McNally Bharat Engineering Company Limited

ANNUAL REPORT 2017-18

FROM THE CHAIRMAN'S DESK

I have the pleasure of addressing you on the Annual General Meeting on completion of 57 years of business of McNally Bharat Engineering Company Limited. The company started with a humble beginning way back in 1961 and has completed more than 5 ½ decades and has continued its operation in spite of many hurdles. The company has never looked back on its obstacles rather has tried to grab the opportunities even in the worst eventualities. I remember a quote of Allen Breed, Chairman and CEO of Breed Technologies INC (1995) which reads –

> *"I never met a rich pessimist*
> *Entrepreneurs are people who understand little difference between obstacle and opportunity and are able to turn both to their advantage."*

No doubt, your company has faced a serious setback in the last 5/6 years, but I am more than confident that this company shall be able to bring back its past glory.

Your company has experience and expertise in multiple fields be it core industry or infrastructure and, therefore, a strategic business plan has been chalked out to use company's resources and talents in the fields where Government is planning its investment within the next few years to come.

Based on drastic reduction in Government's spending in core sector industries i.e. Steel, Thermal Power, Cement, Mines & Minerals and massive Govt. investment focused at infrastructure building such as Highways, Smart Cities, Railways, Environmental control, your company has aligned its business strategy to diversify their operations in these segments of business. In line with Govt.'s new initiative "MAKE IN INDIA", Defence and Railways are the sectors where all manufacturing companies are being facilitated for acquisition of technology and absorption thereof, your company is gearing up to diversify their manufacturing facilities to meet such demands.

While the business strategy is focused at diversification to areas of Government's spending and adopting policy changes of the Government to shift towards: "MAKE IN INDIA" initiative, your company has also planned to augment its financial resources and restructure the Balance Sheet to meet the financial requirements of the company for its existing operation as well as the new initiatives.

All of you are aware that 550 crore of capital has been infused in the previous financial year & in the current financial year 445 crore has been recapitalized to protect the shareholders' fund. Company is also exploring the possibility of further recapitalization during the current year by way of QIP/FPO/strategic investor and if necessary by selling noncore assets. The company is also in the process of deleveraging the Balance Sheet. This exercise is expected to be completed by the financial year 2018-19 to enable substantial improvement of financials of the company, reduce borrowing cost & improve ratings.

You all are aware that company was not able to complete large number of projects due to various constraints which has resulted into serious discontentment in the mind of our customers and erosion of goodwill. With concerted efforts and injection of resources, it is expected that most of the projects shall be completed by June/September, 2019. This initiative has brought back the confidence of the customers to a great extent. The benefits of our initiatives are visible on the ground.

The action of your company in taking steps for completing the old projects has also created a great sense of satisfaction in the mind of few important customers who have started awarding contracts which has resulted in securing nearly 1500 crore of orders within the last one year.

No doubt, during the last few years most of the things were going against the company yet with the determination of all the stakeholders, the company has started reviving with a forward look.

> *"When everything seems to be going against you, remember that aeroplane takes off against the wind not with it."*

Last but not the least; I must express my sincere appreciation to all the employees, suppliers, contractors, customers and all other stakeholders who have patiently co-operated at all times.

Aditya Khaitan

Chairman, McNally Bharat Engineering Co. Ltd.

Corporate Information

Board of Directors
Mr. Aditya Khaitan
Chairman
Mr. Srinivash Singh
Managing Director
Mr. Amritanshu Khaitan
Mr. Virendra Kumar Verma
Mr. Asim Kumar Barman
Mr. Partha Sarathi Bhattacharya
Ms. Arundhuti Dhar
Mr. P. H. Ravikumar
Resigned w.e.f. June 25, 2017
Mr. Prasanta Kumar Chandra
Whole Time Director & COO
Resigned w.e.f. August 31, 2017
Mr. Prabir Kumar Ghosh
Whole Time Director
Resigned w.e.f. August 31, 2017
Mr. Manish Agarwal
Resigned w.e.f. September 07, 2017

Company Secretary
Mr. Indranil Mitra

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

Corporate Identification Number
L45202WB1961PLC025181

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

Corporate Office
Ecospace Business Park, Campus 2B
11F/12 (Old Plot No. AA II/Blk 3)
New Town, Rajarhat
North 24 Parganas
Kolkata – 700156
West Bengal, India
T: +91 33 3014 1212 / 6628 1212
F: +91 33 3014 2277 / 6628 2277

Website and Email
http://www.mcnallybharat.com
mbe.corp@mbecl.co.in
mbecal@mbecl.co.in

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

Statutory Auditors
M/s. Deloitte Haskins & Sells LLP
Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai – 400018, India
T: +91 22 6667 9000
F: +91 22 6667 91 00

M/s. V. Singhi & Associates,
Chartered Accountants
4, Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata – 700001, West Bengal, India
T: +91 33 3028 7838

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

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

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

Contents

Directors' Report

Your Directors have pleasure in presenting the Fifty Fifth Annual Report together with audited statement of accounts for the year ended March 31, 2018.

HIGHLIGHTS

The key highlights of the operations for the financial year 2017-18 over the previous year (based on standalone only in all cases) are as follow:

Total Income decreased from Rs. 2,24,063.64 lakh to Rs. 1,59,218.63 lakh and earnings before Finance Cost, Depreciation & Amortization and Tax increased from Rs. (13,213) lakh to Rs. (4,240) lakh.

FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2018 is summarized below:

(Rs. in Lakhs)

Particulars	Standalone for the year ended March 31st	
	2018	2017
Revenue from operations and other income	159,219	224,064
Profit before Finance Cost, Depreciation & Amortisation and Tax	(4,240)	(13,213)
Less: Finance Cost	50,236	39,207
Earnings before Depreciation & Amortisation and Tax	(54,476)	(52,420)
Less: Depreciation & Amortisation	1,462	2,533
Profit Before Tax	(55,938)	(54,953)
Total Tax Expenses	(13,393)	(49,126)
Profit for the year	(42,545)	(5,827)
Other Comprehensive Income	(101)	(48)
Total Comprehensive Income of the year	(42,646)	(5,875)
Retained earnings amount brought forward from previous year	(80,821)	(74,945)
Transfer to / from General Reserve	Nil	Nil
Balance of Total Retained Earnings at the end of the year	(123,467)	(80,821)

STATE OF COMPANY'S AFFAIRS AND REVIEW OF OPERATIONS

Your Company's overall performance has been improving since the time Mr. Srinivash Singh took over as the Managing Director of the Company in December 2016. With his business acumen and precision to identify and pick up right talent for the right job, he has formed different teams consisting of senior officers and executives to support him. The new teams are working harmoniously under the able guidance of Mr. Singh to bring about a turnaround in the economic fate of the Company. The efficiency of the teams and their effort is visible in terms of increased fresh order inflow. The fresh order inflow, during the year ended March 31, 2018 stood at 1,094 Crore which is more than double in comparison to that of the previous financial year.

Further, certain measures had been taken, during the year under review, to improve the financial viability of your Company. To recapitalize the Company and restoring erosion of net worth due to losses, Compulsorily Convertible Preference Shares for an amount of Rs. 39.42 Crore (approx.), Equity Shares for an amount of Rs. 35.27 Crore (approx.) and Warrants for an amount of Rs. 2.5 Crore (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 staffs that they had no personal interest in any material, financial and commercial transactions of the Company.

Directors' Report *(Contd.)*

CHANGES, IF ANY, IN THE NATURE OF BUSINESS

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

MAJOR PROJECTS UNDER EXECUTION

The following major projects are under execution of your Company:

- 100MW Solar Power Plant at Annantapuramu, AP for APGENCO
- 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
- By-Product Plant at Bhilai for BSP, SAIL
- 8MTPA capacity CHP at Manoharpur, Odisha for OCPL
- Coke Handling Plant at Chennai for CPCL
- De-bottlenecking of Plant at Zawar of HZL
- 2MTPA Lead-Zinc beneficiation Plant at Zawar for HZL
- Balaria-Mochia Surface Crushing Plant at Zawar of HZL
- 2MTPA Paste Fill Plant at RA Mines for HZL
- 2MTPA Paste Fill Plant at SK Mines for HZL
- Coal Handling Plant at Gevra for SECL
- Residential Accommodations for DGMAP at Jammu and Udaipur
- R&R Colony for NBCC at Pakri, Hazaribagh

MAJOR ORDERS RECEIVED DURING THE YEAR

- **Delhi Metro Rail Corporation**
  - Construction of Entry Exit Structures & Other Civil Work at Kochi
- **Odisha Coal & Power Limited**
  - 8MTPA capacity CHP with allied infrastructural facilities
- **Hindustan Zinc Limited**
  - 2MTPA Lead Zinc Beneficiation Plant, Zawar Mines
  - Balaria-Mochia Surface Crushing Portal Package at Zawar Mines
  - 2.5MTPA Paste Fill Plant at Ra Mines
  - 2.5MTPA Paste Fill Plant at S. K. Mines
  - Slurry Pump, Flotation and Thickener

DIVIDEND

In absence of profit for the current financial year (2017-18), the Board of Directors of your Company considered it prudent not to recommend any dividend on Equity Shares for the year. Further, in view of the accumulated losses, no dividend will be rewarded to the Non-Convertible Preference shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-Convertible Redeemable Preference Shares of Rs. 100/- each.

The register of members and share transfer books will remain closed from September 20, 2018 to September 26, 2018 (both days inclusive).

SHARE CAPITAL

With a view to enhance the Company's net worth, improve its debt-equity ratio and to meet its working capital requirement it became necessary to bring in more investment in the Company in the form of equity capital. Hence, during the year ended 31st March, 2018, the authorized share capital of the Company had been increased to Rs. 500,00,00,000/- (five hundred crore) divided into 24,00,00,000 (twenty-four crore) equity shares of Rs. 10/- each, 1,20,00,000 (one crore twenty lakh) Non-convertible Redeemable Preference Shares of Rs. 100/- each and 14,00,00,000 (fourteen crore) Convertible Preference Shares of Rs. 10/- each.

During the year ended 31st March, 2018, the Subscribed and Paid-up Equity Share Capital of the Company has been increased to 15,80,44,606 equity shares having a face value of Rs. 10/- each upon allotment of further 10,44,50,788 number of equity shares. During the year under review, the Company from time to time allotted 3,52,70,000 equity shares to different investors belonging to public category on preferential basis to infuse fresh capital in the business. In addition to that, as per the terms of Compulsorily Convertible Preference Shares (CCPS), allotted earlier, 3,21,51,515 and 3,70,29,273 equity shares were allotted (on conversion of same number of CCPS) to holders belonging to Promoter and Public category respectively.

Further, during the Year ended 31st March, 2018, your Company has issued 1,20,00,000 and 2,74,19,000 number of CCPS having a face value of Rs. 10/- each at a premium amount of Rs. 52/- per share to investors belonging to promoter and public category respectively to improve the Company's net worth. Your Company has also issued 25,00,000 warrants of Rs. 10/- each at a premium of Rs. 52/- per warrant to one investor belonging to public category.

CHANGES IN THE BOARD OF DIRECTORS

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

Resignation / Cessation:

- Mr. P. H. Ravikumar, (DIN - 00280010) who was an Independent Director of the Company, resigned, due to his personal commitments, from the Board of Directors of the Company w.e.f. June 25, 2017.
- Mr. Prabir Kumar Ghosh (DIN - 01912656), Whole Time Director of the Company resigned from the Board of Directors w.e.f. August 31, 2017.
- Mr. Prasanta Kumar Chandra, (DIN - 01919454), Whole Time Director and Chief Operating Officer of the Company, resigned from the Board of the Directors of the Company w.e.f. August 31, 2017 due to personal reasons.
- Mr. Manish Agarwal, (DIN - 00485089), who was appointed as an Additional Director of the Company on October 1, 2016, resigned from the directorship of the Company w.e.f. September 07, 2017, due to other engagements.

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

Appointment / Reappointment:

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

Directors' Report *(Contd.)*

In compliance with Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the particulars of Mr. Aditya Khaitan (DIN – 00023788) form part of the Notice convening the 55th Annual General Meeting of the Company.

CHANGES IN THE KEY MANAGERIAL PERSONNEL

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

Appointment and Resignation/Cessation:

- Mr. Dibakar Chatterjee, the erstwhile Company Secretary and Compliance Officer of the Company, resigned from the Company with effect from April 24, 2017.
- Mr. Indranil Mitra, Company Secretary, was appointed by the Board of Directors as the Company Secretary and Compliance Officer of the Company w.e.f. April 24, 2017.
- Mr. Lalit Khetan, who was appointed as the Chief Financial Officer (CFO) of the Company w.e.f. April 01, 2017, resigned from the position of CFO of the Company w.e.f. March 31, 2018.

The Board of Directors wishes to place on record their appreciation for the valuable contributions made by the erstwhile Company Secretary and the CFO.

As on March 31, 2018, the Company had three Key Managerial Personnel, being Mr. Srinivash Singh, Managing Director, Mr. Lalit Khetan, Chief Financial Officer and Mr. Indranil Mitra, Company Secretary and Compliance Officer of the Company.

The Board of Directors later appointed Mr. Manoj Kumar Digga, as the CFO of the Company w.e.f. July 14, 2018. Mr. Digga holds, by qualification, memberships of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. He possesses more than 26 years of experience in the fields of Accounts, Finance and Secretarial functions. Immediately before joining the Company, he was associated with Visa Steel Limited as CFO and leading the finance and accounts of the group for 23 years.

NUMBER OF BOARD MEETINGS

The Board met five times during the year on April 24, 2017, May 30, 2017, August 11, 2017, November 14, 2017 and February 13, 2018. The intervening gap between any two Board Meetings was within the period prescribed by the Companies Act, 2013 ('the Act') read with the Listing Regulations.

BOARD EVALUATION

The evaluation of the Board, its Committees and of individual Directors for the financial year 2017-18 was undertaken in compliance with the provisions of Section 134(3)(p) and Schedule IV of the Act.

The Board was of the view that the performance of the Board of Directors as a whole was adequate and it fulfilled the parameters stipulated in the Evaluation Framework in its pro-growth activity and facing challenging operational and economic adversities during the year. The Board also ensured that the Committees functioned adequately and independently in terms of the requirements of the Act and the Listing Regulations, and at the same time supported as well as coordinated with the Board to help in its decision making. The individual Director's performance was also evaluated and the Board was of the view that the Directors fulfilled their applicable responsibilities and duties as laid down by the Act and the Listing Regulations and at the same time contributed with their valuable knowledge, experience and expertise for the functioning of the Company and counter at the adverse challenges faced by the Company during the year.

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

DECLARATION REGARDING FULFILLMENT OF CRITERIA OF INDEPENDENCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Board acknowledges the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act for the year ended 31st March, 2018, and states that:

1) in the preparation of annual accounts, the applicable accounting standards have been followed. There are no material departures from prescribed accounting standards;
2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2017-18 and of profit/loss of the Company for that period;
3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4) the Directors have prepared the annual accounts on a going concern basis;
5) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantee or investment made under Section 186 of the Act are furnished in the Notes to the Financial Statements for the year ended March 31, 2018.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

DEPOSIT

During the financial year ended March 31, 2018, your Company has not accepted any deposits from the public.

GOING CONCERN STATUS

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

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the financial year-end i.e. March 31, 2018 and the date of this report.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

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

Directors' Report *(Contd.)*

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

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

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

However, the Statutory Auditors of the Company has held the Company's internal financial control, relating to compliance with laws and regulations, responsible for checking payment of excess managerial remuneration without complying with the requirements of Section 197(3) read with Schedule V to the Companies Act, 2013 and has identified this as 'material weakness' in Company's internal financial control system. The Company is in the process of obtaining necessary approval from the Central Government for payment of excess managerial remuneration.

RISK MANAGEMENT POLICY

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

AUDIT COMMITTEE

The Audit Committee of the Board as on 31st March, 2018 consisted of Mr. V. K. Verma, Mr. A. K. Barman and Ms. Arundhuti Dhar. Mr. V. K. Verma, a Non-Executive Independent Director, is the Chairman of the Audit Committee.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

Pursuant to the provisions of Section 178(10) of the Act, the Company has established a vigil mechanism/whistle blower policy and oversees through the Audit Committee, the genuine concerns expressed by the employees and other Directors. The Company has also made provisions for adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company. The vigil mechanism/whistle blower policy of the Company has been uploaded on the website of the Company and can be accessed at: http://www.mcnallybharat.com/assets/pdf/investor/policy/vigil-policy.pdf.

PARTICULARS OF SUBSIDIARIES AND CONSOLIDATION OF ACCOUNTS

Your Company has the following subsidiaries as on March 31, 2018:

- McNally Sayaji Engineering Limited (MSEL)
- McNally Bharat Equipments Limited (MBEL)
- MBE Mineral Technologies Pte Limited
- MBE Minerals Zambia Limited
- Vedica Sanjeevani Projects Private Limited
- McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. June 30, 2017)

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

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

(Rs. in lakh)

Sl. No.	Subsidiary Companies	Business Activities	Turnover (Rs.)	Income (Rs.)
1.	McNally Sayaji Engineering Limited	Manufacturer of crushing, screening, grinding, material handling and mineral processing equipment.	21,942	(3,422)
2.	McNally Bharat Equipments Limited	-	-	(0.29)
3.	MBE Mineral Technologies Pte Limited†	Investment holding and provision of management and related support services.	1851219#	(2840330)#
4.	MBE Minerals Zambia Limited	-	-	(1241)*
5.	Vedica Sanjeevani Projects Private Limited†	Construction business.	2.75	(43.78)

\# Figures in US $ not in INR lakhs.

* Figures in ZMK not in INR lakhs.

† The actual turnover being nil, turnover column is showing only other income.

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

STATUTORY AUDITORS

M/s. Lovelock and Lewes, Chartered Accountants (FRN: 301056E), the erstwhile Statutory Auditors of the Company, retired from the conclusion of the Fifty Fourth Annual General Meeting held on September 20, 2017 upon completion of their term and could not be proposed for reappointment by operation of the provisions of Section 139 of the Companies Act, 2013. In the said Annual General Meeting, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018), was appointed as the Statutory Auditors of your Company for a period of five consecutive years from the conclusion of the 54th Annual General Meeting (AGM) until the conclusion of the 59th AGM.

Further, with a view to expedite and ensure completion of audit process in an efficient and time-bound manner, your directors in consultation with the Audit Committee of the Board of Directors felt the need of appointing Joint Statutory Auditors in addition to the existing Statutory Auditors i.e. M/s. Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018). Hence, your directors obtained your consent in the Extra-ordinary General Meeting of the Company held on March 15, 2018, for appointment of M/s. V. Singhi & Associates, Chartered Accountants, Kolkata, (ICAI Firm Registration No. 311017E), as Joint Statutory Auditors of the Company to hold office till the conclusion of the ensuing AGM.

STATUTORY AUDITORS' REPORT

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

Qualification 1:

The matter of payment of excess managerial remuneration amounting to Rs. 40.82 lacs to one of the erstwhile Whole Time Directors for the financial year ended March 31, 2018 shall be placed before the members of the Company in the ensuing AGM for their approval and thereafter necessary application shall be made to the Central Government.

Qualification 2:

The Company has already applied to the Central Government for obtaining its approval for waiver of excess managerial

Directors' Report *(Contd.)*

remuneration paid / payable to the Managing Director of the Company for the financial year 2017–18 and the two erstwhile Whole Time Directors of the Company for the financial year 2016–17. Both the matters are pending with the Central Government for its approval.

COST AUDITORS

M/s A. Bhattacharya & Associates, Cost Auditors had been appointed as Cost Auditors for conducting the audit of cost records of the Company for the Financial Year 2017-18.

INSURANCE

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information required pursuant to the provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014, in relation to Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo is given in Annexure – A to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

REPORT ON CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Company as on March 31, 2018 comprised of Mr. Asim Kr. Barman, a Non-Executive Independent Director as its Chairman and Mr. V. K. Verma and Ms. Arundhuti Dhar, Non-Executive Independent Directors as its Members.

The Company's Policy relating to appointment of Directors, payment of managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Act read with Clause 19 of the Listing Regulations is attached to this report as Annexure – E.

EXTRACT OF ANNUAL RETURN

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

COMPLIANCE WITH THE SECRETARIAL STANDARDS

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

SECRETARIAL AUDITORS

In terms of the requirements of Section 204 of the Act, the Secretarial Audit of the Company for the year ended March 31, 2018, was conducted by M/s. A. K. Labh & Co., Company Secretaries. The Secretarial Auditors' Report is attached to this Report as Annexure – G and forms part of the Directors' Report. Clarifications regarding the matter of emphasis of the Report of the Secretarial Auditor are as under:

1. The Company has already applied to the Central Government for obtaining its approval for waiver of managerial remuneration paid / payable to the Managing Director of the Company for the financial year 2017–18 and the same is pending with the Central Government for it approval.
2. The matter of payment of excess managerial remuneration amounting to Rs. 40.82 lacs to one of the erstwhile Whole Time Directors for the financial year 2017–18 shall be placed before the members of the Company in the ensuing Annual General Meeting (AGM) for their approval and thereafter necessary application shall be made to the Central Government.
3. Having obtained the approval of the members of the Company for waiver of excess managerial remuneration paid / payable to the two Whole Time Directors of the Company for the financial year 2016-17, the Company made an application to the Central Government seeking its approval for the same. The matter is still pending with the Central Government for its approval.
4. There were a few technical issues in filing certain forms in the MCA system for which certain forms were filed belatedly. Further, the Company is taking necessary steps to file with the Registrar of Companies (RoC) all the forms that are required to be filed with the RoC.
5. Due to severe cash crunch, there were some lapses in depositing the contributions towards Employees State Insurance, Cess and Value Added Tax with the prescribed authorities. However, the Company is taking best possible measures to regularize the same.
6. The Company is constantly upgrading its compliance management and monitoring system to adhere to all the necessary Secretarial Standards on a continuous basis.

PARTICULARS OF EMPLOYEES

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

- the ratio of the remuneration of each Director to the median employee's remuneration and other particulars and
- details of employees of the Company who were in receipt of remuneration of Rs.120 Lakhs or more if employed throughout the financial year or a monthly remuneration of Rs. 8.5 Lakhs or more if employed for part of the financial year are attached to this Report as Annexure – H.

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 OH&S Management System, which has subsequently been re-certified as per BS OHSAS 18001:2007 standard. 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 the email users the Company, which give 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.

Directors' Report *(Contd.)*

Since the beginning, your Company 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.). In addition to that, your Company has maintained LTI (Loss Time Injury) free records in many prestigious projects, few of them are DBN-Zawar mines-Udaipur, DMRC Station Building-Kochi, CPCL-Chennai, APGENCO-Solar, DGMAP-Jammu & Udhampur and Sub-station jobs etc.

Your Company has received –

(a) *Royal Society for the Prevention of Accident (RoSPA) International Awards* for best safety performance in many project sites (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.),

(b) *Certificate of Appreciation* from National Safety Council of India (NSCI) for NTPC – Bongaigaon TPP, 3x67.5MW Gas Based Thermal Power Plant – Kalinganagar and ACC Jamul Expansion Project (Cement Works) project sites, and

(c) *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).

OTHER DISCLOSURES

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

CAUTIONARY STATEMENT

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Aditya Khaitan
Chairman

Kolkata, August 14, 2018

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

Annexure A

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

A. Conservation of Energy

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

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

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

There is nothing substantial to report.

(iii) The capital investment on energy conservation equipments:

There is nothing substantial to report.

B. Technology absorption

(i) The efforts made towards technology absorption:

There is nothing substantial to report.

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

There is nothing substantial to report.

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

There is nothing substantial to report.

(iv) the expenditure incurred on Research and Development:

There is nothing substantial to report

C. Foreign Exchange Earnings and Outgo

(Rs. in Lakhs)

Foreign Exchange Earning	Sale of Contracts	-
	Corporate Guarantee Commission	-
	Interest Income	88.11
	Service Charges	-
Foreign Exchange Outgo	Travelling	58.80
	Professional and Consultation fees	3939.60
	Interest Expenses	117.04
	Others	-

For and on behalf of the Board of Directors

Aditya Khaitan
Chairman

Kolkata, August 14, 2018

Annexure B

Management Discussion & Analysis Report

OVERVIEW

Industrial scenario in India continues to be gloomy. New investment plans of Government is mostly in Infrastructure building. There is hardly any investment in the core sector industries such as Steel, Power, Cement, Mines and Ports. Most of the Private Steel Plants are under NCLT. Mines & Mineralogy business is also very sluggish at the moment.

Although at present the core sector industries are going through a recessionary business cycle with Government's focus on infrastructure with a planned investment of Rs. 50 trillion (800 billion USD) by 2022 and budget allocation of Rs. 5.97 lakh crores (92.2 billion USD) to build 50000 KM National Highway by 2019 besides Rs. 48 trillion (22.86 billion USD) in Railways, Rs. 205 lakh crores (31.81 billion USD) in Smart Cities, the indicator of business in infrastructure is expected to rejuvenate the industries in terms of generation of employment, consumption, etc., and also shall trigger exponential demand of steel and cement thereby new business in that segment shall automatically get regenerated.

Although Thermal Power business has drastically reduced, yet Government's plan for achieving 175 GW in Renewal Energy which includes 100 GW in Solar by 2022 (present capacity 21.6 GW) calls for fresh investment.

Government's initiative to achieve the environmental norms of emission level of the existing thermal power to match the global standard calls for installation of Flu Gas De-sulphurization (FGD) Plants in all the existing thermal power plants in India within a period of next 5 years, the business, in this segment, will rapidly grow thereby generating employment and investments too.

As per our Hon'ble Prime Minister's initiative for "Make in India", Defence & Railways which were very closely guarded industries and were mostly under the Public Sector, have now opened to Private Sector Companies. There is substantial business prospect in Defence and Railways by organizations having their own design, engineering & manufacturing set-ups.

With the above investment scenario, the Company is trying to diversify to NHAI, infrastructure building like Smart Cities, Convention Centers, Malls, low cost Mass Housing Scheme, Airports, Water Transportation & Distribution, Substations, Switch Yards, Solar Power, etc. Since the Company has got a fairly large Engineering & Project Management set up in Power, attempts are being made to participate in FGD installations which are expected to be substantial during the next few years.

POWER

Power is one of the most critical components of infrastructure and crucial for economic growth and welfare of nations. The existence and development of adequate infrastructure is essential for sustained growth of India economy.

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

Total installed capacity of power station in India stood at 34379 Giga Watts (GW) as on April 2018.

The Government of India has released its road map to achieve 175 GW capacities in renewable energy by 2022 which includes 100 GW for Solar power and 60 GW for wind power.

Coal based power generation capacity in India which currently stands at 192 GW is expected to reach 330 – 441 GW by 2040.

The 2026 forecast for India's non-hydro renewable energy capacity has been increased to 155 GW from 130 GW on the back of move than expected solar installations rate and successful wind energy auction.

The Government's immediate goal is to generate two trillion units (KWH) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, commercial and agricultural use.

The Government of India is taking number of initiatives like 10 years tax exemption for Solar Energy projects, etc., in order to achieve India's ambitious renewable energy targets of adding 175 GW of renewable energy including addition of 100

GW of Solar power by 2022. The Government has also sought to restart the stalled, hydro power projects and increase the wind energy target to 60 GW by 2022 from the current 20 GW.

MBE is poised to take advantage of traditional power sector as well as renewable sector.

Today's stringent environmental norms has drawn revised & more stringent emission norms for Coal based power plant which has opened a new front for installation of New Flue Gas De-sulphurisation (FGD) plant.

Apart from its core strength in serving Power sector, MBE also have made significant headway in FGD technology. MBE has already tied up with Lentjes Germany for establishing FGD technology in India in selected states. MBE has already developed a strong team for execution of solar projects and currently executing 100 MW Solar plant on EPC basis for APGENCO at Taripadi, Andhra Pradesh.

STEEL

Total finished Steel production in India has increased at a CAGR of 5.45% during FY 2012 – 2017 with countries' Steel production reaching to 97.385 MTPA in 2017. The country became the 2nd largest crude steel producer in 2017 as large public & private sector players strengthen steel production capacity in view of rising demand. Moreover, capacity has increased to 126 Mil. Ton in 2017 which is 3.3% more than 2016, while the coming 10 years the country is anticipated to produce 300 MT of Steel. India's comparatively low per Capita Steel consumption and expected growth in consumption due to growing infrastructure construction, automobile and railways sector has offered a scope for growth.

Advantage India

Robust Demand

- Demand would be supported by growth in domestic market
- Infrastructure, Oil & gas and automotives would drive the growth of the industry
- Steel production in India is forecasted to double by 2031 with growth rate expected to go above 10% in 2018.

Increasing investment

To achieve steel capacity build up of 300 million tones per annum (MTPA) by 2025. India would need to invest 210 billion USD over the next decade.

Competitive advantage

- As of 2017, India is the world's 2nd largest producer of crude steel (up from 8th in 2003)
- Early availability of low cost man power and presence of abundant iron ore resources makes India competitive in the global set up.

Policy support

- 100% FDI through the automatic route is allowed. Large infrastructure projects in PPP mode are being formed.
- National Steel Policy (NSP) implemented to encourage the industry to reach global bench marks.
- 20% safeguard duty on steel import

India's Steel consumption growth remained weak in the current fiscal. Consumption of steel was 83.9 MT as compared to 81.5 MT in 2016. Driving by rising infrastructure development and growing demand for automotives, steel consumption is expected to reach 104 MT by 2017. The analysis suggests that although the Iron & Steel sector faced a sluggish growth, we expect that steel sector prospect is bright. Government of India is likely to come up with next phase of modernization of SAIL plants. MBE can play an effective role in expansion and up-gradation projects of Steel plants.

COAL & MINING

India is the world's third largest energy consumer and its energy use is projected to grow at a rapid pace. Supported by economic development, urbanization, improved electricity access and an expanding manufacturing base, by 2040, India's energy consumption will be more than OECD, Europe Combined and approaching that of the United States.

Management Discussion & Analysis Report *(Contd.)*

In India's energy sector coal accounts for majority of primary commercial energy supply. With the economy poised to grow @ 8 to 10 % per annum, energy requirement will rise at a reasonable level. Coal will be dominant commercial fuel two decades from now and beyond, despite emphasis on non-conventional energy and renewable power source.

India's Coal Industry aspires to reach 1.5 Billion ton by 2020.

In forthcoming years, the industry will naturally need to focus on building on the success and be on track to reach its 2020 goal. One of the primary goals of the Government of India is to ensure that it is able to meet the countries' power generation needs. Another cause is to lower the country's reliance on coal imports boosting the coal production quickly.

The Govt. expects that by 2018-19, it will not have to import coal, except to feed power plants located along the coast. The success of coal block auctions carried out by the Government has benefitted the country in a big way.

Opportunities in MDO segment as well as new projects of Coal India will definitely open new horizon in coal & mining projects. MBE can play a significant role in installing and operation of coal handling plants, conveyors and rapid loading system.

PORT, SHIPYARD AND STOCKYARD MACHINERIES

Government and Defense Shipyards in India is now planning to upgrade their capacity in view of ambitious defense expansion project with major impetus on "MAKE IN INDIA" initiatives. Defense Shipyard like MDL and GRSE is drawing major expansion plan therefore to augment and upgrade their capacity.

In last couple of decades MBE has consolidated its position as strategic equipment supplier for the Shipyards which includes Goliath Cranes through state-of-the-art technology partnership with Konecranes Finland which got renewed again from 2017.

Over and above supply of Port handling equipment in Bulk and Container handling and Stockyard machineries will continue to be one of the focus areas of MBE.

INFRASTRUCTURE

Infrastructure segment is a key driver for Indian Economy. The sector is highly responsible for propelling India's overall focus from the Government for initiating policies that would ensure time bound creation of world-class infrastructure in the country.

India has a requirement of investment worth of Rs. 50 Trillion (USD 777.73 Billion) in Infrastructure by 2022 to have sustainable development in the country. India is witnessing significant interest from international investors in the infrastructure space.

The Government of India is expected to invest heavily in the Infrastructure sector, mainly Highways, renewable energy and urban transport prior to general election in 2019. Some of the steps taken in the recent past are being highlighted below: -

- Massive push to Infrastructure sector by allocating Rs. 5.97 lakh crore (USD 92.22 Billion) for the sector.
- Railways received the highest budgetary allocation at Rs. 1.48 Trillion (USD 22.86 Billion).
- Rs. 2.05 lakh Crores (USD 31.81 Billion) will be invested in smart cities mission. 100 cities already selected as of now.
- India's National Highway network is expected to cover 50,000 KM by 2019.
- India and Japan have joined hands for Infrastructure development in North East and also are setting up an Indo – Japan co-ordination forum for development of North East to undertake strategic Infrastructure project in North East.

MBE is focusing with full potential to tap the immense opportunity in Infrastructural sector. Highways, Buildings, Railway have become the major thrust area in FY 2018 – 19.

METALS & MINERALS

MBE is an established EPC solution provider for Mineral Processing of base metal 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 number of plants.

With this huge credential MBE is now front-runner in securing upcoming expansion projects of Hindustan Zinc, Balco, Nalco, etc.

MBE is presently executing number of projects at Hindustan Zinc Limited and are fully geared up to participate in the tenders for NALCO refinery expansion, Utkal Alumina refinery expansion projects.

CHEMICAL AND FERTILIZERS

In the context of revival plan of all the Government Fertilizer Plant huge investment has been planned by the Government 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 its 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 is also in dialogue with major fertilizer EPC giant like Toyo, Technip, Technimont ICB and are in regular touch with the consultant like PDIL & EIL.

OIL AND GAS

The oil and gas industry ranks amongst India's eight core industries. India was the third largest consumer of oil in the world in 2017, after the United States & China. Oil and gas contributes about 34.4% to primary energy consumption in India. As on March 31, 2017, India had estimated crude oil reserves of 604.10 million tons (MT), declining by 2.76% from the previous year. The largest reserves are found in the Western Offshore (39.60%), and Assam (26.48%). As on March 31, 2017, there were 23 crude oil refineries in India, of which 18 were state-owned, 3 were privately owned and 2 were joint ventures. The total oil refining capacity in India stood at 234 MMT, rising from 230 MT the previous year. The estimated reserves of natural gas in India as on March 31, 2017 was 1,227.40 billion cubic meters (BCM), increasing by 5.08% from the previous year. The largest reserves of natural gas are located in the Eastern Offshore (39.37%) and the Western Offshore (23.44%). India's natural gas production grew for the first time in six years in 2017-18. Gas output grew 2.35 per cent to 32,649 Million Standard Cubic Meter (MMSCM) primarily due to production from onshore blocks. An analysis of year-wise data on natural gas production since 2002 indicates that the country recorded its highest ever natural gas production from onshore blocks in 2017-18.

Growing economy and population growth are the main drivers for oil & gas demand which is increasing every year. Import content in oil & gas sector is in the range of 15% for refinery to 67% for upstream. The oil and gas sector is highly liberalized to attract private investment and to increase domestic production. A number of policy reforms have been taken by the Government to remove obstacles to investment and incentivize oil and gas sector on the lines of ease of doing business, minimum government maximum governance and promote "MAKE IN INDIA" initiative.

Management Discussion & Analysis Report *(Contd.)*

Several private companies have emerged as important players in the past decade. Cairn India produces more than 23% of India's crude oil production through its operation of major stakes in the Rajasthan and Gujarat regions and Krishna-Godavari basin. Reliance Industries Limited and Essar Oil have become major refiners. It is a transparent and level playing field for Indian private/foreign investors and national oil companies — both enjoy the same fiscal and contract terms.

The sector Overview reveals ample opportunities in Oil Exploration Sector with significant investment expected from ONGC and Oil India apart from Greenfield Refinery Projects and upgradation projects. MBE with very insignificant credential in specific Oil & Gas sector are in constant touch with Oil Exploration Companies and Refining Companies both in Government and private sector to play an effective role in Oil Exploration Projects and Refining Projects which can be an area of diversification in future.

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.

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

Your Company firmly believes that its greatest strength lies in its human capital. The management has undertaken initiatives to develop the knowledge, skills and competencies of its people through training programmes specifically designed to enhance functional / domain knowledge across disciplines.

In terms of employee care, the organization provides various allowances and other facilities such as transportation, accommodation etc. The Company also provides comprehensive insurance coverage for employees to take care of medical exigencies and unforeseen situations. The organization offers a congenial work environment cutting across hierarchy and diverse work groups taking into purview work-life balance.

Your Company is continuing with its organizational transformation exercise with key focus areas being organization restructuring for improving organizational efficiency. Employee relations remained cordial throughout 2017-18. As on March 31, 2018 number of people on the payroll of the Company was 938.

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.
- With the EPC experience of 400 crore plus projects, the Company is poised to expand its Engineering, Construction & Project Management skill, experience & expertise to Infrastructure building in Highways, Railways, Construction of Mass Housing, Educational & other buildings in Social Sector where Government's investment are stated.
- 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.
- Company's commitment to complete all jobs notwithstanding colossal loss has been recognized in the industry and therefore getting invitation to execute large projects on the face of a stressed Balance Sheet.

WEAKNESSES

- Non-completion of projects on time in recent years, and level of Customer confidence deteriorated.
- Cash flow Issues.
- Constraints in Banking facilities.
- MBE's decision not to participate in any tenders for nearly 3/4 years in the past had created a sense of uncertainty on MBE's business strategy.
- Depletion of Net Worth.

Management Discussion & Analysis Report *(Contd.)*

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 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.
- Competitors' highlighting MBE's recent financial weakness to Customers.
- Invocation of Bank Guarantees by some Customers without considering their own lapses.

OUTLOOK AND ACTION PLAN OF MBE

Company has created a new Cell – Risk Management & Business Strategy. The function of the Cell is to ensure the business strategy decisions made by the Management are documented; monitored and timely effective steps are taken. The Cell also is responsible for implementation of Enterprise Risk Management (ERM).

