59)	3.02
Total comprehensive income is attributable to :			
Owners' of McNally Bharat Engineering Company Limited		(5,773.39)	(36,840.27)
Non-controlling interests		594.26	(828.26)
Earnings per Equity Share : [Nominal Value per share : Rs. 10/-(Previous Year : Rs. 10/-)]	**39**		
– Basic		(12.11)	(77.20)
– Diluted		(12.11)	(77.20)

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

For Lovelock & Lewes	For and on behalf of Board of Directors of McNally Bharat Engineering Company Limited		
Firm Registration Number 301056E	Aditya Khaitan	–	Chairman
Chartered Accountants	Srinivash Singh	–	Managing Director
Prabal Kr. Sarkar	Prabir Ghosh	–	Director
Partner	Prasanta Kumar Chandra	–	Director
Membership No. : 52340	Lalit Khetan	–	CFO
Kolkata, 1st June, 2017	Indranil Mitra	–	Company Secretary

Consolidated Statement of Changes in Equity for the Year Ended March 31, 2017

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

A. Equity share capital

Particulars	Notes	Equity Share Capital
As at 1st April 2015		4059.38
Changes in Equity Share Capital	11(a)	1050.00
As at 31st March 2016		5109.38
Changes in Equity Share Capital	11(a)	250.00
As at 31st March 2017		5359.38

B. Other equity

	Notes	Attributable to Owners' of McNally Bharat Engineering Company Limited								Total Equity	Non Controlling Interest	Total
		Money received against share warrants	Compulsorily Convertible Preference shares	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: General Reserve	Reserves and Surplus: Retained Earnings	Capital Reserve	Other Reserves: Capital Redemption Reserve	Foreign Currency Translation Reserve			
Balance at 1st April 2015		**750.00**	**–**	**19,119.82**	**1,598.14**	**(39,729.57)**	**863.59**	**1.00**	**–**	**(17,397.02)**	**3,805.74**	**(13,591.28)**
Profit of the year		–	–	–	–	(36,864.87)	–	–	–	(36,864.87)	(831.28)	(37,696.15)
Other Comprehensive Income		–	–	–	–	24.60	–	–	–	24.60	3.02	27.62
Total Comprehensive Income for the year		**–**	**–**	**–**	**–**	**(36,840.27)**		**–**	**–**	**(36,840.27)**	**(828.26)**	**(37,668.53)**
Appropriations during the year		–	–	–	–	–	(519.31)	–	0.01	(519.30)	–	(519.30)
Transfers		–	–	–	145.70	(145.70)	–	–	–	–	–	–
Transactions with oners in their capacity as owners :												
Issue of shares	11(a)	(125.00)	–	9,450.00	–	–	–	–	–	9,325.00	–	9,325.00
Adjustment on account of transfer of MBECMT		–	–	–	–	54.51	–	–	–	54.51	–	54.51
Dividend on Preference Shares for the year		–	–	–	–	(112.13)	–	–	–	(112.13)	–	(112.13)
Dividend Distribution Tax on Dividend on Perference Shares		–	–	–	–	(25.46)	–	–	–	(25.46)	–	(25.46)
IND AS Adjustment		–	–	–	–	137.58	–	–	–	137.58	–	137.58
Transaction with others												
Transaction costs		–	–	(716.91)	–	–	–	–	–	(716.91)	–	(716.91)
Balance at 31st March 2016		**625.00**	**–**	**27,825.91**	**1,743.84**	**(76,661.04)**	**344.28**	**1.00**	**0.01**	**(46,094.00)**	**2,977.48**	**(43,116.52)**
Profit for the year		–	–	–	–	(5,694.41)	–	–	–	(5,694.41)	604.85	(5,089.56)
Other Comprehensive Income		–	–	–	–	(78.99)	–	–	–	(78.99)	(10.59)	(89.58)
Total Comprehensive Income for the year		**–**	**–**	**–**	**–**	**(5,773.40)**	**–**	**–**	**–**	**(5,773.40)**	**594.26**	**(5,179.14)**
Appropriations during the yuear		–	–	–	–	–	–	–	702.19	702.19	–	702.19
Transfer		–	–	–	22.79	(22.79)	–	–	–	–		–
Transactions with owners in their capacity as owners :												
Issue of shares	11(a)	(625.00)	8,328.79	48,891.25	–	–	–	–	–	56,595.04	–	56,595.04
Transcation costs		–	–	(925.30)	–	–	–	–	–	(925.30)	–	(925.30)
Balance at 31st March 2017		**–**	**8,328.79**	**75,818.86**	**1,766.63**	**(82,457.23)**	**344.28**	**1.00**	**702.20**	**4,504.53**	**3,571.74**	**8,076.27**

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

Consololidated Statement of Cash Flows for the Year Ended March 31, 2017

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Cash flow from operating activities		
Profit/(Loss) before income tax	**(57,247.12)**	**(37,526.41)**
Adjustments for		
Depreciation	4,533.76	3,844.65
Finance Cost	43,231.06	34,803.48
Interest Income	(1,744.67)	(1,146.49)
Dividend Income	(0.33)	(0.44)
Loss/(Profit) on Disposal of Fixed Assets (Net)	0.29	(63.49)
Loss/(Profit) on Sale of Investments	(713.56)	–
Bad Debts Written Off	1,352.14	3,912.53
Expected credit loss provided for/(written back)	(25,932.37)	9,515.91
Advance from customer written back	–	15.15
Loability no Linger required written back	(930.63)	(3,150.62)
Provision for Future Foreseeable losses in Construction Contracts	493.46	92.20
Provision for warranty	25.00	53.53
Unrealised (gain)/loss in Foreign Currency Translation (Net)	42.18	(109.12)
Share of losses on associates and joint ventures	274.75	64.10
(Gain)/loss on fair valuation of derivative contracts	(439.16)	333.73
Net (gain)/loss on financial assets measured at fair value through profit or loss	(2.54)	8.95
Change in operating assets and liablities :		
(Increase)/Decrease in trade receivables	(19,575.56)	(29,809.93)
(Increase)/Decrease in inventories	(3,703.33)	(3,319.02)
(Increase)/Decrease in trade paybles	11,144.95	19,607.36
(Increase)/Decrease in other financial assets	7,219.58	41,930.64
(Increase)/Decrease in other non-current assets	135.27	1614.04
(Increase)/Decrease in other current assets	(9,743.40)	(4,995.97)
(Increase)/Decrease in provisions	(480.31)	(1,471.15)
(Increase)/Decrease in employee benefit obligations	238.05	64.91
(Increase)/Decrease in other financial liabilities	(123.02)	697.95
(Increase)/Decrease in other liabilities	(3,135.54)	11,144.52
Cash generated from operations		
Income taxes paid	(1,701.57)	(1,488.52)
Net cash inflow from operating activites	**(56,782.62)**	**(39,238.79)**

Consolidated Statement of Cash Flows for the Year Ended March 31, 2017

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

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Cash flows from investing activities		
Payment for purchase of investments	(694.00)	–
Proceeds from sale of invesments	0.00	–
Goodwill on acquisition of subsidiary	_	(54.89)
Adjustment for losses in associaties and joint ventures	1,285.66	(358.51)
Loans given during the year	(4,521.37)	–
Deposits matured/(made) during the year	33.01	(2,041.47)
Purchase of property, plant and equipment	(64.17)	(1,253.60)
Proceeds from sale of property, plant equipment	29.40	86.87
Dividends received	0.33	0.44
Interest received	1,735.66	1,143.98
Net cash outflow from investing activities	(2,195.48)	(2,477.18)
Cash flows from financing activities		
Proceeds from issues of shares	14,880.36	10,364.85
Proceeds from borrowings	303,296.69	194,377.39
Repayment of borrowings	(215,973.33)	(126,177.08)
Dividend paid	(18.35)	(1.57)
Transactions with non controlling interest	594.26	(828.26)
Interest paid	(43,257.47)	(34,825.60)
Net cash inflow (outflow) from financing ativities	59,522.16	42,909.73
Net increase (decrease) in cash and cash equivalents	544.06	1,193.76
Effect of exchange rate changes on cash and cash equivalents	23.47	4.19
Cash and cash equivalents at the beginning of the financial year	2,921.77	1,723.82
Cash and cash equivalents at the end of the year	3,489.30	2,921.77
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
	31-Mar-17	**31-Mar-16**
Cash and cash equivalents (note6(c))	9,247.99	4,661.74
Bank overdrafts (note 12(c))	(5,758.69)	(1,739.97)
Balances per statement of cash flows	**3,489.30**	**2,921.77**

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 Consolidated statement of cash flows should be read in conjunction with the accompanying notes

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

For Lovelock & Lewes

Firm Registration Number 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, 1st June, 2017

For and on behalf of Board of Directors of
McNally Bharat Engineering Company Limited

Aditya Khaitan – Chairman
Srinivash Singh – Managing Director
Lalit Khetan – CFO
Prasanta Kumar Chandra – Director
Indranil Mitra – Company Secretary
Prabir Ghosh – Director

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

NOTE I : SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

(i) Compliance with IndAS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The consolidated financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These consolidated financial statements for the year ended 31 March 2017 are the first financial statements of the Group under Ind AS. Refer note 42 for an explanation of how the transition from previous GAAP to IndAS has affected the Group's financial position, financial performance and cash flows. The accounting policies are applied consistently to all the periods presented in these financial statements including the preparation of the opening Ind AS balance sheet as at 1st April 2015, being the date of transition to IndAS.

(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 Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the group has ascertained 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 judgment

The estimates and judgments used in the preparation of the 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. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

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.

(v) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Associates

Associate is an entity over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in the associate is accounted for using the equity method of accounting (see (iv) below), after initially being recognized at cost.

(iii) Joint arrangements

Under IndAS 111 *Joint arrangements,* investment in joint arrangement is classified as either joint operation or joint venture. The classification depends on the contractual rights and obligation of each investor, rather than the legal structure of the joint arrangement. McNally Bharat Engineering Company Limited has a joint venture.

Interest in joint venture is accounted for using equity method (see (iv) below), after initially being recognized at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividend received or receivable from associate and joint venture is recognized as a reduction in the carrying amount of investment.

When the group's share of losses in an equity – accounted investment equals or exceeds its interest in the entity, including any other long term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(j) below.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker comprises of the Managing Director, two whole time Directors and the CFO.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the 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 Parent's functional and presentation 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 profit or loss.

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

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

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, and value added taxes.

The group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group.

(i) Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates.

(ii) Sale of Services

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

(iii) Revenue from construction contracts

Revenue from construction contracts is recognized by reference to percentage of completion method. Percentage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Variation in contract work, claims and incentive payments are included in contract revenue to the extent agreed to with the customer and are capable of being reliably measured.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognised by the Parent for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interests in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised by the Parent for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interests in joint arrangements where it is not probable that the difference will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balance relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(g) Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

As a lessor

Lease income from operating leases where the Group is lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(h) Impairment of non financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less 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.

(j) Trade receivables

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

(k) Inventories

Inventories consists of raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials comprises costs of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Due allowance is estimated and made for obsolete items, wherever necessary.

(l) Investments and other financial assets

(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 terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or 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 profit or loss.

(a) Debt instruments measured at amortized cost

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

(b) Equity instruments at Fair value through Profit and loss (FVTPL) - The Group subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit and loss. Dividends from such investments are recognized in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/(losses) in the statement of profit and loss. The Group has not chosen the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26 details how the Group determines whether there has been a significant increase in credit risk.

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

(iv) Derecognition of financial asset

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

(v) Income recognition

(a) Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discount estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(b) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(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.

(n) Offsetting financial instruments

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

(o) Properly, plant and equipment

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* profit or loss during the reporting period in which they are incurred.

(i) Transition to IndAS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. The initial estimate of dismantling equipment has been added to the deemed cost.

(ii) 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. In respect of one of the subsidiaries representing assets with gross carrying amount Rs. 13.62 Lacs, accumulated depreciation Rs. 7.08 Lacs and net carrying amount Rs. 6.54 Lacs, depreciation is calculated using the written down value 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 certain cases are different than those specified by Schedule II to the Companies Act 2013, in order to reflect the actual usage of the assets. 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(p) Intangible assets

(i) Computer Software

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 depending upon its useful life.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

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

(ii) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised 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 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 profit or loss as finance cost.

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

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

(t) Borrowing costs

General and specific borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take substantial period of time to get ready for intended use or sale.

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

(u) Provisions and Contingent liabilities

Provision is recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and amount can be reliably estimated. Provisions are not recognized for future operating losses.

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 increase in the provision due to the passage of time is reognised as interest expense.

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

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

(v) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the 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 at the acquisition date.

Acquisition-related costs are expensed as incurred. The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the 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 recognised 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 gain is recognised 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 recognised in profit or loss.

(w) Employee benefits

(i) Short - term obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 12 months after the year end and non - monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non current liabilities in the balance sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

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

(ii) Other long term employee benefit obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 12 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 profit or loss.

The obligations are presented as non current liabilities in the balance sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

(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 some of their 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 Parent 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. Both employees and the Parent make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Parent 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 Parent's obligation to meet the shortfall, it is categorized as a defined benefit plan.

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

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

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

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

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

(x) Contributed equity

Equity shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from, the proceeds.

(y) Dividends

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

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Group

- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year, (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) Investments in subsidiaries and joint venture

Investments in subsidiaries and joint ventures are recognized at cost as per Ind AS 27. *(i) Transition to Ind AS*

On transition to Ind AS, the Group has elected to continue with the carrying value of its investments recognized as at 1st April 2015 measured as per the previous GAAP and used that carrying value as the deemed cost of investments in the respective Consolidated financial statements.

Rounding of amounts

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

The MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2017 to amend Ind AS 107 - Statement of Cash Flows. The amendment will come into force from accounting period commencing on or after April 1, 2017. The Group, is in the process of assessing the possible impact of Ind AS 7 and will adopt the amendments on the required effective date.

