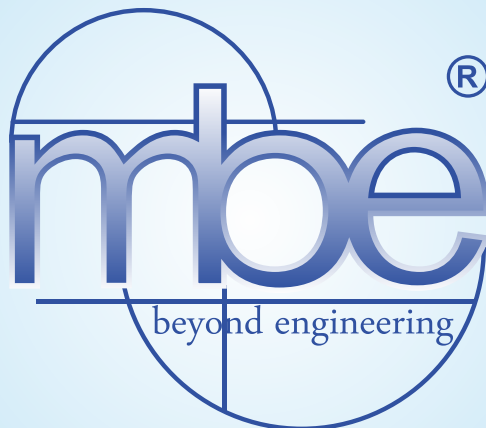


Annual Report 2019-20



McNally Bharat Engineering Company Limited

From The Chairman's Desk

I have the pleasure to address you on the 57th Annual General Meeting of McNally Bharat Engineering Company Limited.

Last year, with the Prime Minister's announcement of a becoming USD 5 trillion economy by 2025 and subsequent policy announcements in Infrastructure, Railways and Defence sectors, your company had strategized to initiate actions in these areas along with opportunities in the traditional core sectors the company has presence. The unexpected impact of the pandemic has decelerated the economic growth and we already have last two quarters of falling GDP growth rates. The nation and our company are in the process of casting a new path for the coming future. Our Prime Minister has invited a virtual roundtable to attract investments from pension and sovereign funds abroad to meet its ambitious INR 111 lakh crore plan in infrastructure in next 5 years. This will have a direct impact for all including your company.

The Atmanirbhar Bharat initiatives taken by the Govt. compels tenderers to source 50% of the contract value from India. This has created opportunities in both products and services where your company is strongly placed. Your company has started channelizing its resources to take best advantage of these opportunities.

The debt restructuring plan was expected to be completed by now. It got delayed due to the pandemic but is expected to be concluded in another 3-4 months. While the restructuring plan is nearing conclusion, company has started realigning the business strategy to meet the requirements post restructuring.

Very few companies in the EPC business have been able to withstand the impact of the slow economy and then a pandemic. This has dried up the reserves of many players leaving an open ground for your company. Many customers are approaching your company to undertake projects even though they know the financial constraints the company is going through. Furthermore, your company has participated in INR 5000 Cr+ tenders in Material Handling sector and hopeful to secure a sizeable amount of orders in these. It is heartening for me to announce that INR 3500 Cr+ projects were completed in last 3 years notwithstanding the various hurdles faced by your company. Most of the legacy projects with cost overruns have been closed or near closure.

Steps to transform the company to undertake challenges in the coming days have been initiated. Our focus is to maintain our competitive advantage, improve shareholder's value and regain market confidence.

I am sure, with our 6 decades of track record, in-house technology, existing product lines, capability to augment new services and products, your company can attract best talents in the industry and become the preferred name in the market.

Aditya Khaitan
Chairman

Corporate Information

Board of Directors

Mr. Aditya Khaitan

Chairman

Mr. Srinivash Singh

Managing Director

Mr. Asim Kumar Barman

Ms. Arundhuti Dhar

Mr Nilotpal Roy

Appointed w.e.f. February 14, 2020

Ms Kasturi Roychoudhury

Appointed w.e.f. February 14, 2020

Company Secretary

Rahul Banerjee

Chief Financial Officer

Mr Manoj Kumar Digga

Resigned w.e.f. September 02, 2020

Mr Brij Mohan Soni

Appointed w.e.f. September 07, 2020

Corporate Identification Number

L45202WB1961PLC025181

Registered Office

4 Mangoe Lane

Kolkata – 700001

West Bengal, India

T: +91 33 2213 8901-05

F: +91 33 2230 3519

Corporate Office

Ecospace Business Park, Campus

2B, 11F/12 (Old Plot No. AA II/Blk

3), New Town, Rajarhat, North 24

Parganas, Kolkata – 700156

West Bengal, India

T: +91 33 3014 1111 / 6628 1111

F: +91 33 3014 2277 / 6628 2277

Website & E-mail

<http://www.mcnallybharat.com/>

mbe.corp@mbecl.co.in

mbecl@mbecl.co.in

Bankers

Bank of India

State Bank of India

IDBI Bank Limited

Axis Bank Limited

ICICI Bank Limited

Union Bank of India

The Karur Vysya Bank Limited

Punjab National Bank

Standard Chartered Bank

Indian Bank

UCO Bank

United Bank of India

Bank of Baroda

Canara Bank

Oriental Bank of Commerce

DCB Bank Limited

The Lakshmi Vilas Bank Limited

Statutory Auditors

M/s. V. Singhi & Associates

Chartered Accountants

4 Mangoe Lane

Surendra Mohan Ghosh Sarani

Kolkata – 700001, West Bengal, India

T: +913330287838

Cost Auditors

M/s A. Bhattacharya & Associates

AB-275, Salt Lake City,

Kolkata – 700064

West Bengal India

Solicitors

Khaitan & Co. LLP

1B, Old Post Office Street,

Kolkata-700001

Registrars & Share Transfer Agents

Maheshwari Datamatics Private Limited

6 Mangoe Lane, 2nd Floor,

Kolkata – 700001

West Bengal, India

T: +91 33 2243 5029 / 5809

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McNally Bharat Engineering Company Limited

Corporate Identity Number (CIN): L45202WB1961PLC025181

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

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

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

Notice

NOTICE is hereby given that the Fifty Seventh Annual General Meeting of the Members of McNally Bharat Engineering Company Limited will be held on Tuesday, December 22, 2020, at 11:00 a.m. IST through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:

Ordinary Business:

1. To receive, consider and adopt –

- (a) The audited financial statements of the Company for the financial year ended March 31, 2020, and the Reports of the Directors and the Auditors thereon.
- (b) The audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the Report of the Auditors thereon.

2. To consider non-declaration of dividend on Non-convertible Redeemable Preference Shares for the financial year ended March 31, 2020:

In absence of profit for the current year (2019-20), the Board of Directors of your Company considered it prudent not to recommend any dividend on Equity Shares for the year under review. Further, in view of accumulated losses, the Board of Directors of your Company is of the opinion that no dividend be rewarded to the Non-convertible Redeemable Preference Shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-convertible Redeemable Preference Shares of Rs. 100/- each.

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

Special Business:

4. To approve the re-appointment of Mr. Srinivash Singh (DIN: 00789624) as the Managing Director (Key Managerial Personnel) of the Company

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

“RESOLVED THAT pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 117, 196, 197 and 203 read with Schedule V and Article of Association of the Company as amended from time to time and all other applicable provisions of the Companies Act 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment(s) thereof for the time being in force), the consent of the members/shareholders of the Company be and is hereby accorded for re-appointment of Mr. Srinivash Singh (DIN: 00789624) as the Managing Director (Key Managerial Personnel) of the Company, for a period of three consecutive years from December 14, 2019 to December 13, 2022 on the terms and conditions including

Notice

remuneration, as set out in explanatory statement annexed to the notice convening this meeting, as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors in their respective meetings held on November 14, 2019.”

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

5. To approve the re-appointment of Mr. Asim Kumar Barman (DIN: 02373956) as an Independent Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Asim Kumar Barman (DIN: 02373956), who holds office of Independent Director and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of three consecutive years commencing from the day of expiry of his earlier term, upto the date of the 60th Annual General Meeting or attainment of his 75 years of age whichever is earlier.”

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

6. To approve the appointment of Mr. Nilotpal Roy (DIN: 00087298) as an Independent Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, read with Schedule IV to the said Act, and relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Mr. Nilotpal Roy (DIN: 00087298), who was appointed as an Additional (Non-Executive Independent) Director of the Company with effect from February 14, 2020 under Section 161 of the Companies Act, 2013, be and is hereby appointed to hold office as an Independent Director of the Company, not liable to retire by rotation, for a period of five consecutive years commencing from February 14, 2020, i.e. upto February 13, 2025.”

Notice

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

7. To approve the appointment of Ms. Kasturi Roychoudhury (DIN: 06594917) as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, read with Schedule IV to the said Act, and relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Ms. Kasturi Roychoudhury (DIN: 06594917), who was appointed as an Additional (Non-Executive Independent) Director of the Company with effect from February 14, 2020 under Section 161 of the Companies Act, 2013, be and is hereby appointed to hold office as an Independent Director of the Company, not liable to retire by rotation, for a period of five consecutive years commencing from February 14, 2020, i.e. upto February 13, 2025.”

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

8. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2021.

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

“RESOLVED THAT, in accordance with the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor M/s. A. Bhattacharya & Associates, Cost Accountants, appointed by the Board of Directors of the Company for conducting audit of cost accounting records maintained by the Company as applicable, for the financial year 2020-21, the details of which are given in the explanatory statement in respect of this item of business annexed to the Notice convening this Meeting, be and is hereby ratified.”

By Order of the Board of Directors
For McNally Bharat Engineering Company Limited

Rahul Banerjee
Company Secretary

Kolkata, November 12, 2020

Notice

Notes

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to special business set out in the Notice is annexed hereto.
2. In view of the prevailing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide Circular No. 20/2020 dated 05.05.2020 and SEBI vide Circular No. SEBI /HO/ CFD/ CMD1 /CIR /P /2020 /79 dated 12.05.2020 permitted the holding of the Annual General Meeting ("AGM") through Video Conference (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, AGM of the Company will be held through VC / OAVM, subject to other applicable provisions of the Companies Act, 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
3. Since the AGM will be held through VC / OAVM, there is no requirement for appointment of proxies.
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Members seeking any information / clarification with regard to the accounts or any matter to be dealt at the AGM, are requested to write at mbecal@mbecl.co.in on or before 15.12.2020.
6. All the documents referred to in the Notice and Statutory Registers maintained under Section 170 and Section 189 of the Companies Act 2013, will be available for electronic inspection during the AGM.
7. The relevant details in respect of Directors seeking appointment/re-appointment at the AGM in terms of Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is annexed.
8. In compliance with the aforesaid MCA and SEBI Circular, Notice of the AGM along with the Annual Report 2019-20 is being sent **only through electronic mode** at the email addresses of members as registered with the RTA / Depositories as on 20.11.2020. Physical Copy of Notice and/or Annual Report **will not be sent** to any member.

Members may note that the Notice and Annual Report 2019-20 will also be available at the Company's website www.mcnallybharat.com, websites of the Stock Exchanges, viz. BSE Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively, and also the e-voting agency, viz. National Security Depository Limited (NSDL) website at <https://www.evoting.nsdl.com>.

9. As per Regulation 40 of Listing Regulations, the equity share(s) of the Company can be transferred **only in dematerialized** form. In view of this and to eliminate risks associated with physical shares, members holding shares in physical form are advised to convert their holdings into dematerialized form.

Notice

10. (A) Members holding shares in physical mode are:
 - i) required to submit their **Bank Account** details, **E-mail ID** and **PAN** to the Company/ RTA, as mandated by the Securities and Exchange Board of India (SEBI) including the change, if any;
 - ii) requested to opt for the Electronic Clearing System (**ECS**) mode for instant and secured receipt of dividend in future;
 - iii) advised to make nomination in respect of their shareholding in **Form SH13**;
 - iv) requested to send their share certificates to RTA for **consolidation**, in case shares are held under two or more folios; and
 - v) informed that the shares in physical mode will **not** be accepted for transfer.
- (B) Members holding shares in electronic mode are:
 - i) requested to submit their address, **Bank Account** Details, **E-mail id** and **PAN** to respective DPs with whom they are maintaining their demat accounts including the change, if any, as mandated by SEBI; and
 - ii) advised to contact their respective DPs for availing the nomination facility.

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

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

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

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

Unpaid / Unclaimed Final Dividend FY'13 (declared on 27.09.2013) would complete the period of 7 years during FY'21 and thereby due for transfer to the IEPF Authority on 02.12.2020.

Members whose dividend(s) remained unclaimed are requested to submit their cancelled bank cheque along with copy of PAN card to the Company or RTA for claiming such dividend(s).

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

Notice

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

E-Voting:

1. In compliance with the provisions of Section 108 of the Act, the Rules made there under and Regulation 44 of the SEBI Listing Regulations, Members are provided with the facility to cast their vote electronically, through remote e-voting services provided through NSDL on all resolutions set-forth in this Notice.
2. The remote e-voting period will commence on December 19, 2020 (10:00 hours IST) and end on December 21, 2020 17:00 hours IST. The remote e-voting module shall be disabled by NSDL for voting thereafter.
3. During this period, Members holding shares either in physical form or in dematerialized form, as on December 15, 2020 i.e. cut-off date, may cast their votes electronically. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
4. Those Members, who will be attending AGM through VC / OAVM facility, if not cast their votes on the Resolutions through remote e-voting, and are otherwise not barred from voting so, shall be eligible to vote through e-voting system during the AGM.
5. The Members who have cast their votes by remote e-voting prior to the AGM may attend in the AGM through VC / OAVM but shall not be entitled to cast their votes again.
6. The Company has appointed Mr. Atul Kumar Labh, (Membership No. FCS 4848, COP No. 3238) Practising Company Secretary of M/s. A. K. Labh & Co., Company Secretaries, Kolkata, to act as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
7. **Members are requested to carefully read all the instructions regarding attending the AGM through VC/OAVM, casting votes through remote e-voting and other guidelines / instructions stated in Annexure - A, attached herewith.**

Statement Pursuant to Section 102 of the Companies Act, 2013 in respect of Items of Special Business Set Out in the Notice Convening the Meeting:

Item No. 4

Mr. Srinivash Singh (DIN: 00789624) had been appointed as the Managing Director (Key Managerial Personnel) of the Company w.e.f. December 14, 2016 for a period of three years i.e. upto December 13, 2019. He has extensive experience in EPC sector and long association with the Company. The Board of Directors of the Company at its meeting held on November 14, 2019, upon recommendation of the Nomination and Remuneration Committee in its meeting held on the even date, approved re-appointment of Mr. Srinivash Singh as the Managing Director of the Company subject to the approval of the lenders and the shareholders of the Company.

The Company requested the consortium lenders on October 14, 2020 to accord / ratify the re-appointment of Managing Director for a period of three years w.e.f. December 14, 2019. The Company provided details of the terms of his appointment as requested by lenders.

The terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company remained unaltered in comparison to the terms and conditions of Mr. Singh's appointment as the Managing Director in his immediately preceding tenure. The terms and conditions are reproduced herein-below:

- a) Salary: Rs. 10,00,000 per month in the scale of Rs. 10,00,000 to Rs. 15,00,000 with authority to the Board of Directors to revise the same from time to time and to give such annual increment as the Board may deem fit.
- b) Performance Bonus: Payable annually, for each financial year, as may be determined by the Board based on his performance.
- c) Special Allowance: In addition to the Salary and Performance Bonus payable, the Managing Director shall also be entitled to a Special Allowance of Rs. 5,00,000 Per month which may be revised by the Board based on his performance.
- d) Other Benefits: The Managing Director shall also be entitled to club fees, accident insurance, leave encashment, benefits of provident fund, Superannuation Fund and gratuity Fund, Company Car, Telephone, Ex Gratia, meal coupons and such other benefits and allowances as may be agreed to by the Board of Directors and the Managing Director.
- e) Ceiling on Remuneration: The aggregate remuneration comprising all the components mentioned above payable to the Managing Director shall not exceed Rs. 2,20,00,000/- (two crore twenty lakhs only) per annum excluding use of car and telephone for office purposes.
- f) Minimum Remuneration: In the event of loss or inadequacy of profits of the Company in any Financial Year, the above remuneration shall be paid as minimum remuneration subject to the applicable limit and the terms and conditions of Schedule V to the Companies Act, 2013. In any case the total remuneration of Mr. Singh as the Managing Director of the Company shall not exceed the applicable overall limit under Section 197 of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013.
- g) Leave: As per the Rules of the Company, Mr. Singh will be entitled to leave during his tenure as Managing Director and the encashment of the accumulated balance of his leave at the end of his tenure.
- h) Sitting Fees: Mr. Singh shall not be entitled to receive any fee for attending the meetings of the Board or Directors of the Company or the Committees thereof.

The Board considers that continued association of Mr. Singh would be of immense benefit to the Company and it is desirable to continue to avail his services as the Managing Director.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Srinivash Singh, being the appointee himself, are concerned or interested (financially or otherwise) in this Resolution. The Board recommends the **Special Resolution** set out at **Item no. 4** for approval of the Members.

Notice

Item No. 5

Mr. Asim Kumar Barman, IAS, (Retired) is Non-Executive Independent Director of the Company. He is Chairman of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. He retired as Chairman of Damodar Valley Corporation (DVC). Before that, he had held positions like Principal Secretary Department of Environment and Department of Public Health Engineering (Water Supply and Sanitation, Government of West Bengal, Principal Secretary, Department of Health & Family Welfare.

In terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 149, 150, and 152 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 (the 'Act') and read with Schedule IV to the Act, Mr. Asim Kumar Barman, being eligible and seeking re-appointment, is proposed to be re-appointed for a term of three consecutive years commencing from the day of expiry of his earlier term, upto the date of the 60th Annual General Meeting or attainment of his 75 years of age whichever is earlier.

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

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

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Asim Kumar Barman, being the appointee himself, are concerned or interested (financially or otherwise) in this Resolution. The Board commends the **Special Resolution** set out at **Item no. 5** for approval of the Members.

Item No. 6

The Board of Directors of the Company had appointed Mr. Nilotpall Roy as an Additional Director as well as Non-Executive Independent Director of the Company for a consecutive term of five years with effect from February 14, 2020 to February 13, 2025 subject to the approval of members at this Annual General Meeting (AGM). In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Nilotpall Roy shall hold office up to the date of the this AGM and is eligible to be appointed as an Independent Director. The Company has received notice under Section 160 of the Companies Act, 2013 from Mr. Nilotpall Roy signifying his candidature as an Independent Director of the Company. A brief profile of Mr. Nilotpall Roy, including nature of his expertise, is provided herein-below. The Company has received a declaration of independence from Mr. Nilotpall Roy.

Notice

In the opinion of the Board, Mr. Nilotpall Roy fulfills the conditions specified in the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for appointment as Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available on the website of the Company www.mcnallybharat.com.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Nilotpall Roy, being the appointee himself, are concerned or interested (financially or otherwise) in this Resolution. The Board recommends the **Ordinary Resolution** set out at **Item no. 6** for approval of the Members.

Item No. 7

The Board of Directors of the Company had appointed Ms. Kasturi Roy choudhury as an Additional Director as well as Non-Executive Independent Director of the Company for a consecutive term of five years with effect from February 14, 2020 to February 13, 2025 subject to the approval of members at this Annual General Meeting (AGM). In accordance with the provisions of Section 161 of Companies Act, 2013, Ms. Kasturi Roy choudhury shall hold office up to the date of the this AGM and is eligible to be appointed as an Independent Director. The Company has received notice under Section 160 of the Companies Act, 2013 from Ms. Kasturi Roy choudhury signifying her candidature as an Independent Director of the Company. A brief profile of Ms. Kasturi Roy choudhury, including nature of her expertise, is provided herein-below. The Company has received a declaration of independence from Ms. Kasturi Roy choudhury.

In the opinion of the Board, Ms. Kasturi Roy choudhury fulfills the conditions specified in the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for appointment as Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available on the website of the Company www.mcnallybharat.com.

None of the Directors or Key Managerial Personnel and their relatives, except Ms. Kasturi Roy choudhury, being the appointee herself, are concerned or interested (financially or otherwise) in this Resolution. The Board recommends the **Ordinary Resolution** set out at **Item no. 7** for approval of the Members.

Item No. 8

The Board of Directors of the Company ('the Board') at the meeting held on September 07, 2020, on the recommendation of the Audit Committee, approved the re-appointment of M/s A. Bhattacharya & Associates, Cost Accountants, as Cost Auditors of the Company, subject to approval(s) as may be necessary, to conduct audit of Cost Records maintained by the Company in respect of products as applicable for the financial year 2020-21 at a remuneration of Rs. 2,00,000/- plus goods and service tax as applicable and reimbursement of out-of-pocket expenses at actual.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors needs ratification by the Members of the Company.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution. The Board recommends the **Ordinary Resolution** set out at **Item no. 8** for approval of the Members.

Notice

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

1.Mr. Aditya Khaitan (DIN: 00023788)

Name of Director	Mr. Aditya Khaitan
Date of Birth	30/01/1968
Qualification	B. Com (Hons)
Expertise in specific functional areas	Industrialist, Entrepreneurship, Management, Accounts & Finance, Leadership, Strategic Planning, etc.
Brief Profile	Mr. Aditya Khaitan hails from a renowned family of industrialists, having interest in diverse business activities. Mr. Khaitan has in-depth exposure to and involvement in steering diverse business and has gained considerable experience and expertise in management, production, marketing, corporate finance and other related areas of tea industry and also in the matter of restructuring, mergers, de-mergers and acquisitions of corporate entities.
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	Non-executive Non-independent Director: Williamson Magor & Co. Limited Kilburn Engineering Limited McNally Sayaji Engineering Limited Eveready Industries India Limited Williamson Financial Services Limited Managing Director: McLeod Russel India Limited Audit Committee: McLeod Russel India Limited
Relationships between directors inter-se	Nil
Shareholding in the Company	Nil

Notice

2.Mr. Srinivash Singh (DIN: 00789624)

Name of Director	Mr. Srinivash Singh
Date of Birth	18/02/1946
Qualification	Cost Accountant, CS, LLB
Expertise in specific functional areas	Management, Leadership, Strategic Planning, Finance, Accounting, Legal, Administration, Communication, etc.
Brief Profile	Mr. Srinivash Singh holds by qualification membership of the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. He also holds an LLB degree. He has vast experience of more than five decades in steering business operations of EPC companies. Previously also he has served as the Managing Director of the Company.
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	Non-executive Non-independent Director: McNally Sayaji Engineering Limited
Relationships between directors inter-se	Nil
Shareholding in the Company	Nil

3.Mr. Asim Kumar Barman (DIN: 02373956)

Name of Director	Mr. Asim Kumar Barman
Date of Birth	06-11-1948
Qualification	B Sc. (Chemistry), IAS (Retired)
Expertise in specific functional areas	Administration, Power, Environment, Urban Governance, Accounting & Finance, Management etc.
Brief Profile	Mr. Asim Kumar Barman, IAS, (Retired) is Non-Executive Independent Director of McNally Bharat Engineering Company Ltd. He retired as Chairman of Damodar Valley Corporation (DVC). Mr. Barman held posts like Principal Secretary Department of Environment and Department of Public Health Engineering (Water Supply and Sanitation, Government of West Bengal, Principal Secretary, Department of Health & Family Welfare.
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	Nil
Relationships between directors inter-se	Nil
Shareholding in the Company	Nil

Notice

4. Mr. Nilotpall Roy (DIN: 00087298)

Name of Director	Mr. Nilotpall Roy
Date of Birth	14/01/1948
Qualification	M. Tech. (Chemical Engineering) B. Tech. (Chemical Engineering)
Expertise in specific functional areas	Engineering, Iron & Steel Industries, Management & Leadership, Business Development, Administration, etc.
Brief Profile	Mr. Nilotpall Roy is an engineering professional with experience of more than four decades in various Central Public Sector Enterprises (CPSEs) such as SAIL, Durgapur Steel Plant, IISCO Steel Plant and renowned private sector Companies e.g. Adhunik Metaliks Limited, Neo Metaliks Limited. He is also an Independent Director in McNally Sayaji Engineering Company Limited. Previously, he had held the position of Managing Director, SAIL - IISCO Steel Plant.
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	Non-executive Independent Director: McNally Sayaji Engineering Limited Audit Committee and Stakeholders' Relationship Committee: McNally Sayaji Engineering Limited
Relationships between directors inter-se	Nil
Shareholding in the Company	Nil

Notice

5. Ms. Kasturi Roychoudhury (DIN: 06594917)

Name of Director	Ms. Kasturi Roychoudhury
Date of Birth	05/12/1963
Qualification	B.E. (Electrical), PGDM (IIM-A), DBF (ICFAI)
Expertise in specific functional areas	Electrical Engineering, Accounts & Finance, Strategic Planning, Management & Leadership.
Brief Profile	Ms. Kasturi Roychoudhury holds by qualification B.E. (Electrical), PGDM (IIM-A), DBF (ICFAI). She has more than two decades of experience in Electrical Engineering, Accounts & Finance, Strategic Planning, Management & Leadership, etc. She is also an Independent Director McNally Sayaji Engineering Limited.
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	Non-executive Independent Director: McNally Sayaji Engineering Limited
Relationships between directors inter-se	Nil
Shareholding in the Company	Nil

By Order of the Board of Directors
For **McNally Bharat Engineering Company Limited**

Rahul Banerjee
Company Secretary

Kolkata, November 12, 2020

Notice

ANNEXURE A

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period will commence on December 19, 2020 at 10:00 hours IST and end on December 21, 2020 at 17:00 hours IST. The remote e-voting module shall be disabled by NSDL for voting thereafter.