Immediate strategies which have been decided by the Management: -

- Strategic Business Unit concept to be replaced with departments like marketing, finance etc.
- Complete all old projects and gain customer confidence.
- Collect last payments and BG.
- Get resolved all old problems within a time bound plan such as –
  - Arbitration related issues
  - NCLT cases by settling with creditors
  - LD cases of old projects to be settled
- Reduce fixed expenses.
- Restructure and inject financial resources, strengthen commercial and legal set up, strengthen engineering and R&D set up.
- Proactive marketing for ensuring MBE gets pre-qualified in upcoming tenders
  - Power, Material handling, Steel, Cement although have not much business, prequalification particularly to cover Balance Sheet issue needs to be ensured wherever tenders are expected.
  - Balance of plant, Flue Gas desulphurization and switchyard sectors.
  - Process, Renewable Energy particularly Solar and Infrastructure Sectors.
  - Tenders over 35,000 crores are expected. PQ needs to be ensured.

- Bank guarantees being a bottleneck, JV/consortium partners to be explored who could provide BG for business where MBE qualifies.

In line with the strategic plan, the following actions have been taken:

- During the last 17 months, Company has completed more than 90% of the 127 Nos. of old projects which were incomplete during the end of Financial Year 2016-17. The balance works are expected to be completed by March 2019/Sept 2020.
- Company has taken aggressive steps to strengthen the Project and Construction Management activities to ensure timely completion of all its projects. Marketing activity has been strengthened to address the diversified areas of business like infrastructure building in the areas of Highways, Railways, Water transportation & distribution, substation, switchyards and overseas business. Customers' confidence has already been regained with our action in expediting completion of projects.
- During the last one year, Company has secured nearly 1600 crore of orders and has participated in tenders of more than 5000 crore in newly diversified areas of business.
- Strategic partnership with a Chinese company has been made for a NHAI project of over 1000 crore where they shall provide the security & advance BG of nearly 200 crore.
- With the efforts of the Marketing team, Company qualifies for participating in tenders of institutional buildings like Universities, High Courts, Public Utilities, Stadiums & Parking lots, etc.
- Under the "Make in India" initiative of our Hon'ble Prime Minister, the Company has already got registered with different Defence organizations like DRDO/CVRDE, Avadi, Chennai, Ordinance Factory, Medak, DRDL-Hyderabad, BDL-Hyderabad, Armament-Pune, etc.
- Promoters during the last one year have injected more than Rs. 1000 crore through various ways and have been able to retain skilled personnel and also attract new incumbents.

Indian Railways have recognized McNally's Engineering & Manufacturing expertise & facilities for manufacturing Railway Engine structural components.

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.

Company has designed a schedule for implementation of an Enterprise Risk Management (ERM) by identification, assessment, monitoring and mitigation of business, operational and reputational risks. Strategy of the organization is closely related to the risk management system and this has been kept in mind while designing the system.

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

a) Entity Level Controls

b) Process Risks & Controls:

Management Discussion & Analysis Report *(Contd.)*

i) Internal controls over financial reporting

ii) Operational controls

iii) Fraud risk controls

c) IT General Controls

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

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

Phase I: Implementation of Internal controls over financial reporting

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

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

Risk Management Implementation:

Marketing:

For all new tenders the risk assessment starts from Bid/No-Bid decision to project risk assessment before quoting for the tenders. If converted into contract, this is transferred to the project execution team for their evaluation and monitoring. Hence, the risks and issues are captured throughout the project life-cycle.

Project & Construction Management:

Risk implementation tool has been introduced into MBE.

The risk framework is categorized into Risk Types: Strategic, Operational, Hazard and Financial.

The following Risk Control Areas are under Strategic Risks:

Pricing, Geographical Location, Competition, Consortium / JV, Entry into new area, Customer Profile, Prequalification criteria - Technical, Financial, Commercial, limitation, Funding Arrangement, Retention, Defect Liability period, Latent Defects, Operation and maintenance term, Liaison.

The following Risk Control Areas are under Operational Risks:

Duration / Time Schedule, Client Obligation, Cost Overrun, Operating Controls, Direct and indirect taxation, Safety, Quality, Technical stringency, Consultant / PMC, Contractor and vendor registration, statutory compliance, Supply Chain issues-domestic & international, Employee issues and fraud, bribery and corruption, regulation, arbitration and reconciliation, commodity prices.

The following Risk Control Areas are under Hazard Risks:

Macroeconomic, Climatic extremism, Political Issues, Local disturbances, Legal issues, Terrorism, Natural disaster or force majeure.

The following Risk Control Areas are under Financial Risks:

Cash-flow, Bank Guarantee, Payment terms, Escalation/price variation, Liquidated damages/penalty, Insurance, Termination, disruption.

Management Discussion & Analysis Report *(Contd.)*

Phase II: Implementation of operational & fraud risk controls

This phase of implementation is expected to commence in 3rd quarter of 2018-19 financial year.

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. Industry information contained in this Report, have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured.

For and on behalf of the Board of Directors

Aditya Khaitan
Chairman

Kolkata, August 14, 2018

Corporate Governance

Annexure C

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, 2018 are given hereunder:

I. Company's Philosophy

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

II. Governance Structure with Defined Roles and Responsibilities

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established various Committees to discharge its responsibilities in an effective manner. The Company Secretary of the Company acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Chairman provides overall direction and guidance to the Board. In the operations and functioning of the Company, the Board has been assisted by the Managing Director, two erstwhile 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 seven members at the end of the financial year, consisting of four non-executive Independent Directors who account for 57 percent of the Board's strength as against minimum requirement of 50 percent as per the Listing Regulations. 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 of the Board is as under:

Name of Directors	Category of Directors	No. of other Directorships held *		No. of other Board Committee(s) of which he/she is a		No. of shares held in the Company as at March 31, 2018
		Public	Private	Member	Chair-person	
Mr. Aditya Khaitan DIN – 00023788	Promoter – Non-executive Chairman	8	1	3	1	Nil
Mr. Virendra Kr. Verma DIN – 00766426	Independent – Non-executive	-	-	-	-	700
Mr. P. S. Bhattacharya DIN – 00329479	Independent – Non-executive	7	2	-	-	Nil
Mr. Amritanshu Khaitan DIN – 00213413	Promoter – Non-executive	7	2	-	1	8000
Mr. Asim Kr. Barman DIN – 02373956	Independent – Non-executive	-	1	-	-	Nil
Ms. Arundhuti Dhar DIN – 03197285	Independent – Non-executive	1	1	-	-	Nil
Mr. Srinivash Singh DIN – 00789624	Executive – Managing Director	1	-	-	-	Nil
Mr. P. H. Ravikumar[A] DIN – 00280010	Independent – Non-executive	-	-	-	-	Nil
Mr. Manish Agarwal[B] DIN – 00485089	Additional – Non-executive (Independent)	-	-	-	-	Nil
Mr. Prasanta Kr. Chandra[C] DIN – 01919454	Executive – Whole Time Director	-	-	-	-	1,000
Mr. Prabir Kumar Ghosh[C] DIN – 01912656	Executive – Whole Time Director	-	-	-	-	Nil

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

A. Mr. P. H. Ravikumar (DIN – 00280010) who was an Independent Director 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 before the appropriate authorities.

B. Mr. Manish Agarwal (DIN – 00485089) who was an Independent Director resigned from the Board of Directors w.e.f. September 07, 2017. The relevant forms under the Companies Act, 2013 and other applicable laws have been submitted before the appropriate authorities.

C. Mr. Prasanta Kumar Chandra (DIN – 01919454) and Mr. Prabir Kumar Ghosh (DIN – 01912656) who were the Whole Time Directors of the Company ceased to be the Whole Time Directors of the Company upon their resignation becoming effective from August 31, 2017.

Notes:

1. All Independent Directors have confirmed their independence to the Company.
2. The Non-Executive Directors have no pecuniary relationship, other than remuneration as such director or transactions with the Company in their personal capacity.
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.

Corporate Governance *(Contd.)*

4. The Board periodically reviews compliance reports of all laws applicable to the Company and takes steps 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, 2018. 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 stipulated by the Listing Regulations. 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 meets the criteria of independence as provided under applicable laws.

(c) Familiarisation programmes for Board Members:

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

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

(d) Details of remuneration paid/payable to Non-Executive Directors:

Name of the Directors	Sitting fees paid during the year (in Rs)
Mr. Aditya Khaitan	80,000
Mr. Virendra Kumar Verma	1,20,000
Mr. P. S. Bhattacharya	60,000
Mr. Amritanshu Khaitan	1,00,000
Mr. Asim Kumar Barman	2,60,000
Mr. P. H. Ravikumar	20,000
Ms. Arundhuti Dhar	3,20,000
Mr. Manish Agarwal	40,000
TOTAL	**10,00,000**

(e) Details of Remuneration paid/payable to the Managing Director and the Whole Time Directors:

(Rs. in lakh)

	Particulars of Remuneration	Mr. Srinivash Singh	Mr. Prasanta Kr. Chandra[1]	Mr. Prabir Kr. Ghosh[1]
A.	**Under Companies Act, 2013**			
	Salary	219.96	43.38	40.59
	Perquisites	0.07	0.23	0.23
	Total (A)	**220.03**	**43.61**	**40.82**
B.	**Additional Particulars as per Listing Regulations**			
	Leave Encashment at the end of tenure	-	21.20	3.86
	Contribution to P. F. and Other Funds	-	2.36	2.36
	Total (B)	**-**	**23.56**	**6.22**
	Total (A+B)	**220.03**	**67.17**	**47.04**

Notes:

1. Mr. Prasanta Kumar Chandra and Mr. Prabir Kumar Ghosh who were the Whole Time Directors of the Company ceased to be the Whole Time Directors with effect from August 31, 2017.
2. None of the non-executive Directors receives any remuneration from the Company apart from the sitting fees for meetings attended by them.
3. The terms of appointment of Managing Director and 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 Regulations well before the Board Meetings and the same were dealt with appropriately.

(ii) During the year, 5 (five) meetings of Board of Directors were held on April 24, 2017, May 30, 2017, August 11, 2017, November 14, 2017 and February 13, 2018. Some of the Directors participated in the Board Meetings through electronic mode as permitted by Section 174 of the Companies Act, 2013.

(iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2018 and at the last Annual General Meeting is as under:

Name of Directors	Number of Board Meetings attended	Attendance at the last AGM
Mr. Aditya Khaitan	4	Yes
Mr. Srinivash Singh	5	Yes
Mr. Virendra Kumar Verma	3	No
Mr. P. S. Bhattacharya	3	No
Mr. Manish Agarwal[A]	2	No
Mr. Amritanshu Khaitan	5	Yes
Mr. Asim Kumar Barman	5	Yes
Mr. P. H. Ravikumar[B]	1	No
Ms. Arundhuti Dhar	5	No
Mr. Prasanta Kumar Chandra[C]	2	No
Mr. Prabir Kumar Ghosh[C]	2	No

A. Mr. Manish Agarwal who was an Independent Director resigned from the Board of Directors w.e.f. September 07, 2017.

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

C. Mr. Prasanta Kumar Chandra and Mr. Prabir Kumar Ghosh who were the Whole Time Directors of the Company tendered

Corporate Governance *(Contd.)*

their resignations and they ceased 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 at:http://www.mcnallybharat.com/investor/code-of-conduct.

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

V. Audit Committee

The role and terms of reference of the Audit Committee includes the areas laid down in Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Audit Committee, inter alia, provides reassurance to the Board on the existence of an effective internal control environment.

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
   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. The composition of the Audit Committee as at the end of the year is as under:

Mr. Virendra Kumar Verma - Chairman

Mr. Asim. Kumar Barman - Member

Ms. Arundhuti Dhar - Member

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. Verma possesses accounting and related financial management expertise.

The Audit Committee met four times during the year under review, on May 30, 2017, August 11, 2017, November 14, 2017 and February 13, 2018. 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. Asim Kumar Barman	4
Ms. Arundhuti Dhar	4

At the invitation of the Company, representatives from various divisions of the Company, Chief Financial Officer, internal auditors, statutory auditors, Whole Time Directors and Company Secretary who is acting as the Secretary to

Corporate Governance *(Contd.)*

the Audit Committee also attended the Audit Committee Meetings to respond to queries raised at the meetings.

VI. Nomination and Remuneration Committee

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

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

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

All the members of the Nomination and Remuneration Committee are Non-executive Independent Directors. During the year under review, two meetings of the Nomination & Remuneration Committee were held on April 24, 2017 and February 13, 2018 and the attendance of the members of the Committee was as follows:

Name of Remuneration Committee Member	Number of meetings attended
Mr. Asim Kumar Barman	2
Mr. Virendra Kumar Verma	0
Ms. Arundhuti Dhar	2

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

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

VII. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was reconstituted by the Board of Directors at its meeting held on August 11, 2017 with the following members:

Mr. Asim Kumar Barman - Chairman

Mr. Srinivash Singh - Member

Ms. Arundhuti Dhar - Member

The Stakeholders Relationship Committee of the Company met once during the year on November 14, 2017. The attendance of the members of the Stakeholders' Relationship Committee was as follows:

Name of Stakeholders' Relationship Committee Members	Number of meetings attended
Mr. Asim Kumar Barman	1
Mr. Srinivash Singh	1
Ms. Arundhuti Dhar	0

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

Investors' Grievances

The following table shows the nature of complaints received from shareholders during 2017-18.

Nature of complaints	Pending as on 01.04.2017	Received during the year	Replied/ Resolved during the year	Pending as on 31.03.2018
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, 2018, and all requests for dematerialization and re-materialization of shares as on that date were confirmed / rejected in the NSDL / CDSL system.

VIII. Corporate Social Responsibility Committee

Under Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee of the Company was reconstituted by the Board of Directors at its meeting held on August 11, 2017 with the following members:

Mr. Asim Kumar Barman - Chairman

Mr. Srinivash Singh - Member

Corporate Governance *(Contd.)*

Ms. Arundhuti Dhar - Member

During the year a meeting of the Corporate Social Responsibility (CSR) Committee was held on November 14, 2017. The attendance of the members of the Committee was as follows:

Members of CSR Committee	Number of meetings attended
Mr. Asim Kumar Barman	1
Mr. Srinivash Singh	1
Ms. Arundhuti Dhar	0

IX. Meeting of Independent Directors

Pursuant to the provisions of Clause VII of Schedule IV to the Companies Act, 2013 read with Clause 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held during the year under review, on February 13, 2018. The same was attended by all the independent directors i.e. Mr. Virendra Kumar Verma, Mr. P. S. Bhattacharya, Mr. Asim Kumar Barman and Ms. Arundhuti Dhar.

X. Extraordinary General Meeting

An Extra-ordinary General Meeting of the Company was held on March 15, 2018.

The attendance recorded for each of the Directors at the last Extra-ordinary General Meeting (EGM) is as under:

Directors	Attendance at the last EGM
Mr. Aditya Khaitan	Yes
Mr. Srinivash Singh	Yes
Mr. Amritanshu Khaitan	No
Mr. Virendra Kumar Verma	No
Mr. P. S. Bhattacharya	No
Mr. Asim Kumar Barman	Yes
Ms. Arundhuti Dhar	Yes

XI. Allotment Committee:

The Board of Directors of the Company at its meeting held on August 11, 2017 reconstituted the Allotment Committee. The Allotment Committee consisted of the following members as shown herein below:

From April 01, 2017 to August 10, 2017	With effect from August 11, 2017
Ms. Arundhuti Dhar – Chairperson	Ms. Arundhuti Dhar – Chairperson
Mr. Prabir Kumar Ghosh – Member	Mr. Amritanshu Khaitan – Member
Mr. P. K. Chandra – Member	Mr. Srinivash Singh – Member

The Allotment Committee of the Company met five times during the year on April 13, 2017, March 26, 2018, March 28, 2018, March 29, 2018 and March 31, 2018. The attendance of the members of the Allotment Committee was as follows:

Members of Allotment Committee	Number of meetings attended
Ms. Arundhuti Dhar	5
Mr. Prabir Kumar Ghosh	1
Mr. Prasanta Kumar Chandra	1
Mr. Amritanshu Khaitan	0
Mr. Srinivash Singh	4

XII. Subsidiary Companies

Your Company has the following subsidiaries:

- McNally Sayaji Engineering Limited (MSEL)
- McNally Bharat Equipments Limited (MBEL)
- MBE Mineral Technologies Pte Limited
- MBE Minerals Zambia Limited
- Vedica Sanjeevani Projects Private Limited
- McNally Bharat Engineering (SA) Proprietary Ltd (de-registered w.e.f. June 30, 2017)

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. (ceased to be subsidiary of MBE Mineral Technologies Pte Limited from August 14, 2017)

Vedica Sanjeevani Projects Private Limited has the following subsidiary:

- Christopher Estates Private Limited

XIII. Other Disclosures

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

(b) Compliance of Laws & Regulations relating to Capital Markets:

The Company has complied with all the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the financial year. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during last three financial years.

(c) Whistle Blower Policy/ Vigil Mechanism:

The Company has formulated a Whistle Blower Policy/ Vigil Mechanism and established a Vigil Mechanism for Directors and Employees and the same has been disclosed in the Company's website at: http://www.mcnallybharat.com/assets/pdf/investor/policy/vigil-policy.pdf. The Management affirms that no personnel have been denied access to the Audit Committee.

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

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

Corporate Governance *(Contd.)*

(e) Related Party Transactions:

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

There was no material related party transaction for the year ended March 31, 2018 which were not on arm's length basis.

(f) Disclosure of Accounting Treatment:

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

(g) Risk Management Policy:

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

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

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

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

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

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

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

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

XIV. Compliance with Non-Mandatory Requirements

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

(i) The Board:

No separate office is maintained for Non-Executive Chairman and therefore during the year under review, no expenses were incurred in connection therewith.

(ii) Shareholder Rights:

Half-yearly declaration of financial performance including summary of the significant events in last six months are presently not being sent to the Shareholders of the Company.

(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
52nd	Monday	28th Sept, 2015	2.30 pm	Williamson Magor Hall The Palladian Lounge The Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata - 700001
53rd	Thursday	29th Sept, 2016	11.00 a.m	Williamson Magor Hall The Palladian Lounge The Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata - 700001
54th	Wednesday	20th Sept, 2017	11:00 a.m.	Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata - 700156

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 Special Resolution	Resolution adopted on	No. of shares and % of Votes in favour	No. of shares and % of Votes against
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 Crore.	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

Corporate Governance *(Contd.)*

Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in favour	No. of shares and % of Votes against
To reappoint Mr. Prasanta Kumar Chandra (DIN - 01919454) as the Whole Time Director & C.O.O. of the Company.	September 29, 2016	28816723 100% of the Valid Votes casted	NIL
To reappoint Mr. Prabir Kumar Ghosh (DIN - 01912656) as the Whole Time Director of the Company.	September 29, 2016	28816723 100% of the Valid Votes casted	NIL
To appoint Mr. Srinivash Singh (DIN – 00789624), as the Managing Director of the Company, functioning in professional capacity and who has attained the age of 71 years, for a period of three years with effect from December 14, 2016.	September 20, 2017	38657530 99.996% of the valid votes cast.	1532 0.004% of the valid votes cast.
To waive the recovery of remuneration amounting to Rs. 1,04,43,951/- paid to Mr. Prabir Kumar Ghosh (DIN – 01912656) as the Whole-time Director of the Company during the financial year ended March 31, 2017 or such other amount as may be approved by the Central Government, over and above the limit prescribed under the provisions of Section 197 of the Companies Act, 2013 read with the applicable provisions of Schedule V to the Companies Act, 2013.	September 20, 2017	38655452 99.991% of the valid votes cast.	3570 0.009% of the valid votes cast.
To waive the recovery of remuneration amounting to Rs. 1,10,20,600/- paid to Mr. Prasanta Kumar Chandra (DIN – 01919454) as the Whole-time Director & C.O.O. of the Company during the financial year ended March 31, 2017 or such other amount as may be approved by the Central Government, over and above the limit prescribed under the provisions of Section 197 of the Companies Act, 2013 read with the applicable provisions of Schedule V to the Companies Act, 2013.	September 20, 2017	38655452 99.991% of the valid votes cast.	3570 0.009% of the valid votes cast
To seek consent of the members regarding keeping the Register of Members and Index of Members at the office of the Company's Registrar and Share Transfer Agent, Maheshwari Datamatics Private Limited at 23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700001 or at such other place within Kolkata to which the said office is shifted.	September 20, 2017	38648530 99.973% of the valid votes cast.	10532 0.027% of the valid votes cast.

Mr. Ajay Kumar Chandak, a Practicing Chartered Accountant was appointed scrutinizer to scrutinize the e-voting process for the AGM held on September 28, 2015 and Mr. A. K. Labh, a Practicing Company Secretary was appointed scrutinizer to scrutinize the e-voting process for the AGMs held on September 29, 2016 and September 20, 2017.

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

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

Corporate Governance *(Contd.)*

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

Mr. Ajay Kumar Chandak, a Practicing Chartered Accountant was appointed scrutinizer to scrutinize the e-voting process for the EGM held on July 30, 2015 and Mr. A. K. Labh, a Practicing Company Secretary was appointed scrutinizer to scrutinize the e-voting process for the EGMs held on March 16, 2017 and March 15, 2018.

Means of Communication of Quarterly results:

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

XVII. General Shareholder Information

(a) Annual General meeting to be held:

Day, Date, time and venue:

Day : Wednesday

Date : September 26, 2018

Time : 11:00 a.m.

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

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

(c) **Period of Book Closure** : September 20, 2018 to September 26, 2018 (Both days inclusive)

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

The Equity shares of the Company are listed at BSE Ltd., 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 2017-2018.

Stock Codes:

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

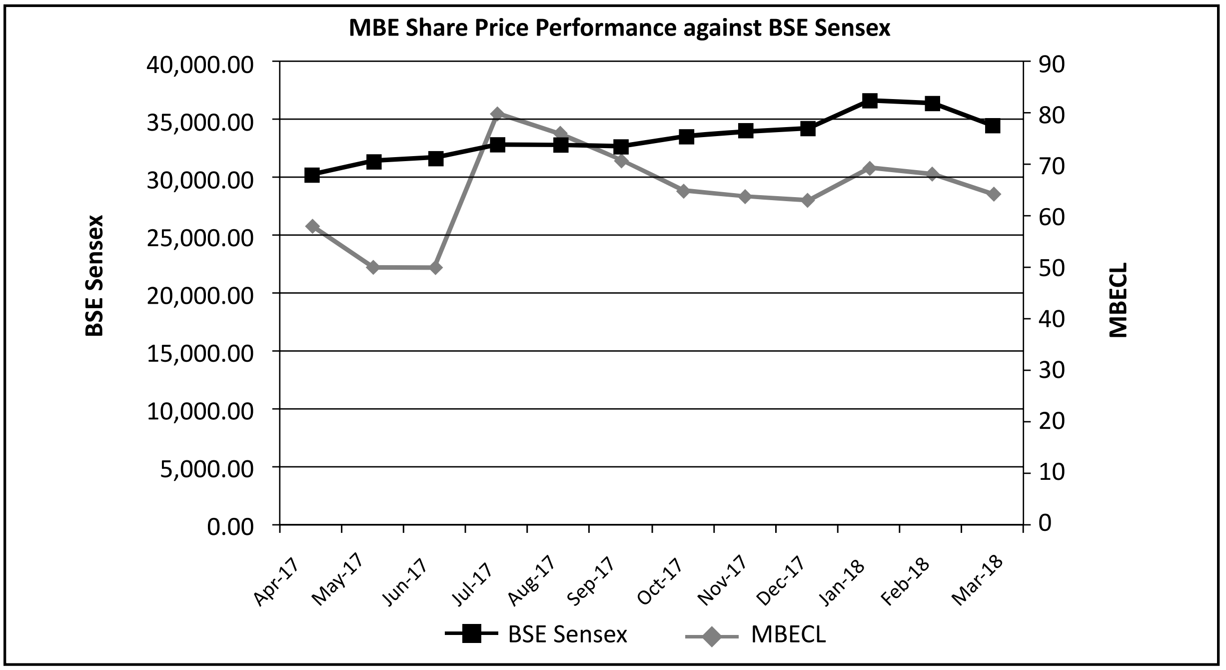
(e) **Market Price Data:**

The details of the monthly highest and lowest closing quotations of the equity shares of the Company at BSE Ltd. and the National Stock Exchange of India Limited during the financial year 2017-18 are as under:

Month	BSE Ltd.		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-17	57.95	47.00	55.10	47.00
May-17	49.75	37.60	49.85	37.60
Jun-17	49.70	38.05	49.90	38.05
Jul-17	79.50	48.00	79.45	47.25
Aug-17	75.90	58.10	75.70	58.40
Sep-17	70.55	58.50	69.50	56.30
Oct-17	64.60	56.20	66.00	56.15
Nov-17	63.50	52.55	62.95	52.90
Dec-17	62.80	56.10	63.05	56.00
Jan-18	69.05	58.75	70.20	58.00
Feb-18	67.95	56.30	68.55	55.30
Mar-18	64.00	57.00	64.95	56.70

Corporate Governance *(Contd.)*

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



(f) Share Transfer Agents:

The Company has engaged the services of Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, Kolkata – 700001, a SEBI registered Registrar, as their Share Transfer Agents for processing the transfers, sub-division, consolidation, splitting of securities, etc. Since trading in Company's shares can now be done only in the dematerialized form, request for dematerialization and re-materialization should be sent directly to Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, Kolkata – 700001. Shareholders have the option to open their Accounts with a Depository Participant having connectivity with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

(g) Share Transfer System:

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

Compulsory Dematerialization of Securities by December 5, 2018

It is hereby brought to the notice of all shareholders of the Company that Securities & Exchange Board of India (SEBI) has vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018, informed that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository with effect from December 5, 2018. Therefore, all the Shareholders holding their securities in physical form must dematerialize their securities in order to execute any transfer of securities on or after December 5, 2018.

(h) Distribution of Shareholding as on 31st March, 2018:

Share Holding	No. of Holders	% age	No. of Shares	% age
Upto 500	12083	81.3451	1684115	1.0656
501 to 1000	1216	8.1863	1023967	0.6479
1001 to 2000	667	4.4904	1056552	0.6685
2001 to 3000	225	1.5147	581549	0.3680
3001 to 4000	125	0.8415	456462	0.2888
4001 to 5000	130	0.8752	623787	0.3947
5001 to 10000	179	1.2051	1391953	0.8807
Above 10000	235	1.5417	151226221	95.6858
Grand Total	14860	100.0000	158044606	100.0000

(i) Pattern of Shareholding as on 31st March, 2018:

Sl. No.	Category	No. of Holders	No. of Shares
1	Promoter & Promoter Group		
	- Individual/HUF (Indian)	3	32021
	-Bodies Corporate (Indian)	8	70764636
	-Individual/HUF (Foreign)		
	-Bodies Corporate (Foreign)		
2	Mutual Funds	1	6976
3	Financial Institutions/Banks	2	2402500
4	Insurance Companies	2	93319
5	Foreign Institutional Investors	2	42487
6	Domestic Companies	331	73893804
7	Foreign Companies		
8	Resident Individual	14227	10034464
9	Non Resident Individual	215	567767
10	Foreign National	1	600
11	NBFCs registered with RBI	3	11155
12	Clearing Member	64	141412
13	IEPF Authority	1	53465
	Total	**14860**	**158044606**

(j) Convertible Instruments (Outstanding):

During the year under review, the Company allotted the following Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 52/- per CCPS, each CCPS being convertible (within 18 months from the date of allotment of CCPS) into one equity share of Rs. 10/- each at a premium of Rs. 52/- per equity share to Williamson Magor & Company Limited, Williamson Financial Services Limited and Babcock Borsig Limited belonging to Promoter & Promoter Group Companies and to certain other investors on a preferential basis:

Corporate Governance *(Contd.)*

Date of Allotment	Category of CCPS holder	No. of CCPS held	As a Percentage of –	
			Total No. of CCPS	Total No. of Equity Shares (assuming full conversion of all convertible instruments)
26.03.2018	Promoter & Promoter Group	1,20,00,000	22.42	5.61
29.03.2018	Public	2,74,19,000	51.22	12.81

During the previous financial year, on March 30, 2017, the Company allotted 8,32,87,939 Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 56/- per CCPS, each CCPS being convertible (within 18 months from the date of allotment of CCPS) into one equity share of Rs. 10/- each at a premium of Rs. 56/- per share 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 Private Limited. Out of the 8,32,87,939 CCPS, mentioned hereinabove, 6,91,80,788 CCPS had been converted into equity shares on March 31, 2018. The CCPS (originally allotted March 30, 2017) outstanding as on March 31, 2018 is shown herein-below:–

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

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

Date of Allotment	Category of Warrant holder	No. of Warrants held	As a Percentage of –	
			Total No. of Warrants	Total No. of Equity Shares (assuming full conversion of all convertible instruments)
28.03.2018	Public	25,00,000	100	1.17

(k) Dematerialization of Shares:

As on March 31, 2018, 57037194 Shares of the Company's total shares representing 36.09% shares were held in dematerialized form and the balance 63.91% representing 101007412 shares were in paper form.

(l) Commodity or Foreign Exchange Risk and Hedging:

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

(m) 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 No: +91 33 3014 1212
Fax No: 66282277, E-mail: mbecal@mbecl.co.in

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

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

For and on behalf of the Board of Directors

Aditya Khaitan
Kolkata, August 14, 2018 Chairman

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, 2018.

For and on behalf of the Board of Directors

Srinivash Singh
Kolkata, August 14, 2018 Managing Director

Corporate Governance *(Contd.)*

Independent Auditor's Certificate on Corporate Governance

To the members of McNally Bharat Engineering Company Limited

We have examined the compliance of conditions of Corporate Governance by the Company for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the Management.

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

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

We further 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.

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

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

Date: August 14, 2018
Place: Kolkata

Report on Corporate Social Responsibility Activities

Annexure D

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

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

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

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

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

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

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

   Mr. Asim Kumar Barman (Chairperson)
   Mr. Srinivash Singh
   Ms. Arundhuti Dhar

3. Average net profit / (loss) of the Company for last three financial years: (Rs. 27,598.99) Lakh.

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

Aditya Khaitan
Chairman

Kolkata, August 14, 2018

Annexure E

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 Shareholders' 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:

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

II. Performance Driven Remuneration:

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

III. Affordability and Sustainability:

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

IV. Flexibility:

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

V. Internal Equity:

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

VI. External Equity:

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

VII. Non-Monetary Benefits:

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

5. Remuneration for Directors in Whole-time Employment

The Board of Directors subject to the approval of the Shareholders at a General Meeting approves the remuneration payable to the Whole-time 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.

Remuneration Policy *(Contd.)*

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

Aditya Khaitan
Chairman

Kolkata, August 14, 2018

Form No. MGT 9 **Annexure F**

Extract of Annual Return as on financial year ended on 31.03.2018

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

I.	REGISTRATION & OTHER DETAILS:	
1	CIN	L45202WB1961PLC025181
2	Registration Date	July 10, 1961
3	Name of the Company	McNally Bharat Engineering Company Limited
4	Category/Sub-category of the Company	Public Limited Company
		Private Sector
5	Address of the Registered office & contact details	4 Mangoe Lane, Kolkata - 700001 Ph: 033 - 22138905, W: http://www.mcnally-bharat.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 23, R. N. Mukherjee Road, 5th Floor, Kolkata - 700001 Ph: 033 - 22435029, E-mail : mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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	67.75	2(87)
2	MBE Mineral Technologies Pte Limited	Foreign Company	Subsidiary	100	2(87)
3	McNally Bharat Equipments Limited	U27106WB2008PLC123789	Subsidiary	99.4	2(87)
4	MBE Minerals Zambia Limited	Foreign Company	Subsidiary	99.99	2(87)
5	Vedica Sanjeevani Projects Private Limited	U45200WB2007PTC113398	Subsidiary	60	2(87)
6	"McNally Bharat Engineering (SA) Proprietary Limited (deregistered w.e.f. June 30, 2017)"	Foreign Company	N/A	N/A	N/A

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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	0.02%	-0.04%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	3,56,13,121	30,00,000	3,86,13,121	72.05%	3,86,13,121	3,21,51,515	7,07,64,636	44.78%	-27.27%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	**3,56,45,142**	**30,00,000**	**3,86,45,142**	**72.11%**	**3,86,45,142**	**3,21,51,515**	**7,07,96,657**	**44.80%**	**-27.31%**
(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)	**3,56,45,142**	**30,00,000**	**3,86,45,142**	**72.11%**	**3,86,45,142**	**3,21,51,515**	**7,07,96,657**	**44.80%**	**-27.31%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	6,976	6,976	0.01%	-	6,976	6,976	0.00%	-0.01%
b) Banks / FI	21,489	-	21,489	0.04%	2,500	24,00,000	24,02,500	1.52%	1.48%
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	2,12,813	600	2,13,413	0.40%	92,719	600	93,319	0.06%	-0.34%
g) FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	42,487	-	42,487	0.08%	42,487	-	42,487	0.03%	-0.05%
Foreign Portfolio Investors	42,487	-	42,487	0.08%	42,487	-	42,487	0.03%	-0.05%
Sub-total (B)(1):-	**2,76,789**	**7,576**	**2,84,365**	**0.53%**	**1,37,706**	**24,07,576**	**25,45,282**	**1.61%**	**1.08%**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	25,00,439	2,40,990	27,41,429	5.12%	75,54,591	6,63,39,213	7,38,93,804	46.76%	41.64%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	53,50,334	1,63,098	55,13,432	10.29%	60,98,108	1,08,918	62,07,026	3.93%	-6.36%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	50,75,105	-	50,75,105	9.47%	38,27,438	-	38,27,438	2.42%	-7.05%
c) Others (specify)									
Non Resident Indians	5,94,602	710	5,95,312	1.11%	5,67,577	190	5,67,767	0.36%	-0.75%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	600	-	600	0.00%	600	-	600	0.00%	0.00%
Clearing Members	6,57,540	-	6,57,540	1.23%	1,41,412	-	1,41,412	0.09%	-1.14%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
NBFCs registered with RBI	80,893	-	80,893	0.15%	11,155	-	11,155	0.01%	-0.14%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Employee Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Domestic Corporate Unclaimed Shares Account	-	-	-	0.00%	-	-	-	0.00%	0.00%
Investor Education and Protection Fund Authority	-	-	-	0.00%	53,465	-	53,465	0.03%	0.03%
Sub-total (B)(2):-	**1,42,59,513**	**4,04,798**	**1,46,64,311**	**27.36%**	**1,82,54,346**	**6,64,48,321**	**8,47,02,667**	**53.59%**	**26.23%**
Total Public (B)	**1,45,36,302**	**4,12,374**	**1,49,48,676**	**27.89%**	**1,83,92,052**	**6,88,55,897**	**8,72,47,949**	**55.20%**	**27.31%**
C. Shares held by Cus-to-dian for GDRs & ADRs	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
Grand Total (A+B+C)	**5,01,81,444**	**34,12,374**	**5,35,93,818**	**100.00%**	**5,70,37,194**	**10,10,07,412**	**15,80,44,606**	**100.00%**	**0.00%**

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2017]			Shareholding at the end of the year [As on 31-March-2018]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ en-cumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / en-cumbered to total shares	
1	B M Khaitan	21	0.00%	-	21	0.00%	-	0.00%
2	Amritanshu Khaitan	8,000	0.01%	-	8,000	0.01%	-	0.00%
3	Isha Khaitan	24,000	0.04%	-	24,000	0.02%	-	-0.02%
4	EMC Limited	1,42,87,689	26.66%	29.99%	1,42,87,689	9.04%	26.60%	-17.62%
5	Mcleod Russel India Limited	30,52,295	5.70%	-	30,52,295	1.93%	-	-3.77%
6	Williamson Magor & Co Limited	1,24,67,437	23.26%	-	2,76,18,952	17.48%	-	-5.78%
7	Babcock Borsig Limited	13,01,000	2.43%	-	98,01,000	6.20%	-	3.77%
8	Williamson Financial Services Limited	15,51,000	2.89%	-	1,00,51,000	6.36%	-	3.47%
9	Kilburn Engineering Limited	8,54,300	1.59%	-	8,54,300	0.54%	-	-1.05%
10	MKN Investment Private Limited	50,00,000	9.33%	100.00%	50,00,000	3.16%	100.00%	-6.17%
11	Bishnauth Investments Limited	99,400	0.19%	-	99,400	0.06%	-	-0.13%

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year [As on 01-April-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**B M Khaitan**						
	At the beginning of the year	01-Apr-17		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	31-Mar-18	No Change			21	0.00%
2	**Amritanshu Khaitan**						
	At the beginning of the year	01-Apr-17		8,000	0.01%	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	31-Mar-18	No Change			8,000	0.01%
3	**Isha Khaitan**						
	At the beginning of the year	01-Apr-17		24,000	0.04%	24,000	0.02%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-18	No Change			24,000	0.02%
4	**Mcleod Russel India Limited**						
	At the beginning of the year	01-Apr-17		30,52,295	5.70%	30,52,295	1.93%
	Changes during the year			-	0.00%	-	0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-18	No Change			30,52,295	1.93%
5	**EMC Limited**						
	At the beginning of the year	01-Apr-17		1,42,87,689	26.66%	1,42,87,689	9.04%
	Changes during the year				0.00%	-	0.00%
					0.00%	-	0.00%
					0.00%	-	0.00%
	At the end of the year	31-Mar-18	No Change			1,42,87,689	9.04%
6	**MKN Investment Private Limited**						
	At the beginning of the year	01-Apr-17		50,00,000	9.33%	50,00,000	3.16%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-18	No Change			50,00,000	3.16%

Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	Particulars	Date	Reason	Shareholding at the beginning of the year [As on 01-April-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
				No. of shares	% of total shares	No. of shares	% of total shares
7	Williamson Magor & Co Limited						
	At the beginning of the year	01-Apr-17		1,24,67,437	23.26%	1,24,67,437	7.89%
	Changes during the year	31-Mar-18	Allot	1,51,51,515	9.59%	2,76,18,952	17.48%
					0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-18				2,76,18,952	17.48%
8	**Babcock Borsig Limited**						
	At the beginning of the year	01-Apr-17		13,01,000	2.43%	13,01,000	0.82%
	Changes during the year	31-Mar-18	Allot	85,00,000	5.38%	98,01,000	6.20%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-18				98,01,000	6.20%
9	**Williamson Financial Services Limited**						
	At the beginning of the year	April 1, 2016		15,51,000	2.89%	15,51,000	0.98%
	Changes during the year	31-Mar-18	Allot	85,00,000	5.38%	1,00,51,000	6.36%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-18				1,00,51,000	6.36%
10	**Kilburn Engineering Limited**						
	At the beginning of the year	01-Apr-17		8,54,300	1.59%	8,54,300	0.54%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-18	No Change			8,54,300	0.54%
11	**Bishnauth Investments Limited**						
	At the beginning of the year	01-Apr-17		99,400	0.19%	99,400	0.06%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-18	No Change			99,400	0.06%