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgements are:

1. Estimation of defined benefits obligation (Note 14)
2. Recognition of deferred tax assets for carried forward tax losses (Note 7)
3. Impairment of trade receivables and due from customers (Note 26)

Estimates and judgements are continually evaluated. 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.

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

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	Free Hold Particulars	Lease Hold Land	Building Land*	Plant & Machinery	Furniture & Fixture	Office Equipments	Vehicles	Total
Year ended 31 March 2016								
Gross carrying amount								
Deemed cost as at 1April 2015	256.00	2,721.23	11,442.49	14,249.42	937.32	85.83	191.41	29,883.70
Exchange differences	-	-	-	(3.97)	(1.32)	-	1.47	(3.82)
Additions	32.30	1.05	37.24	792.23	27.54	83.81	15.99	990.16
Adjustments	-	92.38	12.12	36.75	10.79	45.50	-	197.54
Disposals	-	-	(12.14)	(56.91)	(10.27)	(10.89)	(26.67)	(116.88)
Closing gross carrying amount	**288.30**	**2,814.66**	**11,479.71**	**15,017.52**	**964.06**	**204.25**	**182.20**	**30,950.70**
Accumulated depreciation								
Depreciation charge during the year	-	28.43	525.40	2,904.27	151.19	87.56	40.38	3,737.23
Disposals	-	-	(3.97)	(55.23)	(10.27)	(10.89)	(13.14)	(93.50)
Exchange differences	-	-	-	(3.97)	(1.34)	(0.14)	0.70	(4.75)
Adjustments	-	-	29.00	116.96	3.25	62.56	8.94	220.71
Closing accumulated depreciation	**-**	**28.43**	**550.43**	**2,962.03**	**142.83**	**139.09**	**36.88**	**3,859.369**
Net carrying amount Year	**288.30**	**2,786.23**	**10,929.28**	**12,055.49**	**821.23**	**65.16**	**145.32**	**27,091.01**
Year ended 31 March 2017								
Gross carrying amount								
Opening gross carrying amount	288.30	2,814.66	11,479.71	15,017.52	964.06	204.25	182.20	30,950.70
Exchange differences	-	-	-	-	(0.03)	(1.05)	(2.25)	(3.33)
Acquisition of subsidiary	-	-	-	-	0.15	0.21	6.17	6.53
Additions	-	-	-	72.79	12.32	26.34	33.05	144.50
Disposals	-	-	-	(16.62)	(5.69)	(4.64)	(26.00)	(52.95)
Adjustments	(3.00)	-	(11.00)	(1.00)	-	-	-	(15.00)
Closing gross carrying Accumulated depreciation and impairment	**285.30**	**2,814.66**	**11,468.71**	**15,072.69**	**970.81**	**225.11**	**193.17**	**31,030.45**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	Free Hold Particulars	Lease Hold Land	Building Land*	Plant & Machinery	Furniture & Fixture	Office Equipments	Vehicles	Total
Opening accumulated depreciation	–	28.43	550.43	2,962.03	142.83	139.09	36.88	3,859.69
Depreciation charge during the year	–	28.00	565.00	3,549.43	176.01	31.75	34.50	4,384.69
Disposals	–	–	–	(0.62)	(1.13)	(4.51)	(17.00)	(23.26)
Exchange Difference	–	–	–	–	(0.03)	(0.91)	(1.65)	(2.59)
Closing accumulated Depreciation and Impairment	**–**	**56.43**	**1,115.43**	**6,510.84**	**317.68**	**165.42**	**52.73**	**8,218.53**
Net carrying amount	**285.30**	**2,785.23**	**10,353.28**	**8,561.85**	**653.13**	**59.69**	**140.44**	**22,811.92**

(i) Leasehold Land*
Includes Land measuring 4.654 acres in respect of 1 of the subsidiaries which s been acquired under a lease-cum-sale agreement with West Bengal Industrial Infrastructure Development Corporation for a lease period of 99 years.

(ii) Property, plant and equipment pledged as security
Refer note 41 for property, plant and equipment pledged as security by the group.

(iii) Contractual obligations
Refer note 29 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iv) Capital work-in-progress
Capital work-in-progress mainly comprises of plant and equipment under installation.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 4: INTANGIBLE ASSETS

Particulars	Designs and drawings	Computer software*	Total	Goodwill on consolidation*
Year ended 31 March 2016				
Gross carrying amount				
Deemed cost as at 1 April 2015	249.00	83.52	332.52	1,265.89
Additions	–	142.80	142.80	–
Disposals	–	–	–	–
Adjustments	0.27	(139.16)	(138.89)	–
Exchange Difference	–	1.53	1.53	–
Closing gross carrying amount	**249.27**	**88.69**	**337.96**	**1,265.89**
Accumulated amortisation				
Amortisation charge for the year	74.65	32.77	107.42	–
Disposals	–	–	–	–
Adjustments	–	2.51	2.51	–
Exchange Difference	–	0.97	0.97	–
Closing Accumulated amortisation	**74.65**	**36.25**	**110.90**	**–**
Closing net carrying amount Yearly ended 31 March 2017	**174.62**	**52.44**	**227.06**	**1,265.89**
Gross carrying amount				
Opening gross carrying amount	249.27	88.69	337.96	1,265.89
Acquisition of subsidiary	–	7.18	7.18	14,357.37
Exchange Difference	–	(1.54)	(1.54)	–
Closing grossing carrying amount	**249.27**	**94.33**	**343.60**	**15,623.27**
Accumulated amortisation and impairment				
Opening accumulated amortisation	74.65	36.25	110.90	–
Amortisation charge for the year	141.91	7.16	149.07	–
Exchange Difference	–	(1.56)	(1.56)	–
Closing accumulated Amortisation and impairment	**216.56**	**41.85**	**258.41**	**–**
Closing net carrying amount	**32.71**	**52.48**	**85.19**	**15,623.27**

*Computer software consists of other than internally generated intangible asset.
**The Group has accquired 60% stake in 1 of the subsidiaries resulting in acquisition of Goodwill as depicted above.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 5: NON-CURRENT INVESTMENTS

Particulars	31-Mar-17	31-Mar-16	31-Mar-15
Equity Investments at FVTPL. Quoted			
10,960 (31 March 2016 : 10,960, 1 April 2015 : 10,960) equity shares of Eveready Industries India Limited	28.75	19.59	28.54
10,960 (31st March 2016 : 10,960, 1 April 2015 : 10,960) equity shares of McLeod Russel India Limited	18.20	26.21	26.21
Total (equity instruments)	**46.95**	**45.80**	**54.75**
Investment in mutual funds			
Unquoted 104,427.561 (31 March 2016 : Nil, 1 April 2015 : Nil) units of L&T Short Term Opportunities Growth Fund*	194.00	–	–
Total (mutual funds)	**194.00**	**–**	**–**
Investment in debentures			
Unquoted 2 % Debenture of Rs. 100/- each of Green Gold Merecentile Private Limited	400.00	–	–
2% Debenture of Rs. 100/- each of Trigger Supply Private Limited	100.00	–	–
Total (debentures)	**500**	**–**	**–**
Total	**740.95**	**45.80**	**54.75**
Aggregate amount of quoted investments and market value thereof	46.95	45.80	54.75
Aggregate amount of unquoted investments	694.00	–	–

(i) Investments pledged as security

Refer note 41 for investments pledged as security by the group.

NOTE 6(A) : TRADE RECEIVABLES

Particulars	March 31, 2017	March 31, 2016	1 April, 2015
Trade receivables	197,825.65	177,955.36	154,517.50
Less : Allowance for doubtful debts	(9,451.78)	(14,720.25)	(14,701.95)
Total receivables	**188,373.87**	**163,235.11**	**139,815.55**
Current portion	175,533.10	150,817.35	129,344.06
Non-current portion	12,840.77	12,417.76	10,471.49
Break-up of security details			
Secured, considered good	–	9,253.67	2,175.80
Unsecured, considered good	196,478.65	168,701.69	152,341.70
Doubtful	1,347.00	–	–
Total	**197,825.65**	**177,955.36**	**154,517.50**
Allowance for doubtful debts	9,451.78	14,720.25	14,701.95
Total trade receivables	**188,373.87**	**163,235.11**	**139,815.55**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 6(B) : LOANS

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Unsecured, considered good						
Loan to Others		1,471.36	–	–	–	–
Loan to Other Body Corporate	139.66	2,910.35	–	–	–	–
Total loans	**1,611.02**	**2,910.35**	**–**	**–**	**–**	**–**

NOTE 6(C) : CASH AND CASH EQUIVALENTS

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Balances with banks			
– in current accounts	9,172.51	4,579.42	5,614.29
– in unpaid dividend accounts	3.00	21.35	22.92
Remittance in transit	–	–	28.30
Cash on hand	75.48	82.32	168.34
Total Cash and Cash Equivalents	**9,250.99**	**4,683.09**	**5,833.85**

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

NOTE 6(D) : OTHER FINANCIAL ASSETS

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
(i) Derivatives						
Foreign-exchange forward contracts	228.60	–	95.21	–	320.07	–
(ii) Others						
Security deposits - considered good	263.09	142.46	509.55	213.05	318.46	223.25
Security deposits - considered doubtful	–	4.00	–	–	–	–
Less : Allowances for doubtful security deposits	–	(4.00)	–	–	–	–
Advance to Employee	96.31	–	88.57	–	81.82	–
Due from customers	130,596.12	393.41	125,891.71	456.00	99,205.67	362.09
Recoverable from Director	3.00	–	11.12	–	18.69	–
Interest Receivable	11.52	–	2.51	–	–	–
Sale of Shares receivable (Lok Kalyan Trust)	154.66	–	–	–	–	–
Deposits with bank	–	64.95	–	49.01	–	142.91
Expenses Recoverable	17,100.94	–	9,462.49	–	–	3,335.18
Others	1,467.19	261.07	2,691.10	–	584.12	–
Total other financial assets	**149,921.43**	**861.89**	**138,752.26**	**718.06**	**100,528.83**	**4,063.43**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 7 : DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to :

Particulars	31 March 2017	31 March 2016	1 April 2015
Tax losses	46,1064.00	871.42	2,948.73
Provisions	157.08	1,806.63	305.59
Other Items			
Others	7,744.51	580.65	1,014.17
Total deffered tax assets	54,065.59	3,258.70	4,268.49
Set-off deferred tax liabilities pursuant to set-off provisions	(11,767.49)	(2,308.64)	(3,192.98)
Net deferred tax assets	**42,298.10**	**950.06**	**1,075.51**

Significant estimates

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 plans and budgets for the group. The group is expected to generate taxable income from 2018-19 onwards. The losses can be carried forward for a period of 8 years as per local tax regulations and the group expects to recover the succes. Unabsorbed depreciation can be carried forward for an indefinite period of time.

Movements in deferred tax Assets

Particulars	Tax losses	Provisions	Others	Total
At 01 April 2015	2,948.73	305.59	1,014.17	4,268.49
(Charged)/credited :				
– to profit or loos	(2,077.31)	(1,501.04	(433.52)	(1,009.79)
At 31 March 2016	**87.42**	**1,806.63**	**580.65**	**3,258.70**
(Charged)/credited :				
– to profit or loss	45,292.58	(1,649.55)	7,163.86	50,806.89
At 31 March 2017	**46,164.00**	**157.08**	**7,744.51**	**54,065.59**

Deferred tax liabilities

The balance comprises temporary differences attributable to :

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Property, plant and equipment and intangible assets	1,549.28	2,308.64	3,192.98
Other items			
Items taxable in later years	10,218.21	–	–
Total deferred tax liabilities	**11,767.49**	**2,308.64**	**3,192.98**
Set-off of deferred tax liabilities pursuant to set-off provisions	(11,767.49)	(2,308.64)	(3,192.98)
Net diferred tax liabilities	–	–	–

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 7: DEFERRED TAX ASSETS (Contd.)

Movements in deferred tax liabilities

Particulars	Property, plant and equipment and intangible assets	other items	Total
At 1 April 2015	**3,192.98**	**–**	**3,192.98**
Charged/(credited)			
– to profit or loss	(884.34)	–	(884.34)
At 31 March 2016	**2,308.64**	**–**	**2,308.64**
Charged/(credited)			
– to profit or loss	(759.36)	10,218.21	9,458.85
At 31 March 2017	**1,549.28**	**10,218.21**	**11,767.49**

NOTE 8: OTHER NON-CURRENT ASSETS

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Capital advances	127.35	258.45	1,867.74
Prepaid Rent	68.83	73.58	78.33
MAT Credit Entitlement	0.58	–	–
Balance with statutory/government Authorities	0.46	0.46	0.46
Total other non-current assets	**197.22**	**332.49**	**1,946.53**

NOTE 9: INVENTORIES

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Raw materials	5,133.58	15,721.67	14,970.95
Work-in-progress	27,398.46	11,627.70	10,590.06
Loose Tools	0.25	63.84	68.50
Finished goods	63.00	43.57	77.63
Stores and spares	1,139.92	1,031.20	757.93
Stock in trade in transit	–	1,543.90	247.78
Total inventories	**33,735.21**	**30,031.88**	**26,712.85**

NOTE 10(A): OTHER CURRENT ASSETS

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Advance to suppliers & others	50,108.05	44,735.60	42,491.36
Advance for land	1,673.17	–	–
Advance recoverable in cash or in kind	–	820.70	–
Income tax refund receivable	–	–	19.28
Balance with statutory/government Authorities	10,973.33	7,198.69	5,270.75
Prepaid rent	9.50	9.50	9.51
Prepayments	201.65	232.40	151.81
Others	746.02	971.43	1,044.79
Total other current assets	**63,711.72**	**53,968.32**	**48,987.50**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 10(B) : CURRENT TAX ASSETS (NET)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Advance income tax (net off provisions)*	12,000.41	4,785.51	3,282.75
Total current tax assets (net)	**12,000.41**	**4,785.51**	**3,282.75**

*The advance income tax (net off provisions) as at 31 March 2017 includes provision written back for earlier years amounting to INR 5516.30 in respect of the holding company, which had been netted off against advances.