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

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

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

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

Notice

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on [“Forgot User Details/Password?”](#) (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) [Physical User Reset Password?”](#) (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

Notice

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to aklabhcs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to or contact Mr. Amit Vishal, Senior Manager/Ms. Pallavi Mhatre, Manager, NSDL, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013 at telephone no. 022- 24994360/022 24994545 or at E-mail id evoting@nsdl.co.in.
4. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
5. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on December 15, 2020 i.e. the cut-off date.
6. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. December 15, 2020 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or mdpldc@yahoo.com
7. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
8. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the Meeting.
9. Pursuant to the provision of Section 108 of the Act read with rules thereof, Mr. Atul Kumar Labh, Practicing Company Secretary, (Membership No. FCS 4848, COP No. 3238) has been appointed as the Scrutinizer to scrutinize the Remote e-Voting process and casting vote through the e-Voting system during the Meeting in a fair and transparent manner.

Notice

10. The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting system and shall make a consolidated Scrutinizer's Report.
11. The Results of voting will be declared within 48 hours from the conclusion of AGM. The declared results along with the Scrutinizer's Report will be available forthwith on the website of the Company mbecal@mbekl.co.in and on the website of NSDL. Such results will also be displayed on the Notice Board at the Registered Office as well as the Corporate Office of the Company and shall be forwarded to the National Stock Exchange of India Limited, BSE Limited and Calcutta Stock Exchange Limited.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to mbecal@mbekl.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to mbecal@mbekl.co.in.
3. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

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

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

Notice

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at mbecal@mbeccl.co.in latest by 05:00 p.m. (IST) December 15, 2020.
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at mbecal@mbeccl.co.in latest by 05:00 p.m. (IST) December 15, 2020. The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed.
9. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
10. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager-NSDL at amitv@nsdl.co.in / 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL at pallavid@nsdl.co.in/ 022-24994545.

DIRECTORS' REPORT

Dear Members,

The Board of Directors hereby submits the report of the business and operations of your Company ("the Company"), along with the audited financial statements, for the financial year ended March 31, 2020.

HIGHLIGHTS

The key highlights of the operations for the financial year 2019-20 over the previous year (based on standalone only in all cases) are as follow, however, the consolidated performance of the Company and its subsidiaries has been referred to wherever required.

Total Income reduced from Rs. 1,76,410.22 lakh to Rs. 61,908.31 lakh and earnings before Finance Cost, Depreciation & Amortization and Tax decreased from Rs. (8,837.12) lakh to Rs. (28,975.84) lakh.

FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2020 is summarized below:

Particulars	Rs. in Lakh	
	Standalone for the year ended March 31st	
	2020	2019
Revenue from operations and other income	61,908	176,410
Profit before Finance Cost, Depreciation & Amortisation and Tax	(28,976)	(8,837)
Less: Finance Cost	8,107	36,704
Earnings before Depreciation & Amortisation and Tax	(37,083)	(45,541)
Less: Depreciation & Amortisation	1,005	1,059
Profit Before Tax	(38,088)	(46,600)
Total Tax Expenses	-	-
Profit for the year	(38,088)	(46,600)
Other Comprehensive Income	9	(105)
Total Comprehensive Income of the year	(38,079)	(45,705)
Retained earnings amount brought forward from previous year	(1,70,384)	(1,23,467)
Transfer to / from General Reserve	Nil	Nil
Balance of Total Retained Earnings at the end of the year	(2,08,463)	(1,70,384)

DIRECTORS' REPORT

STATE OF COMPANY'S AFFAIRS AND REVIEW OF OPERATIONS

The Financial year 2019-20 has been very challenging for your company. Industrial slowdown accompanied by Banking restrictions on liquidity management adversely impacted the business and profitability of the company. However, your company under the guidance of Mr. Srinivash Singh is committed to its vision to create long term stakeholder value.

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

The Company is discussing with Lenders and exploring various options for Debt Restructuring proposal to Lenders. The Company is continuing its operations as per working capital allowed by lenders for meeting various operational payments.

The Management is hopeful that the Lenders will complete the Resolution Process by March, 2021 within the ambit of the RBI guidelines.

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

CHANGES, IF ANY, IN THE NATURE OF BUSINESS

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

MAJOR PROJECTS UNDER EXECUTION

The following major projects are under execution of your Company:

- Substation package SS01 for extension of 765 v Ranchi and 400kv Subhas gram substation for PGCIL
- R&R colony at Khinda, Odisha for M/S NLC
- Coal Handling Plant for 3x250 MW TPS at Bongaigaon of NTPC
- Civil Works of Ware House at Uluberia for M/S ESR
- Ash Handling Plant for 2x660 MW at Mouda (Stage II) of NTPC
- Ash Handling Plant for 3x800 MW at Kudgi of NTPC
- Ash Handling Plant for 2x250 MW at Bhavnagar of M/S BECL
- Firefighting works at Uluberia for M/S ESR
- Dry Fly Ash conveying system at Farakka of NTPC

DIRECTORS' REPORT

- CW & Make up Water Package for 2x600 MW at Nabinagar of NPGC
- NABINAGAR - WATER PRETREATMENT PLANT
- By-Product Plant at Bhilai for BSP, SAIL
- 8MTPA capacity CHP at Manoharpur, Odisha for OCPL
- De-bottlenecking of Plant at Zawar of HZL
- 2MTPA Lead-Zinc beneficiation Plant at Zawar for HZL
- Balaria-Mochia Surface Crushing Plant at Zawar of HZL
- 2MTPA Paste Fill Plant at RA Mines for HZL
- 2MTPA Paste Fill Plant at SK Mines for HZL
- Construction of Entry Exit Structures & Other Civil Work at Kochi for DMRC
- Retaining wall construction, development of related infra and execution of electrical works at Zawar Mines for HZL
- DGMP, Residential Accommodation Jammu

MAJOR ORDERS RECEIVED DURING THE YEAR

Overseas Zinc flotation Plant Project

Formation of Road & Culvert (NLC)

DIVIDEND

In absence of profit for the current financial year (2019-20), 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 December 16, 2020 to December 22, 2020 (both days inclusive).

SHARE CAPITAL

During the year ended 31st March, 2020, the Subscribed and Paid-up Equity Share Capital of the Company has been increased to 21,15,70,757 equity shares having a face value of Rs. 10/- each upon conversion of Compulsorily Convertible Preference Shares (CCPS) as per their terms of allotment. During the year, the company allotted 1,20,00,000 and 2,74,19,000 equity shares to the holders of CCPS (on conversion of same number of CCPS) belonging to Promoter and Public category respectively.

DIRECTORS' REPORT

CHANGES IN THE BOARD OF DIRECTORS

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

Appointment / Reappointment:

- Ms. Ujjaini Dasgupta (DIN - 00183546) was appointed as Additional Director (Non-Executive and Independent) w.e.f. May 30, 2019.
- Mr. Srinivash Singh (DIN – 00789624) was re-appointed as the Managing Director of the Company for a further period of three years w.e.f. December 14, 2019.
- Ms. Kasturi Roychoudhury (DIN - 06594917) was appointed as Additional (Non-Executive and Independent) Director for a period of 5 (five) consecutive years w.e.f. February 14, 2020 subject to approval of shareholders on or before the next Annual General Meeting.
- Mr. Nilotpall Roy (DIN 00087298) was appointed as Additional (Non-Executive and Independent) Director for a period of 5 (five) consecutive years w.e.f. February 14, 2020 subject to approval of shareholders on or before the next Annual General Meeting.

Resignation / Cessation:

- Mr. Virendra Kumar Verma (DIN – 00766426) who was a Non-executive Independent Director, resigned, due to his old age, from the Board of Directors w.e.f. April 01, 2019.
- Ms. Ujjaini Dasgupta (DIN 00183546) tendered her resignation from the directorship of the Company w.e.f. July 15, 2019 as intimated to the Company vide her resignation letter, which was received by the Company on July 31, 2019.

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

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

In compliance with Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the particulars of Mr. Aditya Khaitan (DIN - 00023788) form part of the Notice convening the 57th 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:

Cessation:

Mr. Indranil Mitra, the erstwhile Company Secretary and Compliance Officer of the Company tendered his resignation w.e.f. July 10, 2019. The Board of Directors having accepted his resignation placed on record appreciation for the

DIRECTORS' REPORT

valuable service provided by him during his tenure.

Appointment / Re-appointment:

The Board of Directors of the Company at their meeting held on November 14, 2019 re-appointed Mr. Srinivash Singh as the Managing Director of the Company for a further period of three years w.e.f. December 14, 2019 on the existing terms and conditions (including remuneration) subject to approval of lenders and shareholders of the Company. The Company requested the consortium lenders on October 14, 2020 to accord / ratify the re-appointment of Managing Director. The Company also provided details of the terms of his appointment as requested by lenders. The same is being placed before the shareholders for their approval in the ensuing 57th Annual General Meeting of the Company.

The Board of Directors of the Company appointed Mr. Rahul Banerjee as the Company Secretary and Compliance Officer of the Company w.e.f. August 14, 2019. Mr. Rahul Banerjee is an Associate Member of the Institute of Company Secretaries of India and he possesses more than 12 years of experience in Secretarial and Legal matters.

As on March 31, 2020, the Company had three Key Managerial Personnel, being Mr. Srinivash Singh, Managing Director, Mr. Manoj Kumar Digga, Chief Financial Officer and Mr. Rahul Banerjee, Company Secretary and Compliance Officer of the Company.

However, after the financial year ended on March 31, 2020, Mr. Manoj Kumar Digga resigned from the position of Chief Financial Officer of the Company w.e.f. September 02, 2020 and the Board of Directors at its meeting held on September 07, 2020 noted the same while placing on record appreciation for the valuable service provided by Mr. Digga during his tenure and appointed Mr. Brij Mohan Soni as the Chief Financial Officer of the Company w.e.f. September 07, 2020. Mr. Soni, by qualification, holds membership of the Institute of Chartered Accountants of India and has wide experience over 26 years in finance, accounting, taxation and foreign exchange matters, risk management, treasury management, working capital management etc.

NUMBER OF BOARD MEETINGS

The Board met four times during the year on May 30, 2019, August 14, 2019, November 14, 2019 and February 14, 2020. 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 2019-20 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

DIRECTORS' REPORT

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, 2020, 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 2019-20 and of 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

DIRECTORS' REPORT

- 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, 2020.

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, 2020, 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, 2020 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

DIRECTORS' REPORT

checked by various functional personnel on the basis of supporting documents & records, then the accounting entries are checked by accounts personnel, and finally those are validated by managerial personnel.

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

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

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

RISK MANAGEMENT POLICY

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

AUDIT COMMITTEE

The Audit Committee of the Board as on March 31, 2020 consisted of Mr. A. K. Barman, Ms. Arundhuti Dhar and Mr. Srinivash Singh. Mr. A. K. Barman, a Non-Executive Independent Director, was the Chairman of the Audit Committee.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

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

DIRECTORS' REPORT

PARTICULARS OF SUBSIDIARIES AND CONSOLIDATION OF ACCOUNTS

Your Company has the following subsidiaries as on March 31, 2020:

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

McNally Sayaji Engineering Limited has the following subsidiary:

- MBE Coal & Mineral Technology India Private Limited

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

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

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

Rs. in Lakh				
Sl. No.	Subsidiary Companies	Business Activities	Turnover (Rs.)	Income (Rs.)
1.	McNally Sayaji Engineering Limited	Manufacturer of crushing, screening, grinding, material handling and mineral processing equipment.	18,668	(651)
2.	McNally Bharat Equipments Limited	-	-	(0.32)
3.	MBE Mineral Technologies Pte Limited [#]	Investment holding and provision of management and related support services.	-	(32,630)
4.	MBE Minerals Zambia Limited*	-	-	-
[#] Figures in US \$,not in INR lakhs. [*] Figures in ZMK,not in INR lakhs.				

DIRECTORS' REPORT

Further, in accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements of each of the subsidiary will be available on the website of the Company i.e. www.mcnallybharat.com, in a downloadable format.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Firm Registration No. 117366W/W-100018), the Statutory Auditors of the Company submitted their resignation w.e.f. July 18, 2019. The Board of Directors by way of resolution passed by circulation on July 19, 2019 noted the same and designated M/s. V. Singhi & Associates, Chartered Accountants, Kolkata, (ICAI Firm Registration No. 311017E), the Joint Statutory Auditor as the sole Statutory Auditor of the Company till the completion of their term, i.e. till the conclusion of the fifty-eighth AGM of the Company.

STATUTORY AUDITORS' REPORT

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

Adverse Opinion – Non-recognition of Interest Expense:

The Company has not recognised interest expense on Bank and Inter-Corporate Borrowings amounting to Rs. 29,044.74 Lakhs and Rs. 1,059.48 Lakhs respectively for the year ended 31st March, 2020 as referred in Note 43 to the Standalone Financial Statements. The Company had also not recognised interest expense of Rs. 9,216.88 Lakhs on Inter-Corporate Borrowings for the year ended 31st March, 2019. As a result, finance costs, liability on account of interest and total comprehensive loss for the financial year ended 31st March, 2020 are understated to that extent. This constitutes a departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

Board's Clarification:

Since the loan accounts of the Company had been classified as non-performing assets (NPAs), the lender banks have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. Accordingly, the Company did not recognise interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 29,044.74 Lakhs and Rs. 1,059.48 Lakhs respectively, for the financial year ended 31st March, 2020. On the same ground the Company had also not recognised interest expense of Rs 9,216.88 Lakhs on Inter-Corporate Borrowings for the financial year ended 31st March, 2019.

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 2019-20.

DIRECTORS' REPORT

INSURANCE

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

REPORT ON CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

DIRECTORS' REPORT

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Company as on March 31, 2020 comprised of Mr. Asim Kr. Barman, a Non-Executive Independent Director as its Chairman, Ms. Arundhuti Dhar, Non-Executive Independent Director and Mr. Aditya Khaitan, Non-Executive Chairman (Promoter) 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, 2020, 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. Board's clarifications regarding the qualified opinions of the Secretarial Auditor are also addressed in the said annexure after the Secretarial Audit Report.

PARTICULARS OF EMPLOYEES

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

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



DIRECTORS' REPORT

OCCUPATIONAL HEALTH & SAFETY:

McNally Bharat Engineering Company Limited is an Occupational Health & Safety Management System (ISO 45001: 2018) Certified Company with a brief scope of 'Project Management, Design, Manufacturing, Supply, Construction, Erection & Commissioning of Industrial and Infrastructure Development Projects on Turnkey Basis and Construction of Industrial and Infrastructure Development Projects'.

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

McNally Bharat Engineering Company Limited always strive for achieving 'Zero Fatality Goal' and to bring it into reality set target to reduce Total Reportable Incident Rate (ie; TRIR) which was 0.76 (in 2012) comes down to 0.17 (in 2019). This low incident rate shows a sustainable improvement in Occupational Health & Safety Management System compare to other EPC firms in India.

There are many satisfied customers, who issued 'Merit Certificate' or 'Certificate of Appreciation' for our excellent safety performance at their project sites (like, BPCL, NTPC, PDCL, TPL, HMEL etc.). in addition to that, our organisation has maintained LTI (Loss Time Injury) free records in many prestigious project sites, few of them are Hindustan Zinc Ltd, DMRC, DGMAP, CPCL, Adani Power, OCPL, APGENCO etc. We won '5 Star' rating on 'Safety Management System Audit in HMEL-Bhatinda (CHS-O&M) site for best safety performance. Our organisation has also received many National (National Safety Awards in NTPC Bongaigaon, ACC Jamul, TPL-Kalinganagar, S K Mines etc.) and International (RoSPA Awards in IISCO Burnpur, RSP-Rourkela, BOP Satpura etc.) awards for Best Safety Performance in project sites which shows a sustainable growth in maintaining occupational health & safety culture within the organisation.

OTHER DISCLOSURES

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

CAUTIONARY STATEMENT

DIRECTORS' REPORT

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Date: November 12, 2020
Place: Kolkata

Aditya Khaitan
Chairman

Annexure A to the Directors' Report

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

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

A. Conservation of Energy

- (i) The steps taken or impact on conservation of energy:
Energy conservation measures taken in the past years and the consumption of energy are monitored on continual basis. Routine steps like strict control and monitoring of usage, good preventive maintenance of machines and equipments like DG Sets, AC units have resulted in optimal usage of electrical parts.
- (ii) The steps taken by the company for utilising alternate sources of energy:
There is nothing substantial to report.
- (iii) The capital investment on energy conservation equipments:
There is nothing substantial to report.

B. Technology absorption

- (i) The efforts made towards technology absorption:
There is nothing substantial to report.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:
There is nothing substantial to report.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
There is nothing substantial to report.
- (iv) the expenditure incurred on Research and Development:
There is nothing substantial to report

C. Foreign Exchange Earnings and Outgo

(Rs. in Lakhs)

Foreign Exchange Earning	Sale of Contracts	-
	Corporate Guarantee Commission	-
	Interest Income	-
	Service Charges	-
Foreign Exchange Outgo	Travelling	75.14
	Professional and Consultation fees	-
	Interest Expenses	-
	Services	240.70
	Supplies	12.66

For and on behalf of the Board of Directors

Place: Kolkata,
November 12, 2020

Aditya Khaitan
Chairman

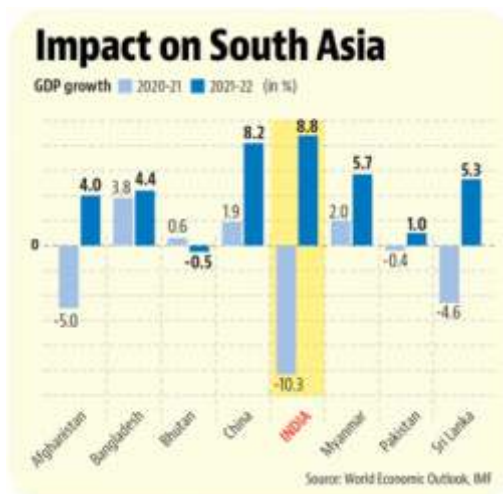
Annexure B to the Directors' Report

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The sporadic change in the last nine months due to the pandemic has compelled the global diaspora to introspect and adapt. Experts around the globe had been talking about disruption and transformation for long, but this time it has been enforced by nature. The COVID-19 disruption has made every nation, organization & individual think about redesigning and transforming itself. Nevertheless, even a large scale disruption should not divert us from the basic necessity and goal of our business which is to serve the people and the nation as a whole.

Pre- COVID, the Government of India had initiated the “Make in India” initiative and stressed on Infrastructure building in Highways, Defence and Railways to name some. The COVID-19 pandemic did slow things but the necessity for growth in these sectors remain and to a great extent has become even more. However, three more sectors have gained priority than these initiatives i.e. healthcare, food and water. As days pass, we will come across better days or worse, and these sector will remain important. Time will tell whether the pandemic was the tip of an iceberg or a storm that passed away.



The Indian GDP contracted by 10.3% in this fiscal year as reported by IMF. It is worth comparing the economy with other neighbouring countries like Bangladesh, where the contraction has been lower. It is forecasted that India's GDP growth rate will be around 7.2% by 2025 as reported by World Economic Outlook. It is interesting to note that Bangladesh's growth rate will be 5.9% by 2025 but the per capita GDP of Bangladesh will surpass India's per capita GDP at \$2760 against \$2730 for India as reported by IMF.

The Govt. has announced support for Agri sector by passing the Farm Bill and schemes for MSME sector to boost economy from grassroots. The lessons of economic growth by the small business in China is an example how this sector can propel growth. More than INR 40,000 Cr. tenders were cancelled to boost “Atmanirbhar Bharat” and tenders now include a Make in India Clause to source 50% from Indian companies. Post-Covid, more than INR 1,00,000 Cr. tenders have been published in the Coal sector of which INR 5000 Cr. + are coal handling plant tenders. Coal block allocation has been liberalized with PPP mode tender invitation. The Govt. Approved 100% FDI in food and aviation in 2016 and post Covid-19, strategies to attract more FDI has been taken. The World bank approved a \$1 Billion social response protection program in health sector.

Annexure B to the Directors' Report

Table A4. Emerging Market and Developing Economies: Real GDP
(Annual percent change)

	Average 2002–11	2012	2013	2014	2015	2016	2017	2018	2019	Projections		
										2020	2021	2025
Emerging and Developing Asia	8.6	7.0	6.9	6.8	6.8	6.8	6.7	6.3	5.5	-1.7	8.0	5.9
Bangladesh	5.9	6.5	6.0	6.1	6.6	7.1	7.3	7.9	8.2	3.8	4.4	7.3
Bhutan	8.8	6.5	3.6	4.0	6.2	7.4	6.3	3.8	3.8	0.6	-0.5	6.0
Brunei Darussalam	1.5	0.9	-2.1	-2.5	-0.4	-2.5	1.3	0.1	3.9	0.1	3.2	1.8
Cambodia	7.9	7.3	7.4	7.1	7.0	6.9	7.0	7.5	7.0	-2.8	6.8	6.9
China	10.7	7.9	7.8	7.3	6.9	6.8	6.9	6.7	6.1	1.9	8.2	5.5
Fiji	1.4	1.4	4.7	5.6	4.7	2.5	5.4	3.5	-1.3	-21.0	11.5	2.2
India ¹	7.7	5.5	6.4	7.4	8.0	8.3	7.0	6.1	4.2	-10.3	8.8	7.2

While the macro level policies have given to overcome the impact of COVID-19, a nationwide transformation thorough businesses is required to re-energize the economic dynamo where McNally Bharat will contribute its own part.

Your Company was having steady growth of business till 2012 with an average turnover of Rs. 2000 crore. Between 2013 and 2016, company secured number of contracts in Steel, Power and Infrastructure and invested huge amount of working capital to produce goods. Regrettably, due to many Power projects went into troubles and the core sector industries also went into recessionary trend, customers did not pay their dues on time and in many cases, the goods produced were not taken delivery which resulted into excessive borrowings and interest on such borrowings added to the debt burden of the company; as a result thereof the progress of projects orders secured during this period badly hampered. Payments from the customers in many cases virtually stopped on account of customers' inability to pay. After 2017, within a period of 2 years, company secured orders of nearly INR 2000 crore. Company executed over Rs. 3000 Crs. + worth of job between April, 2017 and Mar, 2020 purely with the injection of fund by promoters and renewed vigor of the Management in accelerating progress, collection and completion of contractual obligations of old as well as new projects.

Considering the business prospect of the company in view of the excellent track records of execution of projects, some investors have shown very keen interest to participate in the investment plan of the company for restructuring of their debts. The process is under active consideration of the bank. Due to the unfortunate pandemic situation, the process of completing the transaction has got delayed and it is expected that the restructuring process will restart after the lockdown period is over and travel restrictions are removed. As of date, we have sanctioned Bank Guarantee limit to the extent of INR 1020 crore which would be available for execution of the project once the restructuring commences. Besides the above, we have Joint Venture partners who have committed to provide Bank Guarantees for execution of these projects which can be availed at our choice.

COMPETITIVE ADVANTAGE, OPPORTUNITIES AND THREATS:

Your company has grown over 6 decades by serving its customers faithfully and diligently. It is one of the renowned names in mining, material handling, mineral processing, infrastructure, power and other core industries. It has

Annexure B to the Directors' Report

shown enormous resilience and ability by demonstrating that even on the face of huge losses, all stakeholders interests were balanced and protected thereby has earned the reputation of a committed, trustworthy and sustainable organization. This ability shoots from the consistent performance of the company in troubled times with support of its stakeholders.

Your company possesses intellectual property covering more than 500 EPC projects, its own technology and products. Unlike many EPC players your company possess its own production units to manufacture the critical long lead equipment to deliver projects on time. Over the years with its origin in Pittsburg, McNally Bharat grew by acquisition of technology companies like EWB, KHD Humbolt and thereby infusing technology. Your company also demonstrated with its in-house systems and skilled manpower to absorb technology from collaborators like Polteger, KONE Cranes etc. to indigenize equipment and systems.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

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

OUTLOOK & BUSINESS STRATEGY:

Your company is committed to revive by restructuring its debts and proceed on its path envisioned in last 3 years. It has a reputation to relive and rejuvenate post downturns in business cycles. The COVID-19 has only hastened this transformation yet once more.

Last year's efforts to collaborate with many JV partners are still live. The disruption has cast a new map of the entire world. A technology like zoom has made distance become smaller and enforced those inclined to a physical surrounding to a virtual interaction.

We have been in the industrial construction space, still a service oriented organization. This change has demanded a migration of our systems to become cloud based. We are also strategizing to make our systems a balance of IT dependent and optimal human interaction based.

The company is transforming its talent pool by strategic leadership and succession plan in engineering services pivoted on a global mind set. With the rich resource pool of multi-disciplinary design engineers, it has a plan to serve clients globally. The engineering services will also identify to serve the customers in India and focus on small and medium size businesses which lack design and engineering strengths but possess a hardworking force. The company will also target such companies and enable them with a business reach still not available to them, but a toes distance of MBE.