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

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 [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**MOTILAL OSWAL SEC. LTD**						
	At the beginning of the year	01-04-2017		19990	0.0373	26725	0.0466
	Changes during the year	07-04-2017	Transfer	6735	0.0117	24224	0.0452
		14-04-2017	Transfer	-2501	0.0047	23962	0.0418
		21-04-2017	Transfer	-262	0.0005	38117	0.0664
		28-04-2017	Transfer	14155	0.0247	43841	0.0764
		05-05-2017	Transfer	5724	0.0100	30711	0.0535
		12-05-2017	Transfer	-13130	0.0229	40515	0.0706
		19-05-2017	Transfer	9804	0.0171	33061	0.0576
		26-05-2017	Transfer	-7454	0.0130	37884	0.0660
		02-06-2017	Transfer	4823	0.0084	32556	0.0567
		09-06-2017	Transfer	-5328	0.0093	41515	0.0723
		16-06-2017	Transfer	8959	0.0156	47844	0.0834
		23-06-2017	Transfer	6329	0.0110	48445	0.0844
		30-06-2017	Transfer	601	0.0010	70700	0.1232
		07-07-2017	Transfer	22255	0.0388	95038	0.1656
		14-07-2017	Transfer	24338	0.0424	104196	0.1815
		21-07-2017	Transfer	9158	0.0160	350948	0.6115
		28-07-2017	Transfer	246752	0.4299	148588	0.2589
		04-08-2017	Transfer	-202360	0.3526	166080	0.2894
		11-08-2017	Transfer	17492	0.0305	129650	0.2259
		18-08-2017	Transfer	-36430	0.0635	122599	0.2136
		25-08-2017	Transfer	-7051	0.0123	112269	0.1956
		01-09-2017	Transfer	-10330	0.0180	114371	0.1993
		08-09-2017	Transfer	2102	0.0037	163701	0.2852
		15-09-2017	Transfer	49330	0.0860	166303	0.2898
		22-09-2017	Transfer	2602	0.0045	157963	0.2752
		30-09-2017	Transfer	-8340	0.0145	156414	0.2725
		06-10-2017	Transfer	-1549	0.0027	154257	0.2688
		13-10-2017	Transfer	-2157	0.0038	155343	0.2572
		20-10-2017	Transfer	1086	0.0018	155265	0.2571
		27-10-2017	Transfer	-78	0.0001	155299	0.2571
		03-11-2017	Transfer	34	0.0001	156869	0.2597
		10-11-2017	Transfer	1570	0.0026	107820	0.1879
		17-11-2017	Transfer	-49049	0.0855	67761	0.1181
		24-11-2017	Transfer	-40059	0.0698	68088	0.1186
		01-12-2017	Transfer	327	0.0006	69692	0.1214
		08-12-2017	Transfer	1604	0.0028	68579	0.1195
		15-12-2017	Transfer	-1113	0.0019	68639	0.1196
		22-12-2017	Transfer	60	0.0001	71248	0.1241
		29-12-2017	Transfer	2609	0.0045	74631	0.1220
		05-01-2018	Transfer	3383	0.0055	46526	0.0760
		12-01-2018	Transfer	-28105	0.0459	37563	0.0614

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		19-01-2018	Transfer	-8963	0.0146	34511	0.0564
		26-01-2018	Transfer	-3052	0.0050	35213	0.0575
		02-02-2018	Transfer	702	0.0011	30838	0.0537
		09-02-2018	Transfer	-4375	0.0076	25447	0.0443
		16-02-2018	Transfer	-5391	0.0094	26435	0.0461
		23-02-2018	Transfer	988	0.0017	26947	0.0470
		02-03-2018	Transfer	512	0.0009	20475	0.0357
		09-03-2018	Transfer	-6472	0.0113	27285	0.0475
		16-03-2018	Transfer	6810	0.0119	25339	0.0441
		23-03-2018	Transfer	-1946	0.0034	19739	0.0222
		30-03-2018	Transfer	-5600	0.0063	19739	0.0125
	At the end of the year	31-03-2018		19739	0.0125		
2	**FAIRLUCK COMMERCIAL COMPANY LTD**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	15-12-2017	Transfer	237100	0.4131	237100	0.4131
	At the end of the year	31-03-2018		237100	0.1500	237100	0.1500
3	**GLOBE CAPITAL MARKET LIMITED**						
	At the beginning of the year	01-04-2017		71004	0.1325		
	Changes during the year	07-04-2017	Transfer	3295	0.0057	74299	0.1295
		14-04-2017	Transfer	-960	0.0018	73339	0.1368
		21-04-2017	Transfer	1250	0.0022	74589	0.1300
		28-04-2017	Transfer	4491	0.0078	79080	0.1378
		05-05-2017	Transfer	-2500	0.0044	76580	0.1334
		12-05-2017	Transfer	-2750	0.0048	73830	0.1286
		19-05-2017	Transfer	5850	0.0102	79680	0.1388
		26-05-2017	Transfer	4700	0.0082	84380	0.1470
		02-06-2017	Transfer	-4302	0.0075	80078	0.1395
		09-06-2017	Transfer	69475	0.1210	149553	0.2606
		16-06-2017	Transfer	-28999	0.0505	120554	0.2100
		23-06-2017	Transfer	-15191	0.0265	105363	0.1836
		30-06-2017	Transfer	-1567	0.0027	103796	0.1808
		07-07-2017	Transfer	-980	0.0017	102816	0.1791
		14-07-2017	Transfer	20174	0.0352	122990	0.2143
		21-07-2017	Transfer	49050	0.0855	172040	0.2998
		28-07-2017	Transfer	-2200	0.0038	169840	0.2959
		04-08-2017	Transfer	-68400	0.1192	101440	0.1767
		11-08-2017	Transfer	-500	0.0009	100940	0.1759
		18-08-2017	Transfer	-400	0.0007	100540	0.1752
		25-08-2017	Transfer	-32	0.0001	100508	0.1751
		01-09-2017	Transfer	-9600	0.0167	90908	0.1584
		08-09-2017	Transfer	50	0.0001	90958	0.1585
		15-09-2017	Transfer	1531	0.0027	92489	0.1611
		22-09-2017	Transfer	-15800	0.0275	76689	0.1336
		30-09-2017	Transfer	-3300	0.0057	73389	0.1279
		13-10-2017	Transfer	1150	0.0020	74539	0.1299
		20-10-2017	Transfer	-191	0.0003	74348	0.1231
		27-10-2017	Transfer	201	0.0003	74549	0.1234

Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		03-11-2017	Transfer	955	0.0016	75504	0.1250
		10-11-2017	Transfer	-715	0.0012	74789	0.1238
		17-11-2017	Transfer	145	0.0003	74934	0.1306
		24-11-2017	Transfer	-200	0.0003	74734	0.1302
		01-12-2017	Transfer	-45	0.0001	74689	0.1301
		08-12-2017	Transfer	-400	0.0007	74289	0.1294
		22-12-2017	Transfer	150	0.0003	74439	0.1297
		29-12-2017	Transfer	1800	0.0031	76239	0.1328
		05-01-2018	Transfer	1040	0.0017	77279	0.1263
		12-01-2018	Transfer	-28818	0.0471	48461	0.0792
		19-01-2018	Transfer	10500	0.0172	58961	0.0964
		26-01-2018	Transfer	-4845	0.0079	54116	0.0884
		02-02-2018	Transfer	-717	0.0012	53399	0.0873
		09-02-2018	Transfer	-700	0.0012	52699	0.0918
		16-02-2018	Transfer	-3641	0.0063	49058	0.0855
		23-02-2018	Transfer	-150	0.0003	48908	0.0852
		02-03-2018	Transfer	-40	0.0001	48868	0.0851
		09-03-2018	Transfer	-410	0.0007	48458	0.0844
		16-03-2018	Transfer	-500	0.0009	47958	0.0836
		23-03-2018	Transfer	-17978	0.0313	29980	0.0522
		30-03-2018	Transfer	-15100	0.0170	14880	0.0167
	At the end of the year	31-03-2018		14880	0.0094	14880	0.0094
4	**SYSTEMATIX FINCORP INDIA LIMITED #**						
	At the beginning of the year	01-04-2017		341146	0.6365		
	Changes during the year	05-05-2017	Transfer	19997	0.0348	361143	0.6292
		18-08-2017	Transfer	20880	0.0364	382023	0.6656
	At the end of the year	31-03-2018		382023	0.2417	382023	0.2417
5	**GUNKALI COMMODITIES PVT LTD ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	30-03-2018	Transfer	4800000	5.4015	4800000	5.4015
	At the end of the year	31-03-2018		4800000	3.0371	4800000	3.0371
6	**KOTAK SECURITIES LIMITED**						
	At the beginning of the year	01-04-2017		25750	0.0480		
	Changes during the year	07-04-2017	Transfer	-24325	0.0424	1425	0.0025
		14-04-2017	Transfer	-840	0.0016	585	0.0011
		21-04-2017	Transfer	30724	0.0535	31309	0.0546
		28-04-2017	Transfer	-31244	0.0544	65	0.0001
		05-05-2017	Transfer	385	0.0007	450	0.0008
		12-05-2017	Transfer	-250	0.0004	200	0.0003
		19-05-2017	Transfer	43500	0.0758	43700	0.0761
		26-05-2017	Transfer	-43146	0.0752	554	0.0010
		02-06-2017	Transfer	2250	0.0039	2804	0.0049
		09-06-2017	Transfer	-1304	0.0023	1500	0.0026
		16-06-2017	Transfer	6048	0.0105	7548	0.0132
		23-06-2017	Transfer	-7048	0.0123	500	0.0009
		30-06-2017	Transfer	1300	0.0023	1800	0.0031
		07-07-2017	Transfer	24527	0.0427	26327	0.0459

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		14-07-2017	Transfer	6612	0.0115	32939	0.0574
		21-07-2017	Transfer	226188	0.3941	259127	0.4515
		28-07-2017	Transfer	-227950	0.3972	31177	0.0543
		04-08-2017	Transfer	-30227	0.0527	950	0.0017
		11-08-2017	Transfer	-700	0.0012	250	0.0004
		18-08-2017	Transfer	19484	0.0339	19734	0.0344
		25-08-2017	Transfer	7416	0.0129	27150	0.0473
		01-09-2017	Transfer	-13381	0.0233	13769	0.0240
		08-09-2017	Transfer	7812	0.0136	21581	0.0376
		15-09-2017	Transfer	-10131	0.0177	11450	0.0199
		22-09-2017	Transfer	-9400	0.0164	2050	0.0036
		30-09-2017	Transfer	-1680	0.0029	370	0.0006
		06-10-2017	Transfer	1020	0.0018	1390	0.0024
		13-10-2017	Transfer	-1390	0.0024	0	0.0000
		03-11-2017	Transfer	4900	0.0081	4900	0.0081
		10-11-2017	Transfer	-4900	0.0081	0	0.0000
		17-11-2017	Transfer	5700	0.0099	5700	0.0099
		24-11-2017	Transfer	-4225	0.0074	1475	0.0026
		01-12-2017	Transfer	10839	0.0189	12314	0.0215
		08-12-2017	Transfer	-11777	0.0205	537	0.0009
		15-12-2017	Transfer	4002	0.0070	4539	0.0079
		22-12-2017	Transfer	-4298	0.0075	241	0.0004
		29-12-2017	Transfer	6954	0.0121	7195	0.0125
		05-01-2018	Transfer	24100	0.0394	31295	0.0511
		12-01-2018	Transfer	-27295	0.0446	4000	0.0065
		19-01-2018	Transfer	-650	0.0011	3350	0.0055
		26-01-2018	Transfer	-1845	0.0030	1505	0.0025
		02-02-2018	Transfer	-1104	0.0018	401	0.0007
		09-02-2018	Transfer	1899	0.0033	2300	0.0040
		16-02-2018	Transfer	-50	0.0001	2250	0.0039
		23-02-2018	Transfer	1715	0.0030	3965	0.0069
		02-03-2018	Transfer	6285	0.0110	10250	0.0179
		09-03-2018	Transfer	-8350	0.0145	1900	0.0033
		16-03-2018	Transfer	-1500	0.0026	400	0.0007
		23-03-2018	Transfer	5100	0.0089	5500	0.0096
		30-03-2018	Transfer	-5500	0.0062	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
7	**KOTAK MAHINDRA BANK LTD**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	30-03-2018	Transfer	2400000	2.7008	2400000	2.7008
	At the end of the year	31-03-2018		2400000	1.5186	2400000	1.5186
8	**CHANDRA KANT PASARI #**						
	At the beginning of the year	01-04-2017		201000	0.3750		
	Changes during the year	25-08-2017	Transfer	8000	0.0139	209000	0.3642
	At the end of the year	31-03-2018		209000	0.1322	209000	0.1322

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	**EDELWEISS BROKING LIMITED**						
	At the beginning of the year	01-04-2017		1981	0.0037		
	Changes during the year	07-04-2017	Transfer	-450	0.0008	1531	0.0027
		14-04-2017	Transfer	575	0.0011	2106	0.0039
		21-04-2017	Transfer	-1960	0.0034	146	0.0003
		28-04-2017	Transfer	3230	0.0056	3376	0.0059
		05-05-2017	Transfer	7520	0.0131	10896	0.0190
		12-05-2017	Transfer	160	0.0003	11056	0.0193
		19-05-2017	Transfer	-130	0.0002	10926	0.0190
		26-05-2017	Transfer	2042	0.0036	12968	0.0226
		02-06-2017	Transfer	-2157	0.0038	10811	0.0188
		09-06-2017	Transfer	-195	0.0003	10616	0.0185
		16-06-2017	Transfer	39590	0.0690	50206	0.0875
		23-06-2017	Transfer	-16584	0.0289	33622	0.0586
		30-06-2017	Transfer	-2703	0.0047	30919	0.0539
		07-07-2017	Transfer	-9880	0.0172	21039	0.0367
		14-07-2017	Transfer	1663	0.0029	22702	0.0396
		21-07-2017	Transfer	2366	0.0041	25068	0.0437
		28-07-2017	Transfer	-21573	0.0376	3495	0.0061
		04-08-2017	Transfer	17242	0.0300	20737	0.0361
		11-08-2017	Transfer	-332	0.0006	20405	0.0356
		18-08-2017	Transfer	-641	0.0011	19764	0.0344
		25-08-2017	Transfer	-11196	0.0195	8568	0.0149
		01-09-2017	Transfer	1008	0.0018	9576	0.0167
		08-09-2017	Transfer	-1490	0.0026	8086	0.0141
		15-09-2017	Transfer	-261	0.0005	7825	0.0136
		22-09-2017	Transfer	6138	0.0107	13963	0.0243
		30-09-2017	Transfer	-13151	0.0229	812	0.0014
		06-10-2017	Transfer	900	0.0016	1712	0.0030
		13-10-2017	Transfer	-124	0.0002	1588	0.0028
		20-10-2017	Transfer	35	0.0001	1623	0.0027
		27-10-2017	Transfer	9	0.0000	1632	0.0027
		03-11-2017	Transfer	9766	0.0162	11398	0.0189
		10-11-2017	Transfer	-5396	0.0089	6002	0.0099
		17-11-2017	Transfer	-3304	0.0058	2698	0.0047
		24-11-2017	Transfer	-143	0.0002	2555	0.0045
		01-12-2017	Transfer	-159	0.0003	2396	0.0042
		08-12-2017	Transfer	8786	0.0153	11182	0.0195
		15-12-2017	Transfer	8358	0.0146	19540	0.0340
		22-12-2017	Transfer	428	0.0007	19968	0.0348
		29-12-2017	Transfer	-18073	0.0315	1895	0.0033
		05-01-2018	Transfer	1050	0.0017	2945	0.0048
		12-01-2018	Transfer	73232	0.1197	76177	0.1245
		19-01-2018	Transfer	58930	0.0963	135107	0.2208
		26-01-2018	Transfer	41875	0.0684	176982	0.2892
		09-02-2018	Transfer	-20174	0.0352	156808	0.2732

Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		16-02-2018	Transfer	9972	0.0174	166780	0.2906
		23-02-2018	Transfer	-9479	0.0165	157301	0.2741
		02-03-2018	Transfer	-9280	0.0162	148021	0.2579
		09-03-2018	Transfer	750	0.0013	148771	0.2592
		16-03-2018	Transfer	-10589	0.0184	138182	0.2408
		23-03-2018	Transfer	-2337	0.0041	135845	0.2367
		30-03-2018	Transfer	-20	0.0000	135825	0.1528
	At the end of the year	31-03-2018		135825	0.0859	135825	0.0859
10	**GEOJIT BNP PARIBAS FINANCIAL SERVICES LIMITED #**						
	At the beginning of the year	01-04-2017		258070	0.4815		
	Changes during the year	07-04-2017	Transfer	-223070	0.3887	35000	0.0610
		14-04-2017	Transfer	-8088	0.0151	26912	0.0502
		21-04-2017	Transfer	42424	0.0739	69336	0.1208
		28-04-2017	Transfer	-43425	0.0757	25911	0.0451
		05-05-2017	Transfer	-1729	0.0030	24182	0.0421
		12-05-2017	Transfer	129681	0.2259	153863	0.2681
		19-05-2017	Transfer	-101207	0.1763	52656	0.0917
		26-05-2017	Transfer	-34631	0.0603	18025	0.0314
		02-06-2017	Transfer	36303	0.0633	54328	0.0947
		09-06-2017	Transfer	-8592	0.0150	45736	0.0797
		16-06-2017	Transfer	-37035	0.0645	8701	0.0152
		23-06-2017	Transfer	-8316	0.0145	385	0.0007
		30-06-2017	Transfer	215	0.0004	600	0.0010
		07-07-2017	Transfer	9725	0.0169	10325	0.0180
		14-07-2017	Transfer	-8735	0.0152	1590	0.0028
		21-07-2017	Transfer	-388	0.0007	1202	0.0021
		28-07-2017	Transfer	15999	0.0279	17201	0.0300
		04-08-2017	Transfer	-16131	0.0281	1070	0.0019
		11-08-2017	Transfer	177	0.0003	1247	0.0022
		18-08-2017	Transfer	-397	0.0007	850	0.0015
		25-08-2017	Transfer	2885	0.0050	3735	0.0065
		01-09-2017	Transfer	-2398	0.0042	1337	0.0023
		08-09-2017	Transfer	-337	0.0006	1000	0.0017
		15-09-2017	Transfer	-300	0.0005	700	0.0012
		22-09-2017	Transfer	-700	0.0012	0	0.0000
		30-09-2017	Transfer	165	0.0003	165	0.0003
		06-10-2017	Transfer	910	0.0016	1075	0.0019
		13-10-2017	Transfer	-975	0.0017	100	0.0002
		20-10-2017	Transfer	-30	0.0000	70	0.0001
		27-10-2017	Transfer	980	0.0016	1050	0.0017
		03-11-2017	Transfer	-700	0.0012	350	0.0006
		10-11-2017	Transfer	850	0.0014	1200	0.0020
		17-11-2017	Transfer	-1095	0.0019	105	0.0002
		24-11-2017	Transfer	-55	0.0001	50	0.0001
		01-12-2017	Transfer	205	0.0004	255	0.0004
		08-12-2017	Transfer	-205	0.0004	50	0.0001
		15-12-2017	Transfer	-50	0.0001	0	0.0000

Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		29-12-2017	Transfer	2051	0.0036	2051	0.0036
		05-01-2018	Transfer	-1941	0.0032	110	0.0002
		12-01-2018	Transfer	790	0.0013	900	0.0015
		19-01-2018	Transfer	316	0.0005	1216	0.0020
		26-01-2018	Transfer	-861	0.0014	355	0.0006
		02-02-2018	Transfer	2	0.0000	357	0.0006
		09-02-2018	Transfer	43	0.0001	400	0.0007
		16-02-2018	Transfer	-37	0.0001	363	0.0006
		23-02-2018	Transfer	272	0.0005	635	0.0011
		02-03-2018	Transfer	-435	0.0008	200	0.0003
		09-03-2018	Transfer	2300	0.0040	2500	0.0044
		16-03-2018	Transfer	-1515	0.0026	985	0.0017
		23-03-2018	Transfer	-815	0.0014	170	0.0003
		30-03-2018	Transfer	-170	0.0002	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
11	**LAXMINARAYAN VYAPAAR P LTD**						
	At the beginning of the year	01-04-2017		100000	0.1866		
	Changes during the year	25-08-2017	Transfer	18783	0.0327	118783	0.2070
		01-09-2017	Transfer	26217	0.0457	145000	0.2526
	At the end of the year	31-03-2018		145000	0.0917	145000	0.0917
12	**MERLIN SECURITIES PVT LTD ***						
	At the beginning of the year	01-04-2017		50000	0.0933		
	Changes during the year	07-04-2017	Transfer	82588	0.1439	132588	0.2310
		14-04-2017	Transfer	17412	0.0325	150000	0.2799
		14-07-2017	Transfer	-53871	0.0939	96129	0.1675
		21-07-2017	Transfer	-46129	0.0804	50000	0.0871
		28-07-2017	Transfer	-50000	0.0871	0	0.0000
		30-03-2018	Transfer	8800000	9.9028	8800000	9.9028
	At the end of the year	31-03-2018		8800000	5.5680	8800000	5.5680
13	**PREMIER CAPITAL & SECURITIES (P) LTD ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	30-03-2018	Transfer	4200000	4.7263	4200000	4.7263
	At the end of the year	31-03-2018		4200000	2.6575	4200000	2.6575
14	**P D K IMPEX PRIVATE LIMITED**						
	At the beginning of the year	01-04-2017		200000	0.3732		
	Changes during the year	09-06-2017	Transfer	100000	0.1742	300000	0.5227
	At the end of the year	31-03-2018		300000	0.1898	300000	0.1898
15	**KALURAM DHARIWAL**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	07-07-2017	Transfer	150000	0.2614	150000	0.2614
		14-07-2017	Transfer	-150000	0.2614	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
16	**INDEX SALES PRIVATE LIMITED ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	At the end of the year	31-03-2018	Transfer	5908000	3.7382	5908000	3.7382

Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
17	**ALOSHA MARKETING PRIVATE LIMITED ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	At the end of the year	31-03-2018	Transfer	6743818	4.2670	6743818	4.2670
18	**ANUSHIKHA INVESTMENTS PRIVATE LIMITED**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	07-04-2017	Transfer	2000	0.0035	2000	0.0035
		14-04-2017	Transfer	20000	0.0373	22000	0.0410
		02-06-2017	Transfer	-22000	0.0383	0	0.0000
		16-06-2017	Transfer	148895	0.2594	148895	0.2594
		23-06-2017	Transfer	-25000	0.0436	123895	0.2159
		30-06-2017	Transfer	-95130	0.1657	28765	0.0501
		07-07-2017	Transfer	31235	0.0544	60000	0.1045
		14-07-2017	Transfer	-60000	0.1045	0	0.0000
		04-08-2017	Transfer	149919	0.2612	149919	0.2612
		11-08-2017	Transfer	22959	0.0400	172878	0.3012
		18-08-2017	Transfer	-10000	0.0174	162878	0.2838
		25-08-2017	Transfer	-81621	0.1422	81257	0.1416
		15-09-2017	Transfer	-45309	0.0789	35948	0.0626
		22-09-2017	Transfer	-2296	0.0040	33652	0.0586
		13-10-2017	Transfer	-6918	0.0121	26734	0.0466
		27-10-2017	Transfer	-10000	0.0166	16734	0.0277
		03-11-2017	Transfer	5000	0.0083	21734	0.0360
		24-11-2017	Transfer	-3000	0.0052	18734	0.0326
		01-12-2017	Transfer	-8000	0.0139	10734	0.0187
		12-01-2018	Transfer	-10734	0.0175	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
19	**ATASH SUPPLIERS PRIVATE LIMITED ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	At the end of the year	31-03-2018	Transfer	7085818	4.4834	7085818	4.4834
20	**DMI FINANCE PVT LTD ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	30-03-2018	Transfer	3200000	3.6010	3200000	3.6010
	At the end of the year	31-03-2018		3200000	2.0247	3200000	2.0247
21	**EDELWEISS CUSTODIAL SERVICES LIMITED**						
	At the beginning of the year	01-04-2017		68290	0.1274		
	Changes during the year	07-04-2017	Transfer	1530	0.0027	69820	0.1217
		14-04-2017	Transfer	1462	0.0027	71282	0.1330
		21-04-2017	Transfer	3049	0.0053	74331	0.1295
		28-04-2017	Transfer	330	0.0006	74661	0.1301
		05-05-2017	Transfer	1403	0.0024	76064	0.1325
		12-05-2017	Transfer	1100	0.0019	77164	0.1344
		19-05-2017	Transfer	5305	0.0092	82469	0.1437
		26-05-2017	Transfer	2116	0.0037	84585	0.1474
		02-06-2017	Transfer	-4890	0.0085	79695	0.1389
		09-06-2017	Transfer	1554	0.0027	81249	0.1416
		16-06-2017	Transfer	-784	0.0014	80465	0.1402

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		23-06-2017	Transfer	136194	0.2373	216659	0.3775
		30-06-2017	Transfer	1504	0.0026	218163	0.3801
		07-07-2017	Transfer	-12981	0.0226	205182	0.3575
		14-07-2017	Transfer	-1977	0.0034	203205	0.3541
		21-07-2017	Transfer	-1556	0.0027	201649	0.3513
		28-07-2017	Transfer	-269	0.0005	201380	0.3509
		04-08-2017	Transfer	-4135	0.0072	197245	0.3437
		11-08-2017	Transfer	-500	0.0009	196745	0.3428
		25-08-2017	Transfer	-6395	0.0111	190350	0.3317
		08-09-2017	Transfer	-53400	0.0930	136950	0.2386
		15-09-2017	Transfer	-4117	0.0072	132833	0.2314
		30-09-2017	Transfer	-284	0.0005	132549	0.2309
		13-10-2017	Transfer	-259	0.0005	132290	0.2305
		20-10-2017	Transfer	-332	0.0005	131958	0.2185
		03-11-2017	Transfer	-2689	0.0045	129269	0.2140
		17-11-2017	Transfer	-48141	0.0839	81128	0.1414
		24-11-2017	Transfer	-35492	0.0618	45636	0.0795
		01-12-2017	Transfer	-7634	0.0133	38002	0.0662
		08-12-2017	Transfer	-13240	0.0231	24762	0.0431
		29-12-2017	Transfer	-3341	0.0058	21421	0.0373
	At the end of the year	31-03-2018		21421	0.0136	21421	0.0136
22	**KNA SHARE BROKERS PVT LTD**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	07-07-2017	Transfer	50000	0.0871	50000	0.0871
		14-07-2017	Transfer	40000	0.0697	90000	0.1568
		21-07-2017	Transfer	29500	0.0514	119500	0.2082
		28-07-2017	Transfer	12330	0.0215	131830	0.2297
		04-08-2017	Transfer	34000	0.0592	165830	0.2889
		06-10-2017	Transfer	2000	0.0035	167830	0.2924
		13-10-2017	Transfer	2500	0.0044	170330	0.2968
		10-11-2017	Transfer	3400	0.0056	173730	0.2877
		01-12-2017	Transfer	2000	0.0035	175730	0.3062
		29-12-2017	Transfer	-2000	0.0035	173730	0.3027
		30-12-2017	Transfer	-145830	0.2541	27900	0.0486
		26-01-2018	Transfer	-22000	0.0360	5900	0.0096
		09-02-2018	Transfer	-3900	0.0068	2000	0.0035
		16-02-2018	Transfer	-2000	0.0035	0	0.0000
		09-03-2018	Transfer	1000	0.0017	1000	0.0017
		16-03-2018	Transfer	-1000	0.0017	0	0.0000
		23-03-2018	Transfer	12515	0.0218	12515	0.0218
		30-03-2018	Transfer	-12515	0.0141	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
23	**MOUNT INTRA FINANCE PVT. LTD #**						
	At the beginning of the year	01-04-2017		252443	0.4710		
	Changes during the year	16-06-2017	Transfer	-27443	0.0478	225000	0.3920
	At the end of the year	31-03-2018		225000	0.1424	225000	0.1424

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
24	**SUNNY ROCK ESTATES DEVELOPERS PVT LTD ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	30-03-2018	Transfer	5650000	6.3580	5650000	6.3580
	At the end of the year	31-03-2018		5650000	3.5749	5650000	3.5749
25	**AMAL N PARIKH #**						
	At the beginning of the year	01-04-2017		299998	0.5598		
	At the end of the year	31-03-2018		299998	0.1898	299998	0.1898
26	**SHREE BAHUBALI STOCK BROKING LIMITED**						
	At the beginning of the year	01-04-2017		1101	0.0021		
	Changes during the year	14-04-2017	Transfer	-100	0.0002	1001	0.0019
		21-04-2017	Transfer	1800	0.0031	2801	0.0049
		28-04-2017	Transfer	1200	0.0021	4001	0.0070
		05-05-2017	Transfer	-1300	0.0023	2701	0.0047
		12-05-2017	Transfer	-1200	0.0021	1501	0.0026
		19-05-2017	Transfer	700	0.0012	2201	0.0038
		26-05-2017	Transfer	-700	0.0012	1501	0.0026
		02-06-2017	Transfer	7800	0.0136	9301	0.0162
		09-06-2017	Transfer	2500	0.0044	11801	0.0206
		16-06-2017	Transfer	2500	0.0044	14301	0.0249
		23-06-2017	Transfer	-7200	0.0125	7101	0.0124
		30-06-2017	Transfer	-3100	0.0054	4001	0.0070
		07-07-2017	Transfer	122600	0.2136	126601	0.2206
		14-07-2017	Transfer	9750	0.0170	136351	0.2376
		21-07-2017	Transfer	-45205	0.0788	91146	0.1588
		28-07-2017	Transfer	-33938	0.0591	57208	0.0997
		04-08-2017	Transfer	-7822	0.0136	49386	0.0860
		11-08-2017	Transfer	-8550	0.0149	40836	0.0712
		18-08-2017	Transfer	-4300	0.0075	36536	0.0637
		25-08-2017	Transfer	29744	0.0518	66280	0.1155
		01-09-2017	Transfer	50435	0.0879	116715	0.2034
		08-09-2017	Transfer	-2337	0.0041	114378	0.1993
		22-09-2017	Transfer	-109228	0.1903	5150	0.0090
		30-09-2017	Transfer	945	0.0016	6095	0.0106
		13-10-2017	Transfer	-50	0.0001	6045	0.0105
		20-10-2017	Transfer	6868	0.0114	12913	0.0214
		27-10-2017	Transfer	-2530	0.0042	10383	0.0172
		03-11-2017	Transfer	8409	0.0139	18792	0.0311
		10-11-2017	Transfer	-6792	0.0112	12000	0.0199
		17-11-2017	Transfer	-6250	0.0109	5750	0.0100
		24-11-2017	Transfer	550	0.0010	6300	0.0110
		01-12-2017	Transfer	2000	0.0035	8300	0.0145
		08-12-2017	Transfer	1250	0.0022	9550	0.0166
		15-12-2017	Transfer	-250	0.0004	9300	0.0162
		22-12-2017	Transfer	-500	0.0009	8800	0.0153
		29-12-2017	Transfer	-3800	0.0066	5000	0.0087
		05-01-2018	Transfer	-3000	0.0049	2000	0.0033

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		12-01-2018	Transfer	-600	0.0010	1400	0.0023
		19-01-2018	Transfer	34850	0.0570	36250	0.0592
		02-02-2018	Transfer	-35250	0.0576	1000	0.0016
		16-02-2018	Transfer	100	0.0002	1100	0.0019
		23-02-2018	Transfer	400	0.0007	1500	0.0026
		02-03-2018	Transfer	-500	0.0009	1000	0.0017
		09-03-2018	Transfer	20	0.0000	1020	0.0018
		16-03-2018	Transfer	-20	0.0000	1000	0.0017
		30-03-2018	Transfer	310	0.0003	1310	0.0015
	At the end of the year	31-03-2018		1310	0.0008	1310	0.0008
27	**SAHAL BUSINESS PVT LTD ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	21-04-2017	Transfer	3800000	6.6209	3800000	6.6209
	At the end of the year	31-03-2018	Transfer	13647637	8.6353	17447637	11.0397
28	**JHUNJHUNWALA REKHA RAKESH #**						
	At the beginning of the year	01-04-2017		2311349	4.3127		
	Changes during the year	07-04-2017	Transfer	-404521	0.7048	1906828	3.3224
		14-04-2017	Transfer	-117425	0.2191	1789403	3.3388
		21-04-2017	Transfer	-210821	0.3673	1578582	2.7504
		28-04-2017	Transfer	-543027	0.9461	1035555	1.8043
		05-05-2017	Transfer	-150241	0.2618	885314	1.5425
		12-05-2017	Transfer	-299411	0.5217	585903	1.0208
		19-05-2017	Transfer	-183898	0.3204	402005	0.7004
		26-05-2017	Transfer	-194983	0.3397	207022	0.3607
		02-06-2017	Transfer	-207022	0.3607	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
29	**CHEELIZA TRADING PRIVATE LIMITED**						
	At the beginning of the year	01-04-2017		162504	0.3032		
	Changes during the year	28-07-2017	Transfer	-162504	0.2831	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
30	**ARYAV SECURITIES PRIVATE LIMITED**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	07-04-2017	Transfer	53833	0.0938	53833	0.0938
		28-04-2017	Transfer	-3488	0.0061	50345	0.0877
		09-06-2017	Transfer	-3329	0.0058	47016	0.0819
		23-06-2017	Transfer	-4007	0.0070	43009	0.0749
		30-06-2017	Transfer	211956	0.3693	254965	0.4442
		07-07-2017	Transfer	-163241	0.2844	91724	0.1598
		14-07-2017	Transfer	-49022	0.0854	42702	0.0744
		21-07-2017	Transfer	-15666	0.0273	27036	0.0471
		28-07-2017	Transfer	-27036	0.0471	0	0.0000
		08-09-2017	Transfer	13550	0.0236	13550	0.0236
		15-09-2017	Transfer	2350	0.0041	15900	0.0277
		22-09-2017	Transfer	14100	0.0246	30000	0.0523
		30-09-2017	Transfer	839	0.0015	30839	0.0537
		06-10-2017	Transfer	4161	0.0072	35000	0.0610

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		13-10-2017	Transfer	25000	0.0436	60000	0.1045
		27-10-2017	Transfer	5980	0.0099	65980	0.1092
		03-11-2017	Transfer	9020	0.0149	75000	0.1242
		10-11-2017	Transfer	-16576	0.0274	58424	0.0967
		17-11-2017	Transfer	-9274	0.0162	49150	0.0856
		24-11-2017	Transfer	10850	0.0189	60000	0.1045
		01-12-2017	Transfer	15	0.0000	60015	0.1046
		08-12-2017	Transfer	3985	0.0069	64000	0.1115
		29-12-2017	Transfer	1000	0.0017	65000	0.1133
		05-01-2018	Transfer	5000	0.0082	70000	0.1144
		12-01-2018	Transfer	-70000	0.1144	0	0.0000
		23-03-2018	Transfer	1400	0.0024	1400	0.0024
	At the end of the year	31-03-2018		1400	0.0009	1400	0.0009
31	**TECHPRO VENTURES LLP ***						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	30-03-2018	Transfer	2420000	2.7233	2420000	2.7233
	At the end of the year	31-03-2018		2420000	1.5312	2420000	1.5312
32	**MUKUL AGRAWAL #**						
	At the beginning of the year	01-04-2017		371973	0.6941		
	Changes during the year	21-04-2017	Transfer	-111521	0.1943	260452	0.4538
		28-04-2017	Transfer	-85000	0.1481	175452	0.3057
		05-05-2017	Transfer	-13697	0.0239	161755	0.2818
		19-05-2017	Transfer	-161755	0.2818	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
33	**MUKUL MAHAVIRPRASAD AGRAWAL #**						
	At the beginning of the year	01-04-2017		375000	0.6997		
	Changes during the year	07-07-2017	Transfer	-375000	0.6534	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
34	**JHUNJHUNWALA RAKESH RADHESHYAM #**						
	At the beginning of the year	01-04-2017		500000	0.9329		
	Changes during the year	02-06-2017	Transfer	-65557	0.1142	434443	0.7570
		09-06-2017	Transfer	-145804	0.2540	288639	0.5029
		16-06-2017	Transfer	-288639	0.5029	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
35	**P JANARDHAN**						
	At the beginning of the year	01-04-2017		110000	0.2052		
	Changes during the year	14-04-2017	Transfer	6000	0.0112	116000	0.2164
		21-04-2017	Transfer	4000	0.0070	120000	0.2091
		28-04-2017	Transfer	9000	0.0157	129000	0.2248
		19-05-2017	Transfer	3000	0.0052	132000	0.2300
		26-05-2017	Transfer	8000	0.0139	140000	0.2439
		02-06-2017	Transfer	5000	0.0087	145000	0.2526
		16-06-2017	Transfer	5000	0.0087	150000	0.2614
		23-06-2017	Transfer	-5000	0.0087	145000	0.2526
		30-06-2017	Transfer	70000	0.1220	215000	0.3746
		07-07-2017	Transfer	-96587	0.1683	118413	0.2063
		14-07-2017	Transfer	-18262	0.0318	100151	0.1745

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		21-07-2017	Transfer	-75151	0.1309	25000	0.0436
		28-07-2017	Transfer	-20000	0.0348	5000	0.0087
		04-08-2017	Transfer	-5000	0.0087	0	0.0000
		30-09-2017	Transfer	16000	0.0279	16000	0.0279
		06-10-2017	Transfer	3000	0.0052	19000	0.0331
		13-10-2017	Transfer	-7000	0.0122	12000	0.0209
		17-11-2017	Transfer	3000	0.0052	15000	0.0261
		24-11-2017	Transfer	7000	0.0122	22000	0.0383
		01-12-2017	Transfer	4000	0.0070	26000	0.0453
		08-12-2017	Transfer	-1000	0.0017	25000	0.0436
		15-12-2017	Transfer	7172	0.0125	32172	0.0561
		29-12-2017	Transfer	1828	0.0032	34000	0.0592
		12-01-2018	Transfer	-29480	0.0482	4520	0.0074
		02-03-2018	Transfer	-520	0.0009	4000	0.0070
		09-03-2018	Transfer	-4000	0.0070	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
36	**SUNITA BIYANI**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	15-09-2017	Transfer	3170	0.0055	3170	0.0055
		22-09-2017	Transfer	5000	0.0087	8170	0.0142
		30-12-2017	Transfer	141830	0.2471	150000	0.2614
		12-01-2018	Transfer	-45000	0.0735	105000	0.1716
		16-03-2018	Transfer	-25476	0.0444	79524	0.1386
		23-03-2018	Transfer	-68481	0.1193	11043	0.0192
		30-03-2018	Transfer	-11043	0.0124	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000
37	**SHIKHA JHUNJHUNWALA**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	28-07-2017	Transfer	12496	0.0218	12496	0.0218
		04-08-2017	Transfer	12504	0.0218	25000	0.0436
		11-08-2017	Transfer	3321	0.0058	28321	0.0493
		09-02-2017	Transfer	12364	0.0215	40685	0.0709
		16-02-2017	Transfer	16267	0.0283	56952	0.0992
		23-02-2017	Transfer	6399	0.0111	63351	0.1104
		16-03-2017	Transfer	39074	0.0681	102425	0.1785
		23-03-2017	Transfer	54820	0.0955	157245	0.2740
		30-03-2018	Transfer	39799	0.0448	197044	0.2217
	At the end of the year	31-03-2018		197044	0.1247	197044	0.1247
38	**HARMEET SAHNEY**						
	At the beginning of the year	01-04-2017		0	0.0000		
	Changes during the year	07-04-2017	Transfer	19935	0.0347	19935	0.0347
		05-05-2017	Transfer	65	0.0001	20000	0.0348
		28-07-2017	Transfer	50000	0.0871	70000	0.1220
		04-08-2017	Transfer	32500	0.0566	102500	0.1786
		01-09-2017	Transfer	25000	0.0436	127500	0.2221
	At the end of the year	31-03-2018		127500	0.0807	127500	0.0807

SN	For each of the Top 10 shareholders	Date [dd-mm-yyyy]	Reason	Shareholding at the beginning [01/Apr/17]		Cumulative Shareholding during the year [01/Apr/17 to 31/Mar/18]	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
39	**SUMIT SUREKA**						
	At the beginning of the year	01-04-2017		15000	0.0280		
	Changes during the year	14-07-2017	Transfer	10000	0.0174	25000	0.0436
		21-07-2017	Transfer	10000	0.0174	35000	0.0610
		28-07-2017	Transfer	65073	0.1134	100073	0.1744
		04-08-2017	Transfer	74927	0.1305	175000	0.3049
	At the end of the year	31-03-2018		175000	0.1107	175000	0.1107
40	**ARCO IMPEX LIMITED #**						
	At the beginning of the year	01-04-2017		237100	0.4424		
	Changes during the year	15-12-2017	Transfer	-237100	0.4131	0	0.0000
	At the end of the year	31-03-2018		0	0.0000	0	0.0000

* Not in the list of Top 10 shareholders as on 01/04/2017 The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2018.