NOTE 11 : EQUITY SHARE CAPITAL AND OTHER EQUITY

11(a) Equity share capital

Authorised share capital

Particulars	Equity shares		Compulsorlly convertible preference shares	
	Number of share	Amount	Number of share	Amount
As at 1 April 2015	70,000,000	7,000.00	–	–
Increase during the year	–	–	–	–
As at 31 March 2016	70,000,000	7,000.00	–	–
Increase during the year	–	–	85,000,000	8,500
As at 31 March 2017	**70,000,000**	**7,000.00**	**85,000,000**	**8,500**

(i) Movements in capital

Particulars	Numbers of shares	Equity share Capital (par value)	Numbers of of shares	Compulsorlly convertible preference share capital (par value)
As at 1 April 2015	40,593,818	4,059.38	–	–
Issued during the year	10,500,000	1,050.00	–	–
As at 31 March 2016	**51,093,818**	**5,109.38**	**–**	**–**
Issued during the year	2,500,000	250.00	83,287,939	8,328.79
As at 31 March 2017	**53,593,818**	**5,359.38**	**83,287,939**	**8,328.79**

Terms and rights attached to equity shares :

Each equity share has a par value of INR 10. It entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

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

Terms and rights attached to compulsorily convertible preference shares :

Each CCPS shall be compulsorily convertible into one equity share at any time within 18 months from the date of allotment.

CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the company.

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

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

(ii) Shares of the company held by holding/ultimate holding company

The company does not have a holding company.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

(iii) Details of shareholders holding more than 5% shares in the company

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Number	% Holding of share (in Lakhs)	Number	% Holding (in Lakhs)	Number of share	% Holding of share (in Lakhs)
Williamson Magor & Company Ltd.	12,467,437	23.26%	9,9967,437	19.51%	5,179,748	12.76%
McLeod Russel India Ltd.	3,052,295	5.32%	3,02,295	5.97%	3,052,295	7.52%
MKN Investments Pvt. Ltd.	5,000,000	8.71%	5,000,000	9.79%	5,000,000	12.32%
Rekha Rakesh Jhunjhunwala	–	–	3,498,349	6.85%	2,500,000	6.16%
EMC Limited	14,287,689	24.89%	14,287,689	27.96%	–	–

Details of shareholders holding more than 5% shares of comulsorily convertible preference shares

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Number	% Holding of share (in Lakhs)	Number	% Holding (in Lakhs)	Number of share	% Holding of share (in Lakhs)
Williamson Magor & Company Ltd.	15,151,515	18.19%	–	–	–	–
Williamson Financials Services Ltd.	15,151,515	18.19%	–	–	–	–
Badcock Borsig Ltd.	11,363,636	13.64%	–	–	–	–
Alosha Marketing Pvt. Ltd.	6,743,818	8.10%	–	–	–	–
Atash Suppliers Pvt. Ltd.	7,085,818	8.51%	–	–	–	–
Index Sales Pvt. Ltd.	5,908,000	7.09%	–	–	–	–
Mortal Vinimay Pvt. Ltd.	4,268,000	5.12%	–	–	–	–
Sahal Business Pvt. Ltd.	13,647,637	16.39%	–	–	–	–

(iv) Aggregate number of shares issued for consideration other than cash

on March 30, 2017, the Parent issued Compulsorlly Convertible Preference Shares (CCPS) at face value of INR 10 only per share and INR 56 only towards premium. CCPS totalling 4,166,666 numbers were issued to the promoter group companies for INR 27,499.99 and a further 4,16,21,273 numbers for INR 27,470.04 to the shareholders and debenture holders of Vedica Sanjeevani Projects Private Limited with whom the Parent has entered into an agreement on February 17, 2017. Vide the same agreement entered into by the Parent and Vedica Sanjeevani Projects Private Limited on February 17, 2017, the Parent acquired 4,75,200 equity shares and 12,47,004 debentures of Vedica Sajeevani Projects Private Limited.

11(b) Reserves and surplus

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Securities premium reserve	75,818.86	27,825.91	19,119.82
Capital redemption reserve	1.00	1.00	1.00
General Reserve	1,766.63	1,743.84	1,598.14
Capital Reserve	344.28	344.28	863.59
Retained earnings	(82,457.23)	(76,661.04)	(39,729.57)
Foreign Currency v Translation Reserve	702.20	0.01	–
Total reserve and surplus	**(3,824.26)**	**(46,719.00)**	**(18,147.02)**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

(i) Securities premium reserve

Particulars	31 March, 2017	31 March, 2016
Opening balance	27,825.91	19,119.82
Issue of shares during the year	48,891.25	9,450.00
Transaction costs arising on issue of preference shares	(925.30)	(716.91)
Closing balance	**75,818.86**	**27,825.91**

Nature :

Securities premium reserve has arisen on issue of shares. The reserve is utilised in accordance with the provision of the Act.

(ii) Capital redemption reserve

Particulars	31 March, 2017	31 March, 2016
Opening balance	1.00	1.00
Appropriations during the year	–	–
Closing balance	**1.00**	**1.00**

Nature :

The reserve is a non distributable reserve.

(iii) General Reserve

Particulars	31 March, 2017	31 March, 2016
Opening balance	1,743.84	1,598.14
Transferred from Retained earnings	22.79	145.70
Closing balance	**1,766.63**	**1,743.84**

(iv) Captial Reserve

Particulars	31 March, 2017	31 March, 2016
Opening balance	344.28	863.59
Appropriations during the year	–	(519.31)
Closing balance	**344.28**	**344.28**

(v) Retained earnings

Particulars	31 March, 2017	31 March, 2016
Opening balance	(76,661.04)	(39,729.57)
Goodwill Adjustment due to Ind AS	–	109.40
Adjustment of Minority Interest in MBECMT reserve	–	(724.89)
Adjustment of Minority Interest due to loss of purchase of MBECMT	–	670.00
Net profit for the year	(5,694.41)	(36,864.87)
Other comprehensive income for the year	(78.99)	24.60
Transfer to General Reserve	(22.79)	(145.70)
Dividend on Preference Shares for the year	–	(112.13)
Dividend Distribution Tax on Dividend on Preference Shares	–	(25.46)
FCTR	–	–
Adjustment of Minority Interest	–	–
Other Adjustments	–	137.58
Closing balance	**(82,457.23)**	**(76,661.04)**

(vi) Foreign Currency Translation Reserve

Particulars	31 March, 2017	31 March, 2016
Opening balance	0.01	–
Opening adjustment of 2015	–	–
Appropriations during the year	702.19	0.01
Closing balance	**702.20**	**0.01**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 12: FINANCIAL LIABILITIES

12(a) Non-current borrowing

Particulars	Coupon/Interest rate	31 March, 2017	31 March, 2016	1 April, 2015
Secured				
Term loans				
From banks				
Rupee loan	10.75% to 12.50%	24,255.97	48,104.91	12,686.80
Foreign currency loan	5.18%	2,312.48	3,303.96	4,115.24
From others		11.00	4.17	19.92
Unsecured				
Term loans				
From banks				
Rupee loan	9.75% to 12.65%	14,940.63	7,082.34	7,741.64
2% Debentures of Rs. 1,000/- each		24.97	–	–
Amortised Interest Cost of Debentures 2%		2,484.92	–	–
Loan from Group Companies		31.49	–	–
Redeemable preference shares				
9,75,000, 11.50% Non-Convertible Redeemable Preference Shares		3,247.64	2,429.65	1,722.89
Total non-Current borrowings		**47,309.10**	**60,925.03**	**26,286.49**
Less : Current maturities of long-term debt (included in note 12(c))		30,083.84	28,001.03	15,160.68
Less : Interest accrued (included in note 12 (c))		440.26	459.74	669.15
Non-current borrowings (as per balance sheet)		**16,785.00**	**32,465.26**	**10,456.66**

Terms of repayment

1. In case of loan having a nominal balance outstanding of INR 15000 lacs in respect of McNally Bharat Engineering Company Limited, repayable in 16 quarterly installments starting May 17, 2017. The last installment date being February 17, 2021.
2. In case of loan having a nominal balance outstanding of INR 1875 lacs in respect of McNally Bharat Engineering Company Limited, repayable in 16 quarterly installments starting September 30, 2014. The last installment date being June 26, 2018.
3. In case of loan having a nominal balance outstanding of USD 35 lacs in respect of McNally Bharat Engineering Company Limited, repayable in 10 semi annual installments starting June 23, 2014. The last installment date being December 23, 2018.
4. In case of loan having a nominal balance outstanding of INR 7500 lacs in respect of McNally Bharat Engineering Company Limited, repayable as under :

Repayment amount	Repayment date
762	31/03/2017
810	30/09/2017
4,981	30/12/2017
204	31/12/2017
743	31//12/2017

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

5. In case of loan having a nominal balance outstanding of INR 7838 Lacs in respect of McNally Bharat Engineering Company Limited, repayable on January 1, 2019.
6. In case of loan having a nominal balance outstanding of INR 849 lacs in respect of one of the subsidiary, repayable in 8 equal half yearly installments starting February 27, 2014.
7. In case of loan having a nominal balance outstanding of INR 1568 lacs in respect of one of the subsidiary, repayable in 13 equal quarterly installments starting May 14, 2014.
8. In case of loan having a nominal balance outstanding of INR 5000 lacs in respect of one of the subsidiary, repayable in 8 equal half yearly installments starting June 17, 2017.
9. In case of loan having a nominal balance outstanding of INR 11 lacs in respect of one of the subsidiary, repayable in 60 equal monthly installments.

Security details

Refer Note 41 for details of assets charged as security against these borrowings.

Details of loan	Nature of Security
Rupee term loan form Ratnakar Bank Limited	Subservient charge by way of hypothecation over the Current Assets and movable Fixed Assets of the Company, Corporate Guarantee from Williamson Magor & Co. Limited.
Rupee term loan from ICICI Bank Limited	First pari passu charge (pari passu with Development Credit Bank) on moveable assets equipments both present and future excluding those which are exclusively charged to other lenders with minimum asset cover of 1.10 times on the outstanding facility.
External Commercial Borrowing from ICICI Bank Limited	First charge by way of hypothecation on moveable assets/ equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility.
Rupee term loan from ICICI Bank Limited	First pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.
Rupee term loan from DBS Bank Limited	First pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaran teed by Holding Company.
Rupee term loan from ICICI Bank Limited	First pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaran teed by Holding Company.
Car Loan (term) from ICICI Bank Limited	Secured by hypothecation of motor vehicles acquired out of the loan.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

Details of default

The details of default during the year in respect of borrowings outstanding at the year end is as under :

Name of the lende	Nature of due	Amount of default	Remediation of default
ICICI Bank	Installment of long term borrowings	1,250.00	Paid before the approval of financial statements
ICICI Bank	Interest on long term term borrowings	362.64	Paid before the approval of financial statements
ICICI Bank	Installment of ECB term borrowings	930.37	Paid before the approval of financial statements
ICICI Bank	Interest on ECB term borrowings	175.24	Paid before the approval of financial statements
Aditya Birla Finance Limited	Installment of long term term borrowings	762.00	Paid before the approval of financial statements
DBS Bank	Installment of long term term borrowings	1,237.00	Paid before the approval of financial statements

In respect of one of the subsidiary a fresh term loan of INR 1000 lakhs has been sanctioned (under renewal) for the purpose of repayment of the exisiting term loan disclosed above.

12 (b) Current borrowings

Particulars	Coupon/interest rate	31 March, 2017	31 March, 2016	1 April, 2015
Term loans				
Secured				
From banks				
Rupee loan	10.50% to 11%	6,000.00	325.15	3,859.92
Foreign currency loan		–	–	2,637.78
Unsecured				
From banks				
Rupee loan	10% to 13%	91,696.55	31,040.38	30,525.97
Foreign currency loan	6.46%	2,555.08	22,712.33	–
From others				
Rupee loan		–	–	6,259.60
Loans repayable on demand				
Secured				
Cash credit from banks	11.10% to 16.25	93,145.38	99,632.40	85,903.34
Working capital demand loans from banks	11.50% to 14.50%	–	18,944.28	19,883.70
Unsecured				
From banks		981.00	1,250.00	3,599.00
Foreign currency packing credit	11.50% to 14.50%	18,949.69	–	–
Loan from Directors (Shri Rajiv Pasari)		85.44	–	–
Inter - corporate deposit		266.00	413.00	738.00
Loan from Body Corporates		161.99	–	–
From others	15% to 18%	49,330.22	15,240.76	3,183.21
Total current borrowings		**263,171.35**	**189,558.30**	**156,550.52**
Less : Interest accrued (included in note 12 (c))		511.01	317.77	662.35
Current borrowings (as per balance sheet)		**262,660.34**	**189,240.53**	**155,888.17**

Terms of the brrowings

1. Refer Note 41 for assets charged as security against the borrowings

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

Details of loan	Nature of Security
Short term loan from Ratnakar Bank Limited	Subservient charge on entire current assets and movable fixed assets of the company. Unconditional and irrevocable corporate guarantee from Williamson Magor & Co. Limited.
Short term loan from IDBI Bank Limited	Pari passu first charge on entire current assets of the company and mortgage on Kumardhubi unit 1 property presently owned by one of the subsidiary. Corporate guarantee of one of the subsidiary restricted to the extent of value of property mortgaged.
Cash credit facility from consortium of banks	A first pari passu charge by way of hypothecation of the current assets viz., sticks 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 subsidiary company. A corporate guarantee from one of the subsidiary in favour of the BOI Consortium equivalent to the value of the property to be mortgaged by the holding company. Charge on fixed assets on subservient basis except ICICI to the extent of term loan.
Cash Credit facilities and Working Capital Demand Loans	First pari passu charge on entire current assets of the 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, Boroda unit and Bangalore unit both present and future.
Loans repayable on demand	Secured by way of Fixed Deposit pledged with State Bank of India. Secured by first charge by way of hypothecation of one of the subsidiaries entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a from and manner satisfac tory to the bank, ranking pari passu with other participating bank, if any and First charge over the movable fixed assets of one of the subsidiary. Secured by first charge by way of hypothecation of one of the subsidiaries entire stock of raw materials, work-in-progress, semi-finished and finished goods, consum able stores and spares and other movables including book-debts, bills whether documen tary or clean, outstandcing monies, receivables, oth present and future, in a form and man ner satisfactory to the bank ranking pari passu with other participating bank, if any. Corporate Guarantee of the holding company in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited).