Annexure B to the Directors' Report

The construction teams will be oriented to take up strategic projects with risks assessed with the present hurdles of manpower mobilization; client secured funding status and utilization of its own plant and machinery.

Business Development and Marketing efforts will be aligned to Govt. initiatives in Rural Development, Defence, Railways, Environment, Healthcare and Food Processing sectors with a long term view of five years horizon. This will be synergized with the present configuration of in-house manufacturing of critical equipment. A focus on MSME clients will be new addition. In the short term the focus shall be to bag the projects bid in the coal handling sector, bring in fabrication, machining and equipment orders from the core sectors where it has old roots.

The first step to consolidation was taken last year and today we have brought MBE, MSEL & MBE-CMT Quality Assurance, Safety, Business Strategy & Risk and Procurement departments centrally, thereby optimizing resources and standardizing procedures

All efforts will be directed to capture value, improve the top line, leveraging the competitive advantage and contain business risks to regain the market reputation as a favoured mid-cap stock.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

- Your Company has a detailed well spelt internal control system in place to ensure that all financial, commercial and legal transactions are fully authorized, recorded and correctly reported. The Audit Committee of the Board of Directors, chaired by an experienced Independent Director, reviews the adequacy of the Internal Control System. The Company's Internal Audit Department is in charge for periodically carrying out detailed audit of the transactions of the Company at various project sites, manufacturing locations and offices in order to ensure that recording and reporting are adequate and as per the policy of the Company. The Internal Auditors periodically physically verify the Company's assets and ensure that there is no unauthorized usage. The assets are kept in proper conditions and are covered under adequate insurance.
- Business strategy of the organization has guided the formation of the Enterprise Risk Management (ERM) for the company. The process started two years back and is under implementation. This is being extended with a group level central control with custom designed needs of projects and production units.
- The risks are broadly categorized into Strategic, Operational, Financial (Compliance & Reporting) & Hazardous Risks. The Components of Enterprise Risk Management include:

Annexure B to the Directors' Report

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

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

The Companies Act, 2013 mandated Indian Companies to implement internal controls over financial reporting effective from 01st April 2018. The management has documented all key finance and business processes impacting financial reporting, tested the key controls for adequacy and operating effectiveness during the financial year 2019-20.

Since majority of the business is in Projects, a project risk management framework has been implemented in the ERP and being monitored periodically. The risk framework captures Strategic, Operational, Financial and Hazardous risks. This is supported by an issue management interface. This shall be leveraged by the migration to cloud thereby providing better access to analytical tools.

RISK, CONCERNS AND RISK MANAGEMENT IMPLEMENTATION:

The risk management system got implemented to take bid no-bid decisions, assess pre-bid and post bid risks. The learning from executed projects post 2017 has been initiated and the systems are being adapted to make the risk management system as not mere compliance but an in-house asset to build value and capture business opportunity. With an intention to enter new areas like highways & overseas projects last year the system was designed and to capture risks for such in conjunction with the marketing, contracts and finance teams. Furthermore, efforts to make the system unbiased a predictive methodology through macro data and machine learning techniques was attempted.

However, it was found that the disrupting market space, numerous financial hurdles, legal risks were majorly handled by team meetings and executive actions. This situation is expected to continue for another year and company shall balance a system based view and top management driven meetings and action based method to extinguish urgent problems. The teams shall put efforts to capture such learning in the ERP system.

The major risks being in schedule and costs areas, methods like Monte Carlo simulation in project planning with primavera/MS project & BIM methods were initiated. With a future plan focussed on engineering these will be pursued further to engrave these in the processes.

The Risk modules for subsidiaries MSEL and CMT majorly production oriented is being implemented. These shall be integrated into the ERM over a period of 2 years time.

Annexure B to the Directors' Report

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

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

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

In terms of employee care, the organization provides benefits and allowances which are in keeping with market trends. Your Company also provides comprehensive insurance coverage for employees to take care of medical exigencies and unforeseen situations. Your Company is continuing with its organizational transformation initiatives with a key focus on restructuring to become a more agile and robust organization. Employee relations remained cordial throughout 2019-20. As on 31st March, 2020 number of permanent employees of the Company was 554.

The industrial relations during the year have been cordial.

FINANCIAL PERFORMANCE:

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

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

Key Financial Ratios	2019-20	2018-19	Change (%)	Reasons
Debt Equity Ratio (Number of times)	20.37	5.44	274.29	Due to change in Equity on account of accumulated loss.
Interest Coverage Ratio (Number of times)	(3.70)	(0.27)	1272.99	Due to non-recognition of interest expenses during financial year 2019-20.
Current Ratio (Number of times)	0.82	0.96	(14.45)	Not applicable.
Debtors Turnover (Number of times)	2.44	1.10	120.72	Due to lower revenue on account of industrial slowdown accompanied by Banking restrictions on liquidity management.
Inventory Turnover (Number of times)	0.01	0.05	(81.69)	
Operating Profit Margin (%)	(0.53)	(0.07)	709.86	
Net Profit Margin (%)	(0.67)	(0.31)	118.51	
Return on Net Worth (%)	(2.80)	(0.88)	219.82	

Annexure B to the Directors' Report

DISCLOSURE OF ACCOUNTING TREATMENT:

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

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Kolkata, November 12, 2020

Aditya Khaitan

Chairman

Annexure C to the Directors' Report

CORPORATE GOVERNANCE

Your Company's Report containing the details of the Company's policies on Corporate Governance and due compliance report on specific areas wherever applicable for the year ended March 31, 2020 are given hereunder:

I. Company's Philosophy

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

II. Governance Structure with Defined Roles and Responsibilities

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

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

III. Corporate Governance Practices:

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

Annexure C to the Directors' Report

CORPORATE GOVERNANCE

- 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 six members at the end of the financial year, consisting of four non-executive Independent Directors who account for 66 percent of the Board's strength as against minimum requirement of 50 percent as per the Listing Regulations.

The strength of the Board is accentuated by its diversity in terms of skills, professionalism, knowledge and experience. The Board of Directors has identified that the Directors shall possess key skills such as goal oriented, experience in planning, policy-making, risk management and financial affairs, strategic thinking & decision making, leadership, integrity and maintaining of confidentiality, managing relationships with the Board, Management Team, Regulators, Bankers, Industry representatives and other Stakeholders, commitment, independence of behaviour and judgment and ability to deploy knowledge and expertise in the best interest of the Company. The Directors shall possess knowledge or experience in domain areas such as Power Sector, Infrastructure Sector, Coal and Mining Sector, Steel, Oil and Gas Sector, Finance and Accounts, Statutory and Regulatory compliance, Risk Management, Information Technology, Human Resources, etc. The Directors are persons of repute with strength of character and professional eminence and bring a wide range of experience and expertise to the Board. The composition of the Board is as under:

Annexure C to the Directors' Report

The details of composition of the Board including category of Directors, Directorship(s), Committees' Membership(s)/Chairmanship(s) and Directorship(s) held in other listed entities as on 31st March, 2020 are as follows:

Name of Directors	Category of Directors	No. of other Directorships held *		No. of other Board Committees# of which he/she is a		No. of shares held in the Company as at March 31, 2020	Names of Listed Entities where the Director is a Director as at March 31, 2020 and Category of such Directorships
		Public	Private	Member	Chair-person		
Mr. Aditya Khaitan DIN - 00023788	Promoter – Non-executive Chairman	8	1	3	1	Nil	Non-executive Non-independent Director: Williamson Magor & Co. Limited Kilburn Engineering Limited McNally Sayaji Engineering Limited Eveready Industries India Limited Williamson Financial Services Limited Executive Director: McLeod Russel India Limited
Mr. Srinivash Singh DIN - 00789624	Executive Director (MD)	1	-	-	-	Nil	Non-executive Non-independent Director: McNally Sayaji Engineering Limited
Mr. Asim Kr. Barman DIN - 02373956	Non-executive Independent	-	-	-	-	Nil	--
Ms. Arundhuti Dhar DIN - 03197285	Non-executive Independent	5	-	4	4	Nil	Non-executive Independent Director: Williamson Magor & Co. Limited Kilburn Engineering Limited McLeod Russel India Limited Eveready Industries India Limited Williamson Financial Services Limited
Mr. Virendra Kr. Verma ^A DIN - 00766426	Non-executive Independent	-	-	-	-	700	--
Ms. Ujjaini Dasgupta ^B DIN - 00183546	Non-executive Independent	-	-	-	-	-	--
Mr. Nilotpal Roy ^C DIN - 00087298	Non-executive Independent	2	-	-	2	Nil	Non-executive Independent Director: McNally Sayaji Engineering Limited
Ms. Kasturi Roychoudhury ^C DIN - 06594917	Non-executive Independent	1	-	2	-	Nil	Non-executive Independent Director: McNally Sayaji Engineering Limited

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

Annexure C to the Directors' Report

- # Only two committees viz. the Audit Committee and the Stakeholders Relationship Committee are considered for this purpose.
- A. Mr. Virendra Kumar Verma (DIN - 00766426) who was a Non-executive Independent Director, resigned from the Board of Directors w.e.f. April 01, 2019 due to his old age. He also confirmed that there had been no other material reason for his resignation. Relevant form under the Companies Act, 2013 has been submitted before the appropriate authority.
- B. Ms. Ujjaini Dasgupta (DIN - 00183546) was appointed as an Additional (Non-executive Independent) Director w.e.f. May 30, 2019 and she resigned from the Board w.e.f. July 15, 2019.
- C. Mr. Nilotpal Roy (DIN - 00087298) and Ms. Kasturi Roychoudhury (DIN - 06594917) were appointed as Additional (Non-executive Independent) Directors on the Board of the Company w.e.f. February 14, 2020.

Notes:

1. All Independent Directors have confirmed their independence to the Company.
2. The Non-Executive Directors have no pecuniary relationship, other than remuneration as such director or transactions with the Company in their personal capacity. None of the Directors is related to any other Director on the Board.
3. The Board periodically reviews compliance reports of all laws applicable to the Company and takes steps to rectify instances of non-compliance.
4. The Company has adopted the Code of Conduct for the Directors, Senior Management Personnel and other employees of the Company. The Code of Conduct is posted on the website of the Company. The Company has received confirmations from the Directors and Senior Management Personnel regarding compliance with the Code of Conduct for the year ended March 31, 2020. A declaration to this effect signed by the Managing Director is attached to this report.
5. All the directors who are on various Committees are within the permissible limits stipulated by the Listing Regulations. The Directors have intimated from time to time their membership in the various Committees in other Companies.
6. No convertible instruments are held by non-executive directors.

Annexure C to the Directors' Report

CORPORATE GOVERNANCE

(b) Selection of Independent Directors:

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

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

(c) Familiarisation programmes for Board Members:

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

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

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

Name of the Directors	Sitting fees paid during the year (in Rs)
Mr. Aditya Khaitan	1,20,000
Mr. Asim Kumar Barman	3,20,000
Ms. Arundhuti Dhar	3,20,000
Ms. Kasturi Roychoudhury ^A	-
Mr. Nilotpal Roy ^A	-
Mr. Virendra Kumar Verma ^B	-
Ms. Ujjaini Dasgupta ^C	-
Total	7,60,000

Annexure C to the Directors' Report

- A. Appointed as Additional (Non-executive Independent) Director w.e.f. February 14, 2020.
- B. Mr. Virendra Kumar Verma (DIN - 00766426) who was a Non-executive Independent Director, resigned from the Board of Directors w.e.f. April 01, 2019 due to his old age. He also confirmed that there had been no other material reason for his resignation. Relevant form under the Companies Act, 2013 has been submitted before the appropriate authority.
- C. Ms. Ujjaini Dasgupta (DIN - 00183546) was appointed as an Additional (Non-executive Independent) Director w.e.f. May 30, 2019 and she resigned from the Board w.e.f. July 31, 2019.

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

Particulars of Remuneration	Mr. Srinivash Singh
A. Under Companies Act, 2013	2,19,96,000
Salary	16,800
Perquisites	2,20,12,800
Total (A)	2,20,12,800
B. Additional Particulars as per Listing Regulations	
Leave Encashment at the end of tenure	-
Contribution to P. F. and Other Funds	-
Total (B)	-
Total (A+B)	2,20,12,800

Notes:

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

(f) Board Meetings and Attendance of Directors:

- 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.
- During the year, 4 (four) meetings of the Board of Directors were held on May 30, 2019; August 14, 2019; November 14, 2019 and February 14, 2020.
- The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2020 and at the last Annual General Meeting is as under:

Annexure C to the Directors' Report

Name of Directors	Number of Board Meetings attended	Attendance at the last AGM
Mr. Aditya Khaitan	4	Yes
Mr. Srinivash Singh	3	Yes
Mr. Asim Kumar Barman	4	Yes
Ms. Arundhuti Dhar	4	No
Ms. Kasturi Roychoudhury ^A	-	N/A
Mr. Nilotpal Roy ^A	-	N/A
Mr. Virendra Kumar Verma ^B	-	N/A
Ms. Ujjaini Dasgupta ^C	-	N/A

A. Appointed as Additional (Non-executive Independent) Director w.e.f. February 14, 2020.

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

C. Resigned from the Board of Directors w.e.f. July 31, 2019.

(g) Core Skills of the Board

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

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

(h) Code of conduct:

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

The Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company, inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of Unpublished Price Sensitive Information (UPSI) in relation to the Company.

Annexure C to the Directors' Report

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

Annexure C to the Directors' Report

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.

Annexure C to the Directors' Report

Composition:

The Audit Committee was constituted by the Board of Directors and the composition of the committee was changed twice during the year under review, upon inclusion of Ms. Ujjaini Dasgupta, Director of the Company, in the Committee w.e.f. May 30, 2019, the date of her appointment as Additional (Non-executive Independent) Director and upon exclusion of her name subsequent to her resignation from the Board of the Company w.e.f. July 31, 2019. The composition of the Audit Committee as at the end of the year was as under:

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

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

The Audit Committee met four times during the year under review, on May 30, 2019, August 14, 2019, November 14, 2019 and February 13, 2020. The attendance of each Audit Committee member is as under: -

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

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

VI. Nomination and Remuneration Committee

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

- 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.

Annexure C to the Directors' Report

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

Composition:

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

Mr. Asim Kumar Barman	-	Chairman
Ms. Arundhuti Dhar	-	Member
Mr. Aditya Khaitan	-	Member

All the members of the Nomination and Remuneration Committee are Non-executive Directors, out of which two members are Independent Directors. During the year under review, 4 (four) meetings of the Nomination & Remuneration Committee were held on May 30, 2019, August 14, 2019, November 14, 2019 and February 14, 2020 and the attendance of the members of the Committee was as follows:

Name of Remuneration Committee Member	Number of meetings attended
Mr. Asim Kumar Barman	4
Ms. Arundhuti Dhar	4
Mr. Aditya Khaitan	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. Both the above

Annexure C to the Directors' Report

policies are available in *Annexure – E* to the Directors' Report. Further, the criteria of making payments to non-executive directors may be accessed at the website of the Company at the following link: <http://www.mcnallybharat.com/assets/pdf/investor/policy/criteria-non-executive-directors.pdf>.

VII. Stakeholders' Relationship Committee

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

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

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

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

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

Investors' Grievances

The following table shows the nature of complaints received from shareholders during 2019-20.

Nature of complaints	Pending as on 01.04.2019	Received during the year	Replied/ Resolved during the year	Pending as on 31.03.2020
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, 2020, and all requests for dematerialization and re-materialization of shares as on that date were confirmed/ rejected into the NSDL/ CDSL system.

Annexure C to the Directors' Report

VIII. Corporate Social Responsibility Committee

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

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

During the year a meeting of the Corporate Social Responsibility (CSR) Committee was held on February 14, 2020. The attendance of the members of the Committee was as follows:

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

IX. Meeting of Independent Directors

Pursuant the provisions of Clause VII of Schedule IV to the Companies Act, 2013 read with Clause 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held during the year under review, on February 14, 2020. The same was attended by all the independent directors i.e. Mr. Asim Kumar Barman and Ms. Arundhuti Dhar.

X. Extraordinary General Meeting

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

XI. Allotment Committee:

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

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

The Allotment Committee of the Company met twice during the year on September 24, 2019 and September 27, 2019. The attendance of the members of the Allotment Committee was as follows:

Annexure C to the Directors' Report

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

XII. Subsidiary Companies

Your Company has the following subsidiaries:

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

McNally Sayaji Engineering Limited has the following subsidiary:

- MBE Coal & Mineral Technology India Private Limited

XIII. Other Disclosures

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

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

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

- (c) Whistle Blower Policy/Vigil Mechanism:

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

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

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

Annexure C to the Directors' Report

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

- (f) Policy on Dealing with Related Party Transactions:

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

There was no material related party transaction for the year ended 31st March, 2020 which were not on arm's length basis.

- (g) Certificate from Company Secretary in Practice:

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

- (h) Disclosure of Accounting Treatment:

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

- (i) Risk Management Policy:

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

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

Annexure C to the Directors' Report

- (k) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – Nil.
- (l) None of the non-executive directors has any pecuniary relationship, other than remuneration as such director or transactions with the company.
- (m) All the mandatory requirements have been appropriately complied with.
- (n) All Accounting Standards mandatorily required have been followed in preparation of financial statements.
- (o) Management Discussion and Analysis forms part of the Annual Report to the shareholders.

XIV. Compliance with Non-Mandatory Requirements

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

(i) The Board:

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

(ii) Shareholder Rights:

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

(iii) Reporting of Internal Auditors:

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

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:

Annexure C to the Directors' Report

Annual General Meeting:

AGM	Day	Date	Time	Venue
54 th	Wednesday	September 20, 2017	11:00 a.m.	Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata– 700160
55 th	Wednesday	September 26, 2018	11:00 a.m.	Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata– 700160
56 th	Thursday	September 26, 2019	11:00 a.m.	Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata– 700160

Details of Special Resolutions adopted in the previous three AGMs:

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

Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in favour	No. of shares and % of Votes against
To 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	September 20, 2017	38655452 99.991% of the valid votes cast.	3570 0.009% of the valid votes cast.

Annexure C to the Directors' Report

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.			
To seek consent of the members regarding keeping the Register of Members and Index of Members at the office of the Company's Registrar and Share Transfer Agent, Maheshwari Datamatics Private Limited at 23, R. N. Mukherjee Road, 5 th Floor, Kolkata – 700001 or at such other place within Kolkata to which the said office is shifted.	September 20, 2017	38648530 99.973% of the valid votes cast.	10532 0.027% of the valid votes cast.
Approval of waiver of managerial remuneration amounting to Rs. 40.82 lakh paid/payable to Mr. Prabir Kumar Ghosh (DIN – 01912656), one of the erstwhile Whole Time Director of the Company, for holding office as such for the period of five months from April 01, 2017 to August 31, 2017 during the financial year ended March 31, 2018.	September 26, 2018	70797591 99.9994% of the valid votes cast.	435 0.0006% of the valid votes cast.
Alteration of Articles of Association of the Company.	September 26, 2018	70797606 99.9994% of the valid votes cast.	420 0.0006% of the valid votes cast.

Mr. A.K. Labh, a Practicing Company Secretary was appointed as scrutinizer to scrutinize the e-voting process for the AGMs held on September 20, 2017, September 26, 2018 and September 26, 2019.

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

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

Annexure C to the Directors' Report

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
Allotment of Equity Shares to certain investors on a Preferential basis	March 16, 2017	38666044 99.99% of the valid votes casted	100 0.01% of the valid votes casted
Allotment of Compulsorily Convertible Preference Shares (CCPS) to certain investors on a preferential basis.	March 15, 2018	42449230 100% of the valid votes cast	21 0.0000% of the valid votes cast
Allotment of Compulsorily Convertible Preference Shares (CCPS) to Williamson Magor & Co. Limited, Williamson Financial Services Limited and Babcock Borsig Limited on a preferential basis.	March 15, 2018	42449230 100% of the valid votes cast	21 0.0000% of the valid votes cast
Allotment of Equity Shares (Equity Shares) to certain investors on a preferential basis.	March 15, 2018	42449230 100% of the valid votes cast	21 0.0000% of the valid votes cast
Allotment of warrants to certain investors on a preferential basis.	March 15, 2018	42449230 100% of the valid votes cast	21 0.0000% of the valid votes cast

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

The following **Special Resolutions** were passed during the year under review through **postal ballot**, wherein the shareholders were also given the option of voting by electronic means:-

Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in favour	No. of shares and % of Votes against
Reclassification of the status of following Promoters' shareholding into public shareholding: (a) EMC Limited and (b) MKN Investment Pvt. Ltd.	September 03, 2019	60966560 99.996% of the valid votes casted	2446 0.004% of the valid votes casted
Approval and Waiver of excess managerial remuneration paid / payable to Mr. Srinivash Singh, Managing Director of the Company for the period of 3 years w.e.f. December 14, 2016	September 03, 2019	60964787 99.993% of the valid votes casted	4219 0.007% of the valid votes casted

Annexure C to the Directors' Report

Mr. A. K. Labh, (FCS – 4848 / CP – 3238), of A. K. Labh & Co., Practicing Company Secretaries, was appointed as the Scrutinizer for conducting the Postal Ballot and E-Voting process in a fair and transparent manner. The voting period for Postal Ballot / remote E-Voting commenced from Monday, August 05, 2019 (9:00 AM IST) and ended on Tuesday, September 03, 2019 (5:00 PM IST).

Means of Communication of Quarterly results:

(i)	Which newspapers normally published in	Mint (All India Edition) Sukhabar (Bengali),
(ii)	Any web site, where displayed	Kolkata. 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 : Tuesday
Date : December 22, 2020
Time : 11:00 a.m.

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

(c) Period of Book Closure: December 16, 2020 to December 22, 2020
(Both days inclusive)

(d) Listing on Stock Exchanges:

The Equity shares of the Company are listed at BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 and National Stock Exchange of India Ltd, 'Exchange Plaza', C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400051 and listing fees have been paid for the year 2020–2021.

Stock Codes:

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

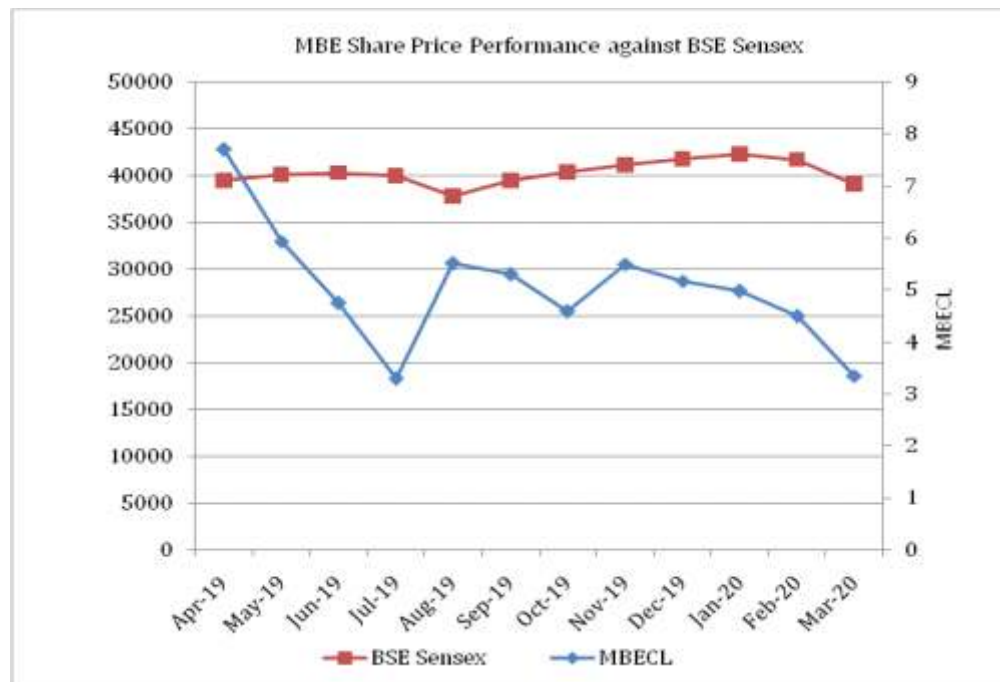
Annexure C to the Directors' Report

(e) Market Price Data:

The details of the monthly highest and lowest closing quotations of the equity shares of the Company at the Bombay Stock Exchange and the National Stock Exchange during the financial year 2019-20 are as under:

Month	BSE Ltd.		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2019	7.70	5.94	7.65	6.10
May, 2019	5.94	3.35	5.90	3.35
June, 2019	4.75	3.20	4.85	3.05
July, 2019	3.30	2.30	3.25	2.25
August, 2019	5.51	3.14	5.45	3.00
September, 2019	5.30	3.43	5.00	3.30
October, 2019	4.58	3.41	4.40	3.35
November, 2019	5.50	3.65	5.45	3.50
December, 2019	5.18	4.40	5.25	4.30
January, 2020	4.98	4.15	5.10	4.10
February, 2020	4.49	3.14	4.50	3.05
March, 2020	3.35	2.10	3.35	2.00

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



Annexure C to the Directors' Report

(f) Share Transfer Agents:

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

(g) Share Transfer System:

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

(h) Distribution of Shareholding as on 31st March, 2020:

Share Holding	No. of Holders	% age	No. of Shares	% age
Upto 500	11396	77.1512	1653989	0.7818
501 to 1000	1393	9.4306	1178928	0.5572
1001 to 2000	823	5.5717	1305449	0.6170
2001 to 3000	294	1.9904	768986	0.3635
3001 to 4000	158	1.0697	571469	0.2701
4001 to 5000	145	0.9817	689554	0.3259
5001 to 10000	260	1.7602	1992544	0.9418
Above 10000	302	2.0445	203409838	96.1427
Grand Total	14771	100.0000	211570757	100.0000

Annexure C to the Directors' Report

(i) Pattern of Shareholding as on 31st March, 2020:

Sl. No.	Category	No. of Holders	No. of Holders
1	Promoter & Promoter Group		
	- Individual/HUF(Indian)	3	32021
	-Bodies Corporate (Indian)	7	80129787
	-Individual/HUF (Foreign)	-	-
	-Bodies Corporate (Foreign)	-	-
2	Mutual Funds	-	-
3	Financial Institutions/Banks	2	7026
4	Insurance Companies	2	93319
5	Foreign Institutional Investors	1	42236
6	Domestic Companies	269	107479500
7	Foreign Companies	-	-
8	Resident Individual	14270	22843297
9	Non-Resident Individual	194	699556
10	Foreign National	1	600
11	NBFCs registered with RBI	2	145750
12	Clearing Member	19	29118
13	IEPF Authority	1	68547
	Total	14771	211570757

(j) Convertible Instruments (Outstanding):

During the year under review, 2,74,19,000 and 1,20,00,000 Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each belonging to Public category and Promoter & Promoter Group category respectively were converted into equal number of Equity Shares and 25,00,000 Warrants belonging to Public category were forfeited for non-payment of balance amount by the warrant-holder and after such conversion and forfeiture, there was no convertible instrument outstanding as at the end of the financial year i.e. on March 31, 2020.