Ceased to be in the list of Top 10 shareholders as on 31/03/2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2017.

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year [As on 01-April-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Aditya Khaitan**						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
2	**Virendra Kumar Verma**						
	At the beginning of the year	01-Apr-17		600	0.0011%	600	0.0004%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		600	0.0011%	600	0.0004%
3	**Arundhuti Dhar**						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
4	**Amritanshu Khaitan**						
	At the beginning of the year	01-Apr-17		8,000	0.0149%	8,000	0.0051%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		8,000	0.0149%	8,000	0.0051%

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year [As on 01-April-2017]		Cumulative Shareholding during the year [As on 31-March-2018]	
				No. of shares	% of total shares	No. of shares	% of total shares
5	**Asim Kumar Barman**						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
6	**Partha Sarathi Bhattacharyya**						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
7	**Srinivash Singh**						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
8	**P H Ravikumar**[1]						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
9	**Manish Agarwal**[2]						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
10	**Prasanta Kumar Chandra**[3]						
	At the beginning of the year	01-Apr-17		1,000	0.0019%	1,000	0.0006%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		1,000	0.0019%	1,000	0.0006%
11	**Prabir Ghosh4**						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
12	**Dibakar Chatterjee**[5]						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
13	**Indranil Mitra**[6]						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%
14	**Lalit Khetan**[7]						
	At the beginning of the year	01-Apr-17		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-18		-	0.00%	-	0.00%

1. Mr. P. H. Ravikumar who was an Independent Director resigned from the Board of Directors w.e.f June 25, 2017.
2. Mr. Manish Agarwal who was an Independent Director resigned from the Board of Directors w.e.f. September 07, 2017.
3. & 4. C. Mr. Prasanta Kumar Chandra and Mr. Prabir Ghosh who were the Whole Time Directors of the Company resigned w.e.f. August 31, 2017.
5. Mr. Dibakar Chatterjee, erstwhile Company Secretary and Compliance Officer of the company resigned w.e.f. April 24, 2017.
6. Mr. Indranil Mitra had been appointed as the Company Secretary and Compliance Officer of the company on April 24, 2017.
7. Mr. Lalit Khetan who was Chief Financial Officer of the Company, resigned from the Company w.e.f. March 31, 2018.

V. INDEBTEDNESS

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,22,555.09	1,11,501.32	41,652.28	2,75,708.69
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	951.27	-	-	951.27
Total (i+ii+iii)	**1,23,506.36**	**1,11,501.32**	**41,652.28**	**2,76,659.96**
Change in Indebtedness during the financial year				
* Addition	69,054.40	-	26,499.25	95,553.65
* Reduction	-	46,374.57	-	46,374.57
Net Change	**69,054.40**	**46,374.57**	**26,499.25**	**49,179.08**
Indebtedness at the end of the financial year				
i) Principal Amount	1,91,609.49	65,126.75	68,151.53	3,24,887.77
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	910.60	-	-	910.60
Total (i+ii+iii)	**1,92,520.09**	**65,126.75**	**68,151.53**	**3,25,798.37**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
	Name	**Srinivash Singh**	**Prabir Kumar Ghosh#**	**Prasanta Kumar Chandra**	
	Designation	**Managing Director**	**Whole Time Director**	**Whole Time Director & COO**	
1	Gross salary	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,19,96,000.00	40,59,325.00	43,38,075.00	3,03,93,400.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,600.00	22,500.00	22,500.00	51,600.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
	Name	**Srinivash Singh**	**Prabir Kumar Ghosh#**	**Prasanta Kumar Chandra**	
	Designation	**Managing Director**	**Whole Time Director**	**Whole Time Director & COO**	
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-			-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Contributions to Provident Fund and other funds	-	2,36,375.00	2,36,375.00	4,72,750.00
	Total (A)	2,20,02,600.00	43,18,200.00	45,96,950.00	3,09,17,750.00
	Ceiling as per the Act*	--	--	Within the ceiling under Sch. V to the Companies Act, 2013	

*Sch. V to the Companies Act, 2013 is not applicable for remuneration of Managing Director and one of the Whole Time Directors as there was financial default preceding the year of their appointment.

#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 Mr. Prabir Kumar Ghosh.

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
1	**Independent Directors**	**Virendra Kumar Verma**	**Partha Sarathi Bhattacharya**	**P H Ravikumar**	
	Fee for attending board committee meetings	1,20,000.00	60,000.00	20,000.00	
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (1)	**1,20,000.00**	**60,000.00**	**20,000.00**	
	Independent Directors	**Asim Kumar Barman**	**Arundhuti Dhar**	**Manish Agarwal**	
	Fee for attending board committee meetings	2,20,000.00	2,20,000.00	40,000.00	
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (1)	**2,20,000.00**	**2,20,000.00**	**40,000.00**	**6,80,000.00**
2	**Other Non-Executive Directors**	**Aditya Khaitan**	**Amritanshu Khaitan**		-
	Fee for attending board committee meetings	80,000.00	1,00,000.00		
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (2)	**80,000.00**	**1,00,000.00**		**1,80,000.00**
	Total (B)=(1+2)				**8,60,000.00**
	Total Managerial Remuneration				**-**
	Overall Ceiling as per the Act				**-**

Extract of Annual Return as on financial year ended on 31.03.2018 *(Contd.)*

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name		**Lalit Khetan***	**Indranil Mitra****	**(Rs.)**
	Designation		**Chief Financial Officer**	**Company Secretary**	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		75,74,616.66	25,16,326.67	1,00,90,943.33
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-	-	-
2	Stock Option		-	-	-
3	Sweat Equity		-	-	-
4	Commission				
	- as % of profit		-	-	-
	- others, specify		-	-	-
5	Others, please specify (Contribution to P.F.)		3,24,647.50	1,06,640.00	4,31,287.50
	Total	**-**	**78,99,264.16**	**26,22,966.67**	**1,05,22,230.83**

* Mr. Lalit Khetan resigned from the position of Chief Financial Officer of the Company w.e.f. March 31, 2018.

** Mr. Indranil Mitra was appointed as Company Secretary and Compliance Officer of the Company w.e.f. April 24, 2017.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Aditya Khaitan
Chairman

Kolkata, August 14, 2018

Annexure G

Secretarial Audit Report

for the financial year ended 31.03.2018

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

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ***McNally Bharat Engineering Company Limited***, having its Registered Office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700001, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2018 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 statues 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.

Secretarial Audit Report for the financial year ended 31.03.2018 *(Contd.)*

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 31.03.2018 according to the provisions of:

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

(ii) Secretarial Standards as issued by the Institute of Company Secretaries of India;

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

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

(v) Foreign Exchange Management Act, 1999 and the rules and regulation made thereunder 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. Remuneration paid / payable to the Managing Director of the Company for the Financial Year 2017-18 for Rs. 220.03 lakhs were 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 by the management of the Company that the matter is pending with the Central Government for its approval for waiver of excess remuneration paid.
2. Remuneration paid / payable to one of the erstwhile Whole-time Director of the Company for the Financial Year 2017-18 for Rs. 40.82 lakhs were in excess of the limits as specified under Section 197(3) read with Schedule V of the Companies Act, 2013. The Company is yet to seek approval from the Central Government for waiver of excess remuneration paid.
3. Remuneration paid / payable to the two erstwhile 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. The Company had applied to the Central Government for waiver of excess remuneration paid after taking the necessary approval from the shareholders of the Company in this regard.
4. There are certain forms which have been filed belatedly with the Registrar of Companies (ROC). Furthermore, there are certain Forms which are yet to be filed with ROC.
5. The Company is not regular in depositing the dues towards Employees State Insurance, Cess and Value Added Tax with the prescribed authorities.
6. The Company is in process of implementation of various provisions of Secretarial Standards.

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

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

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

Secretarial Audit Report for the financial year ended 31.03.2018 *(Contd.)*

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

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

(b) The Company has allotted Equity Shares, compulsorily convertible preference shares ("CCPS") and Warrants to certain investors on a preferential basis.

(c) The Company has allotted compulsorily convertible preference shares ("CCPS") to certain Promoter Group Companies on a preferential basis against part conversion of outstanding unsecured loan provided by them to the Company.

Sd/-

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

Place: Kolkata
Dated: 14.08.2018

Particulars of Employees and Remuneration

Annexure H

(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 2017-18 :

Executive Directors

Name of Directors	Remuneration (Rs)	Ratio to the median remuneration
Mr. Srinivash Singh - Managing Director	2,20,02,600	57.90:1
Mr. Prabir Kumar Ghosh - Whole Time Director	40,81,825	10.74:1
Mr. Prasanta Kumar Chandra - Whole Time Director & COO	43,60,557	11.47:1

Non-Executive Directors

Name of Directors	Sitting fees paid during the year (in Rs)	Ratio to the median remuneration
Mr. Aditya Khaitan	80,000	0.21:1
Mr. Virendra Kumar Verma	1,20,000	0.32:1
Mr. P. S. Bhattacharya	60,000	0.16:1
Mr. Amritanshu Khaitan	1,00,000	0.26:1
Mr. Asim Kumar Barman	2,20,000	0.58:1
Mr. P. H. Ravikumar	20,000	0.05:1
Ms. Arundhuti Dhar	2,20,000	0.58:1
Mr. Manish Agarwal	40,000	0.11:1

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18:

Name	Designation	Percentage Change
Mr. Srinivash Singh	Managing Director	N/A
Mr. Prabir Kumar Ghosh	Whole Time Director	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. Asim Kumar Barman	Independent Director	Nil
Ms. Arundhuti Dhar	Independent Director	Nil
Mr.P. S. Bhattacharya	Independent Director	Nil
Mr. P. H. Ravikumar	Independent Director	Nil
Mr. Lalit Khetan	Chief Financial Officer	Nil
Mr. Indranil Mitra	Company Secretary	Nil

Particulars of Employees and Remuneration *(Contd.)*

(iii) The percentage increase in the median remuneration of employees in the financial year 2017-18 : None

(iv) The number of permanent employees on the rolls of company : 938

(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 increases 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, 2018.

Percentile increase in the managerial remuneration in the last financial year (including CFO and CS) = There has been no increase in the remuneration during the financial year ended March 31, 2018.

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

The remuneration paid during the financial year ended 31st March, 2018 is in terms of the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Aditya Khaitan
Chairman

Kolkata, August 14, 2018

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

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

Sl. No.	Name	Designation	Remuneration Received (Rs. in Lakh)	Nature of Employment	Qualification	Total Experience (in year)	DoJ	Age (year)	Last Employment held	% of Equity Shares held in the Company	Whether Relative of any Director/ Manager
1.	Mr. Srinivash Singh	Managing Director	220.03	Permanent	Cost Accountant, CS, LLB	53	23-Dec-16	72	Furnace Fabrica (India) Ltd.	-	No
2.	Mr. Lalit Kumar Khetan	Chief Financial Officer	75.74	Permanent	Chartered Accountant; Cost Accountant	27.02	15-Mar-17	48	SMPL Group	-	No
3.	Mr. Arindam Sarkar	President	74.90	Contractual	B.E. - Civil	43.04	03-Apr-17	64	Furnace Fabrica (India) Ltd.	-	No
4.	Mr. Asis Kumar Bhattacharjee	President	69.89	Contractual	B.E. - Electrical	40.03	03-Apr-17	61	Furnace Fabrica (India) Ltd.	-	No
5.	Mr. Shyamal Kumar Das	President	69.71	Contractual	B.E. Mechanical	38.00	03-Apr-17	60	Furnace Fabrica (India) Ltd.	-	No
6.	Mr. Bhanu Pratap Srivastava	President	67.86	Permanent	B. Sc. (Engg)	35.03	03-Apr-17	57	Furnace Fabrica (India) Ltd.	-	No
7.	Mr. Kunal Chattopadhyay	Vice President	55.19	Contractual	B.E. - Mechanical	40.03	01-Apr-03	60	Burn Standard Co. Limited - Chief Manager	-	No
8.	Mr. Pulak Kumar Tarafder	Vice President	48.68	Permanent	M. Tech - Computer Science	34.03	03-Jan-08	59	TIL Limited - Techno Functional Head	-	No
9.	Mr. Tinanjan Mitra	AVP - Construction	44.26	Permanent	Diploma - Engineering Mech.	34.03	22-Feb-13	54	Larsen & Toubro Limited	-	No
10.	Mr. Biswarup Roy Chowdhury	Vice President	44.09	Contractual	BE - Mechanical	39	23-Jul-12	60	Reliance Infrastructure Limited	-	No

Particulars of Employees and Remuneration *(Contd.)*

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

Sl. No.	Name	Designation	Remuneration Received (Rs. in Lakh)	Nature of Employment	Qualification	Total Experience (in year)	DoJ	Age (year)	Last Employment held	% of Equity Shares held in the Company	Whether Relative of any Director/ Manager
1.	Mr. Srinivash Singh	Managing Director	220.03	Permanent	Cost Accountant, CS, LLB	39.03	23-Dec-16	72	Furnace Febrica (India) Ltd.	-	No
2.	Mr. Prasanta Kumar Chandra	Whole Time Director	43.61	Permanent	B.E. - Mechanical, ICWA.	41.03	24-Jan-03	61	Texmaco Group of Companies - Head Machinery Division	0.0006	No

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

For and on behalf of the Board of Directors

Aditya Khaitan
Chairman

Kolkata, August 14, 2018

Independent Auditors' Report

To The Members of
McNally Bharat Engineering Company Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **McNally Bharat Engineering Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

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 that 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, 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.

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. Those Standards 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.

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 auditor's 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 order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

We draw attention to:

(i) Note 32(A) on the standalone Ind AS financial statements regarding payment of excess managerial remuneration for

Independent Auditors' Report *(Contd.)*

which the Company is yet to seek approval from the Central Government to regularize the same in terms of section 197(3) read with Schedule V to the Act amounting to ₹ 40.82 lacs paid/payable to erstwhile one whole time director for the financial year ended March 31, 2018.

(ii) Note 32(B) on the standalone Ind AS financial statements regarding payment of excess managerial remuneration for which approval in terms of section 197(3) read with Schedule V to the Act is pending from the Central Government amounting to ₹ 220.03 lacs paid/ payable to the managing director for the financial year ended March 31, 2018 and ₹ 121.87 lacs paid/payable to two erstwhile whole time directors for the financial year ended March 31, 2017.

This matter was also qualified by the predecessor auditor in the report for the financial year ended March 31, 2017 as reported ₹ 76.80 lacs.

Pending Central Government approval, we are unable to comment on the consequential effect of the above matters on the standalone Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described 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 so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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"**. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

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

      i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.

      ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

Independent Auditors' Report *(Contd.)*

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

A. Bhattacharya
Partner
Membership Number: 054110

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

V. K. Singhi
Partner
Membership Number: 050051

Place: Kolkata
Date: May 29, 2018

Annexure "A" to the Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of **McNally Bharat Engineering Company Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on 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. 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.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

According to the information and explanations given to us and based on our audit, material weakness has been identified in the Company's internal financial controls over financial reporting as at March 31, 2018 relating to compliance with laws and regulations did not operate effectively which resulted in payment of excess managerial remuneration without complying the requirements of Section 197(3) read with Schedule V to the Act.

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.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, 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.

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, 2018, and the material weakness does affect our opinion on the said standalone Ind AS financial statements of the Company.

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

A. Bhattacharya
Partner
Membership Number: 054110

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

V. K. Singhi
Partner
Membership Number: 050051

Place: Kolkata
Date: May 29, 2018

Annexure "B" to the Independent Auditors' Report

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

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

(b) The Company has a program of physical verification of Property, Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

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

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has granted unsecured loans to companies 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 are granted are not prejudicial to the Company's interest.

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

(c) In respect of the aforesaid loans, in absence of schedules of repayment, we are unable to comment on the overdue ageing of the repayments.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.

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

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

(a) The dues of Employees' State Insurance, Cess and Value Added Tax have not been regularly deposited during the year with the appropriate authorities .The Company has generally been regular in depositing other undisputed statutory dues, including Provident Fund, Service tax, Custom Duty, Excise Duty, Sales Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were arrears in undisputed amounts payable in respect of Employees' State Insurance, Cess and Value Added Tax as at March 31, 2018 for a period of more than six months from the date they became payable are as follows:

<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Amount (₹)</th><th>Period to which the amount Relates</th><th>Due Date</th><th>Date of subsequent Payment</th></tr>
<tr><td rowspan="9">Employee's State Insurance Scheme, 1948</td><td rowspan="9">ESI</td><td>1,476</td><td>Apr 16</td><td>21-May-16</td><td>23-May-18</td></tr>
<tr><td>880</td><td>May 16</td><td>21-Jun-16</td><td>23-May-18</td></tr>
<tr><td>1,593</td><td>Jun 16</td><td>21-Jul-16</td><td>23-May-18</td></tr>
<tr><td>1,261</td><td>Jul 16</td><td>21-Aug-16</td><td>23-May-18</td></tr>
<tr><td>386</td><td>Aug 16</td><td>21-Sep-16</td><td>23-May-18</td></tr>
<tr><td>471</td><td>Sep 16</td><td>21-Oct-16</td><td>23-May-18</td></tr>
<tr><td>166</td><td>Oct 16</td><td>15-Nov-16</td><td>23-May-18</td></tr>
<tr><td>166</td><td>Nov 16</td><td>15-Dec-16</td><td>23-May-18</td></tr>
<tr><td>620</td><td>Jan 17</td><td>15-Feb-17</td><td>23-May-18</td></tr>
<tr><td rowspan="2">The Uttar Pradesh Value Added Tax Act, 2008</td><td rowspan="2">UP WCT</td><td>117,755</td><td>Oct 15</td><td>21-Nov-15</td><td>28-May-18</td></tr>
<tr><td>45,518</td><td>Jun 17</td><td>21-Jul-17</td><td>30-Apr-18</td></tr>
<tr><td>Tamil Nadu Value Added Tax Act, 2006</td><td>TM WCT</td><td>202,850</td><td>Jun 17</td><td>21-Jul-17</td><td>28-May-18</td></tr>
<tr><td>The Chhattisgarh Value Added Sales Tax Act, 2003</td><td>CH WCT</td><td>316,880</td><td>Jun 17</td><td>21-Jul-17</td><td>2-May-18</td></tr>
<tr><td rowspan="2">Madhya Pradesh VAT Act, 2002</td><td rowspan="2">MP WCT</td><td>45,872</td><td>May 17</td><td>21-Jun-17</td><td>2-May-18</td></tr>
<tr><td>184,571</td><td>Jun 17</td><td>21-Jul-17</td><td>2-May-18</td></tr>
<tr><td>Jharkhand Value Added Tax Act, 2005</td><td>JH WCT</td><td>1,300,362</td><td>Jun 17</td><td>21-Jul-17</td><td>28-May-18</td></tr>
<tr><td>GST (Compensation to States) Act, 2017</td><td>GST Compensation Cess</td><td>115,975</td><td>Sep 17</td><td>20-Oct-17</td><td>21-May-18</td></tr>
</table>

c) Details of dues of Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

<table>
<tr><th>Statute</th><th>Forum where dispute is pending</th><th>Period to which the amount relates to</th><th>Amount involved (₹ in lacs)</th></tr>
<tr><td rowspan="3">Sales Tax/Value Added Tax Acts</td><td>Assistant Commissioner/ Additional Commissioner/ Deputy Commissioner/ Commissioner/ Joint Commissioner (Appeal)</td><td>2003-04 to 2013-14</td><td>3,974.24</td></tr>
<tr><td>Appellate and Revisional Board</td><td>2005-06 to 2014-15</td><td>3,363.30</td></tr>
<tr><td>Sales Tax Appellate Tribunal</td><td>1994-95</td><td>4.16</td></tr>
<tr><td>The Central Excise Act, 1944</td><td>Commissioner of Central Excise</td><td>1989-1993</td><td>129.51</td></tr>
<tr><td>The Finance Act, 1994</td><td>Assistant Commissioner/ Additional Commissioner of Service Tax</td><td>2003-04 to 2005-06</td><td>2,786.98</td></tr>
</table>

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks. The Company has not taken any loan from the Government and not issued any debentures during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

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

Further, the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration during the year in excess of the limits and approvals prescribed under section 197 read with Schedule V to the Act to the following managerial personnel:

Managerial Position	Excess amount of remuneration paid/ provided (₹ in lacs)	Financial year ending	Treatment of the excess remuneration in the respective year financial statements	Steps taken by the Company for securing refund
Managing Director	220.03	2017-18	Recognised as expense in the Statement of Profit & Loss.	Application filed with Central Government for approval of excess remuneration paid/ payable.
Whole Time Director	40.82	2017-18	Recognised as expense in the Statement of Profit & Loss.	The Company is yet to seek approval from the Central Government for excess remuneration paid/ payable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of equity shares, share warrants and compulsorily convertible preference shares during the year under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Act, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him, during the year and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause (xvi) of the CARO 2016 Order is not applicable.

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

A. Bhattacharya
Partner
Membership Number: 054110

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

V. K. Singhi
Partner
Membership Number: 050051

Place: Kolkata
Date: May 29, 2018

Standalone Balance Sheet
as at 31st March, 2018

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

Particulars	Note	As at 31.03.2018	As at 31.03.2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,157.14	6,600.43
Capital work-in-progress	3	462.48	462.58
Intangible assets	4	50.18	48.81
Financial assets			
i. Investments	5	48,545.17	48,467.09
ii. Other financial assets	6(d)	202.39	67.10
Deferred tax assets (net)	7	51,706.60	38,313.30
Other non-current assets	8	229.48	191.64
Total non-current assets		**1,06,353.44**	**94,150.95**
Current assets			
Inventories	9	8,974.02	2,614.83
Financial assets			
i. Trade receivables	6(a)	1,71,059.83	1,65,243.79
ii. Cash and cash equivalents	6(c)	9,106.88	8,576.73
iii. Bank balances other than cash and cash equivalents above	6(c)	2,517.23	1,609.40
iv. Loans	6(b)	1,815.01	8,647.07
v. Other financial assets	6(d)	1,44,246.43	1,49,312.40
Current tax assets (net)	10(b)	11,470.80	11,799.31
Other current assets	10(a)	38,075.56	70,500.48
Total current assets		**3,87,265.76**	**4,18,304.01**
Total assets		**4,93,619.20**	**5,12,454.96**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11(a)	15,804.46	5,359.38
Other equity			
Compulsorily convertible preference shares	11(a)	5,352.62	8,328.79
Money received against share warrants		100.00	-
Reserves and surplus	11(b)	(7,792.70)	(3,451.18)
Total equity		13,464.38	10,236.99
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	12(a)	-	10,551.62
ii. Other financial liabilities	12(c)	365.63	280.25
Provisions	13	621.33	685.73
Total non-current liabilities		**986.96**	**11,517.60**
Current liabilities			
Financial Liabilities			
i. Borrowings	12(b)	3,05,811.61	2,40,930.97
ii. Trade payables	12(d)	84,696.68	1,47,927.39
iii. Other financial liabilities	12(c)	28,312.49	40,643.72
Other current liabilities	15	60,165.71	60,836.12
Provisions	13	181.37	362.17
Current tax liabilities	14	-	-
Total current liabilities		**4,79,167.86**	**4,90,700.37**
Total liabilities		**4,80,154.82**	**5,02,217.97**
Total equity and liabilities		**4,93,619.20**	**5,12,454.96**
Significant Accounting Policies	1-2		

The above Standalone Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 42.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Standalone Statement of Profit and Loss
for the year ended March 31, 2018

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

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	16	1,43,315.92	1,90,851.28
Other income	17	15,902.71	33,212.36
Total income		**1,59,218.63**	**2,24,063.64**
Expenses			
Cost of materials consumed	18	84,948.62	1,48,410.17
Outsourcing expenses to job workers		45,007.10	53,092.17
Excise duty		57.16	287.39
Employee benefits expense	19	9,796.93	9,344.01
Finance costs	22	50,235.54	39,206.65
Depreciation and amortisation expense	20	1,461.92	2,533.13
Other expenses	21	23,649.57	26,143.44
Total expenses		**2,15,156.83**	**2,79,016.96**
Profit/(Loss) before tax		**(55,938.21)**	**(54,953.32)**
Tax expense	23		
- Current tax		-	(10,812.49)
- Deferred tax		(13,393.30)	(38,313.30)
Total tax expense		**(13,393.30)**	**(49,125.79)**
Profit/(Loss) for the year		**(42,544.91)**	**(5,827.53)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
"Remeasurements of post-employment benefit obligations"		(101.07)	(47.66)
Other comprehensive income for the year		**(101.07)**	**(47.66)**
Total comprehensive income for the year		**(42,645.98)**	**(5,875.19)**
Earnings per share	**34**		
Basic earnings per share (Face value of ₹ 10 each)		**(30.17)**	**(12.30)**
Diluted earnings per share (Face value of ₹ 10 each)		**(30.17)**	**(12.30)**
Significant Accounting Policies	1-2		

The above Standalone Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 42.
This is the Statement of Profit and Loss referred to in our report of even date.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Standalone Statement of Cash Flows

for the year ended March 31, 2018

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Profit before income tax	**(55,938.21)**	**(54,953.32)**
Adjustments for		
Depreciation	1,461.92	2,533.13
Finance Cost	50,235.54	39,206.65
Interest Income	(3,120.34)	(627.10)
Dividend Income	(2,111.67)	(0.33)
Loss/(Profit) on Disposal of Fixed Assets (Net)	8.75	0.29
Loss/(Profit) on Sale of Investments	-	9.94
Bad Debts Written Off	1,283.79	1,351.14
Expected credit loss provided for/(written back)	(7,138.23)	(26,972.88)
Advance from customer written back	-	(1,879.50)
Provision for doubtful advances	-	1,425.12
Provision for Future Foreseeable Losses in Construction Contracts	(549.61)	493.46
Provision for impairment in value of investments	-	4.82
Unrealised (gain) on Foreign Currency Translation (Net)	(142.65)	(386.53)
(Gain)/loss on fair valuation of derivative contracts	168.10	(439.16)
Net (gain) on financial assets measured at fair value through profit or loss	(24.93)	(2.54)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	(5,665.20)	(19,809.10)
(Increase)/Decrease in inventories	(6,359.20)	12,234.76
Increase/(Decrease) in trade payables	(63,253.68)	15,952.49
(Increase)/Decrease in other financial assets	11,301.01	6,362.12
(Increase)/decrease in other non-current assets	(37.84)	135.87
(Increase)/decrease in other current assets	32,424.91	(11,462.41)
Increase/(decrease) in provisions	(346.27)	(51.39)
Increase/ (decrease) in other financial liabilities	(1,280.09)	1,020.45
Increase/ (decrease) in other liabilities	(620.68)	(4,860.59)
Cash generated from operations		
Income taxes paid	511.11	(1,783.67)
Net cash used in operating activities	**(49,193.47)**	**(42,498.28)**
Cash flows from investing activities		
Payment for purchase of investments	(53.14)	(194.00)
Purchase of property, plant and equipment	(42.48)	(57.87)
Loans given during the year	6,357.21	(1,118.26)
Proceeds from sale of property, plant and equipment	15.96	2.85
Deposits matured/(made) during the year	(910.60)	102.49
Dividends received	1,929.03	0.33
Witholding tax on dividends received	(182.61)	-
Interest received	3,594.66	130.25

Standalone Statement of Cash Flows

for the year ended March 31, 2018 *(Contd.)*

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net cash generated from / (used in) investing activities	**10,708.03**	**(1,134.21)**
Cash flows from financing activities		
Proceeds from issues of shares	39,382.99	1,767.70
Proceeds from borrowings	4,73,929.43	2,95,717.35
Repayment of borrowings	(4,17,258.09)	(2,15,973.33)
Dividend paid	(0.09)	(0.02)
Interest paid	(51,287.96)	(38,836.13)
Net cash generated by financing activities	**44,766.28**	**42,675.57**
Net increase / (decrease) in cash and cash equivalents	**6,280.84**	**(956.92)**
Cash and cash equivalents at the beginning of the financial year	**2,826.04**	**3,782.96**
Effects of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at end of the year	9,106.88	2,826.04

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

Cash and cash equivalents as per above comprise of the following

Cash and cash equivalents (note 6(c))	9,106.88	8,576.73
Bank overdrafts (note 12(c))	-	(5,750.69)
Balances per statement of cash flows	9,106.88	2,826.04

Change in Liability arising from Financing Activities

Particulars	April 01, 2017	Cash Flow	Foreign Exchange Movement	Other Adjustment #	March 31, 2018
Borrowings (Non-Current)	37,074.09	(15,649.30)	(11.59)	949.48	22,362.68
Borrowings (Current)	2,40,930.97	72,320.64	-	(7,440.00)	3,05,811.61
Total	**2,78,005.06**	**56,671.34**	**(11.59)**	**(6,490.52)**	**3,28,174.29**

Other Adjustment of ₹ 949.48 lacs in respect of Non-Current Borrowings pertains to amortisation of transaction cost and redemption premium on Preference Shares and ₹ 7,440.00 lacs in respect of Non-Current Borrowings pertains to issue of compulsorily convertible preference shares on conversion of Inter-corporate deposits.

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 42.
This is the Statement of Cash Flows referred to in our report of even date.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Standalone Statement of Changes in Equity

for the year ended March 31, 2018

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

A. Equity share capital

Particulars	Notes	Equity Share Capital
As at March 31, 2016		5,109.38
Changes in equity share capital	11(a)	250.00
As at March 31, 2017		5,359.38
Changes in equity share capital	11(a)	10,445.08
As at March 31, 2018		15,804.46

B. Other equity

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital (CCPS)	Securities premium reserve	Retained earnings	Capital redemption reserve	General Reserve	Total
Balance at April 01, 2016		625.00	-	27,852.91	(74,945.49)	1.00	1,549.64	(44,916.94)
Loss 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 March 31, 2017		**-**	**8,328.79**	**75,818.86**	**(80,820.68)**	**1.00**	**1,549.64**	**4,877.61**

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital (CCPS)	Securities premium reserve	Retained earnings	Capital redemption reserve	General Reserve	Total
Balance at April 01, 2017		-	8,328.79	75,818.86	(80,820.68)	1.00	1,549.64	4,877.61
Loss for the year		-	-	-	(42,544.91)	-	-	(42,544.91)
Other comprehensive income		-	-	-	(101.07)	-	-	(101.07)
Total comprehensive income for the year		**-**	**-**	**-**	**(42,645.98)**	**-**	**-**	**(42,645.98)**
Issue of shares / Warrants / CCPS	11(a)	100.00	3,941.90	39,510.28	-	-	-	43,552.18
Converted into equity		-	(6,918.07)	-	-	-	-	(6,918.07)
Transaction costs		-		(1,205.82)	-	-	-	(1,205.82)
		100.00	(2,976.17)	38,304.46	-	-	-	35,428.29
Balance at March 31, 2018		**100.00**	**5,352.62**	**1,14,123.32**	**(1,23,466.66)**	**1.00**	**1,549.64**	**(2,340.08)**

The above Standalone Statement of Changes in Equity should be read in conjunction with the accompanying note nos. 1 to 42.
This is the Statement of Changes in Equity referred to in our report of even date.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

For **V. Singhi & Associates**
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Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Notes to Standalone Financial Statements
for the year ended March 31, 2018

1 CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information

McNally Bharat Engineering Company Limited is a Company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at 4, Mangoe Lane, Kolkata, 700001. 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.

B. Recent Accounting pronouncements

Appendix B to Ind AS 21, foreign currency transactions and advance considerations:

On March 28, 2018 the Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 01, 2018. The Company is in the process of assessing its effect on the financial statements and do not anticipate that the application of Appendix B to Ind AS 21 will have a significant impact on the financial position and/or financial performance of the Company.

Ind AS 115, Revenue from Contract with Customers:

On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Specifically, the standard introduces a five step approach to revenue recognition.

The standard permits two possible methods of transition:

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified Retrospective approach – Under this approach the standard will be applied retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch-up).

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 01, 2018. The Company will adopt the Standard on April 01, 2018 by using the modified retrospective approach and accordingly, comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. The Company is in the process of assessing its effect on the financial statements.

C. 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] read with Companies (Indian Accounting Standards)(Amendment) Rules, 2016 and Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and other relevant provisions of the Act.

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

(ii) Historical cost convention

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

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

(iii) Operating Cycle

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

(iv) Use of estimates and judgement

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

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

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

(b) Segment reporting

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

(c) Foreign currencies

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

(i) Functional currency

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

(ii) Transactions and balances

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

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)*

(d) 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.

(iii) Dividend and Interest Income

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

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

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

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

(ii) Deferred Tax

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

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

(f) Leases

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

Company as a lessee:

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

(i) Another systematic basis is more representative of the time pattern in which economic benefits the leased asset is derived; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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

Company as a lessor:

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

(i) Another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(g) Impairment of non-financial assets

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

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

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

(h) Cash and cash equivalents

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

(i) Trade receivables

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)*

(j) Inventories

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

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

(k) Financial liability

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

(i) Classification

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

(ii) Measurement

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

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

(l) Investments and other financial assets

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

(i) Classification

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

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

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

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

(ii) Measurement

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

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

(a) Debt instruments measured at amortized cost

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

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

(iii) Impairment of financial assets

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

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

(iv) Derecognition of financial asset

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

(m) Derivatives that are not designated as hedges

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

(n) Offsetting of financial instruments

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

(o) Property, plant and equipment

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

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

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is

Notes to Standalone Financial Statements
for the year ended March 31, 2018 *(Contd.)*

derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

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

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

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

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

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

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

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

(p) Intangible assets

(i) Computer Software

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

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

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

(ii) Amortisation methods and periods

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

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

(q) Trade and other payables

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

(r) Borrowings

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

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

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 statement of profit and loss as other gains/ losses.

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

(s) Borrowing costs

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

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

(t) Provisions and Contingent liabilities

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

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

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

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

(u) Employee benefits

(i) Short – term obligations

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

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

(ii) Other long term employee benefit obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 24 months after the end of the period in which the employees render the related service. They are therefore

Notes to Standalone Financial Statements
for the year ended March 31, 2018 *(Contd.)*

measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the yield on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur.