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

2. Excepting loans repayable on demand, other loans are repayable within 12 months from the origination date.
3. Details of default are as follows :

Name of the lende	Nature of due	Amount of default	Remediation of default
IDBI Bank	Installment of short term loan	800.00	Paid before the approval of financial statements
IDBI Bank	Interest on short term loan	338.05	Paid before the approval of financial statements

12(c) Other financial liabilities

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Non-current			
Lease equalisation	280.25	612.47	540.42
Others	329.84	–	–
Total other non-current financial liabilities	**610.09**	**612.47**	**540.42**
Current			
Current maturities of long-term debt	30,083.84	28,001.03	15,160.68
Interest accrued on borrowings and others	4,651.13	4,625.90	4,518.24
Capital creditors	517.48	570.33	395.27
Employee Benefits payable	3,127.62	2,889.30	2,341.67
Security deposits	213.19	36.68	36.68
Dividend Accrued on Preference Shares	112.13	27.88	27.65
Unpaid dividends	33.13	169.02	161.45
Book Overdraft in Current Account with Banks	5,758.69	1,739.97	4,087.11
Others	1,358.57	2,049.78	1,932.82
Dervatives not designated as hedges			
Foreign-exchange forward contracts	–	230.57	–
Option contracts	–	–	110.58
Total other current financial liabilities	**45,855.78**	**40,340.46**	**28,772.15**

There are no amounts due for payment to Investor Education and Protection Fund

Note 12(d) : Trade payable

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Trade payables :			
– Total outstanding dues of micro enterprises and small enterprises	1,051.76	1,027.60	326.19
– Total outstanding dues of creditors other than micro enterprises and small enterprises	98,180.37	90,271.45	101,711.64
Acceptances	41,254.52	38,042.65	7,578.59
Total trade payables	**140,486.65**	**129,341.70**	**109,616.42**
Current portion	140.433.65	129,328.70	109,587.79
Non-current portion	53.00	13.00	28.63

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

NOTE 13: PROVISIONS

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Warranty (i)	152.00	–	152.00	160.52	–	160.52	177.16	–	177.16
Liquidated damages (i)	49.84	–	49.84	228.74	–	228.74	228.74	–	228.74
Decommissioning obligations (i)	104.62	–	104.62	93.86	–	93.86	–	83.03	83.03
Onerous contracts (i)	14.48	–	14.48	150.18	–	150.18	1,400.00	–	1,400.00
Others	–	–	–	7.60	135.36	142.96	168.97	135.97	304.94
Total	**320.94**	**–**	**320.94**	**640.90**	**135.36**	**776.26**	**1,974.87**	**219.00**	**2,193.87**

(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.

Liquidated damages

The group has as a matter of abundant caution recorded an accrual for liquidated damages in respect of contracts where there has been a default in providing services on time to customers in terms of deliverables as agreed to in the contracts.

Decommissioning obligations

Provision for decommissioning obligations relates to equipments erected at the construction site which are required to be decommissioned at the time of handing over the construction site to the customer.

Onerous contracts

Provision for onerous contract is made in respect of certain contracts wherin progress of contracts have suffered for various reasons mostly beyond the control of the company resulting in the contracts becoming onerous/

(ii) Movements in provisions

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

Particulars	Warranty	Liquidate damages	Decomm-issioning obligations	Onerous contracts	Others	Total
As at 1 April 2015	**177.16**	**228.74**	**83.03**	**1,400.00**	**304.94**	**2,193.87**
Charged/(credited to profit or loss						
– unused amounts reversed	(16.64)	–	–	(1,400.00)	(161.98)	(1,578.62)
– created during the year	–	–	–	150.18	–	150.18
– unwinding of discount	–	–	10.83	–	–	10.83
As at 31 March 2016	**160.52**	**228.74**	**93.86**	**150.18**	**142.96**	**776.26**
As at 1 April 2016	**160.52**	**228.74**	**93.86**	**150.18**	**142.96**	**776.26**
Charged/(credited) to profit or loss						
– unsed amounts reversed	(8.52)	(178.90)	–	(135.70)	(142.96)	(466.08)
– unwinding of discount	–	–	10.76	–	–	10.76
As at 31 March 2017	**152.00**	**49.84**	**104.62**	**14.48**	**–**	**320.94**

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

NOTE 14: EMPLOYEE BENEFIT OBLIGATIONS

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Leave Obligations (i)	117.05	648.00	765.05	155.65	618.91	774.56	189.04	643.03	832.07
Others	357.44	250.73	608.17	409.34	196.61	605.95	123.67	211.72	335.39
Gratuity (ii)	398.10	1.46	399.56	45.37	–	45.37	221.13	–	221.13
Total employee benefit obligations	**872.59**	**900.19**	**1,772.78**	**610.36**	**815.52**	**1,425.88**	**533.84**	**854.75**	**1,388.59**

(i) Leave obligations

The leave obligations cover the group's liabilility for earned leave. The amount of the provision of INR 91 (31 March 2016 – INR 156, 1 April 2015 – INR 178) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations.

(ii) 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 payble on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days salary mumtiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognlesd 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 balance sheet and the movements in the net defined benefit obligation over the year oare as follows :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1 April 2015	**1,414.83**	**1,214.95**	**199.88**
Current service cost	110.89	–	110.89
Interest expense/(income)	113.51	(97.68)	15.83
Total amount recognised in Profit and Loss	**224.40**	**(97.68)**	**126.72**
Remeasurements			
– Return on plans assets	–	(15.04)	15.04
– Due to financial assumptions	25.72	–	25.72
– Due to experience adjustments	(86.76)	–	(86.76)
Total amount recognised in other comprehensive income	**(61.04)**	**(15.04)**	**(46.00)**
Emplyer contributions	–	(40.58)	(40.58)
Benefit payments	(275.40)	275.40	–
31 March 2016	**1,302.79**	**1,062.77**	**240.02**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1 April 2016	**1,302.79**	**1,062.77**	**240.02**
Current service cost	98.99	–	98.99
Interest expense/(income)	103.66	(79.68)	23.98
Total amount recognised in Profit and Loss	**202.65**	**(79.68)**	**122.97**
Remeasurements			
– Return on plans assets	–	3.82	(3.82)
– Due to financial assumptions	37.29	–	37.29
– Due to experience adjustments	74.37	–	74.37
Total amount recognised in othr comprehensive income	**111.6**	**3.82**	**107.84**
Employer contributions	–	(99.96)	(99.96)
Benefit payments	(286.35)	286.35	-
31 March 2017	**1,330.75**	**959.88**	**370.87**

The net liability disclosed above relates to funded plan.

Principal actural assumptions used :

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discoumt rate	7.50 – 8.00 %	8.00%	8.00%
Salary escalation	4.00 – 6.00%	4.00 – 6.00%	4.00 – 5.00%
Expected return on plan assets	7.50%	8.00%	8.00%
Withdrawal rate	1.00 – 8.00%	1.00 – 8.00%	1.00 – 8.00%

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

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

	Increase/ (decrease)	Assumption Rate	Amount of increase/(decrease) in defined benefit obligations as at March 31, 2017
Discount rate	Increase by	1%	(779.62)
Discount rare	Decrease by	1%	858.74
Salary escalation	Increase by	1%	860.15
Salary escalation	Decrease by	1%	(779.77)
Withdrawal rate	Increase by	1%	793.49
Withdrawal rate	Decrease by	1%	(782.63)

The above sensitivity analyses are based on a change in a assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumption 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 balace 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 earm a return in excess of the discount rate and reduce plan deficit.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

The maturity profit of gratuity liability is as follows :

Year	As at March 31, 2017	As at March 31, 2016
Less than a year	34.32	289.89
Between 1 to 2 years	299.87	122.00
Between 2 to 5 years	543.37	254.12
More than 5 years	586.89	636.27

The weighted average duration of the defined benefit obligation is 5:24 to 44:03 years (March 31, 2016 – 6.62 to 43.67).

The expected contibution to the fund during 2017-18 would be INR 154.55.

(iii) Provident fund

The group has an obligation to find any shortfall on the yield of the trust's investments comparedto the administered interest rates on an annual basis. These administered rates are detrmined annually predominantly considering th social rather than economic factors and in most cases, the actual return earned by the group has been higher in the pas years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and bassed on the assumptions provided below, there is no shortfall as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively.

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 investd in goverment securities.

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

Particulars	31 March, 2017	31 March, 2016
Discount rate	7.50 – 7.70%	8.00%
Guaranteed interest rate	8.65%	8.75%
Expected average remaining woking life (in years)	8.65%-11.76%	8.11-8.80%

The group contributed Rs. 337 lacs and Rs, 413 lacs during the years ended March 31, 2017 and March 31, 2016, respectively, and the same has been recognised in the statement of Profit and Loss under the head employee benefit expenses.

Risks arising form 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 calculted 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 pariicipants will increase the plan liability.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 15: CURRENT TAX LIABILITIES

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Opening balance	5,320.95	5,262.42	5,262.42
Add : Current tax payable for the year	–	44.29	–
Add : Excess provision for earlier years written back	(5,296.19)	–	–
Other tax payable	–	14.24	–
Closing balance	**24.76**	**5,320.95**	**5,262.42**

NOTE 16: OTHER LIABILITIES

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Advance from customers	60,172.37	63,731.89	56,792.12
Statutory tax payables	4,465.84	4,009.79	1,845.45
Due to Customers	973.40	1,951.22	2,862.53
Income received in advance	–	–	218.35
Dues payable to government authorities	547.00	554.00	548.00
Dividend Distribution tax preference dividend	22.83	5.68	4.70
Benevolent fund	91.60	86.64	74.17
Total other liabilities	**66,273.04**	**70,339.22**	**62,345.32**

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Current portion	65,923.21	70,242.69	61,972.41
Non-current portion	349.84	96.54	372.91

NOTE 17: REVENUE FROMOPERATIONS

The company derives the following types revenue :

Particulars	31 March, 2017	31 March, 2016
Sale of Equipments & Contract Revenue (including excise duty)	216,034.37	270,471.57
Sale of services	1,281.00	1,135.31
Other operating revenue	2,860.77	847.14
Total revenue from continuing operations	**220,176.14**	**272,454.02**
Revenue from Operations includes excise duty	**2,996.90**	**3,087.03**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 18: OTHER INCOME AND OTHER GAINS/(LOSSES)

(a) other income

Particulars	31 March, 2017	31 March, 2016
Interest income from financial assets measured at amortised cost	1,744.67	1,146.49
Rental income	**2.00**	**1.06**
Liability/Provision no longer required written back	**930.63**	**3150.62**
Unwinding of discount on security deposit	1.63	1.44
Dividend income from investments mandatorily measured at fair value through profit and loss	0.33	0.44
Expected credit loss on doubtfuldebts written back	26,972.88	–
Net foreign exchange gain	98.00	359.81
Profit on Sale of Fixed Assets (net)	–	63.49
Miscellaneous Income	811.62	343.79
Total other income	**30,561.76**	**5,067.14**

(b) Other gains/(losses)

	31 March, 2017	31 March, 2016
Net gain/(loss) on sale of investments	713.56	–
Fair value (losses)/gains on derivatives not designatd as hedges	439.16	(328.92)
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	2.54	(8.95)
Total other gains/(losses)	**1,155.26**	**(337.87)**

NOTE 19(A): COST OF MATERIALS CONSUMED

Particulars	31 March, 2017	31 March, 2016
Raw materials at the beginning of the year	15,721.67	14,970.95
Add : Purchases	20,391.33	34,940.24
Less : Raw Material at the end of the year	5,133.58	15,721.67
Total cost of raw materials consumed	**30,979.42**	**34,189.52**
Add : Consumption of bought out Components and relatd Spares	**127,400.45**	**118,024.31**
Total cost of materials consumed	**158,379.87**	**152,213.83**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 19(B) : CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	31 March, 2017	31 March, 2016
Opening balance		
Work-in progress*	11,330.41	10,590.06
Finished goods	43.57	77.63
Total opening balance	**11,373.98**	**10,667.69**
Closing balance		
Work-in progress**	11,077.00	11,627.70
Finished goods	63.00	43.57
Total closing balance	**11,140.00**	**11,671.27**
Total changes in inventories of work-in progress and finished goods	**233.98**	**(1,003.58)**

* Exclude WIP partaining to Mcnally Bharat Infrastructure Limited (disposed off on 17.02.2017) amounting to Rs. 297.29 Lacs.

** Exclude WIP pertaining to Vedica Sanjeevani Projects Private Limited (acquired as a subsidiary on 30.03.217) amounting to Rs. 16,321.46 Lacs.