(k) Dematerialization of Shares:

As on March 31, 2020, 17,20,48,065 Shares of the Company's total shares representing 81.32% shares were held in dematerialized form and the balance 18.68% representing 3,95,22,692 shares were in paper form.

Annexure C to the Directors' Report

(l) Commodity or Foreign Exchange Risk and Hedging:

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

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

M/s. V. Singhi & Associates, acted as the Statutory Auditors of the Company for the financial year 2019-20. The details of the fees paid/payable to the Statutory Auditors by the Company for the financial year 2018-19 are detailed in the Standalone Financial Statements of the Company.

M/s. V. Singhi & Associates also acted as the Statutory Auditor of the Company's subsidiary, McNally Sayaji Engineering Limited, for the financial year 2019-20 at a remuneration of INR 27 lakhs.

M/s. V. Singhi & Associates also acted as the Statutory Auditor of the McNally Sayaji Engineering Limited's subsidiary, MBE Coal & Mineral Technology India Private Limited for the financial year 2019-20 at a remuneration of INR 8.5 lakhs. Further, they were paid Rs. 10,000/- for certification.

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

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

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

(o) Address of Correspondence:

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

Shareholders' correspondence should be addressed to:

McNally Bharat Engineering Company Limited

Share Department,

Four Mangoe Lane, Kolkata – 700 001

Compliance Officer: Mr. Rahul Banerjee, *Company Secretary*

Telephone No: 66281052

Fax No: 66282277, E-mail: mbecal@mbeccl.co.in



Annexure C to the Directors' Report

Registrar and Share Transfer Agent:

Maheshwari Datamatics Private Limited

Unit: McNally Bharat Engineering Co. Ltd.

23, R.N. Mukherjee Road, 5th Floor

Kolkata – 700001

Contact person: Mr. S. Rajagopalan, Vice President

Telephone Nos.: 2243-5029/ 5809

Fax No: 2248-4787, E-mail: mdpldc@yahoo.com

For and on behalf of the Board of Directors

Date: November 12, 2020

Place: Kolkata

Aditya Khaitan

Chairman

Annexure C to the Directors' Report

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

To
The Board of Directors
McNally Bharat Engineering Company Limited

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

I, Srinivash Singh, Managing Director of McNally Bharat Engineering Company Limited, pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, declare to the best of my knowledge and belief, that all the Members of the Board and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct of Board Members and Senior Management Personnel for the financial year ended 31st March, 2020.

Date: November 12, 2020
Place: Kolkata

Srinivash Singh
Managing Director

Annexure C to the Directors' Report

CERTIFICATION BY MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER

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

To

The Board of Directors

McNally Bharat Engineering Company Limited

Four Mangoe Lane, Kolkata – 700001

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

- A. We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended on March 31, 2020 and that to the best of our knowledge and belief, state that:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended on March 31, 2020 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies.
- D. We have indicated, to the Auditors and the Audit Committee:
- (1) significant changes, if any, in internal control over financial reporting during the year;
 - (2) significant changes, if any in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (3) that there have been no instances of significant fraud, of which we have become aware and consequently no involvement therein, of the management or any employee having a significant role in the Company's internal control system over the financial reporting.

Date: July 15, 2020

Place: Kolkata

Srinivash Singh
Managing Director

Manoj Kumar Digga
Chief Financial Officer

Annexure C to the Directors' Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members of

McNally Bharat Engineering Company Limited

Four Mangoe Lane,

Surendra Mohan Ghosh Sarani, 7th Floor

Kolkata – 700 001

West Bengal

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Aditya Khaitan	00023788	27.06.2011
2.	Srinivash Singh	00789624	14.12.2016
3.	Asim Kumar Barman	02373956	01.12.2009
4.	Arundhuti Dhar	03197285	23.08.2016
5.	Nilotpal Roy	00087298	14.02.2020
6.	Kasturi Roychoudhury	06594917	14.02.2020

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

Place: Kolkata

Dated: November 12, 2020

UDIN: A032891B001223520

(Asit Kumar Labh)

Practicing Company Secretary

ACS – 32891 / CP No.- 14664

Annexure C to the Directors' Report

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of McNally Bharat Engineering Company Limited

1. We have examined the compliance of conditions of Corporate Governance by the Company for the year ended on 31st March, 2020 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and as amended.

Managements' Responsibilities

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

Auditors' Responsibilities

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

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the written representations provided to us by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i)

Annexure C to the Directors' Report

of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2020.

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

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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 19050051AAAAER6847

Date: 12th November, 2020
Place: Kolkata

Annexure D to the Directors' Report

Report on Corporate Social Responsibility Activities

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

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

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

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

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

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

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

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

3. Average net profit / (loss) of the Company for last three financial years:
(Rs. 46,875.34) Lakh.
4. Prescribed CSR Expenditure (2% of the average net profit above): Nil, due to average net loss incurred.

Annexure D to the Directors' Report

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

- a. Total amount to be spent for the financial year:
Nil, due to average net loss incurred
- b. Amount unspent and reasons for the same, if any;
Nil, due to average net loss incurred
- c. Manner in which the amount spent during the financial year:
Nil, due to average net loss incurred. Therefore, no detailed statement in this regard under Section 135 of the Companies Act, 2013 is being reported.

For and on behalf of the Board of Directors

Date: Nov 12, 2020
Place: Kolkata

Asim Kumar Barman
Chairman, CSR Committee

Aditya Khaitan
Chairman

Annexure E to the Directors' Report

REMUNERATION POLICY

1. Preamble

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

2. Aims & Objectives

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

3. Principles of remuneration

- 3.1 Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 Internal equity: The Company shall remunerate the board members, KMP and senior management in terms of their roles within the organisation. Positions shall be formally evaluated to determine their

Annexure E to the Directors' Report

relative weight in relation to other positions within the Company.

- 3.4 External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- 3.5 Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- 3.6 Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- 3.7 Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

4 Nomination and Remuneration Committee

- 4.1 Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.
- 4.2 The Committee shall be responsible for-
 - 4.2.1 formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc. for Executives and reviewing it on a periodic basis;
 - 4.2.2 formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
 - 4.2.3 identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal;
 - 4.2.4 formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
 - 4.2.5 recommending to the Board, all remuneration, in whatever form, payable to senior management;
 - 4.2.6 recommending whether or not to extend or continue the term of appointment of the Independent

Annexure E to the Directors' Report

Directors, on the basis of the report of performance evaluation of Independent Directors;

4.2.7 devising a policy on Board diversity

4.3 The Committee shall:

4.3.1 review the ongoing appropriateness and relevance of the remuneration policy;

4.3.2 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;

4.3.3 obtain reliable, up-to-date information about remuneration in other companies;

4.3.4 ensure that no director or executive is involved in any decisions as to their own remuneration.

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

4.4.1 operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);

4.4.2 liaise with the trustee / custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors; and

4.4.3 review the terms of executive Directors' service contracts from time to time.

5 Procedure for selection and appointment of the Board Members

5.1 Board membership criteria

5.1.1 The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations

5.1.2 In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.

5.1.3 Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

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

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

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

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

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

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

7. Compensation Structure

7.1. Remuneration to Non-Executive Directors:

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

Annexure E to the Directors' Report

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

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

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

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

8. Role of Independent Directors

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

9. Approval and publication

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

Annexure E to the Directors' Report

10. Supplementary provisions

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

11. Amendment:

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

12. Effective Date:

This Policy is effective from 1st April, 2019.

For and on behalf of the Board of Directors

Date: November 12, 2020
Place: Kolkata

Aditya Khaitan
Chairman

Annexure F to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

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

I. REGISTRATION & OTHER DETAILS:	
1	CIN
2	Registration Date
3	Name of the Company
4	Category/Sub-category of the Company
5	Address of the Registered office & contact details
6	Whether listed company
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.

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	32.3
2	Construction and maintenance of industrial facilities	42901	16.8

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	McNally Bharat Equipments Limited	U27106WB2008PLC123789	Subsidiary	99.40	2(87)
3	MBE Mineral Technologies Pte Limited	Foreign Company	Subsidiary	100.00	2(87)
4	MBE Minerals Zambia Limited	Foreign Company	Subsidiary	99.99	2(87)

IV. SHARE HOLDING PATTERN	
(Equity share capital breakup as percentage of total equity)	
(i) Category-wise Share Holding	

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	32,021	-	32,021	0.02%	32,021	-	32,021	0.02%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	2,94,63,121	4,16,66,666	7,11,29,787	41.32%	7,11,29,787	9000000	8,01,29,787	37.87%	-3.44%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	2,94,95,142	4,16,66,666	7,11,61,808	41.34%	7,11,61,808	90,00,000	8,01,61,808	37.89%	-3.45%
(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)	2,94,95,142	4,16,66,666	7,11,61,808	41.34%	7,11,61,808	90,00,000	8,01,61,808	37.89%	-3.45%

Annexure F to the Directors' Report

B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	95,219	6,976	1,02,195	0.06%	50	6,976	7,026	0.00%	-0.06%
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	-	600	600	0.00%	92,719	600	93,319	0.04%	0.04%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Portfolio Investors	42,236	-	42,236	0.02%	42,236	-	42,236	0.02%	0.00%
Sub-total (B)(1):-	1,37,455	7,576	1,45,031	0.08%	1,35,005	7,576	1,42,581	0.07%	-0.02%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4,28,75,087	4,18,61,213	8,47,36,300	49.22%	7,70,57,660	3,04,21,840	10,74,79,500	50.80%	1.58%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	69,79,433	94,644	70,74,077	4.11%	76,48,196	93,086	77,41,282	3.66%	-0.45%
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	79,19,865	-	79,19,865	4.60%	1,51,02,015	-	1,51,02,015	7.14%	2.54%
c) Others (specify)									
Non Resident Indians	6,11,162	190	6,11,352	0.36%	6,99,366	190	6,99,556	0.33%	-0.02%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	600	-	600	0.00%	600	-	600	0.00%	0.00%
Clearing Members	2,85,367	-	2,85,367	0.17%	29,118	-	29,118	0.01%	-0.15%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
NBFCs registered with RBI	1,48,710	-	1,48,710	0.09%	1,45,750	-	1,45,750	0.07%	-0.02%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Employee Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Domestic Corporate Unclaimed Shares	-	-	-	0.00%	-	-	-	0.00%	0.00%
Investor Education and Protection Fund	68,647	-	68,647	0.04%	68,547	-	68,547	0.03%	-0.01%
Sub-total (B)(2):-	5,88,88,871	4,19,56,047	10,08,44,918	58.58%	10,07,51,252	3,05,15,116	13,12,66,368	62.04%	3.46%
Total Public (B)	5,90,26,326	4,19,63,623	10,09,89,949	58.66%	10,08,86,257	3,05,22,692	13,14,08,949	62.11%	3.45%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	8,85,21,468	8,36,30,289	17,21,51,757	100.00%	17,20,48,065	3,95,22,692	21,15,70,757	100.00%	0.00%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2019]			Shareholding at the end of the year [As on 31-March-2020]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Williamson Magor and Co. Limited	2,76,18,952	16.04%	15.569	3,16,18,952	14.94%	29.4127	-1.0985
2	Williamson Financial Services Limited	1,67,02,515	9.70%	2.9995	2,07,02,515	9.79%	7.1864	0.0829
3	Babcock Borsig Limited	1,26,64,636	7.36%	0	1,36,64,636	6.46%	0	-0.898
4	EMC Limited	1,01,37,689	5.89%	64.4794	1,01,37,689	4.79%	64.4794	-1.0972
5	McLeod Russel India Limited	30,52,295	1.77%	0	30,52,295	1.44%	0	-0.3303
6	Kilburn Engineering Limited	8,54,300	0.50%	0	8,54,300	0.40%	0	-0.0924
7	Bishnauth Investments Limited	99,400	0.06%	0	99,400	0.05%	0	-0.0107
8	Isha Khaitan	24,000	0.01%	0	24,000	0.01%	0	-0.0026
9	Amritanshu Khaitan	8,000	0.00%	0	8,000	0.00%	0	-0.0008
10	B M Khaitan	21	0.00%	0	21	0.00%	0	0
11	MKN Investment Private Limited	-	0.00%	0	-	0.00%	0	0
		7,11,61,808	41.34%	15.9323	8,01,61,808	37.89%	21.6119	-3.4478

Annexure F to the Directors' Report

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

SN	Particulars	Date	Reason	Shareholding at the beginning / end of the year [As on 01-April-2019 / March 31, 2020]		Cumulative Shareholding during the year [April 01, 2019 to March 31, 2020]	
				No. of shares	% of total shares	No. of shares	% of total shares
1	McLeod Russel India Limited						
	At the beginning of the year	01-Apr-19		30,52,295	1.77%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	30,52,295	1.44%	30,52,295	1.44%
2	EMC Limited						
	At the beginning of the year	01-Apr-19		1,01,37,689	5.89%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	1,01,37,689	4.79%	1,01,37,689	4.79%
3	Williamson Magor and Co. Limited						
	At the beginning of the year	01-Apr-19		2,76,18,952	16.04%		
	Changes during the year	27-Sep-19	Transfer	40,00,000	1.89%	3,16,18,952	14.94%
	At the end of the year	31-Mar-20		3,16,18,952	14.94%	3,16,18,952	14.94%
4	Williamson Financial Services Limited						
	At the beginning of the year	01-Apr-19		1,67,02,515	9.70%		
	Changes during the year	27-Sep-19	Transfer	40,00,000	1.89%	2,07,02,515	9.79%
		06-Dec-19	Transfer	85,00,000	3.34%	2,92,02,515	11.13%
		10-Jan-20	Transfer	66,51,515	2.40%	3,58,54,030	12.96%
		17-Jan-20	Transfer	(1,51,51,515)	9.79%	2,07,02,515	9.79%
	At the end of the year	31-Mar-20		2,07,02,515	9.79%	2,07,02,515	9.79%
5	Babcock Borsig Limited						
	At the beginning of the year	01-Apr-19		1,26,64,636	7.36%		
	Changes during the year	27-Sep-19	Transfer	10,00,000	0.47%	1,36,64,636	6.46%
		06-Dec-19	Transfer	85,00,000	3.24%	2,21,64,636	8.45%
		10-Jan-20	Transfer	28,63,636	1.04%	2,50,28,272	9.05%
		17-Jan-20	Transfer	(1,13,63,636)	5.37%	1,36,64,636	6.46%
	At the end of the year	31-Mar-20		1,36,64,636	6.46%	1,36,64,636	6.46%
6	Kilburn Engineering Limited						
	At the beginning of the year	01-Apr-19		8,54,300	0.50%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	8,54,300	0.40%	8,54,300	0.40%
7	Bishnauth Investments Limited						
	At the beginning of the year	01-Apr-19		99,400	0.06%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	99,400	0.05%	99,400	0.05%
8	B M Khaitan						
	At the beginning of the year	01-Apr-19		21	0.00%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	21	0.00%	21	0.00%
9	Amritanshu Khaitan						
	At the beginning of the year	01-Apr-19		8,000	0.00%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	8,000	0.00%	8,000	0.00%
10	Isha Khaitan						
	At the beginning of the year	01-Apr-19		24,000	0.01%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	24,000	0.01%	24,000	0.01%
11	MKN Investment Private Limited						
	At the beginning of the year	01-Apr-19		-	0.00%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	-	0.00%	-	0.00%

Annexure F to the Directors' Report

iv) Shareholding Pattern of top ten Shareholders

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

SN	Particulars	Date	Reason	Shareholding at the beginning / end of the year [As on 01-April-2019 / March 31, 2020]		Cumulative Shareholding during the year [April 01, 2019 to March 31, 2020]	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Gunkali Commodities Private Limited						
	At the beginning of the year	01-Apr-19		48,00,000	2.79%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	48,00,000	2.27%	48,00,000	2.27%
2	IL & FS Financial Services Ltd *						
	At the beginning of the year	01-Apr-19		-	0.00%		
	Changes during the year	27-Sep-19	Transfer	1,61,29,000		1,61,29,000	7.62%
	At the end of the year	31-Mar-20		1,61,29,000	7.62%	1,61,29,000	7.62%
3	Aditya Birla Finance Limited *						
	At the beginning of the year	01-Apr-19		-	0.00%		
	Changes during the year	20-Mar-20	Transfer	1,12,90,000	5.34%	1,12,90,000	5.34%
	At the end of the year	31-Mar-20		1,12,90,000	5.34%	1,12,90,000	5.34%
4	Eureka Commodity Brokerage Pvt. Ltd. *						
	At the beginning of the year	01-Apr-19		-	0.00%		
	Changes during the year	20-Mar-20	Transfer	14,99,701	0.71%	14,99,701	0.71%
		27-Mar-20	Transfer	12,47,878	0.59%	27,47,579	1.30%
		31-Mar-20	Transfer	15,19,055	0.72%	42,66,634	2.02%
	At the end of the year	31-Mar-20		42,66,634	2.02%	42,66,634	2.02%
5	Merlin Securities Private Limited #						
	At the beginning of the year	01-Apr-19		88,00,000	5.11%		
	Changes during the year	06-Dec-19	Transfer	(88,00,000)	3.35%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	-	0.00%
6	Progressive Star Finance Private Limited *						
	At the beginning of the year	01-Apr-19		-	0.00%		
	Changes during the year	06-Dec-19	Transfer	88,00,000	3.35%	88,00,000	3.35%
	At the end of the year	31-Mar-20		88,00,000	4.16%	88,00,000	4.16%
7	Premier Capital and Securities Private Limited						
	At the beginning of the year	01-Apr-19		42,00,000	2.44%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	42,00,000	1.99%	42,00,000	1.99%
8	Index Sales Private Limited #						
	At the beginning of the year	01-Apr-19		59,08,000	3.43%		
	Changes during the year	17-Jan-20	Transfer	(59,08,000)	-2.79%		
	At the end of the year	31-Mar-20		-	0.00%	-	0.00%
9	Alosha Marketing Private Limited						
	At the beginning of the year	01-Apr-19		67,43,818	3.92%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	67,43,818	3.19%	67,43,818	3.19%
10	Atash Suppliers Private Limited						
	At the beginning of the year	01-Apr-19		70,85,818	4.12%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	70,85,818	3.35%	70,85,818	3.35%
11	DMI Finance Private Limited #						
	At the beginning of the year	01-Apr-19		32,00,000	1.86%		
	Changes during the year			-			
	At the end of the year	31-Mar-20	No Change	32,00,000	1.51%	32,00,000	1.51%
12	Sunny Rock Estates and Developers Private Limited						
	At the beginning of the year	01-Apr-19		56,50,000	3.28%		
	Changes during the year	27-Sep-19	Transfer	30,00,000	1.42%	86,50,000	4.09%
	At the end of the year	31-Mar-20		86,50,000	4.09%	86,50,000	4.09%
13	Sahal Business Private Limited						
	At the beginning of the year	01-Apr-19		1,74,47,637	10.14%		
	Changes during the year					1,74,47,637	8.25%
	At the end of the year	31-Mar-20	No Change	1,74,47,637	8.25%	1,74,47,637	8.25%
14	Mortal Vinimay Private Limited #						
	At the beginning of the year	01-Apr-19		42,68,000	2.48%		
	Changes during the year	20-Mar-20	Transfer	(27,50,000)	-1.29%	15,18,000	0.72%
		27-Mar-20	Transfer	(15,18,000)	-0.72%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	-	0.00%

* Not in the list of Top 10 shareholders as on 01/04/2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2020.

Ceased to be in the list of Top 10 shareholders as on 31/03/2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2019.

Annexure F to the Directors' Report

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year [April 01, 2019]		Cumulative Shareholding during the year [April 01, 2019 to March 31, 2020]	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Aditya Khaitan						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
2	Mr. Srinivash Singh						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
3	Mr. Asim Kumar Barman						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
4	Ms. Arundhuti Dhar						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
5	Mr. Virendra Kumar Verma ^A						
	At the beginning of the year	01-Apr-19		600	0.0003%	-	0.0000%
	Changes during the year			-	0.0000%	600	0.0003%
	At the end of the year	31-Mar-20		600	0.0003%	600	0.0003%
6	Ms. Ujjaini Dasgupta ^B						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
7	Mr. Nilotpal Roy ^C						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
8	Ms. Kasturi Roychoudhury ^C						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
8	Mr. Manoj Kumar Digga ^D						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
9	Mr. Indranil Mitra ^E						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%
10	Mr. Rahul Banerjee ^F						
	At the beginning of the year	01-Apr-19		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-20		-	0.0000%	-	0.0000%

A. Mr. Virendra Kumar Verma (DIN – 00766426) who was a Non-executive Independent Director, resigned from the Board of Directors w.e.f. April 01, 2019.

B. Ms. Ujjaini Dasgupta (DIN - 00183546) was appointed as an Additional (Non-executive Independent) Director w.e.f. May 30, 2019 and she resigned from the Board w.e.f. July 15, 2019.

C. Mr. Nilotpal Roy (DIN - 00087298) and Ms. Kasturi Roychoudhury (DIN - 06594917) were appointed as Additional (Non-executive Independent) Directors on the Board of the Company w.e.f. February 14, 2020.

D. Mr. Manoj Kumar Digga, Chief Financial Officer of the company resigned from the Company w.e.f. September 02, 2020.

E. Mr. Indranil Mitra, Company Secretary and Compliance Officer of the company resigned from the Company w.e.f. July 11, 2019.

F. Mr. Rahul Banerjee was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. August 14, 2019.

Annexure F to the Directors' Report

V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,81,964.30	11,110.96	2,704.07	1,95,779.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,404.38	-	-	1,404.38
Total (i+ii+iii)	1,83,368.68	11,110.96	2,704.07	1,97,183.71
Change in Indebtedness during the financial year				
* Addition	14,003.77	1,111.10	-	15,114.87
* Reduction	-	-	(1,114.07)	(1,114.07)
Net Change	14,003.77	1,111.10	(1,114.07)	16,228.94
Indebtedness at the end of the financial year				
i) Principal Amount	1,97,372.45	12,222.06	1,590.00	2,11,184.51
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,97,372.45	12,222.06	1,590.00	2,11,184.51

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*	(Rs.)
	Designation		Managing Director	
1	Gross salary		(Rs.)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2,19,96,000.00	2,19,96,000.00
	(b) Value of perquisites as per section 17(2) of the Income-tax Act, 1961		16,800.00	16,800.00
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		-	-
2	Special Allowance		-	-
3	Sweat Equity		-	-
4	Commission		-	-
	- as % of profit		-	-
	- others, specify		-	-
5	Contributions to Provident Fund and other funds		-	-
	Total (A)		2,20,12,800.00	2,20,12,800.00
	Ceiling as per the Act*		N/A	

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
				(Rs.)
1	Independent Directors	Mr. Asim Kumar Barman	Ms. Arundhuti Dhar	
	Fee for attending board / committee meetings	3,20,000.00	3,20,000.00	
	Commission	-	-	
	Others, please specify	-	-	
	Total (1)	3,20,000.00	3,20,000.00	
	Independent Directors	Ms. Ujjaini Dasgupta	Mr. Nilotpal Roy	Ms. Kasturi Roychoudhury
	Fee for attending board / committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	-	-	6,40,000.00
2	Other Non-Executive Directors		Aditya Khaitan	-
	Fee for attending board committee meetings		1,20,000.00	
	Commission		-	-
	Others, please specify		-	-
	Total (2)		1,20,000.00	1,20,000.00
	Total (B)=(1+2)			7,60,000.00
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			N/A

Annexure F to the Directors' Report

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

SN.	Particulars of Remuneration		Name of Key Managerial Personnel			Total Amount
	Name	Manoj Kumar Digga*	Indranil Mitra**	Rahul Banerjee***	(Rs.)	
	Designation	Chief Financial Officer	Company Secretary	Company Secretary		
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,47,89,640.00	8,48,404.44	7,44,445.94		1,63,82,490.38
	(b) Value of perquisites u/s 17(2) Income-tax Act,	-	-	-		-
	(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.)	7,10,400.00	34,767.48	34,933.16		7,80,100.64
	Total	1,55,00,040.00	8,83,171.92	7,79,379.10		1,71,62,591.02

* Mr. Manoj Kumar Digga resigned from the position of Chief Financial Officer of the Company w.e.f. September 02, 2020.