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

(iii) Defined benefit plans

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

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

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

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

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

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

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

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

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

(v) Contributed equity

Equity shares are classified as equity

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

(w) Dividends

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

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

Rounding of amounts

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

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income and expenses, assets and liabilities and the accompanying disclosures and the disclosure relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

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)
4. Useful life of property, plant and equipment
5. Expected cost of completion of contracts
6. Decommissioning obligations

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)*

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

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Total	Capital work-in-progress
Year ended March 31, 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 accumulated depreciation	**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**
Year ended March 31, 2018						
Gross carrying amount						
Opening gross carrying amount	**10,343.65**	**780.58**	**106.05**	**95.11**	**11,325.39**	**462.58**
Additions	33.69	7.81	-	1.08	42.58	-
Disposals	(0.08)	(2.50)	(34.02)	(0.28)	(36.88)	-
Other adjustments	-	(10.02)	-	10.02	-	(0.10)
Closing gross carrying amount	**10,377.26**	**775.87**	**72.03**	**105.93**	**11,331.09**	**462.48**
Accumulated depreciation						
Opening accumulated depreciation	**4,353.53**	**239.13**	**38.40**	**93.90**	**4,724.96**	**-**
Depreciation charge during the year	1,303.95	131.34	16.33	8.03	1,459.65	-
Disposals	(0.08)	(0.60)	(15.01)	(0.16)	(15.85)	-
Other adjustments	5.19	-	-	-	5.19	-
Closing accumulated depreciation	**5,662.59**	**369.87**	**39.72**	**101.77**	**6,173.95**	**-**
Net carrying amount	**4,714.67**	**406.00**	**32.31**	**4.16**	**5,157.14**	**462.48**

(i) Property, plant and equipment pledged as security

Refer to note 36 on property, plant and equipment and capital work in progress pledged as security by the company

(ii) Contractual obligations

Refer to note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

4 INTANGIBLE ASSETS

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

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

(₹ in Lakh)

5 NON-CURRENT INVESTMENTS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Investment in equity instruments (fully paid-up)		
In subsidiaries		
Quoted (at cost)		
85,29,698 (March 31, 2017: 67,29,698) equity shares of ₹ 10/- each of McNally Sayaji Engineering Limited ***	16,693.11	15,343.11
Unquoted (at cost)		
6,49,459 (March 31, 2017: 6,49,459) equity shares of ₹ 10/- each of MBE Mineral Technologies Pte Limited	2,550.74	2,550.74
99,400 (March 31, 2017: 99,400) equity shares of ₹ 10/- each of McNally Bharat Equipments Limited	9.94	9.94
4,99,99,996 (March 31, 2017 : 4,99,99,996) equity shares of ZMK 1 each of MBE Minerals Zambia Limited	4.69	4.69
100 (March 31, 2017: 100) equity shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited	0.13	0.13

Notes to Standalone Financial Statements
for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31st March, 2018	As at 31st March, 2017
4,75,200 (March 31, 2017: 4,75,200) equity shares of ₹ 10/- each of Vedica Sanjeevani Projects Private Limited {Refer note 11(A)} **	15,000.00	15,000.00
In joint ventures		
Unquoted (at cost)		
87,500 (March 31, 2017: 87,500) equity shares of OMR 1 each of EMC MBE Contracting Company LLC	152.31	152.31
Investment in compulsorily convertible preference shares (fully paid-up) carried at cost		
In subsidiaries		
Unquoted		
18,00,000 (March 31, 2017: 36,00,000) 1% compulsorily convertible preference shares of ₹ 10/- each	1,350.00	2,700.00
of McNally Sayaji Engineering Limited		
Investment in equity instruments carried at FVTPL		
In others		
Quoted		
10,960 (March 31, 2017: 10,960) equity shares of ₹ 5/- each of Eveready Industries India Limited	41.07	28.75
10,960 (March 31, 2017: 10,960) equity shares of ₹ 5/- each of McLeod Russel India Limited	15.76	18.20
Total (equity instruments)	**35,817.75**	**35,807.87**
Investment in mutual funds carried at FVTPL		
Unquoted		
1,577,970.078 (March 31, 2017: 12,39,618.663) units of L&T Short Term Opportunities Growth Fund	262.20	194.00
Total (mutual funds)	**262.20**	**194.00**
Investment in debentures carried at amortised cost		
In subsidiaries		
Unquoted		
12,47,004 (March 31, 2017: 12,47,004) 2% debentures of ₹ 1,000/- each of Vedica Sanjeevani Projects Private Limited {Refer note 11(A)}	12,470.04	12,470.04
Total (debentures)	**12,470.04**	**12,470.04**
Total	**48,549.99**	**48,471.91**
Impairment in the value of investments carried at cost		
4,99,99,996 (March 31, 2017: 4,99,99,996) equity shares of MBE Minerals Zambia Limited	4.69	4.69
100 (March 31, 2017: 100) equity shares of McNally Bharat Engineering (SA) Proprietary Limited	0.13	0.13
Total	**4.82**	**4.82**
Total	**48,545.17**	**48,467.09**
Total non-current investments	**48,545.17**	**48,467.09**
Aggregate amount of quoted investments and market value thereof*	56.83	46.95
Aggregate amount of unquoted investments	48,493.16	48,424.96
Aggregate amount of impairment in the value of investments carried at cost	4.82	4.82

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

* McNally Sayaji Engineering Limited (MSEL) was previously listed with Delhi Stock Exchange Limited (DSEL), Ahmedabad Stock Exchange Limited (ASEL) and Vadodara Stock Exchange Limited (VSEL). VSEL and ASEL stock exchanges have undergone compulsory / voluntary exit as per relevant SEBI circulars /orders. Further, SEBI has passed order for derecognition of DSEL. Considering the fact that the listing of MSEL was with the aforesaid stock exchanges, the market value of the quoted investments excludes the market value of the investment in MSEL in absence of availability of market quote.

** The Company has pledged its equity investment as security against loan taken by the Companies belonging to the same promoter group namely Babcock Borsig Limited, Williamson Magor & Co. Limited and Williamson Financial Services Limited.

*** The Company has pledged its investment to the extent of 23,37,211 equity shares as security against loan taken by its subsidiary Company namely McNally Sayaji Engineering Limited.

(i) Refer to note 36 on investments pledged as security by the company.

(ii) 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 ₹ 10 each and premium of ₹ 65 thus totalling ₹ 27,00 lacs. This CCPS issue was in lieu of the money's due by the subsidiary to the Company. On February 07, 2018, the Company has converted 18,00,000 CCPS into equity shares.

6 (A) TRADE RECEIVABLES

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Trade receivables	1,75,199.93	1,70,483.57
Less: Allowance for doubtful debts (expected credit loss allowance)	(4,140.10)	(5,239.78)
Total receivables	**1,71,059.83**	**1,65,243.79**
Current	1,71,059.83	1,65,243.79
Non-current	-	-

6 (B) LOANS

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-current	Current	Non-current
Unsecured, considered doubtful				
Loans to subsidiaries	1,425.12	-	1,425.12	-
Unsecured, considered good				
Loans to others	1,568.08	-	1,465.14	-
Loan to subsidiaries (refer note 39)	246.93	-	7,181.93	-
	3,240.13	-	10,072.19	-
Less: Allowance for doubtful loans	(1,425.12)	-	(1,425.12)	-
Total loans	**1,815.01**	**-**	**8,647.07**	**-**

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

6 (C) CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balances with banks		
- in current accounts	8,777.10	8,514.34
- in cash credit accounts	5.81	-
Cash on hand	323.97	62.39
Total cash and cash equivalents	**9,106.88**	**8,576.73**
Other bank balances		
Earmarked balances with banks	2,211.09	1,600.29
Deposits with bank	299.81	-
Balance in unpaid dividend account	6.33	9.11
Total other bank balances	**2,517.23**	**1,609.40**

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

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

6 (D) OTHER FINANCIAL ASSETS

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Current	Non-current	Current	Non-current
(i) Derivatives				
Foreign-exchange forward contracts	35.50	-	203.60	-
(ii) Others				
Security deposits	218.59	15.99	247.25	14.15
Advance to Employees	54.86	-	96.13	-
Due from customers (refer note 33)	1,26,140.00	-	1,30,522.90	-
Earmarked balances with banks	-	186.40	-	52.95
Expenses Recoverable	17,049.05	-	17,100.94	-
Interest Receivable	748.43	-	-	-
Others	-	-	1,141.58	-
Total other financial assets	**1,44,246.43**	**202.39**	**1,49,312.40**	**67.10**

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

7 DEFERRED TAX ASSETS

(A) The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Tax losses	58,015.84	42,433.00
Other items		
Others	3,423.91	6,387.29
Total deferred tax assets	61,439.75	48,820.29
Set-off of deferred tax liabilities pursuant to set-off provisions	(9,733.15)	(10,506.99)
Net deferred tax assets	**51,706.60**	**38,313.30**

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

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Property, plant and equipment and intangible assets	70.68	288.78
Other items		
Items taxable in later years	9,662.47	10,218.21
Total deferred tax liabilities	9,733.15	10,506.99
Set-off of deferred tax liabilities pursuant to set-off provisions	(9,733.15)	(10,506.99)
Net deferred tax liabilities	**-**	**-**

(B) Reconciliation of deferred tax assets:

The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening balance as at April 1	38,313.30	-
Tax income during the year recognised in Statement of Profit and Loss	13,393.30	38,313.30
Closing balance as at March 31	**51,706.60**	**38,313.30**

8 OTHER NON-CURRENT ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital advances	164.95	122.35
Prepayments	64.07	68.83
Balance with statutory/government Authorities	0.46	0.46
Total other non-current assets	**229.48**	**191.64**

9 INVENTORIES

Particulars	As at 31st March, 2018	As at 31st March, 2017
Inventories (lower of cost and net realisable value)		
- Raw materials	3,553.49	2,614.58
- Bought out components	5,420.28	-
- Loose Tools	0.25	0.25
Total inventories	**8,974.02**	**2,614.83**

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

10 (A) OTHER CURRENT ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance to suppliers & others	18,256.80	49,549.25
Advance to subsidiaries	1,508.05	10,459.70
Balance with statutory/government Authorities	14,303.58	10,280.66
Prepayments	4,007.13	210.87
Total other current assets	**38,075.56**	**70,500.48**

10 (B) CURRENT TAX ASSETS (NET)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance income tax {net off provisions ₹ 390.84 (March 31, 2017: ₹ 390.84)	11,470.80	11,799.31
Total current tax assets (net)	**11,470.80**	**11,799.31**

11 EQUITY SHARE CAPITAL AND OTHER EQUITY

11(A) Equity Share Capital

Particulars	Equity shares		Compulsorily convertible preference shares	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share Capital				
As at April 01, 2016	7,00,00,000	7,000.00	-	-
Increase during the year	9,50,00,000	9,500.00	8,50,00,000	8,500.00
As at March 31, 2017	**16,50,00,000**	**16,500.00**	**8,50,00,000**	**8,500.00**
Increase during the year	7,50,00,000	7,500.00	5,50,00,000	5,500.00
As at March 31, 2018	24,00,00,000	24,000.00	14,00,00,000	14,000.00
Subscribed and Paid up:				
(i) Movements in share capital				
As at April 01, 2016	**5,10,93,818**	**5,109.38**	**-**	**-**
Increase during the year	25,00,000	250.00	8,32,87,939	8,328.79
As at March 31, 2017	**5,35,93,818**	**5,359.38**	**8,32,87,939**	**8,328.79**
Increase during the year	10,44,50,788	10,445.08	3,94,19,000	3,941.90
Converted into equity shares	-	-	(6,91,80,788)	(6,918.07)
As at March 31, 2018	**15,80,44,606**	**15,804.46**	**5,35,26,151**	**5,352.62**

Terms and rights attached to equity shares :

Each equity share has a par value of ₹ 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.

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

Particulars	March 31, 2018		March 31, 2017	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co. Limited	2,76,18,952	17.47	1,24,67,437	23.26
McLeod Russel India Limited	30,52,295	1.93	30,52,295	5.70
MKN Investments Private Limited	50,00,000	3.16	50,00,000	9.33
EMC Limited	1,42,87,689	9.04	1,42,87,689	26.66
Sahal Business Private Limited	1,74,47,637	11.04	-	-
Merlin Securities Private Limited	88,00,000	5.57	-	-
Williamson Financial services Limited	1,00,51,000	6.36	15,51,000	2.89
Babcock Borsig Limited	98,01,000	6.20	13,01,000	2.43

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

Particulars	March 31, 2018		March 31, 2017	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Company Limited	40,00,000	7.47	1,51,51,515	18.19
Williamson Financial services Limited	1,06,51,515	19.90	1,51,51,515	18.19
Babcock Borsig Limited	68,63,636	12.82	1,13,63,636	13.64
Mortal Vinimay Private Limited	42,68,000	7.97	42,68,000	5.12
Aditya Birla Finance Limited	1,12,90,000	21.09	-	-
IL& FS Financial Services Limited	1,61,29,000	30.13	-	-
Alosha Marketing Private Limited	-	-	67,43,818	8.10
Atash Suppliers Private Limited	-	-	70,85,818	8.51
Index Sales Private Limited	-	-	59,08,000	7.09
Sahal Business Private Limited	-	-	1,36,47,637	16.39

v) Aggregate number of shares issued for consideration other than cash :

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

Notes to Standalone Financial Statements
for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

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

Other Equity

11(b) Reserves and surplus

Particulars	March 31, 2018	March 31, 2017
Securities premium reserve	1,14,123.32	75,818.86
Capital redemption reserve	1.00	1.00
General Reserve	1,549.64	1,549.64
Retained earnings	(1,23,466.66)	(80,820.68)
Total reserves and surplus	**(7,792.70)**	**(3,451.18)**

(i) Securities premium reserve

Particulars	March 31, 2018	March 31, 2017
Opening balance	75,818.86	27,852.91
Issue of equity shares and CCPS during the year	39,510.28	48,891.25
Transaction costs arising on issue of shares	(1,205.82)	(925.30)
Closing balance	**1,14,123.32**	**75,818.86**

Nature and purpose:

Securities premium reserve has arisen on issue of Equity Shares and Compulsorily Convertible Preference Shares (CCPS). The reserve will be utilised as per the provisions of the Companies Act, 2013.

(ii) Capital redemption reserve

Particulars	March 31, 2018	March 31, 2017
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	March 31, 2018	March 31, 2017
Opening balance	1,549.64	1,549.64
Transferred (to)/from Retained earnings	-	-
Closing balance	**1,549.64**	**1,549.64**

Nature and purpose:

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

(iv) Retained earnings

Particulars	March 31, 2018	March 31, 2017
Opening balance	(80,820.68)	(74,945.49)
Net profit/(loss) for the year	(42,544.91)	(5,827.53)
Items of OCI directly transferred to retained earnings	(101.07)	(47.66)
Closing balance	**(1,23,466.66)**	**(80,820.68)**

12 FINANCIAL LIABILITIES

12(A) NON-CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	As at March 31, 2018	As at March 31, 2017
Secured			
Term loans			
Rupee loan			
- From banks	10.75% to 13%	7,610.15	17,013.60
- From others	9.50%	9,793.39	14,940.63
Foreign currency loan	10.62%	1,163.98	2,312.48
Unsecured			
Redeemable preference shares			
9,75,000, 11.50% Non-Convertible Redeemable Preference Shares *		4,197.12	3,247.64
Total non-current borrowings		**22,764.64**	**37,514.35**
Less: Current maturities of long-term debt (included in note 12(c))		22,362.68	26,522.47
Less: Interest accrued (included in note 12(c))		401.96	440.26
Non-current borrowings		**-**	**10,551.62**

* Non-Convertible Redeemable Preference shares are redeemable on March 05, 2020.

Terms of repayment:

1. In case of loan having a nominal balance outstanding of ₹ 312 lakhs, repayable in 16 quarterly installments starting September 26, 2014. The last installment date being June 26, 2018.
2. In case of loan having a nominal balance outstanding of ₹ 7,000 lakhs, repayable in one prepayment installment and 12 quarterly installments starting May 15, 2017. The last installment date being February 18, 2020.
3. In case of loan having a nominal balance outstanding of USD 17.50 lakhs, 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 ₹ 10,000 lakhs, repayable in single bullet installment on January 7, 2019.

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Security details

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

Details of loan	Nature of Security
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 on moveable fixed 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.
Rupee term loan from L&T Finance Limited	The facility together with interest, liquidation damages, fees, costs, charges, expenses and other monies and all other amount stipulated and payable to the lender shall be secured by unconditional and irrevocable bank guarantee (BG). BG would be from scheduled commercial bank as acceptable to LTF; in favour of LTF in the format acceptable to LTF. Lien on investment in 1,57,79,70.078 units of L&T Short Term Opportunities Growth Fund.
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 is as under:

Name of the lender	Nature of loan	Amount of default (₹ in lakhs)	Remediation of default
ICICI Bank	Long term rupee term loan from bank	625.00	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.
ICICI Bank	Long term external commercial borrowings	1,131.63	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.
ICICI Bank	Interest on ECB borrowings	175.24	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.
Aditya Birla Finance Limited	Long term rupee term loan from others	1,572.00	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.

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

12(B) CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	As at March 31, 2018	As at March 31, 2017
Term loans			
Secured			
Rupee loan			
- From banks	8.95% to 9.95%	42,500.00	7,700.00
- From others	12.65%	27,500.00	
Foreign currency packing credit			
Unsecured			
Rupee loan			
- From banks	8.95% to 11.75%	40,049.90	89,996.55
- From others	10.22% to 12%	25,076.85	-
Foreign currency loan	6.46%	-	2,555.08
Loans repayable on demand			
Secured			
From banks			
Cash credit from banks	12.05% to 15.10%	84,034.36	80,588.38
Working capital demand loans from banks	12.5% to 13.50%	19,007.61	-
Unsecured			
From banks			
Working capital demand loans from banks	11.50% to 14.50%	-	18,949.69
From others			
Deposit (Inter Corporate)	9% to 18%	68,151.53	41,652.28
Total current borrowings		**3,06,320.25**	**2,41,441.98**
Less: Interest accrued (included in note 12(c))		508.64	511.01
Current borrowings		**3,05,811.61**	**2,40,930.97**

Refer Note 36 for assets pledged as security against the borrowings.

Terms of 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 and Williamson Financial Services Limited; and Unconditional & irrevocable personal guarantee of Mr. Aditya Khaitan.
Short term loan from IndusInd Bank Limited	Against 100% Cash/Fixed deposit from the borrower upfront. Fixed deposits or cash in current account to be hold marked/lien market under CAD prior to disbursement.
Short term loan from Aditya Birla Finance Limited	Unconditional and irrevocable bank' guarantee.
Short term loan from SREI Infrastructure Finance Limited	Residual charge on all movable assets including cash flows of the borrower; Letter of comfort from Mcleod Russel India Limited backed by suitable board resolution; Demand Promissory Note; and Security post dated cheque (PDC) for interest and principal.

Notes to Standalone Financial Statements
for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Details of loan	Nature of Security
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 24 months from the origination date.

3. Details of default are as follows:

Name of the lender	Nature of loan	Amount of default (₹ in lakhs)	Remediation of default
Yes Bank	Unsecured rupee loan from bank	32,500.00	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.
Axis Bank	Unsecured rupee loan from bank	7,000.00	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.

12 (C) OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Others		
Lease equalisation	365.63	280.25
Total other non-current financial liabilities	**365.63**	**280.25**
Current		
Current maturities of long-term debt	22,362.68	26,522.47
Interest accrued but not due on borrowings	910.60	951.27
Interest accrued on others	1,871.59	2,995.47
Capital creditors	30.44	470.48
Employee Benefits payable	2,504.04	2,960.15
Security deposits	90.54	213.19
Dividend Accrued on Preference Shares	224.25	112.13
Unpaid dividends*	11.76	14.62
Overdrawn current accounts	-	5,750.69
Others	306.59	653.25
Total other current financial liabilities	**28,312.49**	**40,643.72**

*under reconciliation

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

12 (D) TRADE PAYABLES

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payables due to micro, small and medium enterprises (refer note 31)	177.76	959.76
Trade payables Others	52,853.38	1,05,713.11
Acceptances	31,665.54	41,254.52
Total trade payables	**84,696.68**	**1,47,927.39**

13 PROVISIONS

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits						
- Leave obligations	55.41	440.73	496.14	91.05	444.00	535.05
- Gratuity	(4.46)	(55.46)	(59.92)	110.75	-	110.75
- Others	26.52	236.06	262.58	55.75	241.73	297.48
Decommissioning obligations	103.90	-	103.90	104.62	-	104.62
Total	**181.37**	**621.33**	**802.70**	**362.17**	**685.73**	**1,047.90**

(i) Movements in provisions

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

Particulars	Decommissioning obligations
As at April 01, 2016	93.86
Charged/(credited) to profit or loss	
- unwinding of discount	10.76
As at March 31, 2017	**104.62**
As at April 01, 2017	104.62
Charged/(credited) to profit or loss	
- unwinding of discount	(0.72)
As at March 31, 2018	**103.90**

(ii) Leave obligations

The leave obligations cover the company's liability for earned leave. The amount of the provision of ₹ 55.41 (March 31, 2017 — ₹ 91.05) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. The amount that the Company expects to fund within next 12 months is ₹ 143.

(iii) Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2016	**540.23**	**494.87**	**45.36**
Current service cost	57.58	-	57.58
Interest expense/(income)	43.22	37.11	6.10
Total amount recognised in Profit and Loss	**100.80**	**37.11**	**63.68**
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	-
March 31, 2017	**551.32**	**440.57**	**110.75**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2017	**551.32**	**440.57**	**110.75**
Current service cost	61.36	-	61.36
Interest expense/(income)	38.92	34.14	4.78
Total amount recognised in Profit and Loss	**100.28**	**34.14**	**66.14**
Remeasurements			
- Return on plan assets	-	(7.24)	7.24
- Due to financial assumptions	(2.34)	-	(2.34)
- Due to experience adjustments	(20.54)	-	(20.54)
Total amount recognised in other comprehensive income	**(22.88)**	**(7.24)**	**(15.64)**
Employer contributions	-	(221.17)	(221.17)
Benefit payments	(98.53)	(98.53)	-
March 31, 2018	**530.19**	**590.11**	**(59.92)**

The net liability disclosed above relates to funded plan.

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

The significant actuarial assumptions used were as follows:

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.75%	7.50%
Salary escalation	4.00%	4.00%
Expected return on plan assets	7.75%	7.50%
Withdrawal rate	1.00-8.00%	1.00-8.00%

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

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

Assumption	Increase/ (decrease)	Assumption Rate	Amount of increase/ (decrease) in defined benefit obligations as at March 31, 2018
Discount rate	Increase by	1%	(33.88)
Discount rate	Decrease by	1%	38.32
Salary escalation	Increase by	1%	41.54
Salary escalation	Decrease by	1%	(37.47)
Withdrawal rate	Increase by	1%	9.54
Withdrawal rate	Decrease by	1%	(10.68)

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 under perform this yield, this will create a deficit. The plan asset investments is with the Life Insurance Corporation of India which administers the fund. The investments are expected to earn a return in excess of the discount rate and reduce plan deficit.

The maturity profile of gratuity liability is as follows:

Year	As at 31st March, 2018	As at 31st March, 2017
2017-18	-	30.08
2018-19	29.83	91.61
2019-20	68.76	60.93
2020-21	73.70	51.71
2021-22	53.47	75.07
2022-23	71.36	-
Thereafter	249.44	246.56

The weighted average duration of the defined benefit obligation is 5.37 years (March 31, 2017 - 5.24 years).

The expected contribution to the fund during 2018-19 would be ₹ 98.02.

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

(iv) Provident fund

The company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2018 and March 31, 2017.

In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee.

The plan assets have been primarily invested in government securities.

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

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.75%	7.50%
Guaranteed interest rate	8.55%	8.65%
Expected average remaining Working life (in years)	11.15	11.76

The company contributed ₹ 338 lakhs and ₹ 337 lakhs during the years ended March 31, 2018 and March 31, 2017, 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.

14 CURRENT TAX LIABILITIES

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening balance	-	5,296.19
Add: Excess provision for earlier years written back	-	(5,296.19)
Less: Taxes paid	-	-
Closing balance	-	-

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

15 OTHER LIABILITIES

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance from customers	52,945.35	56,068.86
Statutory tax payables	2,422.27	3,679.43
Due to Customers (refer note 33)	4,652.48	973.40
Dividend Distribution Tax on preference dividend	45.66	22.83
Benevolent fund	99.95	91.60
Total other liabilities	**60,165.71**	**60,836.12**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current	60,165.71	60,836.12
Non-current	-	-

16 REVENUE FROM OPERATIONS

The company derives the following types of revenue:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Sale of Equipments & Contract Revenue	1,43,061.72	1,90,749.61
Other operating revenue	254.20	101.67
Total revenue from continuing operations	**1,43,315.92**	**1,90,851.28**

17 OTHER INCOME AND OTHER GAINS/(LOSSES)

(a) Other income

Particulars	As at 31st March, 2018	As at 31st March, 2017
Interest income	1,107.35	627.10
Interest income from financial assets measured at amortised cost	1,763.60	1,554.15
Interest Income from Debenture	249.40	-
Dividend Income From Subsidiaries	2,111.64	-
Dividend income from investments mandatorily measured at fair value through profit and loss	0.03	0.33
Interest Income on fair valuation of revenue	2,833.57	1,587.74
Net foreign exchange gain	404.52	-
Expected credit loss on trade receivables and due from customers written back	7,138.23	26,972.88
Corporate Guarantee Commission	147.35	147.35
Advance from customers written back	-	1,879.50
Miscellaneous Income	290.19	11.55
Total other income	**16,045.88**	**32,780.60**

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

(b) Other gains/(losses)

Particulars	March 31, 2018	March 31, 2017
Net gain/(loss) on sale of investments	-	(9.94)
Fair value (losses)/gains on derivatives not designated as hedges	(168.10)	439.16
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	24.93	2.54
Total other gains/(losses)	**(143.17)**	**431.76**

Total Other income and other gains / (losses)	15,902.71	33,212.36

18 COST OF MATERIALS CONSUMED

Particulars	March 31, 2018	March 31, 2017
Raw materials at the beginning of the year	2,614.58	14,849.34
Add: Purchases	18,606.22	7,847.96
Less: Raw material at the end of the year	(3,553.49)	(2,614.58)
Total cost of raw materials consumed	**17,667.31**	**20,082.72**
Add: Consumption of bought out components	67,281.31	1,28,327.45
Total cost of materials consumed	**84,948.62**	**1,48,410.17**

19 EMPLOYEE BENEFITS EXPENSE

Particulars	March 31, 2018	March 31, 2017
Salaries, wages and bonus	8,647.99	7,887.37
Contribution to provident and other funds	372.98	389.75
Workmen and Staff Welfare Expenses	775.96	1,066.89
Total employee benefit expense	**9,796.93**	**9,344.01**

20 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	March 31, 2018	March 31, 2017
Depreciation on property, plant and equipment	1,459.65	2,530.85
Amortisation of intangible assets	2.27	2.28
Total depreciation and amortisation expense	**1,461.92**	**2,533.13**

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

21 OTHER EXPENSES

Particulars	March 31, 2018	March 31, 2017
Power & Fuel	828.72	916.10
Rent	1,090.00	1,163.49
Repairs and maintenance		
Plant and machinery	36.45	62.95
Insurance	414.17	407.30
Auditors remuneration	110.78	73.24
Director Fees	8.60	15.20
Rates & Taxes	213.59	387.17
Cartage & Freight	4,471.59	2,120.72
Bank Charges	3,366.24	5,592.17
Professional Services	6,656.42	3,989.17
Travelling	1,801.66	1,763.93
Bad Debts Written Off	1,283.79	1,351.14
Provision for doubtful advances	-	1,425.12
Provision for Future Foreseeable Losses in Construction Contracts	(549.61)	493.46
Provision for impairment in value of investments	-	4.82
Net foreign exchange loss	-	641.51
Miscellaneous Expenses	3,917.17	5,735.95
Total other expenses	**23,649.57**	**26,143.44**

21 (A) DETAILS OF AUDITORS REMUNERATION

Particulars	March 31, 2018	March 31, 2017
Payment to auditors		
Audit fee	56.80	46.80
For other services	49.71	26.10
Re-imbursement of expenses	4.27	0.34
Total payments to auditors	**110.78**	**73.24**

22 FINANCE COSTS

Particulars	March 31, 2018	March 31, 2017
Interest and finance charges on financial liabilities not at fair value through profit or loss	47,211.49	37,623.84
Discounting on fair valuation of financial instruments on amortised cost	2,766.33	1,435.05
Unwinding of discount on provisions	40.68	35.63
Proposed Dividend on redemable Preference Shares	112.13	112.13
Exchange differences regarded as an adjustment to borrowing costs	104.91	-
Total	**50,235.54**	**39,206.65**

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

23 INCOME TAX EXPENSE

(a) Income tax expense

Particulars	March 31, 2018	March 31, 2017
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	(13,947.41)	(48,055.35)
(Decrease) increase in deferred tax liabilities	554.11	9,742.05
Total deferred tax expense/(benefit)	**(13,393.30)**	**(38,313.30)**
Total	**(13,393.30)**	**(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 plan and budget for the Company. The Company is expected to generate taxable income from 2019-20 onwards.

(b) Unused tax losses for which no deferred tax asset is recognised in Balance Sheet

Particulars	Base Amount	Deferred Tax
Tax losses (business loss on which no tax asset is created)		
Assessment Year 2018-19	12,581.77	4,354.30
Total	**12,581.77**	**4,354.30**

24 CAPITAL MANAGEMENT

Capital management

The company strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future developments and growth of its business. As a matter of prudence, the management brought in place infusion of capital by way of enhancement of Equity share capital and through issue of Share Warrants and 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 during the current as well as the previous year.

25 RISK MANAGEMENT

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

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

(A) Credit Risk

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

(i) Credit risk management

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

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

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

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

ii Provision for expected credit losses

The Company provides for expected credit loss of trade receivables, due from customers and other financial assets based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Wherever required, past trend is adjusted to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on which the historical data is based, and to remove the effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

Year ended March 31, 2018

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ 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	1,815.01	-	-	1,815.01
		Investments in debentures of subsidiary Company	VL1	12,470.04	-	-	12,470.04
		Expenses Recoverable	VL1	17,049.05	-	-	17,049.05
		Security deposits, advance to employees and others	VL1	289.42	-	-	289.42
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	VL6	1,425.12	100%	1,425.12	-

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

Particulars		Internal credit rating	Due from customer	Trade Receivables
Gross carrying amount	Loss allowance measured at life-time expected credit losses	VL3	1,31,893.30	1,75,199.93
Expected credit losses (Loss allowance provision)			5,753.30	4,140.10
Carrying amount (net of impairment)			1,26,140.00	1,71,059.83

The gross carrying amount of trade receivables is ₹ 175,199.93 (March 31, 2017: ₹ 170,483.57)

During the year, the Company has made write offs of trade receivables wherein it does not expect to receive future cash flows ₹ 2,652.10 (March 31, 2017: ₹ 1,351.14)

During the year, the Company has made write offs of expenses recoverable wherein it does not expect to receive future cash flows ₹ 2,292,17 (March 31, 2017: ₹ NIL)

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 credit risk has not increased significantly since initial recognition	Loans	VL1	8,647.07	-	-	8,647.07
		Investments in debentures of subsidiary Company	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	-

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

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

Particulars		Internal credit rating	Due from customer	Trade Receivables
Gross carrying amount	Loss allowance measured at life-time expected credit losses	VL3	1,42,314.75	1,70,483.57
Expected credit losses (Loss allowance provision)			11,791.85	5,239.78
Carrying amount (net of impairment)			1,30,522.90	1,65,243.79

(iii) Reconciliation of loss allowance provisions - loans

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on March 31, 2017	-	-	1,425.12
Add (Less): Changes in loss allowances due to			
Assets originated or purchased	-	-	-
Write offs	-	-	-
Recoveries	-	-	-
Loss allowance on March 31, 2018	**-**	**-**	**1,425.12**

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on March 31, 2016	-	-	-
Add (Less): Changes in loss allowances due to			
Assets originated or purchased	-	-	-
Write offs	-	-	1,425.12
Recoveries	-	-	-
Loss allowance on March 31, 2017	**-**	**-**	**1,425.12**

(iv) Reconciliation of loss allowance provision - Trade receivables & due from customers (under simplified approach)

Particulars	Loss Allowance
Loss allowance on April 01, 2016	44,004.52
Changes in loss allowance	(26,972.88)
Loss allowance on March 31, 2017	17,031.64
Changes in loss allowance	(7,138.23)
Loss allowance on March 31, 2018	9,893.41

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Significant estimates and judgements

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, industry practices, existing market conditions and business environment as well as forward looking estimates at the end of each reporting period.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying business, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities as below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Maturity of financial liability

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities (March 31, 2018)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non derivatives				
Borrowings	3,14,465.78	13,708.51	-	3,28,174.29
Interest accrued	2,782.19	-	-	2,782.19
Trade payables	84,696.68	-	-	84,696.68
Capital creditors	30.44	-	-	30.44
Employee Benefits payable	2,504.04	-	-	2,504.04
Lease equalisation	-	-	365.63	365.63
Security deposits	90.54	-	-	90.54
Dividend Accrued on Preference Shares	-	224.25	-	224.25
Unpaid dividends	11.76	-	-	11.76
Others	306.59	-	-	306.59
Total non derivative financial liabilities	**4,04,888.03**	**13,932.76**	**365.63**	**4,19,186.42**

Contractual maturities of financial liabilities (March 31, 2017)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non derivatives				
Borrowings	2,56,713.08	12,292.00	9,000.00	2,78,005.08
Interest accrued	3,946.74	-	-	3,946.74
Trade payables	85,025.25	62,902.14	-	1,47,927.39
Overdrawn current account	5,750.69	-	-	5,750.69
Capital creditors	470.48	-	-	470.48
Employee Benefits payable	2,960.15	-	-	2,960.15
Lease equalisation	-	-	280.25	280.25
Security deposits	213.19	-	-	213.19
Dividend Accrued on Preference Shares	112.13	-	-	112.13
Unpaid dividends	14.62	-	-	14.62
Others	653.25			653.25
Total non derivative financial liabilities	**3,55,859.59**	**75,194.14**	**9,280.25**	**4,40,333.97**

(C) Market risk

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). 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 ₹ . The objective of the hedging is to minimize the volatility of the ₹ cash flows of such recognised assets and liabilities.

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ is as follows:

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	USD	EUR	ZAR	USD	EUR	ZAR
Financial assets						
Trade receivables	-	406.48	-	-	351.46	-
Loans to subsidiaries	-	-	-	7,218.48	-	-
Net exposure to foreign currency risk (assets)	**-**	**406.48**	**-**	**7,218.48**	**351.46**	**-**
Financial liabilities						
Foreign currency loan	1,146.25	-	-	2,285.50	-	-
Trade payables	1,036.50	196.61	4.53	1,158.80	1,452.14	3.97
Payable to subsidiaries	0.53	35.89	-	-	31.07	-
Payable to associates	-	1.47	-	-	1.27	-
Derivative liabilities	-	-	-	-	-	-
Foreign exchange forward contracts to buy foreign currency	-	-	-	2,555.08	-	-
Net exposure to foreign currency risk	**2,183.28**	**233.97**	**4.53**	**5,999.38**	**1,484.48**	**3.97**

At the end of the reporting period the total notional amount of outstanding foreign currency forward contracts that the Company has committed to is USD 32.36 lakhs (March 31, 2017: USD 139.27 lakhs).

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

(b) Sensitivity:

Particulars	Increase/(Decrease) in profit before tax	
	March 31, 2018	March 31, 2017
USD sensitivity		
INR/USD -Increase by 5% (31 March 2017-5%)*	(109.16)	60.95
INR/USD -Decrease by 5% (31 March 2017-5%)*	109.16	(60.95)
EUR sensitivity		
INR/EUR-Increase by 5% (31 March 2017-5%)*	8.63	(56.65)
INR/EUR-Decrease by 5% (31 March 2017-5%)*	(8.63)	56.65
ZAR sensitivity		
INR/ZAR-Increase by 5% (31 March 2017-5%)*	(0.23)	(0.20)
INR/ZAR-Increase by 5% (31 March 2017-5%)*	0.23	0.20

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During the year ended March 31, 2018 and March 31, 2017, the Company's borrowings at variable rate were mainly denominated in INR and USD.

The Company's borrowings are carried at amortised cost. The fixed rate borrowings are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(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	March 31, 2018	March 31, 2017
Variable rate borrowing	1,96,617.13	2,36,352.78
Fixed rate borrowings	1,31,557.16	41,652.28
Total borrowings	**3,28,174.29**	**2,78,005.06**

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 before tax	
	March 31, 2018	March 31, 2017
Interest rates increase by 50 basis points (50 bps) *	(107.49)	(117.73)
Interest rates decrease by 50 basis points (50 bps) *	107.49	117.73

* Holding all other variables constant

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

26 FAIR VALUE MEASUREMENTS

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2018, and March 31, 2017.

Particulars	March 31, 2018			March 31, 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	56.83	-	-	46.95	-	-
- Debentures	-	-	12,470.04	-	-	12,470.04
- Mutual funds	262.20	-	-	194.00	-	-
Trade receivables	-	-	1,71,059.83	-	-	1,65,243.79
Loans	-	-	1,815.01	-	-	8,647.07
Cash and cash equivalents	-	-	9,106.88	-	-	8,576.73
Other bank balances	-	-	2,517.23	-	-	1,609.40
Derivative financial assets	35.50	-	-	203.60	-	-
Security deposits	-	-	234.58	-	-	261.40
Due from customers	-	-	1,26,140.00	-	-	1,30,522.90
Deposits with bank	-	-	186.40	-	-	52.95
Expenses Recoverable	-	-	17,049.05	-	-	17,100.94
Interest Receivable	-	-	748.43	-	-	-
Others	-	-	54.84	-	-	1,237.71
Total financial assets	**354.53**	**-**	**3,41,382.29**	**444.55**	**-**	**3,45,722.93**
Financial liabilities						
Borrowings	-	-	3,28,174.29	-	-	2,78,005.06
Interest accrued	-	-	2,782.27	-	-	3,946.74
Trade payables	-	-	84,696.68	-	-	1,47,927.39
Overdrawn Current account	-	-	-	-	-	5,750.69
Capital creditors	-	-	30.44	-	-	470.48
Employee Benefits payable	-	-	2,504.04	-	-	2,659.46
Lease equalisation	-	-	365.63	-	-	280.25
Security deposits	-	-	90.54	-	-	213.19
Dividend Accrued on Preference Shares	-	-	224.25	-	-	112.13
Unpaid dividends	-	-	11.76	-	-	14.62
Others	-	-	306.59	-	-	653.25
Total financial liabilities	**-**	**-**	**4,19,186.50**	**-**	**-**	**4,40,033.26**

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - reurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2018				
Financial assets				
Financial instruments at FVPL				
Listed equity investments	56.83	-	-	-
Mutual funds	-	262.20	-	262.20
Derivatives not designated as hedges				
Foreign exchange forward contract	-	35.50	-	35.50
Total financial assets	**56.83**	**297.70**	**-**	**297.70**
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	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2018				
Financial assets				
Investments				
Debentures	-	-	12,470.04	12,470.04
Security deposits	-	-	234.58	234.58
Due from customers	-	-	1,26,140.00	1,26,140.00
Trade receivables	-	-	1,71,059.83	1,71,059.83
Expenses Recoverable	-	-	17,049.05	17,049.05
Total financial assets	**-**	**-**	**3,26,953.50**	**3,26,953.50**
Financial Liabilities				
Borrowings	-	-	3,28,174.29	3,28,174.29
Lease equalisation	-	-	365.63	365.63
Total financial liabilities	**-**	**-**	**3,28,539.92**	**3,28,539.92**

Financial assets and liabilities measured at fair value - reurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2017				
Financial assets				
Financial instruments at FVPL				
Listed equity investments	46.95	-	-	46.95
Mutual funds	-	194.00	-	194.00
Derivatives not designated as hedges				
Foreign exchange forward contract	-	203.60	-	203.60
Total financial assets	**46.95**	**397.60**	**-**	**444.55**
Financial liabilities				
Derivatives not designated as hedges				
Foreign exchange forward contract	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

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

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Investments				
Debentures	-	-	12,470.04	12,470.04
Security deposits	-	-	263.63	263.63
Due from customers	-	-	1,30,542.72	1,30,542.72
Trade receivables	-	-	1,65,344.68	1,65,344.68
Expenses Recoverable	-	-	17,107.29	17,107.29
Total financial assets	**-**	**-**	**3,25,728.36**	**3,25,728.36**
Financial Liabilities				
Borrowings	-	-	2,78,005.06	2,78,005.06
Lease equalisation	-	-	288.29	288.29
Total financial liabilities	**-**	**-**	**2,78,293.35**	**2,78,293.35**

Level 1 : It includes financial instruments measured using quoted prices. This includes listed 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.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

(iii) Fair value of the financial assets and liabilities measured at amortised cost

Particulars	March 31, 2018		March 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investments				
Debentures	12,470.04	12,470.04	12,470.04	12,470.04
Security deposits	234.58	234.58	261.40	263.63
Due from customers	1,26,140.00	1,26,140.00	1,30,522.90	1,30,542.72
Trade receivables	1,71,059.83	1,71,059.83	1,65,243.79	1,65,344.68
Expenses Recoverable	17,049.05	17,049.05	17,100.94	17,107.29
Total financial assets	**3,26,953.50**	**3,26,953.50**	**3,25,599.07**	**3,25,728.36**
Financial liabilities				
Borrowings	3,28,174.29	3,28,174.29	2,78,005.06	2,78,005.06
Total financial liabilities	**3,28,174.29**	**3,28,174.29**	**2,78,005.06**	**2,78,005.06**

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Short-term financial assets and liabilities are stated at carrying value which is equal to their fair value.