NOTE 20: EMPLOYEE BENEFIT EXPENSES

Particulars	31 March, 2017	31 March, 2016
Salaries, wages and bonus	11,730.91	12,686.35
Contribution to Provident Fund	579.82	613.94
Contribution to Gratuity Fund	54.51	43.82
Workmen and Staff Welfare Expenses	1,273.55	1,686.67
Total employee benefit expense	**13,638.79**	**15,030.78**

NOTE 21 : DEPRECIATION AND AMORTISATION EXPENSE

Particulars	31 March, 2017	31 March, 2016
Depreciation of property, plant and equipment	4,384.69	3,737.23
Amortisation of intangible assets	149.07	107.42
Total depreciation and amortisation expense	**4,533.76**	**3,844.65**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 22: OTHER EXPENSES

Particulars	31 March, 2017	31 March, 2016
Consumption of stores and spares	2,336.00	2,273.88
Fabrication and other charges	2,721.00	2,747.11
Power & Fuel	1,209.00	1,596.23
Rent	1,110.24	1,490.18
Repairs and maintenance		
Buildings	73.00	14.30
Plant and machinery	24.24	138.89
General	124.52	98.95
Insurance	501.19	540.23
Payment to Auditors	142.83	124.28
Director Fees	27.94	22.83
Rates & Taxes	625.98	673.60
Cartage & Freight	2,460.84	4,087.21
Bank Charges	5,648.01	3,666.20
Professional Services	4,446.11	3,370.83
Travelling	2,261.01	2,763.28
Bed Debts Written Off	1,352.14	3,912.53
Provision for doubtful advances	1,425.12	–
Provision for warranty	25.00	53.53
Loans and Advances written off	–	15.15
Loss/Gain on Fair Valuation of dervatiove contract	–	4.81
Provision for Future Foreseeable Losses in Construction Contracts	493.46	92.20
Provision for Expected Credit Loss on Trade Receivables	1,040.51	9,515.91
Miscellaneous Expenses	4,300.91	7,559.59
Total other Expenses	**32,349.05**	**44,761.72**

NOTE 22(A): DETAILS OF PAYMENTS TO AUDITORS

	31 March, 2017	31 March, 2016
Payment to Auditors		
Audit fee	102.38	61.82
For other servides	40.10	61.65
Re-imbursement of expenses	0.35	0.81
Total payments to auditors	**142.83**	**124.28**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 24: FINANCE COSTS

Particulars	31 March, 2017	31 March, 2016
Interest and finance charges on financial liabilities not at fair value through profit or loss	41,711.38	33,512.20
Fair valuation of financial instruments at amorised cost	1,435.05	825.74
Unwinding of discount on provisions	35.63	42.31
Other borrowing cost	49.00	40.00
Exchange differences regarded as an adjustment to borrowing costs	–	383.23
Finance costs expensed in profit or loss	**43,231.06**	**34,803.48**

NOTE 24: INCOME TAX EXPENSE

Ths 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	31 March, 2017	31 March, 2016
(a) Incmoe tax expense		
Current tax		
Current tax on profits for the year	2.97	44.29
Excess provision of earlier years written back	(10,812.49)	–
Total current tax expense	**(10,809.52)**	**44.29**
Deferred tax		
Decrease (increase) in derferred tax assets	(50,806.89)	1,009.79
(Decrease) increase in deferred tax liabilities	9,458.85	(884.34)
Total deferred tax expense/(benefit)	**(41,348.04)**	**125.45**
Income tax expense	**(52,157.56)**	**169.74**

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 plans and budgets for the group. The group is expectedto generate taxable income from 2018-19 onwards.

NOTE 25: CAPITAL MANAGEMENT RISK 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 judgment 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. As a matter of prudence, the management brought in place infusion of capital by way of enhancement of Equity capital and through issue of Compulsorily Convertible Preference Shares during the current financial year.

Loan covenant

Under the terms of the major borrowing facilities, the Group is required to comply with various financial covenants. The Group has not complied with some of the covenants.

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

NOTE 26: RISK MANAGEMENT

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

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

(A) Credit Risk

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

(i) Credit risk management

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

VL1 : High-quality assets, negligible credit risk

VL2 : Quality assets, low credit risk

VL3 : Standard assets, moderate credit risk

VL4 : Substandard assets, relatively high credit risk

VL5 : Low quality assets, very high credit risk

VL6 : Doubtful assets, credit impaired

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

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

(ii) Provision for expected credit losses

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

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

Year ended March 31, 2017

(a) Expected credit loss for loan, investments, expenses recoverable and other financial assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which risk has not increased significantly since initial recognition	Loans	VL1	4,521.37	–	–	4,521.37
		Invest ments	VL1	740,95	–	–	740.95
		Expenses Recoverable	VL1	17,100.94	–	–	17,100.94
		Others	VL1	2,464.25	–	–	2,464.25
Loss allowance measured at life-time expected credit losses	Financial assets for which credti risk has increased significantly and credit-impaired	Security deposts	VL6	4.00	100%	4.00	–

(b) Expected credit loss for trade receivables and due form cumstomers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables	Total
Gross carrying amount			140,301.84	197,825.65	338,127.49
Ecpected credit losses (Loss allowance Provision)	Loss allowance measured at life time expected credit losses	VL3	9,312.31	9,451.78	18,764.09
Carrying amount (net of impairment)			130,989.53	188,373.87	319,363.40

Year ended March 31, 2016

(a) Expected credit loss for loan, expenses recoverable and other financial assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Expenses recovrable	VL1	9,462.49	0%	–	9,462.49
		livestments	VL1	45.80	0%	–	45.80
		Others	VL1	3,564.91	0%	–	3,564.91

(b) Expected credit loss for trade receivables and due form customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables	Total
Gross carrying amount	Loss allowance measured at life time expected credit losses	VL3	156,323.92	177,955.36	334,279.28
Expected credit losses (Loss allowance provision)			29,976.21	14,720.25	44,696.46
Carrying amount (net of impairment)			126,347.71	163,235.11	289,582.82

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

Year ended March 31, 2015

(a) Expected credit loss for loan, expenses recoverable, and other financial assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credti risk has not increased significantly since initial recognition	Expenses Recoverable	VL1	3,335.18	0%	–	3,335.18
		Investments	VL1	54.75	0%	–	54.75
		Others	VL1	1,369.27	0%	–	1,369.27

(b) Expected credit loss for trade receivables and due form customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables	Total
Gross carrying amount	Loss allowance measured at life time expected credti losses	VL3	120,046.35	154,517.50	274,563.85
Expected credit losses (loss allowance Provision)			20478.60	14,701.95	35,180.55
Carrying amount of trade receivables (net of impairment)			99,567.75	139,815.55	239,383.30

(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 notcredit-impaired	Financial assets for which creditrisk has increased significantly and credit-impaired
Loss allowance on 1 April 2015	**–**	**–**	**–**
Add (Less) : Changes in loss allwances due to			
Assets originated or purchased	–	–	–
Write offs	–	–	–
Recoveries	–	–	–
Loss allowance on 31 March 2016	**–**	**–**	**–**
Add (Less) : Changes in loss allowances due to			
Assets originated or purchased	–	–	–
Write offs	–	–	4.00
Recoveries	–	–	–
Loss allowance on 31 March 2017	**–**	**–**	**4.00**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

(iv) Reconciliation of loss allowance provision - Trade receivables & due from customers

Particulars	Loss Allowance
Loss allownace on 1 April 2015	**35,180.55**
Changes in loss allownace	9,515.91
Loss allowance on 31 March 2016	44,696.46
Changes in loss allowance	(25,932.37)
Loss allowance on 31 March 2017	**18,764.09**

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, exsting market conditions 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 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 undiscounted cash flows, balances due within 12 months equal their carrying balaces as the impact of discounting is not significant.

Contractual maturities of financial liabilities (31 March 2017)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non derivatives				
Borrowings	284,545.18	15,984.00	9,000.00	309,529.18
Interest accrued	4,651.13			4,651.13
Trade payables	117,518.51	22,968.14		140,486.65
Overdrawn current account	5,758.69			5,758.69
Capital creditors	517.48			517.48
Employee Benevits Payable	3,127.62			3,127.62
Lease equalisation			280.25	280.25
Security deposits	213.19			213.19
Dividend Accrued on Preference Shares	112.13			112.13
Unpaid dividends	33.13			33.13
Others	1,688.41			1,688.41
Total non dervative financial liabilities	**418,165.47**	**38,952.14**	**9,280.25**	**466,397.86**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

Contractual maturities of financial liabilities (31 March 2017)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non derivatives				
Borrowings	195,643.21	29,331.63	24,730.98	249,705.82
Interest accrued	4,625.90			4,625.90
Trade payables	108,195.65	21,146.06		129,341.71
Overdrawn current account	1,739.97			1,739.97
Capital creditors	570.33			570.33
Employee Benefits payable	2,889.30			2,889.30
Lease equalisation			612.47	612.47
Security deposits	36.68			36.68
Dividend Addrued on Preference Shares	27.88			27.88
Unpaid dividends	169.02			169.02
Others	908.78	1,141.00		2,049.78
Total non derivative financial liabilities	**314,806.72**	**51,618.69**	**25,343.45**	**391,768.86**
Dervatives				
Foreign exchange forward contract	230.57	–	–	230.57
Total derviative financial liabilities	**230.57**	**–**	**–**	**230.57**

Contractual maturities of financial liabilities (31 March 2017)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non derivatives				
Borrowings	162,465.63	14,255.35	4,784.54	181,505.52
Interest accrued	4,518.24			4,518.24
Trade payables	91,228.15	18,388.27		109,616.42
Book overdraft current account	4,087.11			4,087.11
Capital creditors	395.27			395.27
Employee Benefits payable	2,341.67			2,341.67
Lease equalisation			540.42	540.42
Security deposits	36.68			36.68
Dividend Addrued on Preference Shares	27.65			27.65
Unpaid dividends	161.45			161.45
Others	1,932.81			1,932.81
Total non derivative financial liabilities	**267,194.66**	**32,643.62**	**5,324.96**	**305,163.24**
Dervatives				
Foreign exchange forward contract	110.58	–	–	110.58
Total derviative financial liabilities	**110.58**	**–**	**–**	**110.58**

(C) Market risk

(i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from currency transcations. primarily with recpect to the US$ and EUR. Foreign exchange risk arises from recognised assets and liabilities denominsted in a currency that is not the group's functional currency (INR). The risk is measured through the expected foreign durrency cash flows based on the Group's receipt and repayment schedule for recognised assets and liabilities in a currency other than INR. The objective of the

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

hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

(a) Foreign currency risk Exposure :

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR is as follows

Particulars			31-Mar-17			31-Mar-16			1-Apr-15
	USD	EUR	ZAR	USD	EUR	ZAR	USD	EUR	ZAR
Financial assets									
Trade receivables	1.00	352.46	–	–	380.62	–	2.00	343.31	–
Derivative financial assets	25.00	–	–	98.00	–	–	124.00	–	–
Net Exposure to foreign currency risk	**26.00**	**352.46**	**–**	**98.00**	**380.62**	**–**	**126.00**	**343.31**	**–**
Financial liabilities									
Foreign currency loan	2,298.50	–	–	3,329.73	–	–	1,992.04	732.09	–
Trade payables	1,158.82	1,154.14	3.97	332.71	2,758.96	2.13	42.49	122.97	35.05
Payable to associates	–	1.27	–	–	1.24	–	–	–	–
Derivative liabilities	–	–	–	7.00	–	–	2.00	–	–
Foreign exchange forward contracts Buy foreign currency	2,555.08	–	–	22,712.33	–	–	3,972.78	–	–
Net exposure to foreign currency risk	**6,012.40**	**1,455.41**	**3.97**	**26,381.77**	**2,760.20**	**2.13**	**6,009.31**	**855.06**	**35.05**

(b) Sensitivity :

Particulars	**Increase/(Decrease) in profit after tax**	
	31-Mar-17	**31-Mar-16**
USD sensitivity		
INR/USD – Increase by 5% (31 March 2016-5%)*	23.62	(1,065.07)
INR/USD – Decrease by 5% (31 March 2016-5%)*	(23.62)	1,065.07
EUR sensitivity		
INR/EUR-Increase by 5% (31 March 2016-5%)*	(59.75)	(134.71)
INR/EUR-Decrease by 5% (31 March 2016-5%)*	59.75	134.71
ZAR sensitivity		
INR/ZAR - Increase by 5% (31 March 2016-5%)*	(0.20)	(0.11)
INR/ZAR-Increase by 5% (31 March 2016-5%)*	0.20	0.11

*Holding all other variables constant

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During 31 March 2017 and 31 March 2016, the group's borrowings at variable rate were mainly denominated in INR and USD.