** Mr. Indranil Mitra resigned from the position of Company Secretary and Compliance Officer of the Company w.e.f. July 11, 2019

*** Mr. Rahul Banerjee was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. August 14, 2019.

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

Date: November 12, 2020

Place: Kolkata

Aditya Khaitan

Chairman

Annexure G to the Directors' Report

Part-A

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To

The Members,

McNally Bharat Engineering Company Limited

Four Mangoe Lane,

Surendra Mohan Ghosh Sarani, 7th Floor

Kolkata – 700 001

West Bengal

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

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

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

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

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

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

Annexure G to the Directors' Report

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

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

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

I report that, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2020 according to the provisions of (*as amended*) :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;

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

1. The Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation and Abolition) Central Rules, 1972;
2. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of service) Act, 1979; and
3. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

to the extent of its applicability to the Company during the financial year ended 31.03.2020 and my examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to me by the Company and its management and to the best of my judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of my knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

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

Annexure G to the Directors' Report

Matter of Emphasis:

- 1. There are certain forms which have been filed belatedly with the Registrar of Companies (ROC). Further, there are certain Forms which are yet to be filed with ROC. Furthermore, the Company is under the process to meet the compliance with respect to transfer of unpaid / unclaimed dividend as well as eligible shares to Investor Education and Protection Fund ("IEPF") / IEPF Authority in accordance with Sec. 124 of the Act and the relevant IEPF Rules during the year under report.**
- 2. The Company does not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2020 as stipulated under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**
- 3. There was delay of 1 day in newspaper publication of Financial results of the Company for the quarter ended 30.06.2019 approved at the Board Meeting held on 14.08.2019.**
- 4. There was delay of 1 day in submission of Quarterly Report on Investor Complaints for the quarter ended 30th September, 2019.**
- 5. The Company is not regular in depositing the dues towards Employee State Insurance, Cess and Value Added Tax with the prescribed authorities**
- 6. The Company has defaulted in payment of interest/ repayment of principal amount on loans from banks/financial institutions and also unlisted debt securities, viz. default in redemption of Non-Convertible Redeemable Preference Shares. Disclosure with regard to the same pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 were also not made.**
- 7. The Company is yet to register under Trade Receivables Electronic Discounting System (TReDS) platform as per MSME Notification dated 02.11.2018.**

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

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

I further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (d) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Annexure G to the Directors' Report

I further report that:

- (a) The Company at its meeting held on 24.09.2019 and 27.09.2019 has allotted Equity Shares on conversion of Compulsorily Convertible Preference Shares ("CCPS") which was allotted on 31.03.2018.
- (b) The Board of Directors of the Company through a Circular Resolution on April 26, 2019 has approved the request for re-classification of shares held by EMC Limited from existing "Promoter and Promoter Group" Category to 'Public' Category under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2018. Necessary approval from shareholder was already taken in this regard through Postal Ballot on 05.09.2019. The matter is still pending for approval with the Stock Exchanges.
- (c) The Company had taken shareholders' consent through Postal Ballot on 05.09.2019 for (i) approval and waiver of excess Managerial Remuneration paid / payable to Mr. Srinivash Singh, Managing Director for the period of three years with effect from December 14, 2016 and ii) reclassification of Shareholding of EMC Ltd. from 'Promoter' Category to 'Public' Category.
- (d) The Board has decided to recover the excess remuneration paid / payable to Mr. Prabir Ghosh, erstwhile Whole-time Director of the Company for the Financial Year 2017-18 for Rs. 40.82 lakhs superseding its earlier decision and approval of shareholders for waiver.
- (e) An arbitration matter has been filed before the International Court of Arbitration of the International Chamber of Commerce against the Company by EIG (Mauritius) Limited during the financial year 2018-19 and the matter is sub-judice.
- (f) The Company is in the process of amending its Insider Trading Code in accordance with SEBI Circulars and Notifications issued in this regard during the year under report.
- (g) In the light of heightened concern on spread of Covid-19 across the nation and as per the notifications issued by the Central / State Government(s), the Company's Registered Office, Corporate Office and all the site offices were temporarily shut down with effect from 23rd March, 2020. However, the Company has resumed its operations partially at its Offices with effect from 18.05.2020 with restrictive attendance and adherence to safety measures in compliance with directives/circulars issued and permissions granted by Central/ State Government(s) Authorities.
- (h) As informed by the management, the Company is in discussion with Lenders for Debt Restructuring of various credit facilities availed by the Company.

Place: Kolkata

Dated: 12.11.2020

UDIN: A032891B001223509

(Asit Kumar Labh)

Practicing Company Secretary

ACS – 32891 / CP No.- 14664

Annexure G to the Directors' Report

Part-B

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

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

Reply to Matter of Emphasis	
Sl. No.	Management's Reply
1.	Due to some technical issue, the investor details could not be uploaded subsequent to transfer of unpaid dividend to IEPF. Necessary actions are being taken to resolve the matter and also to file the pending e-forms with MCA21 system.
2.	Equity shares allotted to promoters are pending dematerialization since listing applications have been filed with the Stock Exchanges and the shares are in the process of listing.
3.	As per Regulation 47(3) of SEBI (LODR) Regulations, 2015, financial results are required to be published within 48 hours of conclusion of the Board Meeting at which the financial results were approved. Therefore, the financial results that were approved on 14.08.2019 were required to be published by 16.08.2019. Since 15 th August is a National Holiday and no print media publishes its edition on 16 th August, the financial results were published on 17.08.2019.
4.	Self-explanatory.
5.	The Company is going through a difficult financial situation. With the support of the promoters, the Board of Directors of the Company are devising necessary action plans to revive the economic health of the Company. The delay in payment of Statutory Dues are not intentional, rather it is the result of constricted financial position of the Company.
6.	As per Clause 5 of the SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019, applicable disclosures in terms of the said circular, including quarterly disclosure, were required to be made beginning January 01, 2020. Due to sudden nationwide lockdown from 25.03.2020 for prevention of spread of Covid-19, and non-accessibility of office, the disclosure pertaining to the quarter ended March 31, could not be given in time for want of various data / financial information.
7.	The Company is in the process of getting registered on the Trade Receivables Electronic Discounting System (TReDS) platform.

Annexure H to the Directors' Report

Particulars of Employees and Remuneration

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

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

Executive Directors

Name of Directors	Remuneration (Rs)	Ratio to the median remuneration
Mr. Srinivash Singh – Managing Director	220.13 Lakh	47.12:1

Non-Executive Directors

Name of the Directors	Sitting fees paid during the year (in Rs)	Ratio to the median remuneration
Mr. Aditya Khaitan	1,20,000	0.26:1
Mr. Asim Kumar Barman	3,20,000	0.69:1
Ms. Arundhuti Dhar	3,20,000	0.69:1
Ms. Kasturi Roychoudhury *	-	-
Mr. Nilotpal Roy *	-	-
Mr. Virendra Kumar Verma ^A		
Ms. Ujjaini Dasgupta ^B		

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

Name	Designation	Percentage Change
Mr. Aditya Khaitan	Chairman, Non-Exe. Director	Nil
Mr. Srinivash Singh	Managing Director	Nil
Mr. Asim Kumar Barman	Independent Director	Nil
Ms. Arundhuti Dhar	Independent Director	Nil
Ms. Kasturi Roychoudhury *	Independent Director	Nil
Mr. Nilotpal Roy *	Independent Director	Nil
Mr. Virendra Kumar Verma ^A	Independent Director	Nil
Ms. Ujjaini Dasgupta ^B		

Annexure H to the Directors' Report

- * Appointed as Director w.e.f. February 14, 2020.
- A. Resigned from the Board of Directors w.e.f. April 01, 2019.
- B. Resigned from the Board of Directors w.e.f. July 15, 2019.

- (iii) The percentage increase in the median remuneration of employees in the financial year 2019-20: 14.63%
- (iv) The number of permanent employees on the rolls of company: 554
- (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 an increase of 4% in the salaries of employees during the financial year ended March 31, 2020.

Percentile increase in the managerial remuneration in the last financial year (including CFO and CS) = There has been no increase in the managerial remuneration during the financial year ended March 31, 2020 except that of CS @ 19.5%.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the company:
The remuneration paid during the financial year ended 31st March, 2020 is in terms of the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Date: November 12, 2020
Place: Kolkata

Aditya Khaitan
Chairman

Annexure H to the Directors' Report

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

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

Sl. No.	Name	Designation	Remuneration Received (Rs. in Lakh)	Nature of Employment	Qualification	Total Experience (in year)	DoJ	Age (year)	Last Employment held	% of Equity Shares held in the Company	Whether Relative of any Director/ Manager
1	Mr. Srinivash Singh	Managing Director	220.13	Permanent	Cost Accountant, CS, LLB	55	23-Dec-16	74	Furnace Fabrica (India) Ltd.	-	No
2	Mr. Manoj Kumar Digga	Chief Financial Officer	155.00	Permanent	CA, CS & CMA	27.30	14-Jul-18	50	Visa Steel Ltd.	-	No
3	Mr. Shyamal Kumar Das	President	73.93	Contractual	B.E. Mechanical	40.00	03-Apr-17	62	Furnace Fabrica (India) Ltd.	-	No
4	Mr. Bhanu Pratap Srivastava	President	72.60	Permanent	B. Sc. (Engg)	37.03	03-Apr-17	60	Furnace Fabrica (India) Ltd.	-	No
5	Mr. Asis Kumar Bhattacharjee	President	71.71	Contractual	B.E. - Electrical	42.03	03-Apr-17	63	Furnace Fabrica (India) Ltd.	-	No
6	Mr. Ashesh Paul	Vice President	57.96	Permanent	B.E-Civil	29.11	01-Nov-18	48	KEO International Consultants	-	No
7	Mr. Tinanjan Mitra	Associate Vice President	49.66	Permanent	Diploma Engg- Mechanical	35.03	22-Feb-13	56	Larsen & Toubro Ltd.	-	No
8	Mr. Arindam Sarkar	President	46.12	Contractual	B.E-Civil	45.12	03-Apr-17	66	Furnace Fabrica (India) Ltd.	-	No
9	Mr. Rabindranath Roy	Associate Vice President	42.91	Permanent	B.E-Civil	30.11	03-Apr-17	53	Furnace Fabrica (India) Ltd.	-	No
10	Mr. Dipankar Sarkar	President	42.88	Contractual	M.E-Project Engineering	37.11	25-Aug-20	63	DC Industrial Plant Services Pvt. Ltd.	-	No

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

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	220.13	Permanent	Cost Accountant, CS, LLB	55	23-Dec-16	74	Furnace Fabrica (India) Ltd.	-	No
2	Mr. Manoj Kumar Digga	Chief Financial Officer	155.00	Permanent	CA, CS & CMA	27.30	14-Jul-18	50	Visa Steel Ltd.	-	No

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

For and on behalf of the Board of Directors

Kolkata, November 12, 2020

Aditya Khaitan
Chairman

Independent Auditors' Report

To the Members of McNally Bharat Engineering Company Limited Report on the Audit of the Standalone Financial Statements

Adverse Opinion

We have audited the accompanying Standalone Financial Statements of **McNally Bharat Engineering Company Limited** ("the Company"), which comprise the Standalone Balance Sheet as at 31st March, 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity, the Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us because of the significance of the matter described in the Basis for Adverse Opinion section of our Report, the aforesaid Standalone Financial Statements do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its loss (including Other Comprehensive Loss), the changes in equity and its cash flows for the year ended on that date.

Basis for Adverse Opinion

Non-recognition of Interest Expense

The Company has not recognised interest expense on Bank and Inter-Corporate Borrowings amounting to Rs. 29,044.74 Lakhs and Rs. 1,059.48 Lakhs respectively for the year ended 31st March, 2020 as referred in Note 43 to the Standalone Financial Statements. The Company had also not recognised interest expense of Rs 9,216.88 Lakhs on Inter-Corporate Borrowings for the year ended 31st March, 2019. As a result, finance Costs, liability on account of interest and total comprehensive loss for the year ended 31st March, 2020 are understated to that extent. This constitutes a departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

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

Independent Auditors' Report

Emphasis of Matters

a) **Material uncertainty related to Going Concern**

We draw attention to Note 40 to the Standalone Financial Statements, the Company has reported net loss of Rs. 38,087.95 Lakhs during the year ended 31st March, 2020 and unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Company's management is currently in discussion with the investor and lenders for carrying out a debt restructuring proposal as informed to us by the Management. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern as the same is solely dependent on the acceptance of the debt restructuring proposal. Based on the Board of Directors' assessment and expectation of a positive outcome of the restructuring proposal, the Standalone Financial Statements have been prepared on going concern basis.

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

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

c) **Recognition of Deferred Tax Assets**

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

d) **Payment of Managerial Remuneration**

We draw attention to Note 31(A) to the Standalone Financial Statements regarding managerial remuneration amounting to Rs. 65.80 Lakhs paid/payable to the Managing Director for the period 14th December, 2019 to 31st March, 2020 for which the Company is in the process of obtaining necessary approvals from the lender banks and shareholders of the Company to comply with the provisions of section 197(17) of the Act.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Independent Auditors' Report

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
1	<p>Estimated Cost to complete the Project: (Refer note 1(d) to the Standalone Financial Statements)</p> <p>The Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard 115 "Revenue from Contract with Customers". Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis including the actual cost incurred and terms and conditions related to the variation of the cost. 3. Discussed with the project management teams for certain selected projects to assess the reasonableness of the estimated cost to be incurred for completing the respective projects. 4. Obtained and relied on the Independent Chartered Engineer's Certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis.
2	<p>Impairment of Investments in Subsidiaries: (Refer note 5 to the Standalone Financial Statements)</p> <p>Investments in Subsidiaries are measured at cost net of impairment provision, if any, as per the requirements of Indian Accounting Standard 36 "Impairment of Assets".</p> <p>Impairment indicators were noted in one of the Subsidiary Companies, McNally Sayaji Engineering Limited resulted in an assessment of impairment of the Investments in the Subsidiary.</p> <p>This area was considered to be of Key Audit Matter for the following reasons:</p> <ul style="list-style-type: none"> · The magnitude of the balance of the Investments in the subsidiary with a carrying value of Rs 17,923.73 Lakhs ; and · The carrying value is supported by future forecasted operating cash flows of the subsidiary, which are judgmental in nature and are dependent on number of factors, including volume and margin expectations. 	<p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding management review type controls on assessment of impairment of Investments in subsidiaries. 2. Verified the appropriateness of the cash flows projection of the Subsidiary including key assumptions considered as part of the impairment assessment.

Independent Auditors' Report

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
3	Provisions and Contingent Liabilities (Refer note 29 to the Standalone Financial Statements) The Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the Standalone Financial Statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.	Our audit approach was combination of test of internal controls and substantive procedures which includes the following: 1. Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of the Board and the Sub-committee, to confirm the operating effectiveness of these controls. 3. Assessment of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings in similar cases. 4. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.

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

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

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, we conclude, based on the work we have performed, on the other information obtained prior to the date of Auditor's Report, that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, including total comprehensive loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under

Independent Auditors' Report

Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the

Independent Auditors' Report

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

Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Other Matter

The Standalone Financial Statements of the Company for the year ended 31st March, 2019 were jointly audited by us and another firm of Chartered Accountants, and have expressed a modified opinion vide the Audit Report dated 30th May, 2019 on such Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

Independent Auditors' Report

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) except for the possible effects of the matter described in the Basis for Adverse Opinion Section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
- d) except for the matter described in the Basis for our Adverse Opinion Section above, in our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act;
- e) the matter described in the Basis for Adverse Opinion Section above, in our opinion, may have an adverse effect on the functioning of the Company;
- f) on the basis of written representation received from the directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of section 164(2) of the Act;
- g) the adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section above;
- h) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- i) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/payable by the Company to its director is not in accordance with the requirements of Section 197 of the Act.

We draw attention to Note 31(A) to the Standalone Financial Statements regarding managerial remuneration amounting to Rs. 65.80 Lakhs paid/payable to the Managing Director for the period 14th December, 2019 to 31st March, 2020 for which the Company is in the process of obtaining necessary approvals from the lender banks and shareholders of the Company to comply with the provisions of section 197(17) of the Act.

- j) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. except for the possible effect of the matter described in the Basis for Adverse Opinion section above, the Company has disclosed the impact of pending litigations on its financial position in the Standalone Financial Statements (Refer Note 29(a) to the Standalone Financial Statements);
 - ii. the Company has made provision in this Standalone Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts;
 - iii. unpaid dividend liability for Rs. 9.50 Lakhs appearing in Note 12(c) to the Standalone Financial Statements, the Company has neither ascertained nor transferred the required amount to be transferred to the Investor Education and Protection Fund.

Place: Kolkata
Date: 15th July, 2020

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E
(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 20050051AAAADP7523

Annexure A to the Independent Auditor's Report

Referred to in Paragraph-1 on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limited on the Standalone Financial Statements for the year ended 31st March, 2020

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

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

(c) The Company does not own any immovable property as disclosed in Note 3 on Property, Plant & Equipment to the Standalone Financial Statements. Accordingly, clause 3(i)(c) of the Order is not applicable.

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

(iii) According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. However, in respect of a unsecured loan having outstanding balance of Rs. 50.21 Lakhs as on 31st March, 2020 granted to one subsidiary company in earlier years (disclosed under Note 37 to the Standalone Financial Statements), we report as follow:

(a) In respect of the aforesaid loan, the terms and conditions under which such loan granted is not prejudicial to the Company's interest. However, the Company has not recognised interest on the aforesaid loan during the year in the Standalone Financial Statements.

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

c) In absence of schedule of repayment of the aforesaid loan, we are unable to comment on the recovery of the principle and interest.

iv) According to the information and explanations given to us, except for non-recognition of interest income on outstanding unsecured loan of Rs 1,391.80 Lakhs granted to a body corporate in earlier years (disclosed under Note 37 to the Standalone Financial Statements), the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified. Accordingly, clause 3(v) of the Order is not applicable.

Annexure A to the Independent Auditors' Report

- vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the same as maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether the same are accurate or complete.
- vii) According to the information and explanations given to us in respect of statutory dues:
- a) The dues of Employees' State Insurance, Income Tax and Good and Services Tax have not been regularly deposited during the year with the appropriate authorities. The Company has generally been regular in depositing other undisputed statutory dues, including Provident Fund and other material statutory dues applicable to it to the appropriate authorities.
- b) There were arrears in undisputed amounts payable in respect of Income Tax as at 31st March, 2020 for a period of more than six months from the date the same became payable are as follow:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount Relates	Due Date
Income Tax Act, 1961	TDS U/s 194A	7.15	November, 2017	7th December, 2017
		13.59	December, 2017	7th January, 2018
		6.61	January, 2018	7th February, 2018
		14.30	February, 2018	7th March, 2018
		43.05	March, 2018	7th April, 2018
		41.21	March, 2019	7th April, 2019
	TDS U/s 194J	7.50	December, 2017	7th January, 2018
		25.00	March, 2018	30th April, 2018

c) Details of dues of Sales Tax, Value Added Tax, Service Tax and Customs Duty which have not been deposited as on 31st March, 2020 on account of disputes are given below:

Name of the Statute	Forum where dispute is pending	Financial year to which the amount relates to	Amount involved (Rs. in Lakhs)
Sales Tax/Value Added Tax Acts	Assistant Commissioner/ Additional Commissioner/ Deputy Commissioner/ Commissioner/	2008-09 to 2016-17	9,450.27
	Appellate Tribunal and Revisional Board	2006-07 to 2014-15	5,189.44
	Supreme Court/ High Court	2005-06 to 2017-18	19,473.38
The Central Excise Act, 1944	Custom Excise and Service Tax Appellate Tribunal	2011-12 to 2016-17	245.82
	High Court	2016-2017	25.00
The Finance Act, 1994	Custom Excise and Service Tax Appellate Tribunal	2003-04 to 2011-12	1,810.53
Customs Act, 1962	Assistant Commissioner/ Additional Commissioner	2017-18	2,174.57

Annexure A to the Independent Auditors' Report

(viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of entire loans or borrowings to Banks and the details of continuing default in repayment of loans or borrowings as on 31st March, 2020 are as under:

Principal Dues to Banks	Amount of default in repayment (Rs. in Lakhs)
ICICI Bank - External Commercial Borrowing	499.66
Axis Bank Limited - Working Capital Demand Loan	12,660.41
Standard Chartered Bank - Working Capital Demand Loan	3429.80
Allahabad Bank - Cash Credit	8726.23
Axis Bank Limited - Cash Credit	21,298.28
Bank of Baroda - Cash Credit	4,273.96
Bank of India - Cash Credit	40,018.31
Canara Bank - Cash Credit	2,438.11
DCB Bank - Cash Credit	301.30
ICICI Bank - Cash Credit	16,041.48
IDBI Bank - Cash Credit	17,794.59
Karur Vysya Bank - Cash Credit	8,829.38
Lakshmi Vilas Bank - Cash Credit	99.75
Oriental Bank of Commerce Bank - Cash Credit	1,089.74
Punjab National Bank - Cash Credit	15,303.79
Standard Chartered Bank - Cash Credit	2,652.19
State Bank Of India - Cash Credit	25,531.53
UCO Bank - Cash Credit	1,369.39
Union Bank - Cash Credit	14,920.65
United Bank of India - Cash Credit	93.91

In addition to the above, the Company has also defaulted in payment of interest amounting to Rs. 29,044.74 Lakhs on the above borrowings for the year ended 31st March, 2020.

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

- ix. According to the information and explanations given to us and based on our examination of the books and records, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year. Accordingly, clause 3(ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of the books and records, we report that the managerial remuneration has not been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. The amount involved and steps taken by the Company for securing refund of the same are as below:

Annexure A to the Independent Auditors' Report

Managerial Position	Excess amount of remuneration paid/ provided (Rs. in Lakhs)	Period / year	Treatment of the excess remuneration in the respective year financial statements	Steps taken by the Company for securing refund
Managing Director	65.80	14 th December, 2019 to 31 st March, 2020	Recognised as expense in the Statement of Profit and Loss.	The Company has approached the Lender Banks for necessary approval and on approval of the lender banks, necessary approval will be obtained from the shareholders to comply with the provisions of Section 197(17) of the Act.
Whole Time Director	40.82	F.Y. 2017-18	Recognised as expense in the Statement of Profit and Loss.	The Board has decided to recover the excess remuneration paid/ payable Rs. 40.82 lacs to erstwhile one whole time director for the financial year ended 31st March, 2018, superseding its earlier decision and approval of Shareholders of the Company for wavier.

- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company is in compliance with Sections 177 and 188 of the Act, where applicable for transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has not entered into any non-cash transactions specified under section 192 of the Act with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.



Annexure A to the Independent Auditors' Report

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

Place: Kolkata

Date: 15th July, 2020

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration No. 311017E

(V. K. SINGHI)

Partner

Membership No. 050051

UDIN: 20050051AAAADP7523

Annexure B to the Independent Auditor's Report

Referred to in Paragraph 2(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limited on the Standalone Financial Statements for the year ended 31st March, 2020

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

In conjunction with our audit of the Standalone Financial Statements of McNally Bharat Engineering Company Limited ("the Company") as of and for the year ended 31st March, 2020, we have audited the internal financial controls with reference to Standalone Financial Statements the Company.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company's internal financial controls with reference to financial statements 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.