The carrying amount of loans, advance to employees, cash and cash equivalents, other financial assets, trade payables, interest accrued, book overdraft in current accounts, capital creditors, employee benefits payable, security deposits, dividend accrued on preference shares, unpaid dividend and others are considered to be the same as their fair value, due to their short term nature.

The fair values for trade receivables, due from customers, security deposits and expenses recoverable are 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.

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

27 RELATED PARTY TRANSACTIONS

(a) Subsidiaries

(i) McNally Sayaji Engineering Limited (MSEL)

(ii) McNally Bharat Equipments Limited (MBEL)

(iii) MBE Mineral Technologies Pte Limited

(iv) MBE Minerals Zambia Limited

(v) McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. June 30, 2017)

(vi) Vedica Sanjeevani Projects Private Limited

(vii) McNally Bharat Infrastructure Limited (MBIL) (ceased to be a subsidiary w.e.f. February 17, 2017)

(b) Joint Venture of the Company

(i) EMC MBE Contracting Company LLC

(c) Entity having significant influence over the company

(i) EMC Limited (ceased to have significant influence w.e.f March 28, 2018)

(ii) Williamson Magor & Company Limited (ceased to have significant influence w.e.f March 31, 2018)

(d) Subsidiaries of MBE Mineral Technologies Pte Limited

(i) MBE EWB Technologies Kft (ceased to be subsidiary of MBE Mineral Technologies Pte Limited from August 14, 2017)

(e) Subsidiaries of McNally Sayaji Engineering Limited

(i) MBE Coal & Minerals Technology India Private Limited

(f) Subsidiaries of Vedica Sanjeevani Projects Private Limited

(i) Christopher Estates Private Limited

(ii) Ganpati Arcade Private Limited (ceased to be a subsidiary of Vedica Sanjeevani Projects Private Limited w.e.f. April 01, 2016)

(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 w.e.f. December 14, 2016)

(ii) Mr. Prasanta Kumar Chandra - Whole-time Director & COO (resigned w.e.f. August 17, 2017)

(iii) Mr. Prabir Ghosh- Whole-time Director (resigned w.e.f. August 17, 2017)

(iv) Mr. Lalit Khaitan - Chief Financial Officer (appointed w.e.f. April 01, 2017 and resigned w.e.f. March 31, 2018)

(v) Mr. Indranil Mitra - Company Secretary (appointed w.e.f. April 24, 2017)

(vi) Mr. Aditya Khaitan - Chairman

(vii) Mr. Amritanshu Khaitan - Non-Executive Director

(viii) Mr. V.K. Verma -Independent Director

(ix) Mr. P.H Ravikumar - Independent Director (resigned w.e.f. June 25, 2017)

(x) Ms. Arundhati Dhar - Independent Director

(xi) Mr. Manish Agarwal - Non-Executive Director (resigned w.e.f. September 07, 2017)

(xii) Mr. A.K Barman - Independent Director

(xiii) Mr.P.S. Bhattacharya - Independent Director

(xiv) Ms. N. Khaitan - Independent Director (resigned w.e.f. May 19, 2016)

(xv) Mr. Manoj Toshniwal - Non-Executive Director (appointed w.e.f. October 01, 2016 and resigned w.e.f. December 19, 2016)

(xvi) Mr. S. R. Dasgupta - Independent Director (resigned w.e.f. December 14, 2016)

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

27 RELATED PARTIES

Transactions with related parties

Description	"MBE Coal & Mineral Technology India Private Limited"	MBE Mineral Technologies Pte Limited	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	MBE EWB Technologies Kft	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	EMC Limited	McNally Bharat Engg. (S.A.) Proprietary Limited	Williamson Magor & Co. Limited	Vedica Sanjeevani Projects Pvt Limited	McNally Bharat Infrastructure Limited
Purchase of Materials and	-	-	-	-	-	3,589.64	-	-	-	-	-	-	-
components	-	-	-	-	-	(4,690.48)	-	-	-	-	-	-	-
Rendering of services	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(174.63)	-	-	-	-	-	-	-
Purchase of services	-	-	-	-	-	-	-	-	-	-	-	-	-
	(94.35)	-	-	-	-	-	-	-	-	-	-	-	(150.13)
Sale of goods / contracts	-	-	-	-	-	611.38	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges Reimbursed	-	0.10	-	-	-	-	-	-	-	-	-	-	-
	(583.37)	-	-	-	-	-	-	-	-	-	-	-	-
Rent paid	-	-	-	-	-	72.00	-	-	-	-	-	-	-
	-	-	-	-	-	(72.00)	-	-	-	-	-	-	-
Withholding Tax paid	-	182.61	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Given	-	-	-	-	-	-	-	-	-	-	-	246.93	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Taken	-	-	-	-	-	-	-	-	-	-	35,989.00	-	-
	-	-	-	-	-	-	-	-	-	-	(24,981.00)	-	-
Dividend received	-	2,111.64	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment made during	-	-	-	-	-	-	-	-	-	-	-	-	-
the year	-	-	-	-	-	(2,700.00)	-	-	-	-	-	(27,470.04)	(27,470.04)
Advance Refund	-	6,956.98	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-	-	-	-	-	35,869.00	-	-
	-	-	-	-	-	-	-	-	-	-	(19,081.00)	-	-
Guarantee given	40.59	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantee Charges received	0.84	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance given	-	-	-	-	-	-	-	-	-	-	-	244.67	244.67
	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment in value of	-	-	-	-	-	-	-	-	-	-	-	-	-
investments	-	-	-	-	-	-	-	(4.69)	-	(0.13)	-	-	-

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

Description	"MBE Coal & Mineral Technology India Private Limited"	MBE Mineral Technologies Pte Limited	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	MBE EWB Technologies Kft	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	EMC Limited	McNally Bharat Engg. (S.A.) Proprietary Limited	Williamson Magor & Co. Limited	Vedica Sanjeevani Projects Pvt Limited	McNally Bharat Infrastructure Limited
Interest received on loan	-	87.29	-	-	-	-	-	-	-	-	-	254.67	254.67
	-	(496.85)	-	-	-	-	-	-	-	-	-	-	-
Impairment in value of advances	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	(1,385.04)	-	(40.08)	-	-	-
Expenses incurred during the year	0.13	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(0.12)	-	(485.12)	-	-	-	-	-	-	-
Rental income earned during the year	-	-	-	-	-	24.00	-	-	-	-	-	-	-
	-	-	-	(0.12)	-	(24.00)	-	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-	-	-	-	2,011.75	-	-
	-	-	-	-	-	(111.90)	-	-	(2.25)	-	(1,503.60)	-	-

Balances Outstanding as at March 31, 2018

Description	"MBE Coal & Mineral Technology India Private Limited"	MBE Mineral Technologies Pte Limited	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	MBE EWB Technologies Kft	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	EMC Limited ***	McNally Bharat Engg. (S.A.) Proprietary Limited	Williamson Magor & Co. Limited **	Vedica Sanjeevani Projects Pvt Limited	McNally Bharat Infrastructure Limited
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)	-	-	(18,043.11)	(9.94)	(4.69)	-	(0.13)	-	(27,470.04)	-
Provision for impairment in value of investments	-	-	-	-	-	-	-	4.69	-	0.13	-	-	-
	-	-	-	-	-	-	-	(4.69)	-	(0.13)	-	-	-
Guarantees received	-	-	-	-	-	5,950.00 *	-	-	-	-	-	-	-
	-	-	-	-	-	(5,950.00)	-	-	-	-	-	-	-
Guarantees given	2,890.59	-	-	-	-	5,000.00	-	-	-	-	-	-	-
	(2,850.00)	-	-	-	-	(6,496.28)	-	-	-	-	-	-	-
Outstanding payables	22.73	2.31	-	1.47	65.00	-	-	-	-	-	-	-	-
	(397.88)	-	-	(1.27)	(56.50)	(900.94)	-	-	(19.33)	-	(8,061.58)	-	-
Outstanding Receivables	337.11	-	62.94	-	-	1,797.28	-	1,385.04	-	40.08	-	491.60	-
	(65.67)	(7,180.93)	-	-	(33.46)	-	(1.00)	(1,385.04)	-	(40.08)	-	-	-
Allowance for doubtful loans	-	-	-	-	-	-	-	1,385.04	-	40.08	-	-	-
	-	-	-	-	-	-	-	(1,385.04)	-	(40.08)	-	-	-

*Refer Note no. 40. ** The amount outstanding as at March 31, 2018 has not been disclosed as Williamson Magor & Co. Limited was not a related party as at the year end. All transactions upto the date of cessation have been disclosed. *** The amount outstanding as at March 31, 2018 has not been disclosed as EMC Limited was not a related party as at the year end. All transactions upto the date of cessation have been disclosed.

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Transactions with Key Managerial Personnel	2017-18			2016-17		
	Remu-neration	Sitting fees	Outstanding Balance payable as at year end	Remu-neration	Sitting fees	Outstanding Balance payable as at year end
Mr. S. Singh	220.03	-	11.98	-	-	-
Mr. Prasanta Kumar Chandra	67.17	-	27.25	110.20	-	11.43
Mr. Prabir Ghosh	47.05	-	16.26	104.44	-	11.03
Mr. Lalit Khetan	79.00	-	4.23	-	-	-
Mr. Indranil Mitra	26.23	-	1.82	-	-	-
Mr. Aditya Khaitan	-	0.80	-	-	2.00	-
Mr. Amritanshu Khaitan	-	1.00	-	-	1.80	-
Mr. V.K. Verma	-	1.20	-	-	2.20	-
Mr. P.H Ravikumar	-	0.20	-	-	1.40	-
Ms. Arundhati Dhar	-	2.20	-	-	2.00	-
Mr. Manish Agarwal	-	0.40	-	-	0.40	-
Mr. A.K Barman	-	2.20	-	-	3.60	-
Mr.P.S. Bhattacharya	-	0.60	-	-	0.20	-
Mr. S. R. Dasgupta	-	-	-	-	1.60	-

Remuneration includes	2017-18		2016-17	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Mr. S. Singh	220.03	-	-	-
Mr. Prasanta Kumar Chandra	64.81	2.36	104.53	5.67
Mr. Prabir Ghosh	44.69	2.36	98.88	5.56
Mr. Lalit Khetan	75.75	3.25	-	-
Mr. Indranil Mitra	25.16	1.07	-	-

Note:

This does not include the impact of provision made on actuarial valuation of retirement benefit/ long term Schemes and provision made during the year towards Post employment benefits as the same are not separately ascertainable for individual directors.

Details of contribution to post employment benefit plans

Remuneration includes	2017-18	2016-17
McNally Bharat Executive Staff Gratuity Fund	221.17	45.96
McNally Bharat Employees Provident Fund	338.13	337.00

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

28 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	March 31, 2018	March 31, 2017
Property, plant and equipment	12.05	4.05

29 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	March 31, 2018	March 31, 2017
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	427.00	408.42
Later than one year but not later than five years	183.45	610.45
Later than five years	-	-

Rental expense relating to operating leases

Particulars	March 31, 2018	March 31, 2017
Total rent expense relating to operating leases	1,090.00	1,163.49

30 CONTINGENT LIABILITIES

The details of contingent liabilities is as under:

Particulars	As at March 31, 2018	As at March 31, 2017
Claims against the company not acknowledged as debt	9,069.00	4.80
Other money for which the Company is contingently liable:		
Indirect tax matters relating to excise duty, service tax, sales tax	11,106.09	5,607.74
Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed.	533.27	498.25
Corporate guarantees given in favour of subsidiary companies*	7,890.59	9,346.28
Liquidated damages relating to contract sales	Amount not readily ascertainable	Amount not readily ascertainable

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

Particulars	As at March 31, 2018	As at March 31, 2017
MBE Coal & Mineral India Pvt Ltd (Banking Facility)	2,890.59	2,850.00
McNally Sayaji Engineering Ltd (ECB & Rupee Term Loan)	5,000.00	6,496.28
	7,890.59	9,346.28

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

31 DUES TO MICRO AND SMALL ENTERPRISES

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as below:

Particulars	March 31, 2018	March 31, 2017
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	177.76	959.76
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	74.11	37.47
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year	2,660.74	2,414.91

32 EXCESS REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL

(A) Excess managerial remuneration paid for which the Company is yet to seek approval from the Central Government to regularize the same in terms of section 197(3) read with Schedule V to the Companies Act,2013 amounting to ₹ 40.82 lacs paid/payable to erstwhile one whole time director for the financial year ended March 31, 2018.

(B) Excess managerial remuneration paid for which approval in terms of section 197(3) read with Schedule V to the Companies Act,2013 is pending from the Central Government amounting to ₹ 220.03 lacs paid/ payable to the managing director for the financial year ended March 31, 2018 and ₹ 121.87 lacs paid/ payable to two erstwhile whole time directors for the financial year ended March 31, 2017.

33 DISCLOSURE FOR CONSTRUCTION CONTRACTS

The details as required in respect of construction contracts under Ind AS 11-Construction Contracts is as under:

Particulars	March 31, 2018	March 31, 2017
Contract costs incurred	**16,11,734.85**	**15,13,502.07**
Add : Recognised profit net of recognised (losses)	(2,746.61)	20,106.30
Contract Revenues	16,08,988.24	15,33,608.37
Progress Billing	14,80,945.88	13,91,018.07
Unbilled Revenue (Net)	1,28,042.36	1,42,590.30
Due from Customers	1,32,699.32	1,43,509.14
Less: Allowance for doubtful amount	5,864.79	11,791.85
Less: Provision for future foreseeable losses	694.53	1,194.39
Net Due from Customers	**1,26,140.00**	**1,30,522.90**
Due to Customers	(4,656.96)	(919.17)
Add: Provision for future foreseeable losses	4.48	(54.23)
Net Due to Customers	**(4,652.48)**	**(973.40)**
Advance payments received	**52,945.35**	**55,907.22**
Retention amount	**70,637.95**	**76,907.19**

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

Provision for future foreseeable losses recognised	**699.01**	**1,248.62**

Sale of equipments and contract revenue in respect of construction contracts as reported in this accounts is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.

The company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

The Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

34 EARNINGS PER SHARE

Particulars	March 31, 2018	March 31, 2017
(a) Basic earnings per share		
From continuing operations attributable to the equity holders of the company	(42,645.98)	(6,645.52)
Total basic earnings per share attributable to the equity holders of the company	(30.17)	(12.30)
(b) Diluted earnings per share		
From continuing operations attributable to the equity holders of the company	(42,645.98)	(6,645.52)
Total diluted earnings per share attributable to the equity holders of the company	(30.17)	(12.30)

(c) Reconciliations of earnings used in calculating earnings per share

Particulars	March 31, 2018	March 31, 2017
Profit attributable to the equity holders of the Company used in calculating basic and diluted earnings per share		
Total comprehensive income for the year	(42,645.98)	(5,875.19)
Adjustment of redemption premium in case of redeemable preference shares from securities premium	-	(770.33)
Profit attributable to the equity holders of the Company used in calculating basic and diluted earnings per share	(42,645.98)	(6,645.52)

(d) Weighted average numbers of shares used as denominator

Particulars	March 31, 2018 Number of shares	March 31, 2017 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	14,13,35,283	5,40,50,190
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	**14,13,35,283**	**5,40,50,190**

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

35 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 substantial revenue in 2017-18 and 2016-17 from India. All non current assets of the company are located in India.

36 ASSETS PLEDGED AS SECURITY

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

Particulars	Notes	March 31, 2018	March 31, 2017
Current			
Financial assets			
Trade Receivables	6(a)	1,71,059.83	1,65,243.79
Cash and cash equivalents	6(c)	9,106.88	8,576.73
Other financial assets	6(d)	1,44,246.43	1,49,312.40
Loans	6(b)	1,815.01	8,647.07
Non-financial assets			
Inventories	9	8,974.02	2,614.83
Other current assets	10(a)	38,075.56	70,500.48
Total current assets pledged as security		**3,73,277.73**	**4,04,895.30**
Non-current			
Property, plant and equipment	3	5,157.14	6,600.43
Capital work in progress	3	462.48	462.58
Investments	5	262.18	194.00
Total non-currents assets pledged as security		**5,881.80**	**7,257.01**
Total assets pledged as security		**3,79,159.53**	**4,12,152.31**

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 amounting to ₹ 262.18 lakhs are put under lien for loan taken from L&T Finance Limited. Refer Note 12(a).

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.

Refer Note 12(a) and 12(b) for details of assets charged as security.

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

37 CURRENT ASSETS/LIABILITIES RECOVERABLE/PAYABLE WITHIN AND BEYOND 12 MONTHS

Particulars	March 31, 2018			March 31, 2017		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Trade receivables	99,371.43	71,688.40	1,71,059.83	88,336.60	76,907.19	1,65,243.79
Other financial assets	1,44,246.43	-	1,44,246.43	18,789.50	1,30,522.91	1,49,312.41
Other current assets	38,075.56	-	38,075.56	58,696.30	11,804.18	70,500.48
Trade payables	84,696.68	-	84,696.68	1,25,025.25	22,902.14	1,47,927.39
Other financial liabilities	28,312.49	-	28,312.49	28,051.04	12,292.00	40,343.04
Other current liabilities	60,165.71	-	60,165.71	48,785.15	12,050.97	60,836.12

38 DETAILS OF LOANS GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

Particulars	March 31, 2018	March 31, 2017
Balance of loan given to MBE Mineral Technologies Pte Ltd.,Singapore (100% subsidiary)	-	7,180.93
Balance of loan given to McNally Bharat Equipments Limited (100% subsidiary)	-	1.00
MBE Minerals Zambia Limited	1,385.04	1,385.04
McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. 30.06.2017)	40.08	40.08
Balance of loan given to Vedica Sanjeevani Projects Private Limited 60% subsidiary)	246.93	-
	1,672.05	**8,607.05**

All the above loans have been given for business purpose.

39

As per the Scheme of Arrangement as sanctioned by the Hon'ble High Court at Calcutta vide its Order dated July 28, 2009 which was filed with the Registrar of Companies, West Bengal , Kolkata on September 01, 2009, for reconstruction of McNally Bharat Engineering Company Limited (MBECL) and its subsidiary viz McNally Sayaji Engineering Ltd (MSEL) - the Products Division of MBECL engaged in the business of manufacture and/or procuring equipments for various engineering and infrastructure projects and having its units at Kumardhubi, in the State of Jharkhand, Asansol, in the State of West Bengal and Bangalore, in the State of Karnataka has been transferred to MSEL with effect from the appointed date, i.e. April 01, 2008. As per the scheme of arrangement the transfer and vesting of Products Division of MBECL to MSEL shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however, that such charges, mortgages and/or encumbrances shall be confined only to the assets of MBECL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in MSEL and no such charges, mortgages and/ or encumbrances shall extend over or apply to any other asset(s) of MSEL. Thus the existing charges on the assets of the Products Division for facilities enjoyed by MBECL will continue and vice versa. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of the Company are secured by assets which include

Notes to Standalone Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

those of the Product Division of MSEL.

40

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 ₹ 1,517 lakhs towards receivable and ₹ 1,133 lakhs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of ₹ 7,334 lakhs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-Conseils" (FIDIC). Arbitral Board in their meeting held on October 25, 2010 has upheld Elsamex S A's claim and has given award in favour of Elsamex S A. Under the award, a total amount of ₹ 3,535 lakhs is receivable by the Company. A claim has already been lodged with PWD. PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the High Court for a stay in the matter of payment of award money.

41

There are no significant subsequent events that would require adjustments or disclosures in the Financial Statements as on the Balance Sheet date.

42

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

The above standalone balance sheet should be read in conjunction with the accompanying note nos. 1 to 42.
This is the balance sheet referred to in our report of even date.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Independent Auditor's Report

To The Members of McNally Bharat Engineering Company Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of McNally Bharat Engineering Company Limited (hereinafter referred to as “the Parent”) and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”),and its joint venture and associate, comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

Management’s Responsibility for the Consolidated Ind AS Financial Statements

The Parent’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 including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, 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.

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. Those Standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor’s judgment, 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 Parent’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 Parent’s Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained bythe other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph,is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

(i) Note 34(A) to the consolidated Ind AS financial statements regarding payment of excess managerial remuneration for which the Parent is yet to seek approval from the Central Government to regularize the same in terms of section 197(3) read with Schedule V to the Act amounting to ₹ 40.82 lacs paid/payable to erstwhile one whole time director for the financial year ended March 31, 2018.

Independent Auditor's Report

(ii) Note 34(B) to the consolidated Ind AS financial statements regarding payment of excess managerial remuneration for which approval in terms of section 197(3) read with Schedule V to the Act, is pending from the Central Government amounting to ₹ 220.03 lacs paid/ payable to the managing director for the financial year ended March 31, 2018 and ₹ 121.87 lacs paid/ payable to two erstwhile whole time directors for the financial year ended March 31, 2017.

This matter was also qualified by the predecessor auditor in the report for the financial year ended March 31, 2017 as reported ₹ 76.80 lacs.

Pending Central Government approval, we are unable to comment on the consequential effect of the above matters on the consolidated Ind AS financial statements.

(iii) Note 30 to the consolidated Ind AS financial statements relating to consideration of ₹ 1,375.50 lacs receivable on account of sale of investment made during the year by one of the wholly owned subsidiary, consolidated based on management accounts referred to in para (b) under Other Matter Paragraph below, and disclosed under Other receivables. For the reasons stated in the said note, we are not able to comment on the recoverability of the said amount and its consequential impact on these consolidated Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements, the subsidiaries and joint venture referred to in the Other Matters paragraph below, except for the possible effects of the matters described 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group as at 31st March, 2018, their consolidated loss (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of three subsidiaries included in the consolidated Ind AS financial statements, whose financial statements reflect total assets of ₹ 709.21 crores as at 31st March, 2018 and total revenues of ₹224.75 crores and net cash inflows amounting to ₹ 14.41 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries,is based solely on the reports of other auditors.

(b) We did not audit the financial information of three subsidiaries located outside India included in the consolidated Ind AS financial statements, whose financial information reflect total assets of ₹ 35.39 crores as at 31st March, 2018 and total revenues of ₹ 12.02 crores 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 ₹ 0.24 crores for the year ended 31st March, 2018, as considered in the consolidated Ind AS financial statements, in respect of one joint venture located outside India, whose financial information have not been audited. The consolidated Ind AS financial statements also include the Group’s share of net loss of ₹ 4.13 crores for the year ended 31st March, 2018, as considered in the consolidated Ind AS financial statements, in respect of one associate located outside India, whose financial information have not been audited. The financial information of these three subsidiaries, one joint venture and one associate located outside India have been prepared in accordance with accounting principles generally accepted in their respective countries. The Parent‘s management has converted the financial information of such subsidiaries, associate and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid is not modified in respect of the above matters with respect to our reliance on the work done and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of subsidiaries incorporated in India, associate and joint venture referred in the Other Matters paragraph above, we report, to the extent applicable, that:

(a) except for the matters described in the Basis for Qualified Opinion paragraph above, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above,in our opinion, proper books of account as required by law 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 the reports of the other auditors.

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) on the basis of the written representations received from the directors of the Parent as on 31st March, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2018 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses a qualified opinion on the operating effectiveness of the Group's internal financial controls over financial reporting for the reasons stated therein.

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

    i. the group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements.

    ii. the group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

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

A. Bhattacharya
Partner
Membership Number: 054110

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

V. K. Singhi
Partner
Membership Number: 050051

Place: Kolkata
Date: May 29, 2018

Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of McNally Bharat Engineering Company Limited (hereinafter referred to as “the Parent”) and its subsidiary companies which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India,based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, 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 internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not 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

According to the information and explanations given to us and based on our audit, the following material weaknesses has been identified in the Company's internal financial controls over financial reporting as at March 31, 2018:

- relating to compliance with laws and regulations did not operate effectively which resulted in payment of excess managerial remuneration without complying the requirements of Section 197(3) read with Schedule V to the Act and

- relating to the group control on review of recoverability of receivables on account of sale of investments by one of the subsidiary companies which may have consequential impact on these consolidated Ind AS financial statements.

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.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies,which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Parent's and its subsidiary companies', internal financial controls over financial reporting were operating effectively as of March 31, 2018.

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 Company for the year ended March 31 2018, and the material weakness does not affect our opinion on the said consolidated Ind AS financial statements of the Company.

Annexure "A" to the Independent Auditor's Report

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

A. Bhattacharya
Partner
Membership Number: 054110

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

V. K. Singhi
Partner
Membership Number: 050051

Place: Kolkata
Date: May 29, 2018

Consolidated Balance Sheet
as at March 31, 2018

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

Particulars	Note	As at 31.03.2018	As at 31.03.2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	19,989.78	22,811.92
Capital work-in-progress		479.48	404.69
Goodwill	4	15,520.01	15,623.27
Other intangible assets	4	85.18	85.19
Investment Properties		378.00	-
Investments accounted for using the equity method		1,286.95	1,405.41
Financial assets			
i. Investments	5	319.01	740.95
ii. Trade receivables	6(a)	1,766.00	12,840.77
iii. Loans	6(b)	-	2,910.35
iv. Other financial assets	6(d)	1,089.39	861.89
Deferred tax assets (net)	7	56,807.60	42,298.10
Other non-current assets	8	235.06	197.22
Total non-current assets		97,956.46	1,00,179.76
Current assets			
Inventories	9	41,755.62	33,735.21
Financial assets			
i. Trade receivables	6(a)	1,79,740.84	1,75,533.10
ii. Cash and cash equivalents	6(c)	9,844.42	9,250.99
iii. Bank balance other than cash and cash equivalents	6(c)	2,669.23	2,281.40
iv. Loans	6(b)	1,715.34	1,611.02
v. Other financial assets	6(d)	1,46,722.71	1,49,921.43
Current tax assets (net)	10(b)	11,830.80	12,000.41
Other current assets	10(a)	41,119.55	63,711.72
Total current assets		**4,35,398.51**	**4,48,045.28**
Total assets		**5,33,354.97**	**5,48,225.04**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11(a)	15,804.46	5,359.38
Other equity			
i. Compulsorily convertible preference share	11(a)	5,352.62	8,328.79
ii. Money received against share warrants		100.00	-
iii. Reserves and surplus	11(b)	(12,668.11)	(3,824.26)
Equity attributable to owners of McNally Bharat Engineering Company Limited		**8,588.97**	**9,863.91**
Non-controlling interest		3,196.04	3,571.74
Total equity		**11,785.01**	**13,435.65**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
i. Borrowings	12(a)	6,807.20	16,785.00
ii. Trade payables	12(d)	19.00	53.00
ii. Other financial liabilities	12(c)	365.63	610.09
Other non-current liabilities	15	368.00	349.84
Provisions	13	899.33	900.19
Total non-current liabilities		**8,459.16**	**18,698.12**
Current liabilities			
Financial liabilities			
i. Borrowings	12(b)	3,20,241.47	2,62,660.34
ii. Trade payables	12(d)	95,437.12	1,40,433.65
iii. Other financial liabilities	12(c)	32,143.84	45,855.78
Other current liabilities	15	64,672.84	65,923.21
Provisions	13	615.36	1,193.53
Current tax liabilities	14	0.17	24.76
Total current liabilities		**5,13,110.80**	**5,16,091.27**
Total liabilities		**5,21,569.96**	**5,34,789.39**
Total equity and liabilities		**5,33,354.97**	**5,48,225.04**
Significant Accounting Policies	1-2		

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 47.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

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

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	16	1,68,787.05	2,20,176.14
Other income	17(a) & (b)	15,259.92	31,717.02
Total income		**1,84,046.97**	**2,51,893.16**
Expenses			
Cost of materials consumed	18(a)	95,407.62	1,54,867.87
Purchases of stock-in- trade		2,530.00	3,512.00
Changes in inventories of work-in-progress and finished goods	18(b)	(5,978.99)	233.98
Outsourcing expenses to job workers		45,007.10	53,502.12
Excise duty		538.29	2,996.90
Employee benefit expense	19	13,496.61	13,638.79
Depreciation and amortisation expense	20	3,103.98	4,533.76
Finance costs	22	55,545.28	43,231.06
Other expenses	21	35,637.31	32,349.05
Total expenses		**2,45,287.20**	**3,08,865.53**
Profit/(Loss) before share of net loss of investments accounted for using equity method and tax		**(61,240.23)**	**(56,972.37)**
Share of net loss of associate and joint venture accounted for using the equity method	33	(437.64)	(274.75)
Profit/(Loss) before tax		**(61,677.87)**	**(57,247.13)**
Income tax expense	23		
- Current tax		-	(10,809.52)
- Deferred tax		(14,656.09)	(41,348.04)
Total tax expense		**(14,656.09)**	**(52,157.56)**
Profit/(Loss) for the year		**(47,021.78)**	**(5,089.56)**
Other comprehensive income			
Items that will not be reclassified to profit or loss	12		
Remeasurements of post-employment defined benefit obligations (net)		(40.06)	(108.85)
Income tax relating to these items (net)		(19.00)	19.28
Other comprehensive income for the year		**(59.06)**	**(89.57)**
Total comprehensive income for the year		**(47,080.84)**	**(5,179.13)**
Profit is attributable to:			
Owners of the Holding Company		(46,095.20)	(5,694.41)
Non-Controlling interest		(926.58)	604.85
		(47,021.78)	**(5,089.56)**
Other Comprehensive income is attributable to:			
Owners of the Holding Company		(69.63)	(78.98)
Non Controlling Interest		10.57	(10.59)
		(59.06)	**(89.57)**
Total Comprehensive income is attributable to:			
Owners of the Holding Company		(46,164.82)	(5,773.39)
Non-Controlling interest		(916.01)	594.26
		(47,080.84)	**(5,179.13)**
Earning per share (EPS) for the period (Face value of ₹ 10/- per share):			
Basic (₹)	37	(31.81)	(12.11)
Diluted (₹)	37	(31.81)	(12.11)
Significant Accounting Policies	1-2		

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 47.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Consolidated Statement of Cash Flows

for the year ended March 31, 2018

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Profit before income tax	**(61,677.87)**	**(57,247.12)**
Adjustments for:		
Depreciation	3,103.98	4,533.76
Finance Cost	55,545.28	43,231.06
Interest Income	(5,639.71)	(1,744.67)
Dividend Income	(0.03)	(0.33)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(2.00)	0.29
Loss/(Profit) on Sale of Investments	(1,201.27)	(713.56)
Bad Debts Written Off	1,435.79	1,352.14
Expected credit loss provided for/(written back)	(7,138.23)	(25,932.37)
Provision for Impairment of loan	1,585.20	-
Liability no longer required written back	(443.00)	(930.63)
Provision for Future Foreseeable Losses in Construction Contracts	(549.61)	493.46
Provision for warranty	-	25.00
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(120.36)	45.18
Share of losses on associates and joint ventures	437.64	274.75
(Gain)/loss on fair valuation of derivative contracts	168.10	(439.16)
Net (gain)/loss on financial assets measured at fair value through profit or loss	(24.93)	(2.54)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	6,267.91	(19,575.56)
(Increase)/Decrease in inventories	(8,020.41)	(3,703.33)
Increase/(Decrease) in trade payables	(45,030.53)	11,144.95
(Increase)/Decrease in other financial assets	10,522.09	7,219.58
(Increase)/decrease in other non-current assets	(37.84)	135.27
(Increase)/decrease in other current assets	22,592.17	(9,743.40)
Increase/(decrease) in provisions	(637.10)	(480.31)
Increase/ (decrease) in employee benefit obligations	-	238.05
Increase/ (decrease) in other financial liabilities	(873.51)	(123.02)
Increase/ (decrease) in other liabilities	(741.59)	(3,135.54)
Cash generated from operations		
Income taxes paid	145.02	(1,701.57)
Net cash Outflow from operating activities	**(30,334.82)**	**(56,779.62)**
Cash flows from investing activities		
Payment for purchase of investments	(55.57)	(694.00)
Proceeds from sale of investments	1,703.71	-
Adjustment for losses in associates and joint ventures	(319.18)	1,285.67
Loans received/ (given) during the year	1,220.84	(4,521.37)
Deposits matured/(made) during the year	(387.83)	33.01
Purchase of property, plant and equipment	(558.22)	(64.17)
Proceeds from sale of property, plant and equipment	20.67	29.40
Dividends received	0.03	0.33

Consolidated Statement of Cash Flows
for the year ended March 31, 2018

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest received	4,890.25	1,735.66
Net cash inflow / (outflow) from investing activities	**6,514.70**	**(2,195.47)**
Cash flows from financing activities		
Proceeds from issues of shares	39,382.99	14,880.36
Proceeds from borrowings	4,65,260.79	3,03,296.69
Repayment of borrowings	(4,17,258.09)	(2,15,973.33)
Dividend paid	19.37	(18.35)
Transactions with non controlling interest	(375.70)	594.26
Interest paid	(56,857.78)	(43,257.47)
Net cash inflow from financing activities	**30,171.58**	**59,522.16**
Net increase in cash and cash equivalents	**6,351.46**	**547.06**
Effect of exchange rate changes on cash and cash equivalents	**0.66**	**23.47**
Cash and cash equivalents at the beginning of the financial year	**3,492.30**	**2,921.77**
Cash and cash equivalents at end of the financial year	**9,844.42**	**3,492.30**

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

Cash and cash equivalents as per above comprise of the following

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash and cash equivalents (note 6(c))	9,844.42	9,250.99
Bank overdrafts (note 12(c))	-	(5,758.69)
Balances per statement of cash flows	9,844.42	3,492.30

Change in Liability arising from Financing Activities

Particulars	April 01, 2017	Cash Flow	Other Adjustment #	March 31, 2018
Borrowings (Non-Current)	46,868.84	(17,018.44)	949.48	30,799.88
Borrowings (Current)	2,62,660.34	65,021.14	(7,440.00)	3,20,241.47
Total	**3,09,529.18**	**48,002.70**	**(6,490.52)**	**3,51,041.35**

Other Adjustment of ₹ 949.48 lacs in respect of Non-Current Borrowings pertains to amortisation of transaction cost and redemption premium on Preference Shares and ₹ 7,440.00 lacs in respect of Non-Current Borrowings pertains to issue of compulsarily convertible preference shares on conversion of Inter-corporate deposits.

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 note nos. 1 to 47.
This is the Consolidated Statement of Cash Flows referred to in our report of even date.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number: 117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

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

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

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

A. Equity share capital

Particulars	Notes	Equity Share Capital
As at March 31, 2016		5,109.38
Changes in equity share capital	11(a)	250.00
As at March 31, 2017		5,359.38
Changes in equity share capital	11(a)	10,445.08
As at March 31, 2018		15,804.46

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	Capital Reserve	Foreign Currency Translation Reserve	General Reserve	
Balance at March 31, 2016		**625.00**	**-**	**27,852.91**	**(76,661.04)**	**1.00**	**344.28**	**0.01**	**1,743.84**	**(46,094.00)**
Loss for the year	11(b)	-	-	-	(5,694.41)	-	-	-	-	(5,694.41)
Other comprehensive income	11(b)	-	-	-	(78.98)	-	-	-	-	(78.99)
Appropriations during the year	11(b)	-	-	-	-	-	-	702.19	-	702.19
Transfers	11(b)	-	-	-	(22.79)	-	-	-	22.79	-
Total comprehensive income for the year		**-**	**-**	**-**	**(5,796.18)**	**-**	**-**	**702.19**	**22.79**	**(5,071.21)**
Transactions with owners in their capacity as owners:										
Issue of shares	11(a)	(625.00)	8,328.79	48,891.25	-	-	-	-	-	56,595.04
Transaction with others:										
Transaction costs	11(b)	-	-	(925.30)	-	-	-	-	-	(925.30)
Balance at March 31, 2017		**-**	**8,328.79**	**75,818.86**	**(82,457.23)**	**1.00**	**344.28**	**702.20**	**1,766.63**	**(3,824.26)**
Loss for the year	11(b)	-	-	-	(46,095.20)	-	-	-	-	(46,095.20)
Other comprehensive income	11(b)	-	-	-	(69.63)	-	-	-	-	(69.63)
Appropriations during the year	11(b)	-	-	-	-	-	-	(983.62)	-	(983.62)
Total comprehensive income for the year		**-**	**-**	**-**	**(46,164.83)**	**-**	**-**	**(983.62)**	**-**	**(47,148.45)**
Issue of shares/warrants/CCPS	11(a)	100.00	-	39,510.28	-	-	-	-	-	39,610.28
Converted into equity	11(a)	-	(2,976.17)	-	-	-	-	-	-	(2,976.17)
Transaction costs	11(b)	-	-	(1,205.67)	-	-	-	-	-	(1,205.67)
Balance at March 31, 2018		**100.00**	**5,352.62**	**1,14,123.47**	**(1,28,622.05)**	**1.00**	**344.28**	**(281.42)**	**1,766.63**	**(12,668.11)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying note nos. 1 to 47.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

1 CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information

The Consolidated Financial Statements comprise of financial statements of "McNally Bharat Engineering Company Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 March, 2018.