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

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

(a) Interest rate risk exposure

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

Particulars	31-Mar-17	31-Mar-16	1-Apl-15
Variable rate borrowings	267,375.29	232,522.05	174,025.31
Fixed rate borrowings	42,153.89	17,183.77	7,480.21
Total borrowings	**309,529.18**	**249,705.82**	**181,505.52**

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

(b) Sensitivity

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

Particulars	Increase/(Decrease) in profit after tax	
	31-Mar-17	31-Mar-16
Interest rates increase by 50 basis points (50bps)*	(212.09)	(211.83)
Interest rates decrease by 50 basis points (50bps)*	212.09	211.83

*Holding all variables constant

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 27 : FAIR VALUE MEASUREMENTS

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
– Equity instruments	46.95	–	–	45.80	–	–	54.75	–	–
– Debentures	–	–	500.00	–	–	–	–	–	–
– Mutual funds	194	–	–	–	–	–	–	–	–
Trade receivables	–	–	188,373.87	–	–	163,235.11	–	–	139.815.55
Loans	–	–	4,521.37	–	–	–	–	–	–
Cash and cash equivalents	–	–	9,250.99	–	–	4,683.09	–	–	5,833.85
Other bank balances	–	–	2,281.40	–	–	2,314.41	–	–	272.94
Derivative financial assets	228.60	–	–	95.21	–	–	320.07	–	–
Security deposits	–	–	405.55	–	–	722.60	–	–	541.71
Advance to Employees	–	–	96.31	–	–	88.57	–	–	81.82
Due from customers	–	–	130,989.53	–	–	126,347.71	–	–	99,567.75
Recoverable from Director	–	–	3.00	–	–	11.12	–	–	18.69
Interest Receivable	–	–	11.52	–	–	2.51	–	–	–
Sale of Shares receivable (Lok Kalyan Trust)	–	–	154.66	–	–	–	–	–	–
Depostits with bank	–	–	64.95	–	–	49.01	–	–	142.91
Expenses Recoverable	–	–	17,100.94	–	–	9,462.49	–	–	3,335.18
Others	–	–	1,728.26	–	–	2,691.10	–	–	584.12
Total financial assets	**469.55**	**–**	**355,482.35**	**141.01**	**–**	**309,607.72**	**374.82**	**–**	**250,194.52**
Financial liabilities									
Borrowings	–	–	309,529.18	–	–	249,705.82	–	–	181,505.51
Interest accrued	–	–	4,651.13	–	–	4,625.90	–	–	4,518.24
Derivative financial liabilities	–	–	–	230.57	–	–	110.58	–	–
Trade payables	–	–	140,486.65	–	–	129,341.70	–	–	109,616.42
Book overdraft in current account	–	–	5,758.69	–	–	1,739.97	–	–	4,087.11
Capital creditors	–	–	517.48	–	–	570.33	–	–	395.27
Emplyee Benefits payable	–	–	3,127.62	–	–	2,889.30	–	–	2,341.67
Lease equalisation	–	–	280.25	–	–	612.47	–	–	540.42
Security deposits	–	–	213.19	–	–	36.68	–	–	36.68
Dividend Accrued on Preference Shares	–	–	112.13	–	–	27.88	–	–	27.65
Unpaid devidends	–	–	33.13	–	–	169.02	–	–	161.45
Others	–	–	1,688.41	–	–	2,049.78	–	–	1,932.82
Total financial liabilities	**–**	**–**	**466,397.86**	**230.57**	**–**	**391,768.85**	**110.58**	**–**	**305,163.24**

(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 porvided 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 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at FVPL					
Listed equity investments		47	–	–	47
Mutual funds		–	194	–	194
Derivatives not designated as hedges					
Foregin exchange forward contract		–	229	–	229
Total financial assets		**47**	**423**	**–**	**470**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contract		–	–	–	–
Total financial assets		**–**	**–**	**–**	**–**

Financial assets and liabilities measured at fair value At 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Debentures		–	–	500	500
Security depostis		–	–	408	408
Due from customers		–	–	131,009	131,009
Trade receivables		–	–	118,475	188,475
Expenses Recoverable		–	–	17,107	17,107
Total financial assets		**–**	**–**	**337,499**	**337,499**
Financial Liabilities					
Borrowings		–	–	309,529	309,529
Lease equalisation		–	–	280	280
Total financial liabilities		**–**	**–**	**309,809**	**309,809**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

Financial assets and liabilities measured at fair value At 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial instruments FVPL					
Listed equity investments		45.80	–	–	45.80
Derivatives not designated as hedges					
Foreign exchange forward contract		–	95.21	–	95.21
Total financial assets		**45.80**	**95.21**	**–**	**141.01**
Financial liabilities					
Derivatives not designated as hedges					
Foreign exchange forward contract		–	230.57	–	230.57
Total financial assets		**–**	**230.57**	**–**	**230.57**

Assets and liabilities which are measured at amortised cost for which fair values are Disclosed	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2016					
Financial assets					
Security deposits		–	–	723	723
Due from customers		–	–	126,348	126,348
Trade receivables		–	–	163,235	163,235
Expenses Recoverable		–	–	9,462	9,462
Total financial assets		**–**	**–**	**299,768**	**299,768**
Financial Liabilities					
Borrowings		–	–	249,706	249,706
Lease equlisation		–	–	612	612
Total financial liabilities		**–**	**–**	**250,318**	**250,318**

Financial assets and liabilities measured at fair value At 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at FVPL					
Listed equity investments		55	–	–	55
Derivatives not designated as hedges					
Option contract		–	320	–	320
Total financial assets		**55**	**320**	**–**	**375**
Financial liabilities					
Dervatives not designated as hedges					
Option contract		–	111	–	111
Total financial liabilities		**–**	**111**	**–**	**111**

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

Assets and liabilities which are measured at Amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
At 1 April 2015					
Financial assets					
Security depostits		–	–	541.71	541.71
Due from customers		–	–	99,567.75	99,567.75
Trade receivables		–	–	139,815.55	139.815.55
Expenses Recoverable		–	–	3,335.18	3,335.18
Total financial assets		**–**	**–**	**243,260.19**	**243,260.19**
Financial Liabilities					
Borrowings		–	–	181,505.51	181,505.51
Lease equalisation		–	–	540.42	540.42
Total financial liabilities		**–**	**–**	**182,045.93**	**182,045.93**

Level : Level 1 hierarchy includes financial instruments measured using using quoted prices. This includes listing equity instruments and mutual funds that have ner assets value calculated at the close of every day using observable inputs. The fair value of all equity instruments which are traded in stock exchange is valued using the closing price as at the reporting period.

Level 2 : The fair value of financial instruments that are not traded in the active market is determined using valuation technique which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all signifant inputs require to fair value an instruments are observable, the instrument is included in level 2.

Level 3 : If one or more of the significnt input is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and other financial instruments included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include :

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

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

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets						
Investments						
Debentures	500.00	500.00	–	–	–	–
Security deposits	405.55	407.78	722.60	722.60	541.71	541.71
Due from customers	130,989.53	131,009.37	126,347.71	126,347.71	99,567.75	99,567.75
Trade receivables	188,373.87	188,474.75	163,235.11	163,235.11	139,815.55	139,815.55
Expenses Recoverable	17,100.94	17,107.29	9,462.49	9,462.49	3,335.18	3,335.18
Total financial assets	**337,369.89**	**337,499.19**	**299,767.91**	**299,767.91**	**243,260.19**	**243,260.19**
Financial liabilities						
Borrowings	309,529.18	309,529.18	249,705.82	249,705.82	181,505.51	181,505.51
Total financial liabilities	**309,529.18**	**309,529.18**	**249,705.82**	**249,705.82**	**181,505.51**	**181,505.51**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

The carrying amount of loans, advance to employees, cash and cash equivalents, other financial assets, trade payables, interest accrued, book overdraft in current accounts, capital creditors, employee benefits payable, security deposits, dividend accrued on preference shares, unpaid dividend and others are considered to be same as their fair value, due to their short term nature.

The fair values for trade receivables, due from customers, security deposits and expenses recoverable were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair vales of non-current borrowings are based on discount cash flows uning a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to use of unobservable inputs, including own credit risk.

NOTE 28: RELATED PARTIES DISCLOSURES AS PER IND AS-24

(a) Joint Venture

(i) EMC MBE Contracting Co LLC

(b) Entity having significant influence

(i) EMC Ltd.

(ii) Williamson Magor & Company Limited

(c) Associates of MBE Mneral Technologies Pte Limited

(i) MBe Coal & Mineral Technologies GmbH

(d) Post employment benefit plan

(i) McNally Bharat Executive Staff Gratuity Fund

(ii) McNally Bharat Employees Provident Fund

(e) Key Management Personnel

(i) Mr. S. Singh – Managing Director (appointed on 14.12.2016)

(ii) Mr. Prasanta Kumar Chandra – Whole-time Director & COO

(iii) Mr. Prabir Ghosh – Whole-time Director

(iv) Mr. Aditya Khaitan – Chairman

(v) Mr. Amritanshu Khaitan

(vi) Mr. S. R. Dasgupta (Resigned w.e.f. 14.12.2016)

(vii) Mr. V. K. Verma

(viii) Mr. P. H. Ravikumar

(xi) Ms. Arundhati Dhar (appointed on 23.08.2006

(x) Mr. Manish Agarwal (appointed on 14.12.2016)

(xi) Mr. A. K. Barman

(xii Mr. P. S. Bhattacharya (appointed on 14.12.2016)

(xiii) Ms. N. Khaitan (resigned w.e.f. 19.05.2016)

(xiv) Mr. Manoj Toshniwal (appointed on 01.10.2016 and resigned on 19.12.2016)

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 28: RELATED PARTIES

Transaction with related parties

Description	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	Williamson Magor & Co. Ltd.	EMC Limited
Loan Token	–	–	24,981.00	–
	–	–	–	(15.00)
Loan repaid	–	–	19,081.00	–
	–	–	–	–
Interest received on loan	–	–		–
	–	–		–
Impairment in value of advances	–	–		–
	–	–		–
Expenses incurred during the year	–	0.12	–	–
	–	–	–	–
Income earned during the year	–	0.12	–	–
	–	–	–	–
Interest Paid	–	–	1,503.60	2.25
	–	–	–	(2.00

Balances Outstanding as at 31 March, 2017

Description	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	Williamson Magor & Co. Ltd.	EMC Limited
Guarantees given	–	–		–
	–	–		–
Outstanding payables	–	1.27	8,061.58	19.33
	–	(1.24)	–	(15.00)
Outstanding Receivables	–	–	–	–
	(64.27)	–	–	–

Transactions with Key Managerial Personnel	2016-17		2015-16	
	Remuneratio	Sitting fees	Remuneration	Sitting fees
Mr. S. Singh	–	–	–	–
Mr. Prasanta Kumar Chandra	110.20	–	109.66	–
Mr. Prabir Ghosh	104.44	–	115.30	–
Mr. Aditya Khaitan	–	2.00	–	2.00
Mr. Amritanshu Khaitan	–	1.80	–	2.00
Mr. S. R. Dasgupta	–	1.60	–	2.20
Mr. V. K. Verma	–	2.20	–	2.00
Mr. P. H. Ravikumar	–	1.40	–	1.00
Ms. Arundhuti Dhar	–	2.00	–	–
Mr. Manish Agarwal	–	0.40	–	–
Mr. A. K. Barman	–	3.60	–	3.40
Mr. P. S. Bhattacharya	–	0.20	–	–
Ms. N. Kaitan	–	–	–	0.80
Mr. Manoj Toshniwal	–	–	–	–

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

Remuneration includes	2016-17		2015-16	
	Short term employee benefits	Post emplyment benefits	Short term employee	Post emplyment benefits benefits
Mr. Prasanta Kumar Chandra	104.53	5.67	103.99	5.67
Mr. Prabir Ghosh	98.88	5.56	109.63	5.67

Details of contribution to post employment benefit plans

	2016-17	2015-16
McNally Bharat Executive Staff Gratuity Fund	45.96	18.58
McNally Bharat Employees Provident Fund	389.75	484.32

NOTE 29: COMMITMENTS

(a) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not reccognised as liabilities is as follows :

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
Property, plant and equipment	43.87	186.36	142.88

(b) Cancellable operating leases

One of the subsidiaries has leasing arrangements in respect of operating lease for premises (residential, office, etc.) These leasing arrangements which are cansellable are for a period of 3 years, or longer, and usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of Rs. 60 (31.03.2016: Rs. 54) paid/payable are charged as Rent under Other Expenses.

NOTE 30: NON-CANCELLABLE OPERATING LEASES

The Parent leases various office premises under non-cancellable operating leases. These leases have varying terms, escalation clauses and renewal rights.

Particulars	31-Mar-17	31-Mar-16	1-Apl-15
Commitments for minimum lease payments in relation to non cansellable operating leases are payables as follows :			
Within one year	408.42	408.42	396.11
Later than one year but not later than five years	601.45	1,018.88	1,427.30
Later than five years	–	–	–

Rental expense relating to operating leases

Particulars	31-Mar-17	31-Mar-16
Total rent expense lelating to operating leases	1,163.49	1,448.58

NOTE 31

In respect of the Parent, the remuneration of INR 76.80 paid/payable to a whole time directors of the company is pending compliance with the requirements of Section 197(3) read with Schedule V of the Companies Act, 2013.

NOTE 32

In respect of none of the subsidiaries which uses the services of a third party service organisation for payroll processing, the auditor of the subsidiary has not been able to obtain sufficient appropriate audit evidence to identify and assess the risk of material misstatement around the controls established by such third party service organisation.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 33: CONTINGENT LIABILITIES

The details of contingent liabilities are as under:

Particulars	As at March 31, 2017	As at March 31 2016	As at April 1, 2015
Claims against the company not acknowledged as debt	4.80	100.00	100.00
Other money for which the Company is contingently liable :			
Indirect tax matters relating to excise duty, service tax, sales tax	5,607.74	2,620.00	2,335.00
Income tax matter pending in apperal relating to disputes regarding the taxable value and the deduction claimed	498.25	–	1,640.00
Corporate guarantees given in favour of subsidiary companies*	8,800.00	10,867.50	11,899.70
Other gurantees given	–	–	240.80
Standby letter of credit	–	–	2,006.70
Liquidated damages relating to contract sales	Amount not readily ascertainable	Amount not readily ascertainable	Amount not readily ascertainable
*Details of Corporate Guarantees given covered under Section 186 (4) of the Companies Act, 2013 :			
MBE Coal & Mineral India Pvt. Ltd. (Banking Facility)	2,850.00	3,500.00	3,500.00
McNally Sayaji Engineering Ltd. (ECB & Rupee Term Loan)	5,950.00	7,367.50	5,289.00
MBE Mineral Technologies Pte. Ltd.	–	–	3,110.70
	8,800.00	10,867.50	11,899.70

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

NOTE 34

Details of future foreseeable losses under construction contracts

Particulars	As at March 31, 2017	As at March 31 2016	As at April 1, 2015
Provision for future foreseeable losses	1,248.62	755.16	671.19

NOTE 35

Disclosure in respect of specified bank notes held and transacted pursuant to notification no. G.S.R. 308 (E) dated March 30, 2017 issued by MCA :

Particulars	Specified bank notes	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	21.90	285.23	307.13
Add : Permitted receipts	–	196.61	196.61
Less : Permitted payments	–	217.83	217.83
Less : Amount deposited in banks	21.90	–	21.90
Closing cash in hand as on December 30, 2016	–	264.01	264.01

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 36

Revenue Expenditure on Research and Development in respect of one of the subsidiaries amounts to Rs. 49 lakhs (31.03.2016 Rs. 54 Lacs)

NOTE 37

In respect of the Parent, an amount on INR 7180 stands receivable from MBE Mineral Tehnologies Pte Limited (MBE Singapore) on account of advances given as allowed under FEMA and Exchange Control Guidelines of Reserve Bank of India. Part of the receivables is also on account of interest being changed on such advances. The amount shall be paid by MBE Singapore as and when it receives payment form Schillingtons Limited, UK against the sale proceeds of sale of 70% stake of MBE Singapore in CMT group Germany to Schillingtons. The agreement to sell between MBE Singapore and Shillingtons is valid as per the German law, which provides for extension of payment time with bilateral consent. The said agreement have been extended by both the parties from time to time as permitted in the agreement. This receivable is backed by receivable from sale proceeds of valuable assets and MBE Singapore can at any point of time reclaim the transferred shares, by not extending payment time, which have been well defined in sale agreement notarized in the City of Cologne. Investment of INR 2550.74 in as well as advances aforesaid to MBE Mineral Technologies Pte Limited, Singapore by company is considered good and recoverable.