Annexure B to the Independent Auditor's Report

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2020 based on the internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Place: Kolkata
Date: 15th July, 2020

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E
(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 20050051AAAADP7523

Standalone Balance Sheet as at 31st March, 2020

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

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	3,169.99	4,106.82
Right to use Assets	3	1,989.36	-
Capital Work-in-progress	3	462.48	462.48
Other Intangible Assets	4	48.28	49.96
Financial Assets			
i. Investments	5	18,026.55	18,030.29
ii. Other Financial Assets	6(d)	12.99	2,497.52
Deferred Tax Assets	7	51,706.60	51,706.60
Other Non-current Assets	8	2.98	21.90
Total Non-current Assets		75,419.23	76,875.57
Current Assets			
Inventories	9	526.86	7,314.90
Financial Assets			
i. Trade Receivables	6(a)	138,532.08	167,705.42
ii. Cash and Cash Equivalents	6(c)	1,661.15	3,591.97
iii. Bank Balances other than (ii) above	6(c)	107.94	4,355.77
iv. Loans	6(b)	1,442.01	1,487.40
v. Other Financial Assets	6(d)	20,878.63	34,302.84
Current Tax Assets (net)	10(a)	6,223.45	5,564.84
Other Current Assets	10(b)	45,748.62	41,524.29
Total Current Assets		215,120.74	265,847.43
Total Assets		290,539.97	342,723.00
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11(a)	21,157.08	17,215.18
Other Equity			
Compulsorily Convertible Preference Shares	11(a)	-	3,941.90
Money received against Share Warrants		-	100.00
Reserves and Surplus	11(b)	(7,572.53)	31,948.52
Total Equity		13,584.55	53,205.60
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
i. Borrowings	12(a)	12,222.06	11,110.96
ii. Other Financial Liabilities	12(c)	2,198.46	438.71
Provisions	13	223.07	575.34
Total Non-current Liabilities		14,643.59	12,125.01
Current Liabilities			
Financial Liabilities			
i. Borrowings	12(b)	198,462.79	182,654.73
ii. Trade Payables	12(d)		
Total outstanding dues of micro enterprises and small enterprises		106.07	507.38
Total outstanding dues of creditors other than micro enterprises and small enterprises		22,527.17	46,290.69
iii. Other Financial Liabilities	12(c)	13,755.62	14,789.01
Provisions	13	124.34	222.94
Other Current Liabilities	14	27,335.84	32,927.64
Total Current Liabilities		262,311.83	277,392.39
Total Liabilities		276,955.42	289,517.40
Total Equity and Liabilities		290,539.97	342,723.00
Significant Accounting Policies, Judgements, Estimates and Assumptions	1-2		

The above Standalone Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 46.

As per pur Report of even date

For V. Singhi & Associates

Chartered Accountants

Firm Registration Number: 311017E

(V. K. SINGHI)

Partner

Membership Number: 050051

Place: Kolkata

Date : 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)

Managing Director

DIN : 00789624

(ASIM KUMAR BARMAN)

Director

DIN : 02373956

(MANOJ KUMAR DIGGA)

Chief Financial Officer

(RAHUL BANERJEE)

Company Secretary

Standalone Statement of Profit and Loss for the year ended 31st March, 2020

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

Particulars	Notes	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from Operations	15	56,760.07	151,836.68
Other Income	16	5,148.24	24,573.54
Total Income		61,908.31	176,410.22
Expenses			
Cost of Materials Consumed	17	21,471.18	110,560.88
Outsourcing Expenses to Job Workers		20,184.99	41,200.06
Employee Benefits Expense	18	7,131.29	9,657.21
Finance Costs	19	8,106.77	36,704.17
Depreciation and Amortisation Expense	20	1,005.34	1,058.57
Other Expenses	21	42,096.69	23,829.18
Total Expenses		99,996.26	223,010.07
Profit / (Loss) before tax		(38,087.95)	(46,599.86)
Income Tax Expense	22		
- Current tax		-	-
- Deferred tax		-	-
Total Tax Expense		-	-
Profit / (Loss) for the year		(38,087.95)	(46,599.86)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit plans		8.94	(105.32)
Other Comprehensive Income for the year		8.94	(105.32)
Total Comprehensive Income for the year		(38,079.01)	(46,705.18)
Earnings Per Share	34		
Basic Earnings Per Share (Face value of INR 10 each)		(18.00)	(22.03)
Diluted Earnings Per Share (Face value of INR 10 each)		(18.00)	(22.03)
Significant Accounting Policies, Judgements, Estimates and Assumptions	1-2		

The above Standalone Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 46.

As per pur Report of even date

For V. Singhi & Associates

Chartered Accountants
Firm Registration Number: 311017E

(V. K. SINGHI)

Partner
Membership Number: 050051

Place: Kolkata

Date: 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)

Managing Director
DIN : 00789624

(MANOJ KUMAR DIGGA)

Chief Financial Officer

(ASIM KUMAR BARMAN)

Director
DIN : 02373956

(RAHUL BANERJEE)

Company Secretary

Standalone Statement of Cash Flow for the year ended 31st March, 2020

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

Particulars	Year ended 31st March, 2020	Year ended 31st March,
Cash flow from Operating Activities		
Profit/(Loss) before income tax	(38,087.95)	(46,599.86)
Adjustments for		
Depreciation	1,005.34	1,058.58
Finance Costs	8,106.77	36,704.17
Interest Income	(2,895.50)	(2,384.88)
Dividend Income	-	(0.22)
Loss/(Profit) on Disposal of Fixed Assets (Net)	5.53	(0.78)
Loss/(Profit) on Sale of Investments	-	(10,188.06)
Provision for Bad & Doubtful Debts	18,102.08	5,403.11
Expected credit loss provided for/(written back)	3,497.70	(5,729.12)
Advance to Suppliers written off	5,022.07	-
Provision/Liability no longer required written back	(2,032.09)	-
Provision for Doubtful Advances	-	67.06
Provision for Doubtful Debts against expenses recoverable	2,805.57	-
Provision for Future Foreseeable Losses in Construction Contracts	1,993.30	273.62
Provision for Impairment in Value of Investments	-	2,703.06
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	293.78	396.03
(Gain)/loss on Fair Valuation of Derivative Contracts	-	35.50
Net (gain)/loss on Financial Assets (Investments) measured at Fair Value through Profit or Loss	3.74	33.17
Change in operating Assets and Liabilities:		
(Increase)/Decrease in Trade Receivables	9,123.61	(7,036.38)
(Increase)/Decrease in Inventories	6,788.03	1,659.11
Increase/(Decrease) in Trade Payables	(24,173.36)	(33,545.89)
(Increase)/Decrease in Other Financial Assets	12,768.33	117,607.42
(Increase)/Decrease in Other Non-current Assets	18.93	207.57
(Increase)/decrease in Other Current Assets	(9,246.41)	(3,448.73)
Increase/(decrease) in Provisions	(441.93)	(109.74)
Increase/ (decrease) in Other Financial Liabilities	(2,141.43)	(1,057.34)
Increase/ (decrease) in Other Liabilities	(9,803.62)	(27,249.14)
Cash generated from Operations		
Income Taxes (Paid)/Refund	(658.62)	5,905.96
Net cash Inflow / (Outflow) from Operating Activities	(19,946.13)	34,704.21
Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(19.68)	(14.76)
Loans given	-	(482.75)
Proceeds from sale of investments	-	37,999.89
Proceeds from sale of Property, Plant and Equipment	95.61	7.53
Deposits matured/(made)	4,247.82	(1,840.89)
Dividends received	-	0.22
Interest received	599.00	3,133.29
Net cash Inflow / (Outflow) from Investing Activities	4,922.75	38,802.53
Cash flows from Financing Activities		
Proceeds from Borrowings	18,010.05	358,064.77
Repayment of Borrowings	(2,782.78)	(400,250.83)
Interest Paid	(2,087.80)	(36,882.54)
Net cash Inflow / (Outflow) from Financing Activities	13,139.47	(79,068.62)
Net Increase / (Decrease) in Cash and Cash Equivalents	(1,883.90)	(5,561.84)
Cash and Cash Equivalents at the beginning of the year	3,545.04	9,106.88
Cash and Cash Equivalents at end of the year	1,661.15	3,545.04
Reconciliation of Cash and Cash Equivalents as per the Statement of Cash Flows		
Cash and Cash Equivalents as per above comprise of the following		
Cash and cash equivalents (note 6(c))	1,661.15	3,591.97
Bank overdrafts (note 12(c))	-	(46.92)
Balances per Statement of Cash Flows	1,661.15	3,545.04

Particulars	1st April, 2019	Cash Flow	Foreign Exchange Movement	Other Adjustments #	31st March, 2020
Borrowings (Non-Current and Current Maturities of Long Term Debts)	16,740.71	(580.79)	40.24	1,973.01	18,173.15
Borrowings (Current)	182,654.73	15,808.07	-	-	198,462.79
Total	199,395.44	15,227.28	40.24	1,973.01	216,635.94

Other Adjustment of Rs. 1,542.04 lakhs in respect of Non-Current Borrowings includes Rs. 1,111.10 Lakhs as reversal of fair value gain on deferment of advances received from certain companies and converted into interest free Inter Corporate Deposits during earlier years (Refer Note 11(b)(v) and Note 41) and Rs. 430.94 Lakhs as amortisation of redemption premium on 11.50% Convertible Redeemable Cumulative Preference Shares (Refer Note 12(c))

Notes:

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

As per pur Report of even date

For V. Singhi & Associates

Chartered Accountants

Firm Registration Number: 311017E

(V. K. SINGHI)

Partner

Membership Number: 050051

Place: Kolkata

Date: 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)

Managing Director

DIN : 00789624

(ASIM KUMAR BARMAN)

Director

DIN : 02373956

(MANOJ KUMAR DIGGA)

Chief Financial Officer

(RAHUL BANERJEE)

Company Secretary

Standalone Statement of Changes in Equity for the year ended 31st March, 2020

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

A. Equity Share Capital

Particulars	Notes	Equity Share Capital
As at 31st March, 2018		15,804.46
Changes in Equity Share Capital	11(a)	1,410.72
As at 31st March, 2019		17,215.18
Changes in Equity Share Capital	11(a)	3,941.90
As at 31st March, 2020		21,157.08

B. Other Equity

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital	Reserves and Surplus					Total
				Securities Premium	Retained Earnings	Capital Redemption Reserve	General Reserve	Other Reserves	
Balance at 1st April, 2018		100.00	5,352.62	114,123.32	(123,466.66)	1.00	1,549.64	-	(2,340.08)
Transition impact of IND AS 115	11(b)(iv)				(212.27)				(212.27)
Profit/(Loss) for the year					(46,599.86)				(46,599.86)
Other Comprehensive Income					(105.32)				(105.32)
Total Comprehensive Income for the year					(46,917.45)				(46,917.45)
Fair value gain on Financial Liabilities	41							87,482.00	87,482.00
Converted into equity	11(A)(v)		(1,410.72)						(1,410.72)
Transfer to Financial Liabilities	12(a)		-	(823.33)					(823.33)
		100.00	(1,410.72)	(823.33)	-	-	-	87,482.00	85,247.95
Balance at 31st March, 2019		100.00	3,941.90	113,299.99	(170,384.11)	1.00	1,549.64	87,482.00	35,990.42

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital	Reserves and Surplus					Total
				Securities Premium	Retained Earnings	Capital Redemption Reserve	General Reserve	Other Reserves	
Balance at 1st April, 2019		100.00	3,941.90	113,299.99	(170,384.11)	1.00	1,549.64	87,482.00	35,990.42
Profit/(Loss) for the year					(38,087.95)				(38,087.95)
Other Comprehensive Income					8.94				8.94
Total Comprehensive Income for the year					(38,079.01)				(38,079.01)
Forfeiture of Share Warrants	below	(100.00)				100.00			-
Reversal of Fair value gain on Financial Liabilities	41							(1,111.10)	(1,111.10)
Converted into equity	11(A)(iv)		(3,941.90)						(3,941.90)
Transfer to Financial Liabilities	12(a)		-	(430.94)					(430.94)
		(100.00)	(3,941.90)	(430.94)	-	100.00		(1,111.10)	(5,483.94)
Balance at 31st March, 2020		-	-	112,869.05	(208,463.12)	101.00	1,549.64	86,370.90	(7,572.53)

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

The above Standalone Statement of Changes in Equity should be read in conjunction with the accompanying note nos. 1 to 45.
As per Report of even date

For V. Singhi & Associates

Chartered Accountants

Firm Registration Number: 311017E

(V. K. SINGHI)

Partner

Membership Number: 050051

Place: Kolkata

Date: 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)

Managing Director

DIN : 00789624

(MANOJ KUMAR DIGGA)

Chief Financial Officer

(ASIM KUMAR BARMAN)

Director

DIN : 02373956

(RAHUL BANERJEE)

Company Secretary

Notes to Standalone Financial Statements for the year ended March 31, 2020

Corporate Information

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

Note 1: Significant Accounting Policies

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

(a) Basis of Preparation of Standalone Financial Statements

(i) Compliance with Ind AS

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

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

(ii) Historical cost convention

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

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

(iii) Operating Cycle

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

(iv) Use of estimates and judgements

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

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

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

(b) Segment Reporting

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

(c) Foreign Currencies

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

(i) Functional Currency

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

(ii) Transactions and balances

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

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Standalone 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, 2020

(d) Revenue Recognition

The Ministry of Corporate Affairs (MCA), on March 28, 2018, notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (India Accounting Standard) Amendment Rules, 2018. The new standard was effective for accounting periods beginning on or after April 1, 2018. The Company has adopted Ind AS 115 using the modified retrospective approach. The adoption of the standard did not have any material impact to the Standalone Financial Statements of the Company.

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

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

(i) Sale of Goods

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

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

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

(ii) Construction Contracts

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

The outcome of a construction contract is considered as estimated reliably when (a) all critical approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches reasonable level of development. The stage of completion is determined as a proportion that contract costs incurred for work performed up to the closing date bear to the estimated total costs of respective project. Profit is recognised when the outcome of the contract can be estimated reliably. When it is probable that the total cost will exceed the total revenue from the contract, the expected loss is recognised immediately. For this purpose total contract costs are ascertained

Notes to Standalone Financial Statements for the year ended March 31, 2020

on the basis of contract costs incurred and cost to completion of contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies etc.

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

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

(iii) Dividend and Interest Income

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

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

(e) Taxation

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

(i) Current Tax

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

(ii) Deferred Tax

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

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

(f) Leases

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

As a Lessee (Assets taken on lease)

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

(g) Impairment of Non-financial Assets

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

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

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

(h) Cash and Cash Equivalents

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

(i) Trade Receivables

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

(j) Inventories

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

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

(k) Financial Liabilities

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

(i) Classification

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

(ii) Measurement

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

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

(l) Investments and Other Financial Assets

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

(i) Classification

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.

Notes to Standalone Financial Statements for the year ended March 31, 2020

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

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

(ii) Measurement

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

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

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

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

(iii) Impairment of Financial Assets

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

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

(iv) Derecognition of Financial Assets

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

(m) Derivatives that are not designated as hedges

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

(n) Offsetting of Financial Instruments

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

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

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

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

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

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

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

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

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

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

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

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

(p) Intangible Assets

(i) Computer Software

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

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

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

(ii) Amortisation methods and periods

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

(q) Trade and Other Payables

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

(r) Borrowings

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

Preference Shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these Preference Shares are recognized in the Standalone Statement of Profit and Loss as finance costs.

Borrowings are derecognised from the Standalone 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

Notes to Standalone Financial Statements for the year ended March 31, 2020

extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Standalone Statement of Profit and Loss as other gains/ losses.

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

(s) Borrowing Costs

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

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

(t) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

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

(u) Employee Benefits

(i) Short-term Obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 24 months after the year end and non-monetary benefits that are expected to be settled wholly within 24

Notes to Standalone Financial Statements for the year ended March 31, 2020

months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non-current liabilities in the Standalone Balance Sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

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

(ii) Other Long Term Employee Benefit Obligations

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

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

(iii) Defined Benefit Plans

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

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

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

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

Notes to Standalone Financial Statements for the year ended March 31, 2020

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

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

(iii) Defined Benefit Plans (Contd.)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Standalone Statement of Profit and Loss.

Re-measurement gains and losses arising from experience and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Standalone Statement of Changes in Equity and in the Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Standalone Statement of Profit and Loss as past service cost.

(v) Contributed Equity

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

(w) Earnings Per Share

(i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing:

Profit/ (Loss) attributable to equity shareholders of the Company

By the weighted average number of Equity Shares outstanding during the financial year, adjusted for the effect of all dilutive potential Equity Shares.

(ii) Diluted Earnings PerShare

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

Profit/(Loss) after income tax effect of interest and other financing costs associated with dilutive potential Equity Shares, and

The weighted average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.

Notes to Standalone Financial Statements for the year ended March 31, 2020

Rounding off amounts

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

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Standalone Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these standalone financial statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Standalone Financial Statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the Standalone Financial Statements.

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

1. Going Concern Assumptions in the preparation of the Standalone Financial Statements.
2. Expected Cost of Completion of Contracts.
3. Fair Value Measurement of Financial Instruments.
4. Impairment of Investments in Joint Venture and Subsidiaries
5. Recognition of Deferred Tax Assets for carried forward tax losses
6. Impairment of Trade Receivables and due from customers
7. Provisions, Claims and Contingent Liabilities
8. Estimation of Defined Benefits Obligation
9. Useful life of Property, Plant and Equipment

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 3: Property, Plant and Equipment

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Total	Capital work-in-progress	Right to Use Assets
1st April, 2018							
Gross Carrying Amount							
Opening Gross Carrying Amount	10,377.26	775.87	72.03	105.93	11,331.09	462.48	-
Additions	1.32	10.45	-	-	11.77	-	-
Disposals/Adjustments	(0.84)	(0.13)	(11.18)	-	(12.15)	-	-
Closing Gross Carrying Amount	10,377.75	786.18	60.85	105.93	11,330.71	462.48	-
Accumulated Depreciation							
Opening Accumulated Depreciation	5,662.59	369.87	39.72	101.77	6,173.95	-	-
Depreciation charged during the year	914.05	130.34	7.38	3.58	1,055.35	-	-
Disposals	-	(0.01)	(5.40)	-	(5.41)	-	-
Other adjustments	-	-	-	-	-	-	-
Closing Accumulated Depreciation	6,576.64	500.21	41.70	105.35	7,223.89	-	-
Net Carrying Amount as at 31st March, 2019	3,801.11	285.98	19.15	0.58	4,106.82	462.48	-
1st April, 2019							
Gross Carrying Amount							
Opening gross carrying amount	10,377.75	786.18	60.85	105.93	11,330.71	462.48	2,137.64
Additions	15.36	4.32	-	-	19.68	-	-
Disposals	(331.76)	(67.07)	-	-	(398.83)	-	-
Closing Gross Carrying Amount	10,061.35	723.43	60.85	105.93	10,951.56	462.48	2,137.64
Accumulated Depreciation							
Opening Accumulated Depreciation	6,576.64	500.21	41.70	105.35	7,223.89	-	-
Depreciation charged during the year	729.39	122.21	3.64	0.15	855.38	-	148.28
Disposals	(240.90)	(56.81)	-	-	(297.71)	-	-
Closing Accumulated Depreciation	7,065.13	565.61	45.34	105.50	7,781.56	-	148.28
Net carrying amount as at 31st March, 2020	2,996.22	157.83	15.51	0.43	3,169.99	462.48	1,989.36

(I) property, Plant and Equipment pledged as Security

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

(ii) Capital Commitments

Refer to note 27 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

Note 4: Other Intangible Assets

Particulars	Computer Software *
1st April, 2018	
Gross Carrying Amount	
Opening gross carrying amount	64.53
Additions	3.00
Closing Gross Carrying amount	67.53
Accumulated Amortisation	
Opening Accumulated Amortisation	14.35
Amortisation charge for the year	3.22
Closing Accumulated Amortisation	17.57
Net Carrying Amount as at 31st March, 2019	49.96
1st April, 2019	
Gross Carrying Amount	
Opening Gross Carrying Amount	67.53
Additions	-
Closing Gross Carrying amount	67.53
Accumulated Amortisation	
Opening Accumulated Amortisation	17.57
Amortisation charge for the year	1.68
Closing accumulated amortisation	19.25
Net Carrying Amount as at 31st March, 2020	48.28

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 5: Non-current Investments

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investment in Equity Instruments (fully paid-up)		
In Subsidiaries		
Quoted (at cost)		
66,68,698 (31st March, 2019 : 66,68,698) Equity Shares of Rs. 10/- each of McNally Sayaji Engineering Limited*	11,640.03	11,640.03
Unquoted (at cost)		
36,00,000 (31st March, 2019 : 36,00,000) Equity Shares of Rs. 10/- each of McNally Sayaji Engineering Limited*	6,283.70	6,283.70
99,400 (31st March, 2019 : 99,400) Equity Shares of McNally Bharat Equipments Limited	9.94	9.94
6,49,459 (31st March, 2019 : 6,49,459) Equity Shares of Rs. 10/- each of MBE Mineral Technologies Pte Limited (Cost Rs. 2550.74, fully impaired)	2,550.74	2,550.74
4,99,99,996 (31st March, 2019 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited (Cost Rs. 4.69, fully impaired)	4.69	4.69
100 (31st March, 2019 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited (Cost Rs. 0.13, fully impaired) - deregistered w.e.f 30th June, 2017)	0.13	0.13
In Joint Ventures		
Unquoted (at cost)		
87,500 (31st March, 2019 : 87,500) Equity Shares of EMC MBE Contracting Company LLC (Cost Rs. 152.31, fully Impaired)	152.31	152.31
Equity Instruments carried at Fair Value Through Profit and Loss		
Quoted		
10,960 (31st March, 2019 : 10,960) Equity Shares of Rs. 5/- each of Eveready Industries India Limited	5.53	21.05
10,960 (31st March, 2019 : 10,960) Equity Shares of Rs. 5/- each of McLeod Russel India Limited	0.22	9.40
Total (Equity Instruments)	20,647.29	20,671.99
Investment in Mutual Funds		
Unquoted		
3,62,970.078 (31st March, 2019 : 3,62,970.078 units of L&T Short Term Opportunities Growth Fund	87.13	66.17
Total (Mutual Funds)	87.13	66.17
Impairment in the value of Investments carried at cost		
6,49,459 (31st March, 2019 : 6,49,459) Equity Shares of Rs. 10/- each of MBE Mineral Technologies Pte Limited	2,550.74	2,550.74
4,99,99,996 (31st March, 2019 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited	4.69	4.69
100 (31st March, 2019 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited	0.13	0.13
87,500 (31st March, 2019 : 87,500) Equity Shares of EMC MBE Contracting Company LLC	152.31	152.31
Total Impairment	2,707.87	2,707.87
Total Non-current Investments	18,026.55	18,030.29
Aggregate amount of market value of Quoted Investments *	11,645.78	11,670.48
Aggregate amount of unquoted Investments	6,380.77	6,359.81
Aggregate amount of impairment in the value of Investments	2,707.87	2,707.87
<p>* McNally Sayaji Engineering Limited (MSEL) was previously listed with Delhi Stock Exchange Limited (DSEL), Ahmedabad Stock Exchange Limited (ASEL) and Vadodara Stock Exchange Limited (VSEL). VSEL and ASEL stock exchanges have undergone compulsory / voluntary exit as per relevant SEBI circulars /orders. Further, SEBI has passed order for derecognition of DSEL. With effect from April 17, 2018 McNally Sayaji Engineering Limited has got enlisted with Metropolitan Stock Exchange of India (MSE). Considering the fact that MSEL was not traded at MSE during the year, the market value of the quoted investments includes the book value of the investment in MSEL in absence of availability of market quote. Further, 36 Lakhs number of Equity Shares of MSEL has not been listed in any of the Stock Exchanges as on the date of approval of these Standalone Financial Statements.</p> <p>Refer Note 35 on Investments pledged as security by the Company</p>		

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

6(a) Trade Receivables

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured		
Trade Receivables - Considered good	138,532.08	167,705.42
Trade Receivables - Credit impaired	28,684.97	8,880.29
Less: Allowance for doubtful receivables & Provision for Expected Credit Loss	(28,684.97)	(8,880.29)
Total Trade Receivables	138,532.08	167,705.42
Current	138,532.08	167,705.42

6(b) Loans

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured		
Loans to Others - Considered good	1,442.01	1,487.40
Loans to subsidiaries - Credit impaired	1,425.12	1,425.12
Less: Allowance for Doubtful Loans	(1,425.12)	(1,425.12)
Total Loans	1,442.01	1,487.40

6(c) Cash and Cash Equivalents

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Banks		
- in Current Accounts	1,648.57	3,512.79
- in Cash Credit accounts	0.04	0.20
Cash on hand (as certified by the Management)	12.55	78.98
Total Cash and Cash Equivalents	1,661.15	3,591.97
Other Bank Balances		
Earmarked Balances with Banks (Refer note (i) below)	101.13	4,349.15
Deposits with Bank	2.83	2.64
Balance in Unpaid Dividend Account*	3.98	3.98
Total Other Bank Balances	107.94	4,355.77

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

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

*under reconciliation

6(d) Other Financial Assets

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-current	Current	Non-current
Security Deposits	241.14	1.74	249.14	7.43
Advance to Employees	56.53	-	70.14	-
Due from Customers (Refer note 32)	-	-	19,522.33	-
Earmarked Balances with Banks (Refer note (i) below)	-	11.25	-	2,490.09
Claims Recoverable	20,580.95	-	14,461.21	-
Total Other Financial Assets	20,878.63	12.99	34,302.84	2,497.52

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

Note 7 : Deferred Tax Assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Assets on:		
Tax Losses	51,540.39	46,331.02
Difference in WDV of Property, Plant & Equipment and Intangible Assets between the Companies Act, 2013 and Income Tax Act, 1961	166.21	40.17
Others	-	5,335.41
Total Deferred Tax Assets	51,706.60	51,706.60

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 8: Other Non-Current Assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Advances	-	2.86
Prepaid Rent	2.52	18.58
Balance with Statutory/Government Authorities	0.46	0.46
Total Other Non-current Assets	2.98	21.90

Note 9: Inventories

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	526.61	2,404.14
Bought out Components	-	4,910.51
Loose Tools	0.25	0.25
Total Inventories	526.86	7,314.90

Note 10(a): Current Tax Assets (net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax (net of provisions Rs. 390.84 Lakhs , Previous Year Rs. 390.84 Lakhs)	6,223.45	5,564.84
Total Current Tax Assets (net)	6,223.45	5,564.84

Note 10(b): Other Current Assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance to Suppliers & Others*	25,378.42	23,085.40
Advance to Subsidiaries	2,614.53	1,935.28
Balance with Statutory/Government Authorities {Refer Note 29(d)}	16,751.45	15,472.26
Prepaid Expenses	1,004.22	1,031.36
Total Other Current Assets	45,748.62	41,524.29

*net of amounts written off Rs. 5,022.07 Lakhs (Previous Year Rs. Nil)

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

NOTE 11: EQUITY SHARE CAPITAL AND OTHER EQUITY

11(A) EQUITY SHARE CAPITAL

Particulars	Equity Shares		Compulsorily Convertible Preference	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
As at 31st March, 2018	240,000,000	24,000.00	140,000,000	14,000.00
As at 31st March, 2019	240,000,000	24,000.00	140,000,000	14,000.00
As at 31st March, 2020	240,000,000	24,000.00	140,000,000	14,000.00
Issued, Subscribed and Paid up:				
(i) Movements in Share Capital				
As at 31st March, 2018	158,044,606	15,804.46	53,526,151	5,352.62
CCPS converted into Equity Shares	14,107,151	1,410.72	(14,107,151)	(1,410.72)
As at 31st March, 2019	172,151,757	17,215.18	39,419,000	3,941.90
CCPS converted into Equity Shares	39,419,000	3,941.90	(39,419,000)	(3,941.90)
As at 31st March, 2020	211,570,757	21,157.08	-	-

i) Terms and Rights attached to Equity Shares:

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

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

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

Each CCPS is compulsorily convertible into one Equity Share at any time within 18 months from the date of allotment.