B. Recent Accounting pronouncements

Appendix B to Ind AS 21, foreign currency transactions and advance considerations:

On March 28, 2018 the Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 01, 2018. The Group is in the process of assessing its effect on the consolidated financial statements and do not anticipate that the application of Appendix B to Ind AS 21 will have a significant impact on the financial position and/or financial performance of the Group.

Ind AS 115, Revenue from Contract with Customers:

On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Specifically, the standard introduces a five step approach to revenue recognition.

The standard permits two possible methods of transition:

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified Retrospective approach – Under this approach the standard will be applied retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch-up).

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 01, 2018. The Group will adopt the Standard on April 01, 2018 by using the modified retrospective approach and accordingly, comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. The Group is in the process of assessing its effect on the consolidated financial statements.

C. Significant accounting policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

The consolidated Ind AS 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] read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and other relevant provisions of the Act.

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

(ii) Historical cost convention

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

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

(iii) Operating Cycle

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

(iv) Use of estimates and judgement

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

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

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

(b) Segment reporting

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

(c) Foreign currencies

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

(i) Functional currency

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

(ii) Transactions and balances

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

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

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

Notes to Consolidated Financial Statements
for the year ended March 31, 2018 *(Contd.)*

(d) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The Group controls an entity when the group is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the reporting period. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

The unaudited financial statements of foreign subsidiaries, its associate and joint venture have been prepared in accordance with the Generally Accepted Accounting Policies of its Country of Incorporation.

The acquisition method of accounting is used to account for business combination.

The group combines the financial statement of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity, and balance sheet respectively.

ii) Associates

Associate is an entity over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in the associate is accounted for using the equity method of accounting (see (iv) below), after initially being recognized at cost.

iii) Joint Arrangements

Under Ind AS 111 Joint arrangements, investment in joint arrangement is classified as either joint operation or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. 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 equity method of accounting, the investment is initially recognized at cost and adjusted thereafter to recognize the group's share of post-acquisition profits or losses of the investee in the statement of profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividend received or receivable from associate and joint venture is recognized as a reduction in the carrying amount of investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other long term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, Accounting policies of the equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(h) below.

(e) Revenue recognition

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

(iii) Revenue from construction contracts

Revenue from 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.

(iv) Dividend and Interest Income

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

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

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

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

(ii) Deferred Tax

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

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)*

(g) Leases

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

Group as a lessee:

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

(i) Another systematic basis is more representative of the time pattern in which economic benefits the leased assetis derived; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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

Group as a lessor:

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

(i) Another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(h) Impairment of non-financial assets

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

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

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

(i) Cash and cash equivalents

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

(j) Trade receivables

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

(k) Inventories

Inventories consists of raw materials, stores, work in progress, bought out components, loose tools and finished goods.

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

(l) Financial liability

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

(i) Classification

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as required by Ind AS 109.

All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

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

(m) Investments and other financial assets

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

(i) Classification

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

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

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

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

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in consolidated statement of profit and 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 selected the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of financial assets

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)*

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

(iv) Derecognition of financial asset

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

(n) Derivatives that are not designated as hedges

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

(o) Offsetting of financial instruments

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

(p) Property, plant and equipment

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

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

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

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

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

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

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. In respect of one of the subsidiaries representing assets with gross carrying amount ₹ 13.78 lacs, accumulated depreciation/amortisation Rs. 9.14 lacs and net carrying amount of Rs. 4.64 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 a case is different than those specified by Schedule II to the Companies Act 2013, in order to reflect the actual usage of the assets as given below. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

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

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

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

(q) Intangible assets

(i) Computer Software

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

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

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

(ii) Amortisation methods and periods

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

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

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

(t) Borrowing costs

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

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

(u) Provisions and Contingent liabilities

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)*

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

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

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

(v) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether the equity instruments or assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of acquired business;
- Equity interests issued by group; and
- Fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values acquisition date.

Acquisition-related costs are expensed as incurred. The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

(w) Employee benefits

(i) Short – term obligations

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

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

(ii) Other long term employee benefit obligations

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

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

(iii) Defined benefit plans

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

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

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

The Group has a provident fund benefit plan which is administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The Group make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Group has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Group's obligation to meet the shortfall, it is categorized as a defined benefit plan.

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

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

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

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

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

(x) Contributed equity

Equity shares are classified as equity

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)*

(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:

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

(ii) Diluted earnings per share

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

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

Rounding off 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.

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income and expenses, assets and liabilities and the accompanying disclosures and the disclosure relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

1. Estimation of defined benefits obligation (Note 13)
2. Recognition of deferred tax assets for carried forward tax losses (Note 7)
3. Impairment of trade receivables and due from customers (Note 25)
4. Useful life of property, plant and equipment
5. Expected cost of completion of contracts
6. Decommissioning obligations

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

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Free Hold Land	Lease Hold Land	Building	Plant & Equipment	Furniture & Fixture	Office Equipments	Vehicles	Total
Year ended March 31, 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 and other adjustments	-	-	-	(16.62)	(5.69)	(4.64)	(26.00)	(52.95)
Adjustments	(3.00)	-	(11.00)	(1.00)	-	-	-	(15.00)
Closing gross carrying amount	**285.30**	**2,814.66**	**11,468.71**	**15,072.69**	**970.81**	**225.11**	**193.17**	**31,030.45**
Accumulated depreciation/amortisation								
Opening accumulated depreciation/amortisation	**-**	**28.43**	**550.43**	**2,962.03**	**142.83**	**139.09**	**36.88**	**3,859.69**
Depreciation/amortisation 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/amortisation	**-**	**56.43**	**1,115.43**	**6,510.84**	**317.68**	**165.42**	**52.73**	**8,218.53**
Net carrying amount	**285.30**	**2,758.23**	**10,353.28**	**8,561.85**	**653.13**	**59.69**	**140.44**	**22,811.92**
Year ended March 31, 2018								
Gross carrying amount								
Opening gross carrying amount	**285.30**	**2,814.66**	**11,468.71**	**15,072.69**	**970.81**	**225.11**	**193.17**	**31,030.45**
Additions	-	-	-	66.37	8.16	16.97	13.94	105.44
Disposals and adjustments	4.10	(376.22)	283.72	262.78	(13.23)	(14.80)	(74.82)	71.53
Closing gross carrying amount	**289.40**	**2,438.44**	**11,752.43**	**15,401.84**	**965.74**	**227.28**	**132.29**	**31,207.42**
Accumulated depreciation/amortisation								
Opening accumulated depreciation/amortisation	**-**	**56.43**	**1,115.43**	**6,510.84**	**317.68**	**165.42**	**52.73**	**8,218.53**
Depreciation/amortisation during the year	0.40	33.01	576.00	2,196.22	168.55	29.70	24.83	3,028.71
Disposals and adjustments	-	-	-	4.09	(0.60)	(9.15)	(23.95)	(29.60)
Closing accumulated depreciation/amortisation	**0.40**	**89.44**	**1,691.43**	**8,711.17**	**485.63**	**185.97**	**53.61**	**11,217.64**
Net carrying amount	**289.00**	**2,349.00**	**10,061.00**	**6,690.67**	**480.11**	**41.32**	**78.68**	**19,989.78**

(i) Property, plant and equipment pledged as security

Refer note 39 for property, plant and equipment pledged as security by the group.

(ii) Contractual obligations

Refer note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

4 INTANGIBLE ASSETS

Particulars	Designs and drawings	Computer software *	Total	Goodwill on consolidation**
Year ended March 31, 2017				
Gross carrying amount				
Opening gross carrying amount	249.27	88.69	337.96	1,265.89
Acquisition of subsidiary	-	-	-	10.58
Additions	-	7.18	7.18	14,346.80
Exchange difference	-	(1.54)	(1.54)	-
Closing gross carrying amount	**249.27**	**94.33**	**343.60**	**15,623.27**
Accumulated amortisation				
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	**216.56**	**41.85**	**258.41**	**-**
Closing net carrying amount	**32.71**	**52.48**	**85.19**	**15,623.27**
Year ended March 31, 2018				
Gross carrying amount				
Opening gross carrying amount	249.27	94.33	343.60	15,623.27
Other adjustments	71.29	(2.67)	68.62	(103.26)
Closing gross carrying amount	**320.56**	**91.66**	**412.22**	**15,520.01**
Accumulated amortisation				
Opening accumulated amortisation	216.56	41.85	258.41	-
Amortisation charge for the year	70.00	2.27	72.27	-
Exchange difference	-	(3.64)	(3.64)	-
Closing accumulated amortisation	**286.56**	**40.48**	**327.04**	**-**
Closing net carrying amount	**34.00**	**51.18**	**85.18**	**15,520.01**

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

** The Group had acquired 60% stake in one of the subsidiary companies in the financial year ended March 31, 2017 resulting in acquisition of Goodwill.

5 NON-CURRENT INVESTMENTS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Investment in equity instruments (fully paid-up)		
Investment in Equity investments at FVTPL		
Quoted		
10,960 (March 31, 2017 : 10,960) equity shares of Eveready Industries India Limited	41.07	28.75
10,960 (March 31, 2017 : 10,960) equity shares of McLeod Russel India Limited	15.76	18.20
Total (equity instruments)	**56.83**	**46.95**

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

Particulars	As at 31st March, 2018	As at 31st March, 2017
Investment in mutual funds carried at FVTPL		
Unquoted		
1,577,970.078 (March 31, 2017 : 1,239,618.663) units of L&T Short Term Opportunities Growth Fund	262.18	194.00
Total (mutual funds)	**262.18**	**194.00**
Investment in debentures carried at amortised cost		
Unquoted		
2% Debenture of ₹ 100/- each of Green Gold Mercentile Private Limited	-	400.00
2% Debenture of ₹ 100/- each of Trigger Supply Private Limited	-	100.00
Total (debentures)	**-**	**500.00**
Total	**319.01**	**740.95**
Total non-current investments	319.01	740.95
Aggregate amount of quoted investments and market value thereof	56.83	46.95
Aggregate amount of unquoted investments	262.18	694.00

(i) Investments pledged as security

Refer note 39 for investments pledged as security by the group.

6 (A) TRADE RECEIVABLES

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade receivables	1,90,121.94	1,97,825.65
Less: Allowance for doubtful debts(expected credit loss allowance)	(8,615.10)	(9,451.78)
Total receivables	1,81,506.84	1,88,373.87
Current portion	**1,79,740.84**	**1,75,533.10**
Non-current portion	1,766.00	12,840.77

Break-up of security details:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good	1,81,506.84	1,88,373.87
Doubtful	8,615.10	(9,451.78)
Total	**1,90,121.94**	**1,78,922.09**
Less: Allowance for doubtful debts(expected credit loss allowance)	(8,615.10)	(9,451.78)
Total trade receivables	**1,81,506.84**	**1,88,373.87**

6 (B) LOANS

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Loan to others	1,715.34	-	1,611.02	2,910.35
Total loans	**1,715.34**	**-**	**1,611.02**	**2,910.35**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

6 (C) CASH AND CASH EQUIVALENTS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balances with banks		
- In current accounts	9,028.94	9,172.51
- In cash credit accounts	5.81	-
- Cheques on hand	313.70	-
Deposits with bank	165.00	3.00
Cash on hand	330.97	75.48
Total cash and cash equivalents	**9,844.42**	**9,250.99**
Other bank balances		
Earmarked balances with banks	2,211.09	1,750.29
Deposits with bank	449.81	519.00
Balance in unpaid dividend account	8.33	12.11
Total other bank balances	**2,669.23**	**2,281.40**

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

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

(iii) Amount under lien ₹ 40 lacs.

6 (D) OTHER FINANCIAL ASSETS

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Current	Non-current	Current	Non-current
(i) Derivatives				
Foreign-exchange forward contracts	35.50	-	228.60	-
(ii) Others				
Security deposits - considered good	240.25	158.00	263.09	142.46
Advance to employees	54.84	-	96.31	-
Due from customers	1,26,140.00	-	1,30,596.12	393.41
Recoverable from director	-	-	3.00	-
Due from associate	1,392.90	-	-	-
Unbilled revenue	183.00	448.00	-	-
Sale of shares receivable (Lok Kalyan Trust)	144.66	-	154.66	-
Earmarked balances with bank	-	186.39	-	64.95
Interest receivable	760.98	-	11.52	-
Advances to related parties	686.41	-	-	-
Expenses recoverable	17,049.05	-	17,100.94	-
Others	35.12	297.00	1,467.19	261.07
Total other financial assets	**1,46,722.71**	**1,089.39**	**1,49,921.43**	**861.89**

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

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

7 DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Tax losses	62,775.84	46,164.00
Provisions	124.00	157.08
Other items		
Others	4,629.91	7,744.51
Total deferred tax assets	**67,529.75**	**54,065.59**
Set-off of deferred tax liabilities pursuant to set-off provisions	(10,722.15)	(11,767.49)
Net deferred tax assets	**56,807.60**	**42,298.10**

Reconciliation of deferred tax assets:

Particulars	Tax losses	Provisions	Others	Total
At March 31, 2016	871.42	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 March 31, 2017	**46,164.00**	**157.08**	**7744.51**	**54,065.59**
(Charged)/credited:				
- to profit or loss	16,611.84	(33.08)	(3,114.60)	13,464.16
At March 31, 2018	**62,775.84**	**124.00**	**4,629.91**	**67,529.75**

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Property, plant and equipment and intangible assets	1,045.68	1,549.28
Other items:		
Items taxable in later years	9,676.47	10,218.21
Total deferred tax liabilities	**10,722.15**	**11,767.49**
Set-off of deferred tax liabilities pursuant to set-off provisions	(10,722.15)	(11,767.49)
Net deferred tax liabilities	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Reconciliation of deferred tax assets:

Particulars	Property, plant and equipment and intangible assets	Other items	Total
At March 31, 2016	2,308.64	-	2,308.64
Charged/(credited)			
- to profit or loss	(759.36)	10,218.21	9,458.85
At March 31, 2017	**1,549.28**	**10,218.21**	**11,767.49**
Charged/(credited)			
- to profit or loss	(503.60)	(541.74)	(1,045.34)
At March 31, 2018	**1,045.68**	**9,676.47**	**10,722.15**

8 OTHER NON-CURRENT ASSETS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Capital advances	169.95	127.35
Prepayments	64.07	68.83
MAT Credit Entitlement	0.58	0.58
Balance with statutory/government authorities	0.46	0.46
Total other non-current assets	**235.06**	**197.22**

9 INVENTORIES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Inventories (lower of cost or net realisable value)		
-Raw materials	5,887.49	5,133.58
-Bought out components	5,420.28	-
-Loose tools	182.25	0.25
Work-in-progress	29,366.60	27,398.46
Finished goods	155.00	63.00
Stores and spares	744.00	1,139.92
Total inventories	**41,755.62**	**33,735.21**

10 (A) OTHER CURRENT ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance to suppliers & others	20,244.24	50,108.05
Advance for land	1,659.50	1,673.17
Balance with statutory/government authorities	14,917.40	10,973.33
Gratuity receivable	25.00	-
Prepayments	4,007.41	211.15
Others	266.00	746.02
Total other current assets	**41,119.55**	**63,711.72**

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

10 (B) CURRENT TAX ASSETS (NET)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Advance tax net of provisions	11,830.80	12,000.41
Total current tax assets (net)	**11,830.80**	**12,000.41**

11 EQUITY SHARE CAPITAL AND OTHER EQUITY

11(A) Equity Share Capital

Particulars	Equity shares		Compulsorily convertible preference shares	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share Capital				
As at April 01, 2016	7,00,00,000	7,000.00	-	-
Increase during the year	9,50,00,000	9,500.00	8,50,00,000	8,500.00
As at March 31, 2017	**16,50,00,000**	**16,500.00**	**8,50,00,000**	**8,500.00**
Increase during the year	7,50,00,000	7,500.00	5,50,00,000	5,500.00
As at March 31, 2018	**24,00,00,000**	**24,000.00**	**14,00,00,000**	**14,000.00**
Subscribed and Paid up:				
(i) Movements in share capital				
As at April 01, 2016	**5,10,93,818**	**5,109.38**	**-**	**-**
Increase during the year	25,00,000	250.00	8,32,87,939	8,328.79
As at March 31, 2017	**5,35,93,818**	**5,359.38**	**8,32,87,939**	**8,328.79**
Increase during the year	10,44,50,788	10,445.08	3,94,19,000	3,941.90
Converted into equity shares	-	-	(6,91,80,788)	(6,918.07)
As at March 31, 2018	**15,80,44,606**	**15,804.46**	**5,35,26,151**	**5,352.62**

Terms and rights attached to equity shares :

Each equity share has a par value of ₹ 10. It entitles the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of shares held and amounts paid thereon. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Terms and rights attached to compulsorily convertible preference shares:

Each CCPS shall be compulsorily convertible into one equity share at any time within 18 months from the date of allotment CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the company The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid. Each CCPS would carry a dividend of 1% which would be non cumulative.

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

The parent does not have a holding company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

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

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co. Limited	2,76,18,952	17.47	1,24,67,437	23.26
McLeod Russel India Limited	30,52,295	1.93	30,52,295	5.70
MKN Investments Private Limited	50,00,000	3.16	50,00,000	9.33
EMC Limited	1,42,87,689	9.04	1,42,87,689	26.66
Sahal Business Private Limited	1,74,47,637	11.04	-	-
Merlin Securities Private Limited	88,00,000	5.57	-	-
Williamson Financial services Limited	1,00,51,000	6.36	15,51,000	2.89
Babcock Borsig Limited	98,01,000	6.20	13,01,000	2.43

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

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Company Limited	40,00,000	7.47	1,51,51,515	18.19
Williamson Financial services Limited	1,06,51,515	19.90	1,51,51,515	18.19
Babcock Borsig Limited	68,63,636	12.82	1,13,63,636	13.64
Mortal Vinimay Private Limited	42,68,000	7.97	42,68,000	5.12
Aditya Birla Finance Limited	1,12,90,000	21.09	-	-
IL& FS Financial Services Limited	1,61,29,000	30.13	-	-
Alosha Marketing Private Limited	-	-	67,43,818	8.10
Atash Suppliers Private Limited	-	-	70,85,818	8.51
Index Sales Private Limited	-	-	59,08,000	7.09
Sahal Business Private Limited	-	-	1,36,47,637	16.39

v) Aggregate number of shares issued for consideration other than cash :

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

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

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

11(b) Reserves and surplus

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Securities premium reserve	1,14,123.32	75,818.86
Capital redemption reserve	1.00	1.00
General Reserve	1,766.63	1,766.63
Capital Reserve	344.28	344.28
Retained earnings	(1,28,622.05)	(82,457.23)
Foreign Currency Translation Reserve	(281.27)	702.20
Total reserves and surplus	**(12,668.11)**	**(3,824.26)**

(i) Securities premium reserve

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	75,818.86	27,852.91
Issue of share & CCPS during the year	39,510.28	48,891.25
Transaction costs arising on issue of preference shares	(1,205.82)	(925.30)
Closing balance	**1,14,123.32**	**75,818.86**

Nature:

Securities premium reserve has arisen on issue of shares & CCPS. The reserve will be utilised in accordance with the provision of the Companies Act, 2013.

(ii) Capital redemption reserve

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance as on 31 March 2017	1.00	1.00
Appropriations during the year	-	-
Closing balance as on 31 March 2018	**1.00**	**1.00**

Nature:

The reserve is a non distributable reserve.

(iii) General Reserve

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance as on 31 March 2017	1,766.63	1,743.84
Transferred from Retained earnings	-	22.79
Closing balance as on 31 March 2018	**1,766.63**	**1,766.63**

Nature:

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

(iv) Capital Reserve

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance as on 31 March 2017	344.28	344.28
Appropriations during the year	-	-
Closing balance as on 31 March 2018	**344.28**	**344.28**

(v) Retained earnings

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	(82,457.22)	(76,661.04)
Net profit for the year	(46,095.20)	(5,694.41)
Other comprehensive income for the year	(69.63)	(78.98)
Transfer to General Reserve	-	(22.79)
Closing balance	**(1,28,622.05)**	**(82,457.22)**

(vi) Foreign Currency Translation Reserve

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	702.20	0.01
Appropriations during the year	(983.47)	702.19
Closing balance	**(281.27)**	**702.20**

12 FINANCIAL LIABILITIES

12(A) NON-CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	Year ended March 31, 2018	Year ended March 31, 2017
Secured			
Term loans			
Rupee loan			
- From banks	10.75% to 13%	12,349.15	24,255.97
- From others	9.49% to 9.69%	9,802.39	2,312.48
Foreign currency loan	10.62%	1,163.98	11.00
Unsecured			
Term loans			
Rupee loan			
- From others	9.75% to 12.65%	-	14,940.63
2% Debentures of ₹ 1,000/- each	2.00%	3,689.20	2,509.89
Loan from others		-	31.49

Particulars	Coupon/ Interest rate	Year ended March 31, 2018	Year ended March 31, 2017
Redeemable preference shares			
9,75,000, 11.50% Non-Convertible Redeemable Preference Shares*	11.50%	4,197.12	3,247.64
Total non-current borrowings		**31,201.84**	**47,309.10**
Less: Current maturities of long-term debt (included in note 12(c))		23,992.68	30,083.84
Less: Interest accrued (included in note 12(c))		401.96	440.26
Non-current borrowings (as per balance sheet)		**6,807.20**	**16,785.00**

* Non-Convertible Redeemable Preference shares are redeemable on March 05, 2020.

Terms of repayment:

1. In case of loan having a nominal balance outstanding of ₹ 312 lacs, repayable in 16 quarterly installments starting September 26, 2014. The last installment date being June 26, 2018.
2. In case of loan having a nominal balance outstanding of ₹ 7,000 lakhs, repayable in one prepayment installment and 12 quarterly installments starting May 15, 2017. The last installment date being February 18, 2020.
3. In case of loan having a nominal balance outstanding of USD 17.50 lacs, 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 ₹ 10000 lacs, repayable in Single bullet installments on January 7, 2019.
5. In case of loan having a nominal balance of ₹ Nil (31.03.2017 ₹ 849 lacs), loan is repayable in 8 equal half yearly installments, the first such installment being due on February 27, 2014 and at the end of every six months thereafter. Interest is payable at the rate of LIBOR + 4.40% p.a. on amount beginning February 28, 2011 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
6. In case of loan having a nominal balance of ₹ Nil (31.03.2017 ₹ 1,568 lacs), loan is repayable in 13 equal quarterly installments, the first such installment being due on May 14, 2014 and at the end of every quarter thereafter. Interest is payable at the rate of LIBOR+ 2.95% p.a. on amount beginning August 14, 2012 and quarterly thereafter.
7. In case of loan having a nominal balance of ₹ 3,725 lacs (31.03.2017 ₹ 5,000 lacs), loan is repayable in 8 equal half yearly installments, the first such installment being due on June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning June 18, 2015 and every half year thereafter.
8. In case of loan having a nominal balance of ₹ 1,000 lacs (31.03.2017 ₹ Nil), loan is repayable in 8 equal quarterly installments of ₹ 125 each beginning from 3rd July 2017. Interest is payable at the 13% p.a. on monthly basis.
9. In case of loan having a nominal balance of ₹ 9 lacs (31.03.2017 ₹ 11 lacs), car loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 9.49% to 9.61% p.a.
10. In case of loan having a nominal balance of ₹ 14 lacs (31.03.2017 ₹ Nil), car loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 8.24% p.a.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Security details

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

Details of loan	Nature of Security
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 on moveable fixed 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.
Rupee term loan from L&T Finance Limited	The facility together with interest, liquidation damages, fees, costs, charges, expenses and other monies and all other amount stipulated and payable to the lender shall be secured by unconditional and irrevocable bank guarantee (BG). BG would be from scheduled commercial bank as acceptable to LTF; in favour of LTF in the format acceptable to LTF. Lien on investment in 1,57,79,70.078 units of L&T Short Term Opportunities Growth Fund.
External Commercial Borrowing from ICICI Bank Limited	First charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility.
Rupee term loan from ICICI Bank Limited	Secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.
DBS Bank Ld.	Secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.
Rupee term loan from ICICI Bank Limited	Secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.
DBS Bank Ld.	Secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.
Car loan from ICICI Bank Limited	Secured by hypothecation of motor vehicles acquired out of the loan.
Car loan from ICICI Bank Limited	Secured by hypothecation of motor vehicles acquired out of the loan.

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 loan	Amount of default (₹ in lakhs)	Remediation of default
ICICI Bank	Long term rupee term loan from bank	1875.00	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.
ICICI Bank	Long term external commercial borrowings	1,131.63	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.
ICICI Bank	Interest on ECB borrowings	175.24	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.
Aditya Birla Finance Limited	Long term rupee term loan	1,572.00	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.

12(B) CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	Year ended March 31, 2018	Year ended March 31, 2017
Term loans			
Secured			
Rupee loan			
- From banks	8.95% to 9.95%	42,500.00	6,000.00
- From others	12.65%	27,500.00	-
Unsecured			
Rupee loan			
- From banks	8.95% to 11.75%	40,049.90	91,696.55
- From others	10.22% to 12%	25,076.85	-
Foreign currency loan	6.46%	-	2,555.08
Loans repayable on demand			
Secured			
From banks			
Cash credit from banks	12.05% to 15.10%	96,811.36	93,145.38
Working capital demand loans from banks	12.5% to 13.50%	19,007.61	18,949.69
Unsecured			
From banks:		-	981.00
Loan from Directors of a subsidiary		57.04	85.44
From others			
Loan from body corporates	9% to 18%	69,867.36	49,758.21
Total current borrowings		**3,20,870.12**	**2,63,171.35**
Less: Interest accrued (included in note 12(c))		628.65	511.01
Current borrowings		**3,20,241.47**	**2,62,660.34**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ 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 and Williamson Financial Services Limited; and Unconditional & irrevocable personal guarantee of Mr. Aditya Khaitan.
Short term loan from IndusInd Bank Limited	Against 100% Cash/Fixed deposit from the borrower upfront. Fixed deposits or cash in current account to be hold marked/lien market under CAD prior to disbursement.
Short term loan from Aditya Birla Finance Limited	Residual charge on all movable assets including cash flows of the borrower; Letter of comfort from Mcleod Russel India Limited backed by suitable board resolution to the satisfaction of the lender; Demand Promissory Note; and Security PDC for interest and principal.
Short term loan from SREI Infrastructure Finance Limited	Residual charge on all movable assets including cash flows of the borrower; Letter of comfort from Mcleod Russel India Limited backed by suitable board resolution; Demand Promissory Note; and Security post dated cheque (PDC) for interest and principal.
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.
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, Baroda 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 form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any and First charge over the movable fixed assets of one of the subsidiary.
	Secured by first charge by way of hypothecation of one of the subsidiaries entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any.
	Corporate Guarantee of the holding company in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited).

2. Excepting loans repayable on demand, other loans are repayable within the operating cycle from the origination date.

3. Details of default are as follows:

Name of the lender	Nature of loan	Amount of default (₹ in lakhs)	Remediation of default
Yes Bank	Unsecured rupee loan from bank	32,500.00	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.
Axis Bank	Unsecured rupee loan from bank	7,000.00	Default due to delay in repayments during the year. Subsequently repaid as on balance sheet date.

12 (C) OTHER FINANCIAL LIABILITIES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Non-current		
Lease equalisation	365.63	280.25
Others	-	329.84
Total other non-current financial liabilities	**365.63**	**610.09**
Current		
Current maturities of long-term debt	23,992.68	30,083.84
Interest accrued but not due on borrowings	1,030.61	1,313.27
Interest accrued on others	2,126.65	3,337.86
Capital creditors	75.44	517.48
Employee Benefits payable	2,923.26	3,127.62
Security deposits	90.54	213.19
Dividend Accrued on Preference Shares	224.25	112.13
Unpaid dividends*	13.76	33.13
Overdrawn current accounts	-	5,758.69
Others	1,666.65	1,358.57
Total other current financial liabilities	**32,143.84**	**45,855.78**

*under reconciliation

12 (D) TRADE PAYABLES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Trade payables:		
-Total outstanding dues of micro enterprises and small enterprises (Refer note 40)	285.76	1,051.76
-Total outstanding dues of creditors other than micro and small enterprises	63,460.05	98,180.37
Acceptances	31,710.31	41,254.52
Total trade payables	**95,456.12**	**1,40,486.65**
Current portion	95,437.12	1,40,433.65
Non-current portion	19.00	53.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

13 PROVISIONS

Particulars	Year ended March 31, 2018			Year ended March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Provisions						
-Warranty (i)	118.00	-	118.00	152.00	-	152.00
-Liquidated damages (i)	50.00	-	50.00	49.84	-	49.84
-Anticipated loss on contracts (i)	-	109.00	109.00	-	-	-
-Decommissioning obligations (i)	103.90	-	103.90	104.62	-	104.62
-Onerous contracts (i)	-	-	-	14.48	-	14.48
Employee Benefit Obligation						
-Leave obligations (iii)	55.41	440.73	496.14	117.05	648.00	765.05
-Gratuity (iv)	192.84	(55.46)	137.38	357.44	250.73	608.17
-Others	96.21	405.06	501.27	398.10	1.46	399.56
Total employee benefit obligations	**615.36**	**899.33**	**1,515.69**	**1,193.53**	**900.19**	**2,093.72**

(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 wherein progress of contracts have suffered for various reasons mostly beyond the control of the company resulting in the contracts becoming onerous.

Anticipated loss on contracts:

A provision for anticipated loss is recognised where it is probable that the estimated contract costs are likely to exceed the total contract revenue.

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

(ii) Movements in provisions

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

Particulars	Warranty	Liquidated damages	Decommissioning obligations	Total
As at March 31, 2016	160.52	228.74	93.86	483.12
Charged/(credited) to profit or loss				
- unused amounts reversed	(8.52)	(178.90)	-	(187.42)
- unwinding of discount	-	-	10.76	10.76
As at March 31, 2017	**152.00**	**49.84**	**104.62**	**306.46**
Charged/(credited) to profit or loss				
- unused amounts reversed	(34.00)	-	(0.72)	(34.72)
- unwinding of discount	-	0.16	-	0.16
As at March 31, 2018	**118.00**	**50.00**	**103.90**	**271.90**

(iii) Leave obligations

The leave obligations cover the group's liability for earned leave. The amount of the provision of ₹ 55.41 (31 March 2017 — ₹ 117.05) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. The amount that is expected to be settled within next 12 months is ₹ 143.

(iv) Gratuity

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

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2016	**1,302.79**	**1,062.77**	**240.02**
Current service cost	98.99	-	98.99
Interest expense/(income)	103.66	(79.68)	23.99
Total amount recognised in Profit and Loss	**202.65**	**(79.68)**	**122.97**
Remeasurements			
- Return on plan 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 other comprehensive income	**111.66**	**3.82**	**107.84**
Employer contributions	-	(99.96)	(99.96)
Benefit payments	(286.35)	286.35	-
March 31, 2017	**1,330.75**	**959.88**	**370.87**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	**1,330.75**	**959.88**	**370.87**
Current service cost	97.92	-	97.92
Interest expense/(income)	94.03	(73.97)	20.05
Total amount recognised in Profit and Loss	191.95	(73.97)	117.97
Remeasurements			
- Return on plan assets	-	(1.12)	13.36
- Due to financial assumptions	(10.16)	-	(10.16)
- Due to experience adjustments	(81.40)	-	(81.40)
Total amount recognised in other comprehensive income	**(91.55)**	**(1.12)**	**(78.19)**
Employer contributions	(102.00)	(272.17)	(272.17)
Benefit payments	130.16	228.69	-
March 31, 2018	**1,202.04**	**1,064.66**	**137.38**

The net liability disclosed above relates to funded plan.

Principal Actuarial assumptions used:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.75 - 8.00%	7.50 - 8.00%
Salary escalation	4.00 - 6.00%	4.00 - 6.00%
Expected return on plan assets	7.75%	7.50%
Withdrawal rate	1.00-8.00%	1.00-8.00%

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

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

Assumption	Increase/ (decrease)	Assumption Rate	Amount of increase/ (decrease) in defined benefit obligations as at March 31, 2018
Discount rate	Increase by	1%	(672.91)
Discount rate	Decrease by	1%	745.16
Salary escalation	Increase by	1%	749.45
Salary escalation	Decrease by	1%	(675.23)
Withdrawal rate	Increase by	1%	(687.20)
Withdrawal rate	Decrease by	1%	674.89

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 under perform 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	Year ended March 31, 2018	Year ended March 31, 2017
Less than a year	57.76	33.98
Between 1 to 2 years	165.83	299.69
Between 2 to 5 years	635.47	543.07
More than 5 years	627.04	582.66

The weighted average duration of the defined benefit obligation is 5.37 to 10.09 years (March 31, 2017 - 5.24 to 44.03 years).

The expected contribution to the fund during 2018-19 would be ₹ 98.02.

(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 determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2018 and March 31, 2017.

In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee.

The plan assets have been primarily invested in government securities.

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.75%	7.50 - 7.70%
Guaranteed interest rate	8.55%	8.65%
Expected average remaining working life (in years)	8.55-11.15	8.65 - 11.76

The group contributed ₹ 408 lacs and ₹ 410 lacs during the years ended March 31, 2018 and March 31, 2017, 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 group to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

14 CURRENT TAX LIABILITIES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Tax Receivable (net of provision)		
Opening balance	24.76	5,320.95
Add: Excess provision for earlier years written back	-	(5,296.19)
Less: Other Adjustments	(24.59)	-
Closing balance	0.17	24.76

15 OTHER LIABILITIES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Advance from customers	56,923.63	60,172.37
Statutory tax payables	3,319.09	5,012.84
Due to Customers (refer note 35)	4,652.48	973.40
Dividend Distribution Tax on preference dividend	45.66	22.83
Benevolent fund	97.82	91.60
Others	2.16	0.01
Total other liabilities	**65,040.84**	**66,273.05**
Current portion	64,672.84	65,923.21
Non-current portion	368.00	349.84

16 REVENUE FROM OPERATIONS

The group derives the following types of revenue:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of equipments & contract revenue	1,65,434.85	2,16,034.37
Sale of services	2,283.00	1,281.00
Other operating revenue	1,069.20	2,860.77
Total revenue from operations	**1,68,787.05**	**2,20,176.14**

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

17 OTHER INCOME AND OTHER GAINS/(LOSSES)

(a) Other income

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income from financial assets measured at amortised cost	2,038.00	1,746.30
Gain on disposal of investment in subsidiary	1,201.27	713.56
Interest income	768.14	-
Rental income	3.00	2.00
Net gain on sale of tangible assets (net)	2.00	-
Interest income on fair valuation of revenue	2,833.57	-
Employment credit	0.42	-
Wage Credit Grant	0.24	-
Dividend income from investments mandatorily measured at fair value through profit and loss	0.03	0.33
Expected credit loss on doubtful debts written back	7,138.23	26,972.88
Net foreign exchange gain and loss	424.52	98.00
Corporate Guarantee Commission	147.35	-
Liability no longer required written back	186.00	930.63
Provision for anticipated losses written back	257.00	-
Miscellaneous Income	403.32	811.62
Total other income	**15,403.09**	**31,275.32**

(b) Other gains/(losses)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Fair value (losses)/gains on derivatives not designated as hedges	(168.10)	439.16
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	24.93	2.54
Total other gains/(losses)	**(143.17)**	**441.70**
Total Other income and other gains / (losses)	**15,259.92**	**31,717.02**

18 (A) COST OF MATERIALS CONSUMED

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Raw materials at the beginning of the year	5,133.58	15,721.67
Add: Purchases	28,880.22	20,391.33
Less: Raw material at the end of the year	(5,887.49)	(5,133.58)
Total cost of raw materials consumed	**28,126.31**	**30,979.42**
Add: Consumption of bought out components	**67,281.31**	**1,23,888.45**
Total cost of materials consumed	**95,407.62**	**1,54,867.87**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

18 (B) CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance		
Work-in progress *	26,256.73	11,330.41
Finished goods	63.00	43.57
Total opening balance	**26,319.73**	**11,373.98**
Closing balance		
Work-in progress *	32,143.72	11,077.00
Finished goods	155.00	63.00
Total closing balance	**32,298.72**	**11,140.00**
Total changes in inventories of work-in-progress and finished goods	**(5,978.99)**	**233.98**

* Excludes in previous year WIP pertaining to Vedica Sanjeevani Projects Private Limited (acquired as a subsidiary on 30.03.2017) amounting to ₹ 16,321.46 Lacs.