NOTE 38: INTEREST IN OTHER ENTITIES

(a) Interest in Subsidiaries

The group's subsidiaries as at 31st March, 2017 are set out below. Unless otherwise stated, they have share captial consisitings 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 a also their principal place of business.

(b) Interest in Associate

Set out below is the associate of the Group as at 31st March, 2017, which has share capitalconsisting solely of equity shares and are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Consolidated Financial Statements also include the Group's interest in the following Associate Company accounted for under equity method based on their financial statement.

Name of entity	Place of business/country of incorporation	Proportion of Ownership 31-Mar-17 %	31-Mar-16 %	1-Apl-15 %	Carrying Amount 31-Mar-17 Rs. Lakhs	31-Mar-16 Rs. Lakhs	1-Apl-15 Rs. Lakhs
i. MBE Coal & Mineral Technology Gmbh (Associate of MBE Mineral Technologies Pte Limited)	Germany	30.00%	30.00%	30.00%	1,399.33	2,813.52	2,671.42

(c) Interest in joint Venture

Set out below is the joint venture of the Group as at 31st March, 2017, 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 inteerest is the same as the proportion of voting rights held. The Consolidated Financial Statements also include the Group's interest in the following Axxocate Company accounted for under equity method based on their financial statement.

Name of entity	Place of business/country of incorporation	Proportion of Ownership 31-Mar-17 %	31-Mar-16 %	1-Apl-15 %	Carrying Amount 31-Mar-17 Rs. Lakhs	31-Mar-16 Rs. Lakhs	1-Apl-15 Rs. Lakhs
i. EMC MBE Contracting Co LLC	Oman	35.00%	35.00%	NA	6.07	152.31	NA

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 39: EARNINGS PER SHARE

		31-Mar-17	31-Mar-16
(a)	**Basic earnings per share**		
	From continuing operations attributable to the equity holders of the company	(6,543.72)	(37,574.65)
	Total basic earnings per share attributable to the equity holders of the company	(12.11)	(77.20)
(b)	**Diluted earnings per share**		
	From continuing operations attributable to the equity holders of the company	(6,543.72)	(37,574.65)
	Total diluted earnings per share attributable to the equity holders of the company	(12.11)	(77.20)
(c)	**Reconciliations of earnings used in calculating earnings per share**		
	Basic earnings per share		
	Profit attributable to the equity holders of the Company used in calculating basic earnings per share		
	Total comprehensive income for the year	(5,773.39)	(36.840.27)
	Adjustment of redemption Premium in case of redeemable preference shares from securities premium	(770.33)	(734.38)
		(6,543.72)	(37,574.65)
	Diluted earnings per share		
	Profit from continuing operations attributable to the equity holders of the company :		
	Used in calculating basic earnings per share	(6,543.72)	(37,574.65)
	Add/less : adjustments on dilutive potential equity shares	–	–
	Used in calculating diluted earnings per share	(6,543.72)	(37,574.65)
	Profit attributable to the equity holders of the Company used in calculating diluted earnings per share	(6,543.72)	(37,574.65)
(d)	**Weighted average numbers of shares used as denominator**		
		31-Mar-17 Number of shares	**31-Mar-16 Number of shares**
	Weighted average number of equity shares used as the denominator in calculating basic earnings per share	54,050,190	48,675,785
	Adjustments for calculation of diluted earning per share :	–	–
	Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**54,050,190**	**48,675,785**

NOTE 40: SEGMENT INFORMATION

The group is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting under Ind AS 108. The group primarily operates in India.

The group earns revenue of INR 218,821.88 and INR 1,354.26 in and outside india respectively. All of the non current assets of the group are located in India.

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

NOTE 41 : ASSETS PLEDGED AS SECURITY

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

Particulars	Notes	31-Mar-2017	31-Mar-2016	1-April-2015
Current				
Financial assets				
Investments	5	194.00	–	–
Trade Receivables	6(a)	178,019.79	155,942.74	139,447.67
Cash and cash equvalents	6(c)	9,163.73	4,748.93	5,000.23
Other financial assets	6(d)	149,754.55	142,225.55	100.797.96
Loans	6(b)	8,647.07	8,330.99	5,242.59
Non-financial assets				
Inventories	9	16,978.11	29,386.09	26,167.27
Other current assets	10(a)	71,612.48	59,924.07	42,706.91
Total current assets pledged as security		**434,175.74**	**400,558.37**	**319,362.63**
Non-current				
Property, plant and equipment	3	21,849.81	25,460.35	27,705.05
Captial work in progress	3	462.57	477.48	854.51
Investment properties		381.00	384.00	387.00
Other intangibled assets		104.00	174.00	258.00
Total non-current assets pledged as security		**22,797.38**	**26,495.83**	**29,204.56**
Total assets pledged as security		**456,973.12**	**427,054.20**	**348,567.19**

Note :

Currentassets except investments are pledged under first charge for working captial loans and under residual charge for rupee term loan of RBL Bank Limited. Investments are put under lien for loan taken from L&T Finance Limited. Non current assets are pledged under first charge for rupee term loan and ECB from ICICI Bank Limited and as second charge for working capital loans.

NOTE 42: FIRST-TIME ADOPTION OF IND AS

Transition to Ind AS

These are the group's first consolidated financial statements prepared in accordance with Ind As.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and in the preparation of and opening Ind AS balance sheet at 1 April 2015 (the group's date of transition). In preparing its opening Ind AS balances sheet, the groups has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial Position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 India As optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its propery, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets

Accordingly, the group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The group has elected to apply this exemption for its investment in equity instruments.

A.1.3 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind As, expect where the effect is expected to be not material.

The group has elected to apply this exemption for such contracts / arrangements.

A.2 Ind As mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind As estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

- Investment in equity instruments carried at FVPL; and
- Impairment of financial assets based on expected credit loss model.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstaces existing on the date of transition if retrospective application is impracticable.

Accordingly, the group has determined the classification of financial assets on the basis of the fact and circumstances that exits at the date of transition to Ind AS. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

B : Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires and entity to reconcile equity comprehensive income and cash flows for prior period. The following table represents the reconciliation from previous GAAP to Ind AS.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

Reconciliation of total equity as at April 1, 2015

Particulars	Amount
Share Capital	5,034.38
Reserves & Surplus	30,232.30
Money received against share warrants	750.00
Minority interest	4,176.81
Total Equity (shareholder's value) as per previous GAAP	**40,193.49**
Adjustments :	
Reclassification of Redeemable Preference Shares as Financial Liability	(975.00)
Amortisation of transaction cost in respect of redeemable preference shares considered as financial liability in accordance with Ind AS 109	(747.89)
Amortisation of transaction cost in respect of borrowings in accordance with Ind As 109	156.72
Fair Valuation of Interest Free Rental Deposit in accordance with Ind AS 109	(6.54)
Fair Valuation of Financial Assets and subsequent amortisation in accordance with Ind AS 109	(1.015.13)
Fair Valuation of Derivative Contracts in accordance with Ind AS 109	320.07
Fair Valuation of Investments in accordancewith Ind AS 109	50.19
Fair Valuation of Revenue in accordance with Ind AS 11 & Ind AS 18	(11,184.20)
Fair Valuation of Lease Liability in accordance with Ind AS 113	432.17
Expected credit loss in accordance with Ind AS 109	(35,180.55)
Provision for decommissioning obligations in accordance with Ind AS 37 read with Ind As 16	(1,582.48)
Deferred Tax Adjustments in accordance with Ind AS 12	7.25
Total Adjustments	**(49,725.39)**
Total Equity (shareholder's value) as per Ind As	**(9,531.90)**

Reconciliation of total equity as at March 31, 2016

Particulars	Amount
Share Capital	6,084.38
Reserves & Surplus	5,890.60
Money received against share warrants	625.00
Minority interest	3,750.02
Total Equity (shareholder's value) as per previous GAAP	**16,350.00**
Adjustments :	
Reclassification of Redeemable Preference Share as Financial Liability	(975.00)
Amortisation of transaction cost in respect of redeemable preferenceshares considered as financial liability in accordance with Ind AS 109	(1,454.65)
Amortisation of transaction cost in respect of borrowings in accordance with Ind AS 109	339.78
Fair Valuation of Interest Free Rental Deposit in accordance with Ind As 109	(6.54)
Fair Valuation of Financial Assets and subsequent amortisation in accordance with Ind AS 109	(571.98)
Fair Valuation of Derivative Contracts in accordance with Ind AS 109	(250.69)
Fair Valuation of Investments in accordance with Ind As 109	50.19
Fair Valuation of Revenue in accordance with Ind As 11 & Ind As 18	(5,213.63)
Fair Valuation of Lease Liability in accordance with Ind As 113	432.17
Expected credit loss in accordance with Ind AS 109	(44,696.46)
Provision for decommissioning obligations in accordance with Ind As 37 read with Ind As 16	(1,593.68)
Provision for future foreseeable losses in construction contract in accordance with Ind As 11	(20.94)
Fair Valuation of Corporate Guarantee in Accordance with Ind AS 109	6.95
Deferred Tax Adjustments in accordance with Ind AS 12	7.25
Adjustment of goodwill during the year	(409.91)
Total Adjustments	**(54,357.14)**
Total Equity (shareholder's value) as per Ind AS	**(38,007.14)**

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

Reconciliation of tatal comprehensive income for the year ended March 31, 2016

Particulars	Amount
Profit after tax as per previous GAAP	**(34,070.77)**
Adjustments :	
Impact of retention on actual billing made during the current year	(648.57)
Impact of interst income on opening unbilled revenue	652.45
Impact of Interest Income on Opening Retention	6,182.66
Impact of retention on unbilled revenue	(183.70)
Discounting of retention portion of debtors	(65.09)
Fair valuation of Due form Customers	(202.00)
Fair valuation of financial assets	443.15
Unwinding on discounting on retention money	234.10
Actuarial gain/loss taken to OCI	27.62
Impact of decommissioning obligations on fixed assets	(10.83)
Fair valuation of derivative contract	(557.66)
Fair valuation of future foreseeable losses	(20.94)
Amortisation of transaction costs on borrowings	65.07
Impact of fair valuation of leases	(19.58)
Expected credit loss on trade receivables	(9,515.91)
Fair valuation of corporate guarantee	6.95
Unwinding of discounts on provisions	(13.10)
Total adjustments	**(3,625.38)**
Profit for the year 2015-16 as per Ind As	**(37,696.15)**
Profit for the year 2015-16 under Ind As	**(37,696.15)**

Notes to first-time Adoption

Note 1: Investment Property

Under the previous GAAP, certain part of Leasehold Land which had been given on rent to McNally Bharat Engineering Limited (MBECL, the Holding Company) was carried under Tangible Fixed Assets. Under Ind AS, tangible fixed assets held for rental income and /or capital appreciation is within the ambit of Ind AS 40 "Investment Property" and has been accordingly reclassified. Consequent to the above change Property, Plant and Equipment has decreased by Rs. 384 for the year ended 31 March 2016 (1st April 2015 Rs 387). There is no impact on the total equity or loss as a result of this adjustment.

Note 2: Borrowings

As required under Ind AS 109 transaction costs incurred towards origination of borrowings have been deducted from the carrying amoiunt of borrowings on initial recognition. These costs are recognised in the profit and loss for long term borrowings and in securities premium account for redeemable preference shares over the tenure of the borrowing/reddemable preference shares as interest expense, computed using effective interest rate method corresponding effect being in Long term borrowings/ redeemable preference shares classified as long term borrowings and to the extent attributable to Current maturity of long term debts.

Under the previous GAAP these transaction costs were charged to the profit & loss and securities premium as and when incurred. Consequently, borrowings including current maturities as at 3ist March 2016 have been reduced net by INR 1,163 lacs (April 1, 2015 - INK 156 lacs) with a corresponding adjustment to retained earnings resulting in increase in total equity.

Under the previous GAAP, redeemable preference shares were classified as a part of equity while the same under Ind AS has been classified as financial liability. The issuance cost were charged to securities premium as and when incurred under the previous GAAP. Under Ind AS, transaction costs including issuance cost and redemption premium have been amortised over the tenure of preferece shares. Consequently, redeemable preference shares classified as borrowings as at 3ist March 2016 have been increased net by INR 2429.65 (April 1, 2015 - INR 1722.89) with a corresponding adjustment to retained earnings resulting in decrease in total equity.

Note 3: Deferred revenue

Under the previous GAAP, revenue was recognised at transaction value. Under Ind AS, revenue is recognised at fair value. Accordingly, retention portion of the revenue is discounted to bring it at its present value and recognised. The differential of transaction value and its fair value is recognised as interest income over the period till the retetntion amount becomes claimable. This change has resulted in a decrease in trade receivables as at March 31, 2016 by Rs. 3875.15 with a corresponding decrease in equity.