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

The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid. Each CCPS would carry a dividend of 1% which would be non cumulative.

(ii) Shares of the company held by Holding/Ultimate Holding Company

The Company does not have a Holding Company.

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

Name of the Shareholder	31st March, 2020		31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co. Limited	31,618,952	14.94	27,618,952	16.04
Williamson Financial Services Limited	20,702,515	9.79	16,702,515	9.70
Babcock Borsig Limited	13,664,636	6.46	12,664,636	7.36
Sahal Business Private Limited	17,447,637	8.25	17,447,637	10.13
IL&FS Financial Services Limited	16,129,000	7.62	-	-
Aditya Birla Finance Limited	11,290,000	5.34	-	-
EMC Limited	10,137,689	4.79	10,137,689	5.89
Merlin Securities Private Limited	-	-	8,800,000	5.11

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

Name of the Shareholder	31st March, 2020		31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co. Limited	-	-	4,000,000	10.15
Williamson Financial Services Limited	-	-	4,000,000	10.15
Babcock Borsig Limited	-	-	4,000,000	10.15
Aditya Birla Finance Limited	-	-	11,290,000	28.64
IL&FS Financial Services Limited	-	-	16,129,000	40.91

a) On 24th September, 2019, the Company issued 1,20,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 52/- per share to three Promoter Companies and a public category company pursuant to the conversion 1,20,00,000 Compulsorily Convertible Preference Shares (CCPS) allotted on 31st March, 2018.

b) On 27th September, 2019, the Company issued 2,74,19,000 Equity Shares of Rs. 10/- each at a premium of Rs. 52/- per share to two public category companies pursuant to the conversion of 2,74,19,000 Compulsorily Convertible Preference Shares (CCPS) allotted on 29th March, 2018.

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

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 11(b) Other Equity

Particulars	31st March, 2020	31st March, 2019
Securities Premium	112,869.05	113,299.99
Capital Redemption Reserve	101.00	1.00
General Reserve	1,549.64	1,549.64
Retained Earnings	(208,463.12)	(170,384.11)
Other Reserves	86,370.90	87,482.00
Total Other Equity	(7,572.53)	31,948.52

(i) Securities Premium

Particulars	31st March, 2020	31st March, 2019
As per last Financial Statement	113,299.99	114,123.32
Transfer to Financial Liabilities	(430.94)	(823.33)
Closing balance	112,869.05	113,299.99

Nature and purpose:

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

(ii) Capital Redemption Reserve

Particulars	31st March, 2020	31st March, 2019
As per last Financial Statement	1.00	1.00
Forfeiture of Share Warrants (To the extent of Face Value)	100.00	-
Closing balance	101.00	1.00

Nature and purpose:

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

(iii) General Reserve

Particulars	31st March, 2020	31st March, 2019
As per last Financial Statement	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	31st March, 2020	31st March, 2019
As per last Financial Statement	(170,384.11)	(123,466.66)
Net Profit/(Loss) for the year	(38,087.95)	(46,599.86)
Items of OCI directly transferred to retained earnings	8.94	(105.32)
Transition impact for first time adoption of IND AS 115	-	(212.27)
Closing balance	(208,463.12)	(170,384.11)

Nature and purpose:

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

(v) Other Reserves

Particulars	31st March, 2020	31st March, 2019
As per last Financial Statement	87,482.00	-
Fair value gain on Financial Liabilities (refer note 41)	-	87,482.00
Reversal of Fair value gain on Financial Liabilities (refer note 41)	(1,111.10)	-
Closing balance	86,370.90	87,482.00

Nature and purpose:

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 12: Financial Liabilities

12(a) Non-current Borrowings

Particulars	Coupon/ Interest rate*	As at 31st March, 2020	As at 31st March, 2019
Secured			
Term Loans			
Foreign Currency Loan - From banks (refer note B below)	6 month LIBOR + 4.15%	499.66	651.67
From others			
9,75,000, 11.50% Non-Convertible Redeemable Cumulative Preference Shares	11.50%	5,451.43	5,020.49
Unsecured			
Inter-Corporate Borrowings (refer note 42 & C below)	0%	12,222.06	11,110.96
Total Non-current Borrowings		18,173.15	16,783.12
Less: Current maturities of Non-current Borrowings (included in note 12(c))		499.66	609.26
Less: Liability for Redeemable Preference Shares (included in note 12(c))		5,451.43	5,020.49
Less: Interest accrued (included in note 12(c))		-	42.41
Non-current Borrowings		12,222.06	11,110.96

A. 11.50% Non-Convertible Redeemable Cumulative Preference Shares

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

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

B. External Commercial Borrowing from ICICI Bank Limited

(ii) Terms of repayment:

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

(iii) Security details

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

Details of loan	Nature of Security
External Commercial Borrowings from ICICI Bank Limited	First Charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility.

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

C. Inter-Corporate Borrowings

The amount of interest expense not provided in the books of account on the above Inter-Corporate Borrowings for the financial year ended 31st March, 2019 was Rs. 9,216.88 Lakhs. The same still remains unprovided. (Also refer to Note 42 to the Standalone Financial Statements)

Details of default during the year in respect of Non-current Borrowings are as under:

Name of the Shareholder/Lender	Amount of Default	Remarks
Various Preference Shareholders	5,899.93	Amount of default persisting as on the date of approval of these Standalone Financial Statements
ICICI Bank (Secured Long term borrowing (ECB))	499.66	
ICICI Bank (Secured Long term borrowing (ECB))	149.84	Amount of default remediated during the year

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

12(b) Current Borrowings

Particulars	Interest rate*	As at 31st March, 2020	As at 31st March, 2019
Loans repayable on demand			
Secured			
From Banks	12.05% to 18.75%	180,782.59	163,325.79
Cash Credit	12.5% to 13.50%	16,090.20	17,986.84
Working Capital Demand Loans			
Unsecured			
From Others			
Inter Corporate Borrowings	15% to 18%	1,590.00	2,704.07
Total Current Borrowings		198,462.79	184,016.70
Less: Interest accrued (included in note 12(c))		-	1,361.97
Current Borrowings		198,462.79	182,654.73

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

(i) Details of loans	Nature of Security
Cash credit facility from consortium of banks and Working capital demand loans from banks	A first pari passu charge by way of hypothecation of the current assets viz., stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills Receivables including Receivables from hire purchase/leasing, book debts and other movable assets, both present and future. A first pari passu charge in favour of the said Banks by way of third party charge on the movable and fixed assets of the Kumardhubi Division owned by McNally Sayaji Engineering Company Limited, (a Subsidiary Company). A Corporate Guarantee from McNally Sayaji Engineering Company Limited in favour of the BOI Consortium equivalent to the value of the property mortgaged by McNally Bharat Engineering Company Limited. Charge on fixed assets on subservient basis except ICICI to the extent of term loan. The Working Capital Demand Loans have been guaranteed by one of the directors to the tune of Rs. 10,000 Lakhs. Equity Shares of MBE Coal & Mineral Technologies India Private Limited held by the subsidiary Company, McNally Sayaji Engineering Limited are pledged for Working Capital Demand Loans.

(ii) Details of default are as follow:

Name of the lender	Amount of Default	Remarks
	Principle	
Allahabad Bank - Cash Credit	8,726.23	Amount of default persisting as on the date of approval of these Standalone Financial Statements
Axis Bank Limited - Cash Credit	21,298.28	
Bank of Baroda - Cash Credit	4,273.96	
Bank of India - Cash Credit	40,018.31	
Canara Bank - Cash Credit	2,438.11	
DCB Bank- Cash Credit	301.30	
ICICI Bank - Cash Credit	16,041.48	
IDBI Bank - Cash Credit	17,794.59	
Karur Vysya Bank - Cash Credit	8,829.38	
Lakshmi Vilas Bank - Cash Credit	99.75	
Oriental Bank of Commerce Bank - Cash Credit	1,089.74	
Punjab National Bank - Cash Credit	15,303.79	
Standard Chartered Bank- Cash Credit	2,652.19	
State Bank Of India - Cash Credit	25,531.53	
UCO Bank - Cash Credit	1,369.39	
Union Bank - Cash Credit	14,920.65	
United Bank of India - Cash Credit	93.91	
Cash Credit Total Default	180,782.59	
Axis Bank Limited - Working Capital Demand Loan	12,660.40	
Standard Chartered Bank- Working Capital Demand Loan	3,429.80	
Working Capital Demand Loan Total Default	16,090.20	
Inter-Corporate Borrowings Total Default	1,590.00	

*The amount of interest expense not provided on Current Bank Borrowings and Inter-Corporate Borrowings for the year ended 31st March, 2020 is Rs. 28,946.90 Lakhs and Rs. 1059.48 Lakhs respectively.

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

12(c) Other Financial Liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non-current		
Lease Liability	2,198.46	438.71
Total Other Non-current Financial Liabilities	2,198.46	438.71
Current		
Current maturities of Non-current Borrowings	499.66	609.26
Liability for Redeemable Preference Shares{Refer Note 29(c)}	5,451.43	5,020.49
Interest accrued on borrowings and others	5,356.84	6,965.25
Capital Creditors	-	14.61
Employee Benefits payable	1,564.84	1,370.91
Security Deposits	90.29	90.29
Dividend Accrued on Redeemable Preference Shares	448.50	336.37
Unpaid Dividends*	9.50	9.50
Overdrawn Current Accounts	-	46.92
Others	334.54	325.38
Total Other Current Financial Liabilities	13,755.62	14,789.01

*under reconciliation

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

12(d) Trade Payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payables due to micro, small and medium enterprises	106.07	507.38
Trade payables other than micro, small and medium enterprises	22,527.17	36,361.71
Acceptances	-	9,928.98
Total Trade payables	22,633.24	46,798.07

Note 13: Provisions

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-current	Current	Non-current
Employee Benefits				
- Leave obligations	-	-	99.46	375.45
- Gratuity	3.19	37.93	(1.64)	(9.11)
- Others	17.29	185.14	21.22	209.00
Decommissioning obligations	103.86	-	103.90	-
Total Provisions	124.34	223.07	222.94	575.34

(i) Movements in provisions

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

Particulars	Decommissioning obligations
As at 1st April, 2018	103.90
Charged/(credited) to Statement of Profit and Loss	
- unwinding of discount	-
As at 1st April, 2019	103.90
Charged/(credited) to Statement of Profit and Loss	
- unwinding of discount	(0.04)
As at 31st March, 2020	103.86

(ii) Leave Obligations

During the Financial Year 2019-20, the Company has decided to abolish the leave encashment facility as a measure to curtail company's financial expenses / liabilities on account of payments towards leave encashment. Hence, an amount of provision of Rs 474.91 lakhs has been netted off with Employee Benefits Expense. Further, the Company has not provided for liability on account of leave encashment for the financial year ended 31st March, 2020.

Note 13: Provisions (Contd.)

(iii) Gratuity

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

Particulars	Present value of obligation	Fair Value of Plan Assets	Net Amount
1st April, 2018	530.19	590.11	(59.92)
Current service cost	58.36	-	58.36
Interest expense/(income)	32.94	45.44	(12.50)
Total amount recognised in Statement of Profit and Loss	91.30	45.44	45.86
Remeasurements			
- Return on plan assets	-	(9.97)	9.97
- Due to financial assumptions	6.48	-	6.48
- Due to experience adjustments	66.96	-	66.96
Total amount recognised in Other Comprehensive Income	73.43	(9.97)	83.40
Employer contributions	-	80.10	(80.10)
Benefit payments	(204.79)	(204.79)	-
31st March, 2019	490.13	500.88	(10.75)

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

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

The net liability disclosed above relates to funded plan.

The significant actuarial assumptions used are as follow:

Particulars	31st March, 2020	31st March, 2019
Discount rate	7.00%	7.70%
Salary escalation	4.00%	4.00%
Expected return on plan assets	7.70%	7.70%
Withdrawal rate	1.00-8.00%	1.00-8.00%

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

Assumption	Increase/ (decrease)	Assumption Rate	Amount of increase/(decrease) in defined benefit obligations as at March 31, 2020
Discount rate	Increase by	1%	(27.25)
Discount rate	Decrease by	1%	31.58
Salary escalation	Increase by	1%	33.20
Salary escalation	Decrease by	1%	(29.59)
Withdrawal rate	Increase by	1%	5.50
Withdrawal rate	Decrease by	1%	(6.20)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

The maturity profile of gratuity liability is as follows:

Year	As at March 31, 2020	As at March 31, 2019
2019-20	NA	74.63
2020-21	30.56	79.21
2021-22	21.45	61.08
2022-23	44.45	52.09
2023-24	34.16	43.76
2024-25	51.03	55.39
Thereafter	565.52	183.90

The weighted average duration of the defined benefit obligation is 5.82 years (March 31, 2019 - 5.02 years). The expected contribution to the fund during the financial year 2020-21 would be Rs. 64.36 Lakhs

(iv) Provident fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most of the 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, 2020 and March 31, 2019.

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	31st March, 2020	31st March, 2019
Discount rate	7.70%	7.70%
Guaranteed interest rate	8.50%	8.65%
Expected average remaining Working life (in years)	11.72	11.26

The Company contributed Rs. 258.90 lacs And Rs. 324.47 lacs during the year ended 31st March, 2020 and 31st March 31, 2019, respectively, and the same has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expenses.

Risks arising from Defined Benefit Obligations

The defined benefit obligation plans typically expose the Company to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

Note 14: Other Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Advance from Customers	18,405.51	20,696.48
Statutory Tax payables	445.26	436.10
Due to Customers (refer note 32)	8,280.32	11,619.93
Dividend Distribution Tax on Preference Dividend	91.76	68.71
Benevolent Fund	112.99	106.42
Total	27,335.84	32,927.64
Current	27,335.84	32,927.64

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 15: Revenue from Operations

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Contract Revenue & Sale of Equipments	56,467.42	151,585.20
Other Operating Revenue	292.65	251.48
Total Revenue from Operations	56,760.07	151,836.68

Note 16: Other Income

(a) Other Income

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest Income	599.00	843.87
Interest Income on Debenture	-	103.18
Interest Income from Financial Assets measured at Amortised Cost	2,296.50	1,437.83
Dividend income from investments mandatorily measured at fair value through Profit or Loss	-	0.22
Interest Income on Fair Valuation of Revenue(Net)	-	6,142.89
Expected Credit Loss on Trade Receivables and Due from Customers Written back	-	5,729.12
Corporate Guarantee Commission	147.35	147.35
Liabilities no longer required written back	1,261.42	-
Lease Provision written back	770.67	-
Miscellaneous Income	77.03	49.68
Total Other Income	5,151.98	14,454.14

(b) Other Gains/(Losses)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Net Gain/(Loss) on sale of Investments	-	10,188.06
Fair value (losses)/gains on derivatives not designated as hedges	-	(35.50)
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	(3.74)	(33.17)
Total Other Gains/(Losses)	(3.74)	10,119.39
Total Other Income and Other Gain/ (Losses)	5,148.24	24,573.54

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 17: Cost of Materials Consumed

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Raw Materials at the beginning of the year	2,404.14	3,553.49
Add: Purchases	5,972.66	12,304.06
Less: Raw Materials at the end of the year	(526.61)	(2,404.14)
Total Cost of Raw Materials Consumed	7,850.18	13,453.42
Add: Consumption of bought out components	13,620.99	97,107.46
Total Cost of Materials Consumed	21,471.18	110,560.88

Note 18: Employee Benefits Expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries, Wages and Bonus	6,138.70	8,263.91
Contribution to Provident and other Funds (Refer note 13)	312.84	370.33
Workmen and Staff Welfare Expenses	679.75	1,022.96
Total Employee Benefits Expense	7,131.29	9,657.21

Note 19: Finance Costs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest and Finance Charges on Financial Liabilities not at fair value through Profit or Loss	209.02	35,146.41
Interest Expense on Fair Valuation of Revenue(Net)	2,519.55	-
Discounting on fair valuation of Financial Instruments on Amortised Cost	4,644.27	1,410.29
Unwinding of discount on provisions	621.80	35.35
Proposed Dividend on Preference Shares	112.12	112.12
Total	8,106.77	36,704.17

Note 20: Depreciation and Amortisation expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation on Property, Plant and Equipment	855.38	1,055.35
Depreciation on Right to Use Assets	148.28	-
Amortisation on Intangible Assets	1.68	3.22
Total Depreciation and Amortisation Expense	1,005.34	1,058.57

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 21: Other Expenses

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Power & Fuel	794.38	1,053.64
Rent	493.49	1,013.90
Repairs and Maintenance	293.47	484.96
Insurance	224.14	402.88
Rates & Taxes	296.70	94.39
Cartage & Freight	1,048.87	2,208.64
Bank Charges	2,955.99	4,101.22
Commission & Brokerage	325.72	213.83
Legal & Professional Services	2,322.37	3,193.42
Travelling	765.48	1,194.07
Advance to Suppliers Written Off	5,022.07	-
Provision for Bad & Doubtful Debts	18,102.08	5,403.11
Provision for Expected Credit Loss on Trade Receivables and due from customers	3,497.70	-
Provision for Doubtful Debts against expenses recoverable	2,805.57	-
Provision for Future Foreseeable Losses in Construction Contracts	1,993.30	273.62
Provision for Doubtful Advances	-	67.06
Provision for Impairment in value of Investments	-	2,703.06
Payment to Auditors (Refer note below)	57.24	79.15
Director's Fees	7.60	10.80
Net Foreign Exchange Loss	293.78	396.03
Miscellaneous Expenses	796.74	935.41
Total Other Expenses	42,096.69	23,829.18

Note 21(a): Details of Payments to Auditors

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Payment to Auditors		
- As Auditors	47.80	64.30
-For Other Services	7.40	10.03
-Reimbursement of Expenses	2.04	4.82
Total Payments to Auditors	57.24	79.15

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 22: Income Tax Expense

(a) Income Tax Expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current tax on profits/(losses) for the year	-	-
Excess provision of earlier years written back	-	-
Total Current Tax Expense	-	-
<i>Deferred tax</i>		
Decrease/ (increase) in Deferred Tax Assets	-	-
(Decrease)/ increase in Deferred Tax Liabilities	-	-
Total Deferred Tax Expense/(Credit)	-	-
Total	-	-

The effective tax rate and the applicable tax rates for recognition of deferred tax income is same. The applicable tax rate is based on the enacted tax rates.

(b) Unused tax losses for which no Deferred Tax Assets has been recognised in the Balance Sheet as on 31st March, 2020 taking a conservative approach

Particulars	Amount (In Rs. Lacs)
Business Losses allowed under the provisions of Income Tax Act, 1961	31,878.82
Deduction of Provisions allowed under the provisions of Income Tax Act, 1961 on actual basis	14,530.13
Total	46,408.95

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 23: Capital Management

Capital Management

The Company strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future developments and growth of its business. For the purpose of company's capital management, capital includes issued capital and all other equity reserves. The Company manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants. However, in view of certain adverse factors and challenges faced by the Company over past few years as explained in Note 40 to the Standalone Financial Statements, networth of the Company has been adversely impacted. The Board of Directors expects that overall financial health of the Company would improve after proposed debt restructuring and availability of the working capital.

Loan Covenants

Under the terms of the major borrowing facilities, the Company is required to comply with various financial covenants. The Company has been under financial stress due to external factors of the Company. EBITDA margins of the Company have not been sufficient to service interest/principal repayment even after infusion of funds by the promoters from time to time during the earlier years. The Company has not been able to comply with some of the covenants during the current as well as the previous years. The Company has persisting default in repayment of entire loans or borrowings to Banks as on 31st March, 2020 as disclosed in Note 12(a) and 12(b) to the Standalone Financial Statements.

Note 24: Risk Management

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

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

(A) Credit Risk

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

(i) Credit Risk Management

The Company assigns the following credit ratings to each class of financial assets based on assumptions, inputs and factors specific to the class of financial assets. VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model. Financial Assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the 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 31st March, 2020

(a) Expected Credit Loss for Loans, Investments, Expenses Recoverables and Other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected Credit Losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month Expected Credit Losses	Financial Assets for which credit risk has not increased significantly since initial recognition	Loans	VL3	1,442.01	-	-	1,442.01
		Expenses Recoverable	VL3	23,386.52	-	2,805.57	20,580.95
		Security deposits and advance to employees	VL2	299.41	-	-	299.41
Loss allowance measured at life-time Expected Credit Losses	Financial Assets for which credit risk has increased significantly and credit-impaired	Loans	VL6	1,425.12	100%	1,425.12	-

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

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

Particulars	Internal credit rating	Due from customer	Trade Receivables
Gross Carrying Amount	VL3	-	167,217.05
Expected Credit Losses (Loss allowance provision)		-	28,684.97
Carrying amount (net of Impairment)		-	138,532.08

During the year, the Company has made provision for bad and doubtful debts for trade receivables wherein it does not expect to receive future cash flows Rs. 19,804.68 Lakhs

Year ended 31st March, 2019

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(a) Expected Credit Loss for Loans, Investments, Expenses Recoverables and Other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month Expected Credit Losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	1,487.40	-	-	1,487.40
		Claims Recoverable	VL1	14,461.21	-	-	14,461.21
		Security deposits and advance to employees	VL1	326.71	-	-	326.71
Loss allowance measured at life-time Expected Credit Losses	Financial assets for which credit risk has increased significantly and credit-impaired	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	VL3	20,209.43	176,585.71
Expected Credit Losses (Loss Allowance Provision)		687.10	8,880.29
Carrying Amount (net of Impairment)		19,522.33	167,705.42

During the year ended 31st March, 2019, the Company has made provision for bad and doubtful debts for trade receivables wherein it does not expect to receive future cash flows Rs. 5,403.11 Lakhs.