19 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	11,977.08	11,730.91
Contribution to provident and other funds	589.98	634.33
Workmen and Staff Welfare Expenses	929.55	1,273.55
Total employee benefit expense	**13,496.61**	**13,638.79**

20 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	3,032.27	4,384.69
Amortisation of intangible assets	71.71	149.07
Total depreciation and amortisation expense	**3,103.98**	**4,533.76**

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

21 OTHER EXPENSES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores and spares	2,598.00	2,336.00
Fabrication and other charges	2,602.00	2,721.00
Power & Fuel	1,141.72	1,209.00
Rent	1,018.00	1,110.24
Repairs and maintenance:		
Buildings	16.00	73.00
Plant and machinery	90.45	24.24
Others	69.00	124.52
Professional fees	505.64	-
Rental expenses	75.76	-
Insurance	521.52	501.19
Auditors remuneration	163.97	142.83
Director fees	15.09	27.94
Rates & taxes	250.68	625.98
Cartage & freight	4,749.59	2,460.84
Bank charges	3,384.82	5,648.01
Professional services	6,676.12	4,446.11
Travelling	2,322.70	2,261.01
Commission expenses	155.00	-
Bad Debts Written Off	1,435.79	1,352.14
Provision for Future Foreseeable Losses in Construction Contracts	(549.61)	493.46
Sundry Balance Written Off	20.64	-
Provision for doubtful advances	1,998.52	1,425.12
Provision for warranty	-	25.00
Provision for Impairment of financial assets	1,585.20	-
Provision for Expected Credit Loss on Trade Receivables	-	1,040.51
Project Development Cost	185.48	-
Miscellaneous Expenses	4,605.23	4,300.91
Total other expenses	**35,637.31**	**32,349.05**

22 FINANCE COSTS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest and finance charges on financial liabilities not at fair value through profit or loss	55,253.55	43,146.43
Unwinding of discount on provisions	40.69	35.63
Other borrowing cost	34.00	49.00
Proposed dividend on redeemable preference share	112.13	-
Exchange differences regarded as an adjustment to borrowing costs	104.91	-
Total Finance Cost	**55,545.28**	**43,231.06**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

23 INCOME TAX EXPENSE

(a) Income tax expense

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
Current tax on profits for the year	-	2.97
Excess provision of earlier years written back	-	(10,812.49)
Total current tax expense	**-**	**(10,809.52)**
Deferred tax		
Decrease (increase) in deferred tax assets	(14,366.09)	(50,806.89)
(Decrease) increase in deferred tax liabilities	(290.00)	9,458.85
Total deferred tax expense/(benefit)	**(14,656.09)**	**(41,348.04)**
Income tax expense	**(14,656.09)**	**(52,157.56)**

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 Group has incurred losses in the current year.

The Group has recognised deferred tax assets on carried forward tax losses. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plan and budget for the Group. The Group is expected to generate taxable income from 2019-20 onwards.

(b) Unused tax losses for which no deferred tax asset is recognised in Balance Sheet

Particulars	Base Amount	Deferred Tax
Tax losses (business loss on which no tax asset is created)		
Assessment Year 2018-19	12,581.77	4,354.30
Total current tax expense	**12,581.77**	**4,354.30**

24 CAPITAL MANAGEMENT

Capital management

The group strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future developments and growth of its business. 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 during the year as well as previous year.

25 RISK MANAGEMENT

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

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

(A) Credit Risk

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

(i) Credit risk management

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

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

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

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

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Year ended March 31, 2018

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

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	1,715.34	-	-	1,715.34
		Investments	VL1	319.01	-	-	319.01
		Expenses Recoverable	VL1	17,049.05	-	-	17,049.05
		Others	VL1	4,587.55	-	-	4,587.55
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Security deposits	VL6	2.00	100%	2.00	-

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

Particulars		Internal credit rating	Due from customer	Trade Receivables	Total
Gross carrying amount	Loss allowance measured at life-time expected credit losses	VL3	1,31,893.30	1,90,121.94	3,22,015.24
"Expected credit losses (Loss allowance provision)"			5,753.30	8,615.10	14,368.40
Carrying amount (net of impairment)			**1,26,140.00**	**1,81,506.84**	**3,07,646.84**

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 credit risk has not increased significantly since initial recognition	Loans	VL1	4,521.37	-	-	4,521.37
		Investments	VL1	740.95	-	-	740.95
		Expenses Recoverable	VL1	17,100.94	-	-	17,100.94
		Others	VL1	2,464.24	-	-	2,464.24
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Security deposits	VL6	4.00	100%	4.00	-

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

(b) Expected credit loss for trade receivables and due from 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	1,40,301.84	1,97,825.65	3,38,127.49
Expected credit losses (Loss allowance provision)			9,312.31	9,451.78	18,764.09
Carrying amount (net of impairment)			1,30,989.53	1,88,373.87	3,19,363.40

(iii) Reconciliation of loss allowance provisions - Security deposits

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on March 31, 2016	-	-	-
Add/ (Less): Changes in loss allowances due to			
Write offs	-	-	4.00
Loss allowance on March 31, 2017	**-**	**-**	**4.00**
Add/ (Less): Changes in loss allowances due to			
Recoveries	-	-	(2.00)
Loss allowance on March 31, 2018	**-**	**-**	**2.00**

(iv) Reconciliation of loss allowance provision - Trade receivables & due from customers (under simplified approach)

Particulars	Loss Allowance
Loss allowance on March 31, 2016	44,696.46
Changes in loss allowance	(25,932.37)
Loss allowance on March 31, 2017	18,764.09
Changes in loss allowance	(7,138.24)
Loss allowance on March 31, 2018	11,625.85

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, existing 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 Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Maturity of financial liability

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and

· net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities (March 31, 2018)	**Less than 12 months**	**12 months to 24 months**	**More than 24 months**	**Total**
Non derivatives				
Borrowings	3,34,189.97	16,826.41	24.97	3,51,041.35
Interest accrued	3,157.26	-	-	3,157.26
Trade payables	95,418.00	38.12	-	95,456.12
Capital creditors	75.44	-	-	75.44
Employee Benefits payable	2,923.26	-	-	2,923.26
Lease equalisation	-	-	365.63	365.63
Security deposits	90.54	-	-	90.54
Dividend Accrued on Preference Shares	-	224.25	-	224.25
Unpaid dividends	13.76	-	-	13.76
Others	1,666.66	-	-	1,666.66
Total non derivative financial liabilities	**4,37,534.89**	**17,088.78**	**390.60**	**4,55,014.27**

Contractual maturities of financial liabilities (March 31, 2017)	**Less than 12 months**	**12 months to 24 months**	**More than 24 months**	**Total**
Non derivatives				
Borrowings	2,84,545.18	15,984.00	9,000.00	3,09,529.18
Interest accrued	4,651.13	-	-	4,651.13
Trade payables	1,17,518.51	22,968.14	-	1,40,486.65
Overdrawn current account	5,758.69	-	-	5,758.69
Capital creditors	517.48	-	-	517.48
Employee Benefits 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 derivative financial liabilities	**4,18,165.47**	**38,952.14**	**9,280.25**	**4,66,397.86**

(C) Market risk

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR and ZAR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). 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 ₹ . The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ is as follows:

11 EQUITY SHARE CAPITAL AND OTHER EQUITY

Particulars	March 31, 2018			March 31, 2017		
	USD	EUR	ZAR	USD	EUR	ZAR
Financial assets						
Trade receivables	1.00	406.61	-	1.00	352.46	-
Derivative financial assets	-	-	-	25.00	-	-
Net exposure to foreign currency risk (assets)	**1.00**	**406.61**	**-**	**26.00**	**352.46**	**-**
Financial liabilities						
Foreign currency loan	1,146.25	-	-	2,298.50	-	-
Trade payables	1,036.51	196.71	4.53	1,158.82	1,454.14	3.97
Payable to associates	-	1.47	-	-	1.27	-
Foreign exchange forward contracts Buy foreign currency	-	-	-	2,555.08	-	-
Net exposure to foreign currency risk (liabilities	2,182.76	198.18	4.53	6,012.40	1,455.41	3.97

At the end of the reporting period the total notional amount of outstanding foreign currency forward contracts that the Company has committed to is USD 32.36 lakhs (March 31, 2017: USD 139.27 lakhs).

(b) Sensitivity:

Particulars	Increase/(Decrease) in profit after tax	
	March 31, 2018	March 31, 2017
USD sensitivity		
INR/USD -Increase by 5% (31 March 2016-5%)*	(7,145.25)	23.62
INR/USD -Decrease by 5% (31 March 2016-5%)*	7,145.25	(23.62)
EUR sensitivity		
INR/EUR-Increase by 5% (31 March 2016-5%)*	836.05	(59.75)
INR/EUR-Decrease by 5% (31 March 2016-5%)*	(836.05)	59.75
ZAR sensitivity		
INR/ZAR-Increase by 5% (31 March 2016-5%)*	(1.54)	(0.20)
INR/ZAR-Increase by 5% (31 March 2016-5%)*	1.54	0.20

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During March 31, 2018 and March 31, 2019, the group's borrowings at variable rate were mainly denominated in INR and USD.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

The Group's fixed rate borrowings are carried at amortised cost. These are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Group's borrowings to interest rate changes at end of reporting period are as follows:

Particulars	March 31, 2018	March 31, 2017
Variable rate borrowing	2,14,021.87	2,67,375.29
Fixed rate borrowings	1,18,468.53	42,153.89
Total borrowings	**3,32,490.40**	**3,09,529.18**

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 borrowings as a result of changes in interest rates.

Particulars	Increase/(Decrease) in profit after tax	
	March 31, 2018	March 31, 2017
Interest rates increase by 50 basis points (50 bps) *	(193.19)	(221.73)
Interest rates decrease by 50 basis points (50 bps) *	193.19	221.73

* Holding all other variables constant

26 FAIR VALUE MEASUREMENTS

Particulars	Year ended March 31, 2018			Year ended March 31, 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	56.83	-	-	46.95	-	-
- Debentures	-	-	-	-	-	500.00
- Mutual funds	262.18	-	-	194.00	-	-
Trade receivables	-	-	1,81,506.84	-	-	1,88,373.87
Loans	-	-	1,715.34	-	-	4,521.37
Cash and cash equivalents	-	-	9,844.42	-	-	9,250.99
Other bank balances	-	-	2,669.23	-	-	2,281.40
Derivative financial assets	35.50	-	-	228.60	-	-
Security deposits	-	-	398.26	-	-	405.55
Advance to Employees	-	-	54.84	-	-	96.31
Due from customers	-	-	1,26,140.00	-	-	1,30,989.53
Recoverable from Director	-	-	-	-	-	3.00
Due from associate	-	-	1,392.90	-	-	-
Unbilled Revenue	-	-	631.00	-	-	-
Interest Receivable	-	-	-	-	-	11.52
Sale of Shares receivable (Lok Kalyan Trust)	-	-	144.66	-	-	154.66
Deposits with bank	-	-	186.39	-	-	64.94

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

Particulars	Year ended March 31, 2018			Year ended March 31, 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Interest Receivable	-	-	760.98	-	-	-
Advances to related parties	-	-	686.41	-	-	-
Expenses Recoverable	-	-	17,049.05	-	-	17,100.94
Others	-	-	332.12	-	-	1,728.26
Total financial assets	**354.51**	**-**	**3,43,512.44**	**469.55**	**-**	**3,55,482.34**
Financial liabilities						
Borrowings	-	-	3,51,041.35	-	-	3,09,529.18
Interest accrued	-	-	3,157.27	-	-	4,651.13
Derivative financial liabilities	-	-	-	-	-	-
Trade payables	-	-	95,456.12	-	-	1,40,486.65
Book overdraft in cuurent account	-	-	-	-	-	5,758.69
Capital creditors	-	-	75.44	-	-	517.48
Employee Benefits payable	-	-	2,923.26	-	-	3,127.62
Lease equalisation	-	-	365.63	-	-	280.25
Security deposits	-	-	90.54	-	-	213.19
Dividend Accrued on Preference Shares	-	-	224.25	-	-	112.13
Unpaid dividends	-	-	13.76	-	-	33.13
Others	-	-	1,666.65	-	-	1,688.41
Total financial liabilities	**-**	**-**	**4,55,014.28**	**-**	**-**	**4,66,397.86**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at FVPL					
Listed equity investments	5	56.83	-	-	56.83
Mutual funds	5	-	262.18	-	262.18
Derivatives not designated as hedges					
Foreign exchange forward contract	6(d)	-	35.50	-	35.50
Total financial assets		**56.83**	**297.68**	**-**	**354.51**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2018	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Security deposits	6(d)	-	-	398.25	398.25
Due from customers	6(d)	-	-	1,26,140.00	1,26,140.00
Trade receivables	6(a)	-	-	1,81,506.84	1,81,506.84
Expenses Recoverable	6(d)	-	-	17,049.05	17,049.05
Total financial assets		**-**	**-**	**3,25,094.14**	**3,25,094.14**
Financial Liabilities					
Borrowings	12(a) and 12(b)	-	-	3,51,041.35	3,51,041.35
Lease equalisation	12(c)	-	-	365.63	365.63
Total financial liabilities		**-**	**-**	**3,51,406.99**	**3,51,406.99**

Financial assets and liabilities measured at fair value At March 31, 2017	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial instruments at FVPL					
Listed equity investments	5	46.95	-	-	46.95
Mutual funds	5	-	194.00	-	194.00
Derivatives not designated as hedges					
Foreign exchange forward contract	6(d)	-	228.60	-	228.60
Total financial assets		**46.95**	**422.60**	**-**	**469.55**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2017	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Investment in Debentures	5	-	-	500.00	500.00
Security deposits	6(d)	-	-	407.78	407.78
Due from customers	6(d)	-	-	1,31,009.37	1,31,009.37
Trade receivables	6(a)	-	-	1,88,474.75	1,88,474.75
Expenses Recoverable	6(d)	-	-	17,107.29	17,107.29
Total financial assets		**-**	**-**	**3,37,499.18**	**3,37,499.18**
Financial Liabilities					
Borrowings	12(a) and 12(b)	-	-	3,09,529.18	3,09,529.18
Lease equalisation	12(c)	-	-	280.25	280.25
Total financial liabilities		**-**	**-**	**3,09,809.43**	**3,09,809.43**

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

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	Year ended March 31, 2018		Year ended March 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investment in Debentures	-	-	500.00	500.00
Security deposits	398.26	398.25	405.55	407.78
Due from customers	1,26,140.00	1,26,140.00	1,30,989.53	1,31,009.37
Trade receivables	1,81,506.84	1,81,506.84	1,88,373.87	1,88,474.75
Expenses Recoverable	17,049.05	17,049.05	17,100.94	17,107.29
Total financial assets	**3,25,094.15**	**3,25,094.14**	**3,37,369.89**	**3,37,499.19**
Financial liabilities				
Borrowings	3,51,041.35	3,51,041.35	3,09,529.18	3,09,529.18
Total financial liabilities	**3,51,041.35**	**3,51,041.35**	**3,09,529.18**	**3,09,529.18**

Short-term financial assets and liabilities are stated at carrying value which is equal to their fair value.

The carrying amount of loans, advance to employees, cash and cash equivalents, other financial assets, trade payables, interest accrued, book overdraft in current accounts, capital creditors, employee benefits payable, security deposits, dividend accrued on preference shares, unpaid dividend and others are considered to be the same as their fair value, due to their short term nature.

The fair values for trade receivables, due from customers, security deposits and expenses recoverable are 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.

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

Notes to Consolidated Financial Statements
for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

27 RELATED PARTY TRANSACTIONS

(a) Subsidiaries

(i) McNally Sayaji Engineering Limited (MSEL)

(ii) McNally Bharat Equipments Limited (MBEL)

(iii) MBE Mineral Technologies Pte Limited

(iv) MBE Minerals Zambia Limited

(v) McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. June 30, 2017)

(vi) Vedica Sanjeevani Projects Private Limited

(vii) McNally Bharat Infrastructure Limited (MBIL) (ceased to be a subsidiary w.e.f. February 17, 2017)

(b) Joint Venture of the Company

(i) EMC MBE Contracting Company LLC

(c) Entity having significant influence over the company

(i) EMC Limited (ceased to have significant influence w.e.f March 28, 2018)

(ii) Williamson Magor & Company Limited (ceased to have significant influence w.e.f March 31, 2018)

(d) Subsidiaries of MBE Mineral Technologies Pte Limited

(i) MBE EWB Technologies Kft (ceased to be subsidiary of MBE Mineral Technologies Pte Limited from August 14, 2017)

(e) Subsidiaries of McNally Sayaji Engineering Limited

(i) MBE Coal & Minerals Technology India Private Limited

(f) Subsidiaries of Vedica Sanjeevani Projects Private Limited

(i) Christopher Estates Private Limited

(ii) Ganpati Arcade Private Limited (ceased to be a subsidiary of Vedica Sanjeevani Projects Private Limited w.e.f. April 01, 2016)

(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 w.e.f. December 14, 2016)

(ii) Mr. Prasanta Kumar Chandra - Whole-time Director & COO (resigned w.e.f. August 17, 2017)

(iii) Mr. Prabir Ghosh- Whole-time Director (resigned w.e.f. August 17, 2017)

(iv) Mr. Lalit Khaitan - Chief Financial Officer (appointed w.e.f. April 01, 2017 and resigned w.e.f. March 31, 2018)

(v) Mr. Indranil Mitra - Company Secretary (appointed w.e.f. April 24, 2017)

(vi) Mr. Aditya Khaitan - Chairman

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

(vii) Mr. Amritanshu Khaitan - Non-Executive Director

(viii) Mr. V. K. Verma - Non-Executive Director

(ix) Mr. P. H Ravikumar - Non-Executive Director (resigned w.e.f. June 25, 2017)

(x) Ms. Arundhuti Dhar - Non-Executive Director

(xi) Mr. Manish Agarwal - Non-Executive Director (resigned w.e.f. September 07, 2017)

(xii) Mr. A. K Barman - Non-Executive Director

(xiii) Mr. P. S. Bhattacharya - Non-Executive Director

(xiv) Ms. N. Khaitan - Non-Executive Director (resigned w.e.f. May 19, 2016)

(xv) Mr. Manoj Toshniwal - Non-Executive Director (appointed w.e.f. October 01, 2016 and resigned w.e.f. December 19, 2016)

(xvi) Mr. S. R. Dasgupta - Non-Executive Director (resigned w.e.f. December 14, 2016)

27 RELATED PARTIES

Balances Outstanding as at March 31, 2018

Description	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH
Investment at the year end	128.52 (152.31)	- -
Provision for impairment in value of investments	- -	- -
Guarantees received	- -	- -
Guarantees given	- -	- -
Outstanding payables	- -	1.47 (1.27)
Outstanding Receivables	62.94 -	- -
Allowance for doubtful loans	- -	- -

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Transactions with Key Managerial Personnel	2017-18			2016-17		
	Remune-ration	Sitting fees	Outstanding Balance payable as at year end	Remune-ration	Sitting fees	Outstanding Balance payable as at year end
Mr. S. Singh	220.03	-	11.98	-	-	-
Mr. Prasanta Kumar Chandra	67.17	-	27.25	110.20	-	11.43
Mr. Prabir Ghosh	47.05	-	16.26	104.44	-	11.03
Mr. Lalit Khetan	79.00	-	4.23	-	-	-
Mr. Indranil Mitra	26.23	-	1.82	-	-	-
Mr. Aditya Khaitan	-	0.80	-	-	2.00	-
Mr. Amritanshu Khaitan	-	1.00	-	-	1.80	-
Mr. V. K. Verma	-	1.20	-	-	2.20	-
Mr. P. H Ravikumar	-	0.20	-	-	1.40	-
Ms. Arundhati Dhar	-	2.20	-	-	2.00	-
Mr. Manish Agarwal	-	0.40	-	-	0.40	-
Mr. A. K Barman	-	2.20	-	-	3.60	-
Mr. P. S. Bhattacharya	-	0.60	-	-	0.20	-
Mr. S. R. Dasgupta	-	-	-	-	1.60	-

Remuneration includes	2017-18		2016-17	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Mr. S. Singh	220.03	-	-	-
Mr. Prasanta Kumar Chandra	64.81	2.36	104.53	5.67
Mr. Prabir Ghosh	44.69	2.36	98.88	5.56
Mr. Lalit Khetan	75.75	3.25	-	-
Mr. Indranil Mitra	25.16	1.07	-	-

Note:

This does not include the impact of provision made on actuarial valuation of retirement benefit/ long term Schemes and provision made during the period towards Post employment benefits as the same are not separately ascertainable for individual directors.

Details of contribution to post employment benefit plans

Remuneration includes	2017-18	2016-17
McNally Bharat Executive Staff Gratuity Fund	221.17	45.96
McNally Bharat Employees Provident Fund	338.13	337.00

28 COMMITMENTS

(a) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Property, plant and equipment	51.87	43.87

(b) Cancellable operating leases

One of the subsidiaries has leasing arrangements in respect of operating leases for premises (residential, office, etc.). These leasing arrangements which are cancellable are for a period of 3 years, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of ₹ 62 lakhs (31.03.2017 : ₹ 60 lakhs) paid/payable are charged as Rent under Other Expenses.

29 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	Year ended March 31, 2018	Year ended March 31, 2017
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	427.00	408.42
Later than one year but not later than five years	183.45	610.45

Rental expense relating to operating leases

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Total rent expense relating to operating leases	1,018.00	1,163.49

30

MBE Minerals Technology Pte Ltd (MBEMT), a wholly owned subsidiary has sold its entire 99% stake in MBE EWB Kft to MBE CMT Gmbh, it’s associate company, for ₹ 1,375.50 lacs (USD 2.1 million) on August 14, 2017 through sale agreement pursuant to which 75% of the consideration was to be received by December 31, 2017 and remaining 25% was to be received by March 31, 2018. MBEMT has not received any consideration by the specified dates, the settlement date for the consideration has been extended to September 30, 2018 vide an addendum to the agreement dated March 27, 2018.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

31 CONTINGENT LIABILITIES

The details of contingent liabilities is as under:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Claims against the company not acknowledged as debt	9,069.00	4.80
Other money for which the Company is contingently liable:		
Indirect tax matters relating to excise duty, service tax, sales tax and value added tax	17,226.09	9,323.46
Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed.	946.35	579.65
Other demands related to claims made by certain ex-employees towards employee benefits due to them	137.00	137.00
Bills discounted with banks against letter of credit	-	94.00
Liquidated damages relating to contract sales	Amount not readily ascertainable	Amount not readily ascertainable

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

32

Details of future foreseeable losses under construction contracts

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provision for future foreseeable losses	699.01	1,248.62

33

Revenue Expenditure on Research and Development in respect of one of the subsidiaries amounts to ₹ Nil (31.03.2017 ₹ 49 lakhs)

34

(A) Excess managerial remuneration paid for which the Company is yet to seek approval from the Central Government to regularize the same in terms of section 197(3) read with Schedule V to the Act amounting to ₹ 40.82 lacs paid/payable to erstwhile one whole time director for the financial year ended March 31, 2018.

(B) Excess managerial remuneration paid for which approval in terms of section 197(3) read with Schedule V to the Act is pending from the Central Government amounting to ₹ 220.03 lacs paid/ payable to the managing director for the financial year ended March 31, 2018 and ₹ 121.87lacs paid/ payable to two erstwhile whole time directors for the financial year ended March 31, 2017.

for the year ended March 31, 2018 (Contd.) (All amounts are in ₹ Lakhs, unless otherwise stated)

35

The details as required in respect of construction constracts under Ind AS 11 is as under:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contract costs incurred	16,11,734.85	15,13,502.07
Add : Recognised profit net of recognised (losses)	(2,746.61)	20,106.30
Contract Revenues	**16,08,988.24**	**15,33,608.37**
Progress Billing	14,80,945.88	13,91,018.06
Unbilled Revenue (Net)	1,28,042.36	1,42,590.30
Due from Customers	1,32,699.32	1,43,509.14
Less: Allowance for doubtful amount	5,864.79	11,791.85
Less: Provision for future foreseeable losses	694.53	1,194.39
Net Due from Customers	**1,26,140.00**	**1,30,522.90**
Due to Customers	(4,656.96)	(918.83)
Add: Provision for future foreseeable losses	4.48	(54.23)
Net Due to Customers	**(4,652.48)**	**(973.06)**
Advance payments received	**52,945.35**	**55,907.22**
Retention amount	**70,637.95**	**76,907.19**
Provision for future foreseeable losses recognised	**699.01**	**1,248.62**

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.

The Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

36 INTEREST IN OTHER ENTITIES

(a) Interest in Subsidiaries

The group's subsidiaries as at 31st March, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

Name of entity		Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non controlling interests	
			Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
			%	%	%	%
i)	McNally Sayaji Engineering Limited	India	82.05	82.05	17.95	17.95
ii)	McNally Bharat Equipments Limited	India	99.40	99.40	0.60	0.60
iv)	MBE Minerals Zambia Limited	Zambia	99.99	99.99	0.01	0.01
v)	MBE Mineral Technologies Pte Limited	Republic of Singapore	100.00	100.00	-	-
vi)	McNally Bharat Engineering (SA) Proprietary Ltd	South Africa	100.00	100.00	-	-
vii)	MBE Coal & Mineral Technology India Pvt Ltd	India	82.04	82.04	17.96	17.96
viii)	MBE EWB Kornyezetvedelmi Kft (subsidiary of MBE Mineral Technologies Pte Ltd)	Hungary	-	99.00	-	1.00
viii)	Vedica Sanjeevani Projects Private Limited	India	60.00	60.00	40.00	40.00
ix)	Christopher Estates Private Ltd	India	60.00	60.00	40.00	40.00

(b) Interest in Associate

Set out below is the associate of the Group as at March 31, 2018, which has share capital consisting solely of equity shares and are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Consolidated Financial Statements also include the Group's interest in the following Associate Company accounted for under equity method based on their financial statement.

Name of entity		Place of business/ country of incorporation	Proportion of Ownership		Carrying Amount	
			Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
			%	%	₹ Lakhs	₹ Lakhs
i)	MBE Coal & Mineral Technology Gmbh (Associate of MBE Mineral Technologies Pte Limited)	Germany	30.00%	30.00%	1,180.96	1,399.33

(c) Interest in Joint Venture

Set out below is the joint venture of the Group as at 31st March 2018, which has share capital consisting solely of equity shares and are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Consolidated Financial Statements also include the Group's interest in the following Associate Company accounted for under equity method based on their financial statement.

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

Name of entity		Place of business/ country of incorporation	Proportion of Ownership		Carrying Amount	
			Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
			%	%	₹ Lakhs	₹ Lakhs
i)	EMC MBE Contracting Co LLC	Oman	35.00%	35.00%	105.99	129.78

37 EARNINGS PER SHARE

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(a) Basic earnings per share		
From continuing operations attributable to the equity holders of the company	(46,164.82)	(6,543.72)
Total basic earnings per share attributable to the equity holders of the company	(31.81)	(12.11)
(b) Diluted earnings per share		
From continuing operations attributable to the equity holders of the company	(46,164.82)	(6,543.72)
Total diluted earnings per share attributable to the equity holders of the company	(31.81)	(12.11)

(c) Reconciliations of earnings used in calculating earnings per share

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
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	(46,164.82)	(5,773.39)
Adjustment of redemption premium in case of redeemable preference shares from securities premium	-	(770.33)
	(46,164.82)	**(6,543.72)**
Diluted earnings per share		
Profit from continuing operations attributable to the equity holders of the company:		
Used in calculating basic earnings per share	(46,164.82)	(6,543.72)
Add/less: adjustments on dilutive potential equity shares	-	-
Used in calculating diluted earnings per share	(46,164.82)	(6,543.72)
Profit attributable to the equity holders of the Company used in calculating diluted earnings per share	(46,164.82)	(6,543.72)

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

(d) Weighted average numbers of shares used as denominator

Particulars	31-Mar-18 Number of shares	31-Mar-17 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	14,51,35,283	5,40,50,190
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	**14,51,35,283**	**5,40,50,190**

38 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.

39 ASSETS PLEDGED AS SECURITY

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

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Current			
Financial assets			
Trade Receivables	6(a)	1,83,978.45	1,78,019.79
Cash and cash equivalents	6(c)	9,588.88	9,163.73
Other financial assets	6(d)	1,44,246.43	1,49,754.55
Loans	6(b)	1,815.01	8,647.07
Non-financial assets			
Inventories	9	23,588.00	16,978.11
Other current assets	10(a)	39,255.56	71,612.48
Total current assets pledged as security		**4,02,472.34**	**4,34,175.74**
Non-current			
Investments	5	5,262.18	194.00
Property, plant and equipment	3	19,269.63	21,849.81
Capital work in progress	3	462.48	462.57
Investment properties		378.00	381.00
Other intangible assets		34.00	104.00
Total non-currents assets pledged as security		**25,406.29**	**22,991.37**
Total assets pledged as security		**4,27,878.62**	**4,57,167.11**

Note:

i) 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 amounting to ₹ 5,000 lakhs and ₹ 262.18 lakhs are put under lien for loan taken from ICICI Bank Limited and from L&T Finance Limited respectively.

ii) The Company has pledged its equity investment as security against loan taken by the Companies belonging to the same promoter group namely Babcock Borsig Limited, Williamson Magor & Co. Limited and Williamson Financial Services Limited.

iii) The Company has pledged its investment to the extent of 23,37,211 equity shares as security against loan taken by its subsidiary Company namely McNally Sayaji Engineering Limited.

iv) 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.

40 DUES TO MICRO AND SMALL ENTERPRISES

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Group. The disclosures relating to Micro and Small Enterprises are as below:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(i) The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act		
Principal	285.76	1,058.24
Interest	84.11	61.47
(ii) The amount of interest paid in terms of section 16 of MSMED Act along with the amount of payment made to suppliers beyond the appointed day during the year		
Principal	2,660.74	2,494.91
Interest	-	-
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act		
Principal	-	32.00
Interest	10.00	10.00
(iv) The amount of interest accrued and remaining unpaid at the end of the year	17.00	50.00
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED Act	29.00	25.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

41

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 September 01, 2009 , for reconstruction of McNally Bharat Engineering Company Limited (MBECL) and its subsidiary viz McNally Sayaji Engineering Ltd (MSEL) - the Products Division of MBECL engaged in the business of manufacture and/or procuring equipments for various engineering and infrastructure projects and having its units at Kumardhubi, in the State of Jharkhand, Asansol, in the State of West Bengal and Bangalore, in the State of Karnataka has been transferred to MSEL with effect from the appointed date, i.e. 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.

42

The Holding Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in "West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram," (the project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The Holding Company has a legitimate claim of ₹ 1,517 lacs towards receivable (included in Note No.18) and ₹ 1,133 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 ₹ 7,334 lacs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-Conseils" (FIDIC). Arbitral Board in their meeting held on 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 ₹ 3,535 lacs is receivable by the Holding Company. A claim has already been lodged with PWD . PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the High Court for a stay in the matter of payment of award money.

43 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

Name of the Entity in the Group	Net Assets (total assets minus liabilities)		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % Consolidated Net Assets	Amount (₹ Lakhs)	As a % Consolidated Profit or Loss	Amount (₹ Lakhs)	As a % Consolidated Other Comprehensive Income	Amount (₹ Lakhs)	As a % Consolidated Total Comprehensive Income	Amount (₹ Lakhs)
Parent								
McNally Bharat Engineering Company Limited								
31 March 2018	133.88%	15,777.85	82.32%	(38,708.39)	171.10%	(101.07)	82.43%	(38,809.46)
31 March 2017	90.06%	12,099.72	-6.24%	317.50	53.21%	(47.66)	-5.21%	269.84
Subsidiaries (Group's Share)								
Mcnally Sayaji Engineering Ltd Group								
31 March 2018	-103.27%	(12,170.77)	5.65%	(2,658.94)	-53.23%	31.44	5.58%	(2,627.50)
31 March 2017	-54.68%	(7,346.44)	91.06%	(4,634.70)	35.20%	(31.53)	90.10%	(4,666.23)
MBE Mineral Technologies Pte Ltd.								
31 March 2018	24.02%	2,831.01	8.60%	(4,043.27)	0.00%	-	8.59%	(4,043.27)
31 March 2017	46.72%	6,277.68	1.18%	(60.21)	0.00%	-	1.16%	(60.21)
Mcnally Bharat Infrastructure Ltd.								
31 March 2018	-	-	0.00%	-	0.00%	-	0.00%	-
31 March 2017	5.80%	779.09	-15.30%	778.88	-0.23%	0.21	-15.04%	779.09
Mcnally Bharat Equipment Ltd.								
31 March 2018	0.00%	-	0.00%	(0.29)	0.00%	-	0.00%	(0.29)
31 March 2017	-0.02%	(2.94)	0.01%	(0.31)	0.00%	-	0.01%	(0.31)
MBE Minerals Zambia Ltd.								
31 March 2018	-11.23%	(1,323.79)	0.00%	(0.08)	0.00%	-	0.00%	(0.08)
31 March 2017	-17.55%	(2,358.42)	27.22%	(1,385.35)	0.00%	-	26.75%	(1,385.35)
Vedica Sanjeevani Projects Private Ltd.								
31 March 2018	29.48%	3,474.67	0.60%	(280.94)	0.00%	-	0.60%	(280.94)
31 March 2017	-3.24%	(435.47)	8.56%	(435.47)	0.00%	-	8.41%	(435.47)
Mcnally Bharat Engineering (Sa) Proprietary Limited								
31 March 2018	-	-	0.00%	-	0.00%	-	0.00%	-
31 March 2017	6.13%	850.69	0.00%	-	0.00%	-	0.00%	-
Associates								
MBE Coal & Mineral Technology GmBH (Associate of MBE Mineral Technologies Pte Ltd.)								
31 March 2018	0.00%	-	0.88%	(413.85)	0.00%	-	0.88%	(413.85)
31 March 2017	0.00%	-	5.40%	(274.75)	0.00%	-	5.79%	(274.75)
Non-Controlling Interest								
31 March 2018	27.12%	3,196.04	1.95%	(916.02)	-17.88%	10.56	1.92%	(905.46)
31 March 2017	26.58%	3,571.74	-11.88%	604.85	11.82%	(10.59)	-11.47%	594.26
Total								
31 March 2018	**100%**	**11,785.01**	**100%**	**(47,021.78)**	**100%**	**(59.07)**	**100%**	**(47,080.84)**
31 March 2017	**100%**	**13,435.65**	**100%**	**(5,089.56)**	**100%**	**(89.57)**	**100%**	**(5,179.13)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018 *(Contd.)* (All amounts are in ₹ Lakhs, unless otherwise stated)

44

McNally Bharat Engg (SA) Pty Ltd (hereinafter referred to as 'MBE SA' or 'the company') is a 100% foreign subsidiary of McNally Bharat Engineering Company Limited (hereinafter referred to as 'MBECL') as on 31st March 2018. The company had been formed in South Africa by MBECL with an investment of US$ 250 (equivalent to Rs. 0.13 lacs as on March 31, 2018) to exploit potential business opportunities but due to some unforeseen circumstances the same couldn't materialize resulting in nominal losses in the statement of profit and loss account. Hence, the company had applied to the Companies and Intellectual Property Commission (CIPC) South Africa for deregistration which was accepted by CIPC on 30 June 2017. Hence this entity has not been considered for consolidation.

45

McNally Sayaji Engineering Limited (MSEL) was previously listed with Delhi Stock Exchange Limited (DSEL), Ahmedabad Stock Exchange Limited (ASEL) and Vadodara Stock Exchange Limited (VSEL). VSEL and ASEL stock exchanges have undergone compulsory / voluntary exit as per relevant SEBI circulars /orders. Further, SEBI has passed order for derecognition of DSEL.

46

There are no significant subsequent events that would require adjustments or disclosures in the Consolidated Financial Statements as on the Balance Sheet date.

47

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 29th May, 2018

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

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

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

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

1	Sl. No.	1	2	3	4	5	6	7	8
2	Name of the subsidiary	**MBE Mineral Technologies Pte Ltd**	**MBE Minerals Zambia Limited**	**McNally Bharat Engineering (SA) Proprietary Limited**	**McNally Sayaji Engineering Limited (Consolidated with CMT India)**	**McNally Bharat Equipment Limited**	**Vedica Sanjeevani Projects private Limited**	**MBE Coal & Minerals Technology GmbH**	**EMC MBE Contracting Co LLC**
3	The date since when subsidiary was acquired	19 May 2009	21 May 2010	10 October 2012	11 November 2008	07 March 2008	17 February 2017	25 June 2009	14 December 2016
4	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	Same as holding company's reporting period	As on Callender year end wiz 31 December 2017
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	US$ 64.79	ZMK 6.82	ZAR 4.83	INR	INR	INR	UERO 74.21	OMR 171.18
6	Share capital	US$ 49,95,816	ZMK 50,000	ZAR 2,037	10,79,00,000	10,00,000	79,20,000	NA	NA
7	Reserves and surplus	US$ 549972	ZMK -8778498	ZAR -6,45,259	93,56,00,000	-3,16,698	9,65,68,759	NA	NA
8	Total assets	US$ 5867801	ZMK 2210333	ZAR 9,107	5,13,98,00,000	7,95,316	2,04,14,60,083	NA	NA
9	Total Liabilities	US$ 322013	ZMK 109,38,831	ZAR 6,52,329	4,09,63,00,000	1,12,014	1,93,69,71,324	NA	NA
10	Investments	US$ 2425419	-	-	-	-	-	NA	NA
11	Turnover	0	0	-	2,61,34,00,000	-	2,75,383.00	NA	NA
12	Profit before taxation	US$ -2860051	ZMK -1241	-	-48,70,00,000	29093	-4378681	NA	NA
13	Provision for taxation	US$ -19721	0	-	-12,54,00,000	-	-	NA	NA
14	Profit after taxation	US$ -2840330	ZMK -1241	-	-36,16,00,000	29,093	-43,78,681	UERO -20,10,500	OMR -27796
15	Proposed Dividend	-	-	-	-	-	-	NA	NA
16	Extent of shareholding (in percentage)	100%	100%	100%	74.86%	99.40%	60.00%	30.00%	35.00%

1 Names of subsidiaries which are yet to commence operations: Nil

2 During the year MBE Mineral Technologies Pte Ltd paid USD 3,250,000 as interim divided to the company

3 McNally Bharat Engineering (SA) Proprietary Limited has been deregistered at Republic of South Africa wef. June 30 2017

4 MBE Coal & Minerals Technology GmbH which was 100% subsidiary of the company through MBE Mineral Technologies Pte Ltd, was disinvested on March 24 2015 when 70% of the holding was sold and

MBE Coal & Minerals Technology GmbH became an Associate company for MBECL. Accordingly, only 30% share of earnings after tax of MBE Coal & Minerals Technology GmbH goes into the Consolidated Financial of MBECL.

5 EMC MBE Contracting Co LLC , a joint venture for MBECL having 35% share. Accordingly, MBECL's share of earnings after tax of EMC MBE Contracting Co LLC goes into the Consolidated Financial of MBECL.

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Notes

Notes

McNally Bharat Engineering Company Limited
Ecospace Business Park, Campus-2B, 11F/12
New Town, Rajarhat, North 24 Parganas, Kolkata 700 156
Tel: +9133 3014 1212, Fax: +9133 6628 2277
www.mcnallybharat.com

print@manjari.net