Note 4: Bank Overdrafts

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Consequently, cash and cash equivalents have reduced by INR 1739.97 lakhs as at March 31, 2016 (April 1, 2015 - INR 4087.11) with a corresponding impact on cash flows from financing activities.

Note 5: Other financial liabilities

As required under Ind AS 109 financial liabilities are fair valued on initial recognition and subsequently carried at amortised cost. Consequently, financial liabilities as at March 31, 2016 have been reduced by INR 408.98 (April 1, 2015 - INR 432.17) with a corresponding adjustment to retained earnings resulting in increase in total equity.

Note 6: Decommissioning obligations relating to equipments

As required under Ind AS 16, cost of property, plant and equipment would include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Provision for decommissioning obligations has been made In accordance with Ind AS 37 which las been discounted to arrive at the value on initial recognition. The same has been capitalised and depreciated. Unwinding of discounting has)een charged to finance cost with corresponding credit to provisions. Consequently provision has increased as at March 31, 2016 by INR 93.86 April 1, 2015 - INR 83.03) with corresponding debit to property, plant and equipment which has increased as at March 31, 2016 by INR 9.95 (April ^2015 - INR 17.55) and balance adjustment to retained earnings resulting in decrease in total equity.

Note 7: Fair valuation of investments

Under the previous GAAP, investments in equity instruments were classified as long term investments based on the intended holding period and ;alisability. Long term investments were carried at cost less provision for other than temporary decline in the value of such investments, Under id AS 109, these investments in other than subsidiaries and joint venture are required to be measured at fair value and have been taken to profit id loss. The resulting fair value changes of these investments have been recognised in retained earnings as at March 31, 2016 amounting to INR 41.23 (April 1, 2015 - INR 50.19)

Note 8: Security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued the security deposits under Ind AS. Difference between fair value of security deposits and the carrying value (transaction value) as per previous GAAP has been recognised as prepaid rent. Consequently the amount of security deposits has been decreased by INR 92.93 as at March 31, 2016 (April i, 2015 - INR 94.37). The advance rental increased by INK 83.08 as at March 31, 2016 (April 1, 2015 - INR 87.84). Consequently retained earnings as at the April 1, 2015 and profit and loss for the year ended March 31, 2016 have been adjusted accordingly.

Note 9: Fair valuation of forward contracts

Under the previous GAAP, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability was amortised as expense/income over the life of the contract. Other contracts entered which are not hedged against existing asset / liability, then marked to market losses, if any at balance sheet date were recognised as expense. Under Ind AS 109, forward contracts are carried at fair value and the resultant gain and losses are recorded *in* the statement of Profit & Loss. Accordingly, the same has been fair valued resulting in decrease in equity by INR 234 lacs as at March 31, 2016 and increase as at April 1, 2015 by INR 319 lacs.

Note 10: Remeasurement of post employment benefit obligations

Under Ind AS 19, remeasurements i.e. actuarial gains and losses and return on plan assets, excluding amount included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by INR 45 lacs. There is no impact on the total equity as at March 31, 2016.

Note 11: Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by INR 2,862 lacs. There is no impact on the total equity and profit.

Note 12: Trade receivables and due from customers

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result the allowance for doubtful debts increased by INR 45,280 lacs as at March 31, 2016 (April 1, 2015 - INR 35,835 lacs). Consequently retained earnings as at the April 1, 2015 and profit and loss for the year ended March 31, 2016 have been adjusted accordingly.

Note 13: Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 14: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

Note 15: Deferred tax

Deferred tax adjustment arising on above Ind AS adjustments.

Note 43

As per the Scheme of Arrangement as sanctioned by the Hon'ble High Court at Calcutta vide its Order dated 28th July 2009 which was filed with the Registrar of Companies, West Bengal , Kolkata on 1st September 2009 , for reconstruction of McNally Bharat Engineering Company Limited (MBECL) and its subsidiary viz McNally Sayaji Engineering Ltd (MSEL) - the Products Division of MBECL engaged in the business of manufacture and/or procuring equipments for various engineering and infrastructure projects and having its units at Kumardhubi, in the State of Jharkhand and Asansol, in the State of West Bengal and Bangalore, in the State of Karnataka has been transferred to MSEL with effect from the appointed date, i.e. 01.04.2008 .As per the scheme of arrangement the transfer and vesting of Products Division of MBECL to MSEL shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however, that such charges, mortgages and/or encumbrances shall be confined only to the assets of MBECL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in MSEL and no such charges, mortgages and/or encumbrances shall extend over or apply to any other assets) 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 44

The Parent 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 unilaterafly terminated the contract in January 2006. The company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free and for widening of road and non-availability of construction drawings on time by PWD. The company has a legitimate claim of Rs. 1517 lacs towards receivable included in Note No.iS) and Rs.1133 lacs on account of deposit against Performance Guarantee (included in Note No.2o). Elsamex S.A. moved to arbitration nd had claimed an amount of Rs.7334 lacs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-tonseils" (FIDIC). Arbitral Board in their meeting held on 25th October 2010 has upheld Elsamex S A's claim and has given award in favour of Elsamex S A. fhder the award, a total amount of Rs.3535 lacs is receivable by the Parent. A claim has already been lodged with PWD . PWD has preferred to challenge the jrdict of the Arbitrators and has appealed to the High Court for a stay in the matter of payment of award money.

March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to d AS 7, 'Statement of cash flows' . These amendments are in accordance with the recent amendments made by International Accounting Standards Board IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the group from April i, 2017. The amendment to Ind AS 7 requires the entities to)vide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising m cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities sing from financing activities, to meet the disclosure requirement. The Group is evaluating the requirements of the amendment and the effect on the financial :ements is being evaluated.

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 46: ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

Name of the Equity 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 % Consolidated Net Assets	Amount Rs. Lakhs	As % Consolidated Profit or Loss	Amount Rs. Lakhs	As % Other Consolidated Income	Amount Rs. Lakhs	As % Consolidated Comprehensive Income	Amount Rs. Lakhs
Parent								
McNally Bharat Engineering Company Limited								
31 March 2017	90.06%	12.099.72	-6.24%	317.50	53.21%	(47.66)	-5.21%	269.84
31 March 2016	186.31%	(70,810.42)	84.07%	(31,692.19)	56.55%	15.62	84.09%	(31,676.57)
Subsidiaries (Group's Share)								
McNally Sayaji Engineering Ltd. Group								
31 March 2017	-54.68%	(7,346.44)	91.06%	(4,634.70)	35.20%	(31.53)	90.10%	(4,666.23)
31 March 2016	-33.76%	12,829.37	12.28%	(4,628.74)	32.53%	8.98	12.26%	(4,619.76)
MBE Mineral Technologies Pte Ltd.								
31 March 2017	46.72%	6,277.68	1.18%	(60.21)	0.00%	–	1.16%	(60.21)
31 March 2016	-42.85%	16,285.94	-0.50%	188.83	0.00%	–	-0.50%	188.83
McNally Bharat Infrastracture Ltd.								
31 March 2017	5.80%	779.09	-15.30%	778.88	-0.23%	0.21	-15.04%	779.09
31 March 2016	-1.37%	518.98	0.55%	(207.25)	0.00%	–	0.55%	(207.25)
McNally Bharat Equipment Ltd.								
31 March 2017	-0.02%	(2.94)	0.01%	(0.31)	0.00%	–	0.01%	(0.31)
31 March 2016	-0.02%	8.38	0.00%	(0.10)	0.00%	–	0.00%	(0.10)
MBE Mineral Zambia Ltd.								
31 March 2017	-17.55%	(2,358.42)	27.22%	(1,385.35)	0.00%	–	26.75%	(1,385.35)
31 March 2016	-0.48%	182.74	1.22%	(460.73)	0.00%	–	1.22%	(460.73)
Vedica Sanjeevani Projects Private Ltd.								
31 March 2017	-3.24%	(435.47)	8.56%	(435.47)	0.00%	–	8.41%	(435.47)
McNally Bharat Engineering (Sa) Proprietary Ltd.								
31 March 2017	6.33%	850.69	0.00%	–	0.00%	–	0.00%	–
31 March 2016	0.00%	0.39	0.00%	(0.59)	0.00%	–	0.00%	(0.59)
Associates								
MBE Coal & Mineral Technology GmBH (Associate of MBE Mineral Technologies Pte. Ltd.)								
31 March 2017	0.00%	–	5.40%	(274.75)	0.00%	–	5.31%	(274.75)
31 March 2016	0.00%	–	0.17%	(64.10)	0.00%	–	0.17%	(64.10)
Non-Controlling Interest								
31 March 2017	26.58%	3,571.74	-11.88%	604.85	11.82%	(10.59)	-11.47%	594.26
31 March 2016	-7.83%	2,977.48	2.21%	(831.28)	10.92%	3.02	2.20%	(828.26)
Total								
31 March 2017	100.00%	13,435.65	100.00%	(5,089.56)	100.00%	(89.57)	100.00%	(5,179.13)
31 March 2016	100.00%	(38,007.14)	100.00%	(37,696.15)	100.00%	27.62	100.00%	(37,668.53)

Notes to Consolidated Financial Statements for the Year Ended March 31, 2017

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

NOTE 47

On 30 th March, 2017 the parent entity acquired 60% of the issued share capital of Vedica Sanjeevani Projects Private Limited which is engaged in the Real Estate Business. The acquisition will enable the group to expand its operations.

Details of the purchase consideration, the net assets acquired and good will are as follows :

Equity shares issues	15,000
Total Purchase consideration	15,000

The preliminary assets and liabilities recognised as a result of the acquisition are as follows :

Particulars	**Amount (Rs.)**
Property, plant and equipment	6.54
Goodwill on Consolidation	10.58
Non-current Financial assets	500.00
Other non-current assets	0.58
Inventories	16,321.46
Current Financial assets	333.55
Other current assets	1,773.12
Total Assets (A)	**18,945.83**
Non current Financial Liabilities	14,985.47
Non current Provisions	1.46
Current liabilities	–
Current Financial Liabilities	1,623.60
Current Provisions	0.86
Current tax liabilities	0.17
Other current liabilities	1,245.58
Total liabilities	**17,857.14**
Net Assets taken over (A-B)	**1,088.69**
Calculation of goodwill	**Amount (Rs.)**
Consideration transferred	15,000.00
Non-controlling interest in the acquired entity	435.47
Less : New identifiable assets and liabilities acquired	1,088.69
Goodwill	**14,346.78**

The goodwill is attributable to the workforce and the high potential of the acquired business. It will not be debuctible for tax purposes.

There were no other acquisitions during the year 31 March 2017.

The group recognizes non-controlling interest in the acquired entity at non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The Company's purchase accounting for Vedica Sanjeevani Projects Private Limited as on March 31, 2017 was incomplete and the Company expects complete the working capital adjustment and valuation of the tangible assets, intangible assets and liabilities assumed as of the acquisition date during during the second quater of 2017-18. Accordingly, the Company may adjust the amounts recorded as of March 31, 2017 to reflect the final Valuations of the assets acquired or liabilities assumed.

NOTE : 48

Unless otherwise stated, figures in brackets relates to the previous year, which have been rearranged/regrouped necessary.

For Lovelock & Lewes

Firm Registration Number 301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, 1st June, 2017

For and on behalf of Board of Directors of
McNally Bharat Engineering Company Limited

Aditya Khaitan	–	Chairman
Srinivash Singh	–	Managing Director
Prabir Ghosh	–	Director
Prasanta Kumar Chandra	–	Director
Lalit Khetan	–	CFO
Indranil Mitra	–	Company Secretary

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A: Subsidiaries

(Unless otherwise specifies, all figures in Rs.)

	1	2	3	4	5	6
Name of the subsidiary	**MBE Mineral Technologies Pte Ltd.**	**MBE Minerals Zambia Ltd.**	**McNally Bharat Engineering (SA) Proprietary Ltd.**	**McNally Sayaji Engineering Ltd. (Consolidated with CMT India)**	**McNally Bharat Infrastructure Ltd.**	**McNally Bharat Equipment Ltd.**
The date since when subsidiary was acquired	19 May 2009	21 May 2010	10 October 2012	16 November 2011	03 March 2008	07 March 2008
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	US$ 64.86	ZMK 0.01	ZAR 4.83	INR	INR	INR
Share capital	US$ 49,95,816	ZMK 50,000	ZAR 2,037	89,892,730	1,000,000	1,000,000
Reserves and surplus	US$ 66,40,302	ZMK -87,77,258	ZAR -6,45,259	1,448,280,726	-76278280	-287,605
Total assets	US$ 2,33,83,587	ZMK 53,354	ZAR 9,107	4,745,687,579	136,791,863	827,519
Total Liabilities	US$ 1,17,47,469	ZMK 109,38,831	ZAR 6,52,329	3,171,500,000	214,242,271	115,124
Investments	US$ 26,75,419	-	-	270,000,000	-	-
Turnover	-	-	-	2,751,800,000	58,084,168	-
Profit before taxation	US$ -9,04,287	ZMK -2,630	-	-251,217,463	-5598208	24910
Provision for taxation	-	-	-	-307,792,075	-117,233	-
Profit after taxation	US$ -9,04,287	ZMK -2,630	-	56,574,612	-5,480,975	24,910
Proposed Dividend	-	-	-	-	-	-
Extent of shareholding (in percentage)	100%	100%	100%	74.86%	99.40%	99.40%

1 Names of subsidiaries which are yet to commence operations : Nil

2 *Names of subsidiaries which have been liquidated or sold during the year: McNally Bharat Infrastructure Limited

For and On behalf of the Board of Directors

Srinivash Singh
Managing Director

Kolkata, August 11, 2017

Notes

McNally Bharat Engineering Company Limited
Ecospace Business Park, Campus-2B, 11F/12
New Town, Rajarhat, North 24 Parganas, Kolkata 700 156
T +91 33 66281111 30141111 F +91 33 68282277 30142277
www.mcnallybharat.com