(iii) Reconciliation of Loss Allowance Provisions - loans

Reconciliation of Loss Allowance	Loss Allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss Allowance as at 31st March, 2019	-	-	1,425.12
Add (Less): Changes in Loss Allowances	-	-	-
Loss Allowance as at 31st March, 2020	-	-	1,425.12

(iv) Reconciliation of Loss Allowance Provision - Trade Receivables & due from Customers (under simplified approach)

Particulars	Trade Receivables	Due from customers	Total loss allowance
Loss Allowance as on 31st March, 2018	4,140.10	5,753.30	9,893.40
Changes in Loss Allowance	4,740.19	(5,066.20)	(326.01)
Loss Allowance as on 31st March, 2019	8,880.29	687.10	9,567.39
Changes in Loss Allowance	19,804.68	(687.10)	19,117.58
Loss Allowance as on 31st March, 2020	28,684.97	-	28,684.97

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Contractual maturities of Financial Liabilities (31st March, 2020)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings*	204,413.88	-	12,222.06	216,635.94
Interest Accrued	5,356.84	-	-	5,356.84
Trade Payables	22,633.24	-	-	22,633.24
Employee Benefits payable	1,564.84	-	-	1,564.84
Lease Liability	-	-	2,198.46	2,198.46
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	448.50	-	-	448.50
Unpaid Dividends	9.50	-	-	9.50
Others	334.54	-	-	334.54
Total Non Derivative Financial Liabilities	234,851.64	-	14,420.52	249,272.16

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

Contractual maturities of Financial Liabilities (31st March, 2019)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings	1,88,284.48	-	11,110.96	1,99,395.44
Interest Accrued	6,965.25	-	-	6,965.25
Trade Payables	46,798.07	-	-	46,798.07
Capital Creditors	14.61	-	-	14.61
Employee Benefits payable	1,370.91	-	-	1,370.91
Lease Liability	-	-	438.71	438.71
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	336.37	-	-	336.37
Unpaid Dividends	9.50	-	-	9.50
Overdrawn current accounts	46.92	-	-	46.92
Others	325.38	-	-	325.38
Total Non Derivative Financial Liabilities	244,241.81	-	11,549.67	255,791.47

*excludes the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 87,482.00 Lakhs

(C) Market Risk

(I) Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Rupees). The risk is measured through the expected foreign currency cash flows based on the Company's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than "Rupees". The objective of the hedging is to minimize the volatility of the cash flows of such recognised assets and liabilities.

(a) Foreign Currency Risk Exposure:

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

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	USD	EUR	ZAR	USD	EUR	ZAR
Financial Assets						
Trade Receivables	-	422.60	-	-	393.60	-
Net Exposure to Foreign Currency Risk (Assets)	-	422.60	-	-	393.60	-
Financial Liabilities						
Foreign Currency Loan	499.66	-	-	651.67	-	-
Trade Payables	72.91	227.59	3.34	67.05	213.72	3.90
Advance from Customers	-	2,100.99	-	-	-	-
Payable to Subsidiaries	-	-	-	1.98	-	-
Net Exposure to Foreign Currency Risk (Liabilities)	572.57	2,328.58	3.34	720.70	213.72	3.90

At the end of the reporting period the total notional amount of outstanding foreign currency forward contracts that the Company has committed to is NIL lakhs (31st March, 2019 USD NIL Lakhs).

Sensitivity:

Particulars	Increase/(Decrease) in profit before tax	
	March 31, 2020	March 31, 2019
USD sensitivity		
INR/USD -Increase by 5% (31 March 2020-5%)*	28.63	(33.82)
INR/USD -Decrease by 5% (31 March 2020-5%)*	(28.63)	33.82
EUR sensitivity		
INR/EUR-Increase by 5% (31 March 2020-5%)*	(95.30)	8.99
INR/EUR-Decrease by 5% (31 March 2020-5%)*	95.30	(8.99)
ZAR sensitivity		
INR/ZAR-Increase by 5% (31 March 2020-5%)*	(0.17)	(0.19)
INR/ZAR-Increase by 5% (31 March 2020-5%)*	0.17	0.19

* Holding all other variables constant

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from Non-current & Current Borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During the year ended March 31, 2020 and March 31, 2019, the Company's borrowings at variable rate were mainly denominated in INR. The Company's Borrowings are carried at amortised cost. The fixed rate borrowings are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at end of reporting period are as follow:

Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at end of reporting period are as follow:

Particulars	31st March, 2020	31st March, 2019
Variable Rate Borrowings	197,372.45	181,538.99
Fixed Rate Borrowings*	19,263.49	17,856.45
Total borrowings	216,635.94	199,395.44

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

* Including interest free ICDs of Rs. 12,222.06 (31st March, 2019 Rs. 11,110.96 lakhs) arising due to conversion of amount received from certain companies into long term borrowings.

*Excluding the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 86,370.90 Lakhs (31st March, 2019, Rs. 87,482 Lakhs)

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Sensitivity	Particulars	Increase/(Decrease) in profit before tax	
		31st March, 2020	31st March, 2019
	Interest rates increase by 50 basis points (50 bps) *	(3.54)	(81.19)
	Interest rates decrease by 50 basis points (50 bps) *	3.54	81.19

* Holding all other variables constant

However, the Company has not recognised interest expense during the financial year ended 31st March, 2020. (Refer Note 43)

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 25: Fair Value Measurements

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2020 and 31st March, 2019.

Particulars	31st March, 2020			31st March, 2019		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
- Equity Instruments*	5.75	-	-	30.45	-	-
- Mutual Funds	87.13	-	-	66.17	-	-
Trade Receivables	-	-	138,532.08	-	-	167,705.42
Loans	-	-	1,442.01	-	-	1,487.40
Cash and Cash Equivalents	-	-	1,661.15	-	-	3,591.97
Other Bank balances	-	-	107.95	-	-	4,355.77
Advance to employees	-	-	56.53	-	-	70.14
Security Deposits	-	-	242.88	-	-	256.57
Due from Customers	-	-	-	-	-	19,522.33
Deposits with Bank	-	-	11.25	-	-	2,490.09
Expenses Recoverable	-	-	20,580.95	-	-	14,461.21
Total Financial Assets	92.88	-	162,634.80	96.62	-	213,940.90
Financial Liabilities						
Borrowings**	-	-	216,635.94	-	-	199,395.44
Interest Accrued	-	-	5,356.84	-	-	6,965.25
Trade Payables	-	-	22,633.24	-	-	46,798.07
Overdrawn Current account	-	-	-	-	-	46.92
Capital Creditors	-	-	-	-	-	14.61
Employee Benefits payable	-	-	1,564.84	-	-	1,370.91
Lease Liability	-	-	2,198.46	-	-	438.71
Security Deposits	-	-	90.29	-	-	90.29
Dividend Accrued on Preference Shares	-	-	448.50	-	-	336.37
Unpaid dividends	-	-	9.50	-	-	9.50
Others	-	-	334.54	-	-	325.38
Total Financial Liabilities	-	-	249,272.16	-	-	255,791.48

*excludes the amount of carrying value in subsidiaries at cost less impairment, Rs. 20,641.55 Lakhs (31st March, 2019 : Rs. 20,641.55 Lakhs)

**excludes the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 86,370.90 Lakhs (31st March, 2019: Rs. 87,482 Lakhs)

(Fair Value Hierarchy

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

Financial Assets and Liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 31st March, 2020				
Financial Assets				
<i>Financial Instruments at FVPL</i>				
Listed Equity Investments	5.75	-	-	5.75
Mutual Funds	-	87.13	-	87.13
Total Financial Assets	5.75	87.13	-	92.88
Financial Liabilities				
<i>Derivatives not designated as hedges</i>				
Foreign exchange forward contract	-	-	-	-
Total Financial Liabilities	-	-	-	-

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

Financial Assets and Liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 31st March, 2019				
Financial Assets				
<i>Financial Instruments at FVTPL</i>				
Listed Equity Investments	30.45	-	-	30.45
Mutual Funds	-	66.17	-	66.17
Total Financial Assets	30.45	66.17	-	96.62

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

(ii) Valuation technique used to determine Fair Value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(iii) Fair value of the Financial Assets and Liabilities measured at Amortised Cost

Particulars	31st March, 2020		31st March, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Security Deposits	242.88	242.88	256.57	256.57
Due from Customers	-	-	19,522.33	19,522.33
Trade Receivables	138,532.08	138,532.08	167,705.42	167,705.42
Expenses Recoverable	20,580.95	20,580.95	14,461.21	14,461.21
Loans	1,442.01	1,442.01	1,487.40	1,487.40
Cash and Cash Equivalents	1,661.15	1,661.15	3,591.97	3,591.97
Other Bank balances	107.95	107.95	4,355.77	4,355.77
Advance to Employees	56.53	56.53	70.14	70.14
Deposits with Bank	11.25	11.25	2,490.09	2,490.09
Total Financial Assets	162,634.80	162,634.80	213,940.90	213,940.90
Financial Liabilities				
Borrowings	216,635.94	216,635.94	199,395.44	199,395.44
Interest Accrued	5,356.84	5,356.84	2,491.70	6,965.25
Trade Payables	22,633.24	22,633.24	51,271.62	46,798.07
Overdrawn Current account	-	-	46.92	46.92
Capital Creditors	-	-	14.61	14.61
Employee Benefits payable	1,564.84	1,564.84	1,370.91	1,370.91
Lease Liability	2,198.46	2,198.46	438.71	438.71
Security Deposits	90.29	90.29	90.29	90.29
Dividend Accrued on Preference Shares	448.50	448.50	336.37	336.37
Unpaid Dividends	9.50	9.50	9.50	9.50
Others	334.54	334.54	325.38	325.38
Total Financial Liabilities	249,272.16	249,272.16	255,791.48	255,791.48

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

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Note 26: Related Party Disclosures

As required by Ind AS 24, Related Party Disclosures are given below:

(a) Subsidiaries

- (I) McNally Sayaji Engineering Limited (MSEL)
- (ii) McNally Bharat Equipments Limited (MBEL)
- (iii) MBE Mineral Technologies Pte Limited
- (iv) MBE Minerals Zambia Limited
- (v) McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. June 30, 2017)

(b) Joint Venture

- (I) EMC MBE Contracting Company LLC

(c) Subsidiary of McNally Sayaji Engineering Limited

- (I) MBE Coal & Minerals Technology India Private Limited

(d) Post employment benefit plan of the Company

- (I) McNally Bharat Executive Staff Gratuity Fund
- (ii) McNally Bharat Employees Provident Fund

(f) Key Managerial Personnel

- (i) Mr. Aditya Khaitan - Chairman
- (ii) Mr. Srinivash Singh - Managing Director
- (iii) Mr. Manoj Kumar Digga - Chief Financial Officer
- (iv) Mr. Indranil Mitra - Company Secretary (resigned w.e.f. 10th July, 2019)
- (v) Mr. Rahul Banerjee - Company Secretary (appointed w.e.f. 14th August, 2019)
- (v) Ms. Arundhati Dhar - Independent Director
- (vi) Mr. A.K Barman - Independent Director
- (vii) Mr. V.K. Verma - Independent Director (resigned w.e.f 23rd April, 2019)
- (viii) Mr. Nilotpal Roy - Independent Director (appointed w.e.f 14th February, 2020)
- (ix) Ms. Kasturi Roychoudhury - Independent Director (appointed w.e.f 14th February, 2020)

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

Description	MBE Coal & Mineral Technology India Private Limited	MBE Mineral Technologies Pte Limited	EMC MBE Contracting Co LLC	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	McNally Bharat Engg. (S.A.) Proprietary Limited
Purchase of Materials and components	487.32 (367.26)	- -	- -	510.99 (2,276.76)	- -	- -	- -
Rendering of services	277.22 (213.87)	- -	- -	- -	- -	- -	- -
Reimbursement of Expenses Paid	5.00 -	- -	- -	- -	- -	- -	- -
Reimbursement of Expenses Received	0.36 (1.60)	- -	- -	- -	- -	- -	- -
Rent paid	- -	- -	- -	48.00 (48.00)	- -	- -	- -
Guarantee Charges received	- (3.18)	- -	- -	- -	- -	- -	- -
Provision for impairment in value of investments	- -	- (2,550.74)	- (152.31)	- -	- -	- -	- -
Impairment in value of advances	- -	- -	- (67.06)	- -	- -	- -	- -
Rental income earned	- -	- -	- -	- (18.00)	- -	- -	- -

Note 26: Related Party Disclosures(Contd.)

Balances Outstanding as at 31st March

Description	MBE Coal & Mineral Technology India Pvt.Ltd	MBE Mineral Technologies Pte Ltd.	EMC MBE Contracting Co LLC	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	McNally Bharat Engg. (S.A.) Proprietary Ltd.
Investment at the year end	- -	2,550.74 (2,550.74)	152.31 (152.31)	17,923.73 (17,923.73)	9.94 (9.94)	4.69 (4.69)	0.13 (0.13)
Provision for impairment in value of investments	- -	2,550.74 (2,550.74)	(152.31) (152.31)	- -	- -	4.69 (4.69)	0.13 (0.13)
Guarantees received	- -	- -	- -	(5,950.00) (5,950.00)	- -	- -	- -
Guarantees given	2,850.00 (2,850.00)	- -	- -	5,000.00 (5,000.00)	- -	- -	- -
Outstanding payables	247.64 (110.56)	- (1.98)	- -	- -	- -	- -	3.90 (3.90)
Outstanding Receivables/Loans	445.32 (416.06)	- -	67.06 (67.06)	2,613.48 (2,525.67)	50.21 (71.49)	1,385.04 (1,385.04)	40.08 (40.08)
Allowance for doubtful receivables	- -	- -	(67.06) (67.06)	- -	- -	1,385.04 (1,385.04)	40.08 (40.08)

Brackets indicate figures for previous year

Transactions with Key Managerial Personnel	2019-20			2018-19		
	Remuneration	Sitting fees	Outstanding Balance payable as at year end	Remuneration	Sitting fees	Outstanding Balance payable as at year end
Mr. Srinivash Singh	220.13	-	23.60	220.09	-	11.29
Mr. Manoj Kumar Digga	155.00	-	15.36	109.48	-	9.29
Mr. Indranil Mitra	8.48	-	-	28.00	-	1.59
Mr. Rahul Banerjee	7.79	-	1.82	-	-	-
Mr. Aditya Khaitan	-	1.20	-	-	1.20	-
Mr. V.K. Verma	-	-	-	-	1.60	-
Ms. Arundhati Dhar	-	3.20	-	-	3.60	-
Mr. A.K Barman	-	3.20	-	-	3.00	-
Mr. P.S. Bhattacharya	-	-	-	-	1.00	-

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

	2019-20		2018-19	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Remuneration includes				
Mr. Srinivash Singh	220.13	-	220.09	-
Mr. Manoj Kumar Digga	147.90	7.10	104.61	4.87
Mr. Rahul Banerjee	7.44	0.35	-	-
Mr. Indranil Mitra	8.48	0.35	26.79	1.21

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	2019-20	2018-19
McNally Bharat Executive Staff Gratuity Fund	61.20	80.09
McNally Bharat Employees Provident Fund	258.90	324.47

Note 27: Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liability is as follow:

Particulars	31st March, 2020	31st March, 2019
Property, Plant and Equipment	-	11.57

Note 28: Lease

The Company has adopted Ind AS 116 "Leases", effective annual reporting period beginning 1st April, 2019 and adopted the Standard using modified retrospective transition method where at the date of initial application, the lease liability is measured at the present value of remaining lease payments and right to use asset has been recognised at an amount equal to the lease liability. Accordingly, the comparative information for periods relating to earlier years has not been restated. As on 31st March, 2020, there is a Right of Use Asset and Lease Obligations amounting to Rs. 1,989.36 Lakhs and Rs. 2,198.46 Lakhs respectively.

The Company has also leasing arrangements in respect of operating leases for premises (guest house, offices etc.). These leasing arrangements which are cancellable in nature are renewable by mutual consent and agreement. The aggregate of such lease rentals on account of short-term leases and low-value assets amounting to Rs. 493.49 Lacs are charged as rent to the Standalone Statement of Profit and Loss.

Note 29: Contingent Liabilities.

The details of Contingent Liabilities are as under:

Particulars	As at 31st March , 2020	As at 31st March , 2019
Claims against the company not acknowledged as debt	41,286.36	35,038.12
Other money for which the Company is contingently liable:		
Indirect Tax matters relating to Excise Duty, Service Tax, Sales Tax	38,369.01	26,605.90
Income Tax matter pending	4,776.10	21.42
Corporate guarantees given in favour of subsidiary companies*	7,850.00	7,850.00
Liquidated damages relating to contract sales	Amount not readily ascertainable	

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

Particulars	As at March 31, 2020	As at March 31, 2019
MBE Coal & Mineral India Private Limited (Banking Facility)	2,850.00	2,850.00
McNally Sayaji Engineering Limited (ECB & Rupee Term Loan)	5,000.00	5,000.00
Total	7,850.00	7,850.00

b. The banks have issued guarantees on behalf of the Company to various parties for performance, security and earnest money deposit aggregating to Rs. 87,221.67 lakhs as on 31st March, 2020 (Rs. 89,102.87 lakhs as on 31st March, 2019) for which the Company is contingently liable for payments not included above.

c. Tata Capital Financial Services Limited (TCFSL), one of the Non-Convertible Redeemable Preference Shareholders of the Company has preferred commercial arbitration petition during the year demanding redemption of Non-convertible Redeemable Preference Shares due to breach of various financial covenants therein for their outstanding balance of Rs. 2,831.63 Lakhs along with 100% liquidation damages which is disputed by the Company. The Arbitrator is yet to issue directions in the matter. Further, TCFSL had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the IBC") before the National Company Law Tribunal ("the NCLT") to initiate Corporate Insolvency Resolution Process ("the CIRP") against the Company. The NCLT has dismissed the application filed by the TCFSL not being a financial creditor as per the provisions of the IBC.

d. During the year ended 31st March, 2019, the Director General of GST Intelligence (DGGI) Kolkata had conducted investigation at the Corporate Office of the Company and denied Input Tax Credit of Rs. 945.04 Lakhs availed by the Company. Pending adjudication of the matter, the Company has included the Input Tax Credit in Note- 10 under Balance with Statutory/Government authorities.

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

Note 30: Dues to Micro, Small & Medium Enterprises

The amount due to Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as below:

Particulars	31st March, 2020	31st March, 2019
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	106.07	507.38
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	53.34	149.49
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year	566.61	1,014.65

Note 31: Excess Remuneration paid to Key Managerial Personnel

(A) The Company has approached the lender bank for necessary approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Company amounting to Rs. 65.80 lakhs for the period 14th December, 2019 to 31st March, 2020. Thereafter necessary approval will be obtained from the shareholders of the Company to comply with the provisions of Section 197(17) of the Companies Act, 2013.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(B) The Company has obtained necessary approval in terms of section 197(17) of the Companies Act, 2013 for excess managerial remuneration amounting to Rs. 220.09 Lakhs paid to the Managing Director during the year ended 31st March, 2019.

(c) Excess managerial remuneration paid for which the Board has decided to recover the excess remuneration paid / payable amounting to Rs. 40.82 Lakhs to erstwhile one whole time director for the year ended 31st March, 2018, superseding its earlier decision and approval of Shareholders of the Company for wavier. The Company would initiate steps for necessary approval for recovery of such amount.

Note 32: Disclosure for Construction Contracts

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

Particulars	31st March, 2020	31st March, 2019
Contract costs incurred	1,779,839.44	1,733,034.96
Add : Recognised profit net of recognised (losses)	(39,755.56)	(34,380.00)
Contract Revenues*	1,740,083.88	1,698,654.96
Progress Billing	1,647,558.69	1,588,076.69
Unbilled Revenue (Net)#	(8,698.81)	9,353.91
Due from Customers	2,547.44	20,989.37
Less: Allowance for doubtful amount	2,547.44	509.95
Less: Provision for future foreseeable losses	-	957.09
Net Due from Customers	-	19,522.33
Due to Customers	(11,246.25)	(11,635.46)
Add: Provision for future foreseeable losses	2,965.93	15.53
Net Due to Customers	(8,280.32)	(11,619.93)
Advance payments received	18,405.52	20,696.49
Retention amount	38,094.71	62,106.98
Provision for future foreseeable losses recognised	2,965.93	972.62

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

Sale of equipments and contract revenue in respect of construction contracts as reported in this accounts is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the Company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred. The Company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts. The Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.* The Company had adopted Ind AS 115 "Revenue from contract with customers" during the financial year ended 31st March, 2018 using the modified retrospective approach resulting in a transition impact of Rs. 212.27 Lakhs on revenue which was disclosed under Note 11(b)(iv).# After adjustment of amount received from assignment of unbilled revenue to certain companies amounting to Rs. Nil (31st March, 2019 Rs. 101,224.56 lakhs) in the normal course of business.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

Note 33: Earnings Per Share

Particulars	31st March, 2020	31st March, 2019
(a) Basic Earnings Per Share		
Profits/(Losses) attributable to the Equity Holders of the Company	(38,087.95)	(46,599.86)
Total Basic Earnings Per Share attributable to the Equity Holders of the Company	(18.00)	(22.03)
(b) Diluted Earnings Per Share		
Profits/(Losses) attributable to the equity holders of the company	(38,087.95)	(46,599.86)
Total Diluted Earnings Per Share attributable to the Equity Holders of the Company	(18.00)	(22.03)

(c) Weighted average numbers of shares used as denominator

Particulars	31st March, 2020	31st March, 2019
	Number of Shares	
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	211,570,757	211,570,757

Note 34: Segment information

The Company is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per Ind AS 108-Operating Segments. The Company has earned its substantial revenue from India during the Financial Year 2019-20 & 2018-19.

Note 35: Assets pledged as Security

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

	Notes	March 31, 2020	March 31, 2019
Current			
Financial Assets			
Trade Receivables	6(a)	138,532.08	167,705.42
Cash and Cash Equivalents	6(c)	1,661.15	3,591.97
Other Financial Assets	6(d)	20,878.63	34,302.84
Loans	6(b)	1,442.01	1,487.40
Non-Financial Assets			
Inventories	9	526.86	7,314.90
Other Current Assets	10(a)	45,748.62	41,524.29
Total Current Assets pledged as security		208,789.35	255,926.81
Non-current			
Property, Plant and Equipment	3	3,169.99	4,106.82
Capital work in progress	3	462.48	462.48
Investments	5	18,010.86	17,989.90
Total non-currents assets pledged as security		21,643.33	22,559.20
Total assets pledged as security		230,432.68	278,486.01

Note:

Current assets are pledged for working capital loans and cash credit facilities.

Non-current assets are pledged under first charge for ECB from ICICI Bank Limited and as second charge for working capital loans. Investments in Mutual Funds relating to Rs. 87.13 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid during the year, however lien against the investment pledged has not been satisfied till date. The Company has pledged its Investment to the extent of 1,600,000 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by the Company. The Company has pledged its Investment to the extent of 2,337,211 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by its

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

Subsidiary Company namely McNally Sayaji Engineering Limited. The Company has executed a non-disposal undertaking and a first ranking pledge agreement over 6,331,487 Equity Shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.

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

Particulars	31st March, 2020			31st March, 2019		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Trade Receivables	77,766.65	60,765.43	138,532.08	110,534.74	57,170.68	167,705.42
Other Financial Assets	20,878.63	-	20,878.63	34,302.84	-	34,302.84
Other Current Assets	45,748.62	-	45,748.62	41,524.29	-	41,524.29
Borrowings	204,413.88	-	204,413.88	188,284.48	-	188,284.48
Trade Payables	22,633.24	-	22,633.24	46,798.07	-	46,798.07
Other Financial Liabilities	2,447.68	-	2,447.68	2,194.01	-	2,194.01
Other Current Liabilities	27,335.84	-	27,335.84	32,927.64	-	32,927.64

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

Particulars	March 31, 2020	March 31, 2019
MBE Minerals Zambia Limited*	1,385.04	1,385.04
McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. 30.06.2017)*	40.08	40.08
Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. 29.08.2018)#	1,391.80	1,415.91
McNally Bharat Infrastructure Limited (Subsidiary Company)#	50.21	71.49
Total	2,867.13	2,912.52

*Allowance for doubtful loan receivables recognised

#The Company has not recognised interest income on the loans for the year ended 31st March, 2020.

Refer Note 5 for investments made by the Company.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

Note 38:

As per the Scheme of Arrangement as sanctioned by the Hon'ble High Court Calcutta vide its Order dated July 28, 2009 which was filed with the Registrar of Companies, West Bengal, Kolkata on September 01, 2009, for reconstruction of McNally Bharat Engineering Company Limited (MBECL) and its subsidiary viz McNally Sayaji Engineering Ltd (MSEL) - the Products Division of MBECL engaged in the business of manufacture and/or procuring equipments for various engineering and infrastructure projects and having its units at Kumardhubi, in the State of Jharkhand, Asansol, in the State of West Bengal and Bangalore, in the State of Karnataka has been transferred to MSEL with effect from the appointed date, i.e. April 01, 2008. As per the Scheme of Arrangement the transfer and vesting of Products Division of MBECL to MSEL shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however, that such charges, mortgages and/or encumbrances shall be confined only to the assets of MBECL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in MSEL and no such charges, mortgages and/or encumbrances shall extend over or apply to any other asset(s) of MSEL. Thus the existing charges on the assets of the Products Division for facilities enjoyed by MBECL will continue and vice versa. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of the Company are secured by assets which include those of the Product Division of MSEL.

Note 39:

The Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in "West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram," (the project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The Company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The Company has a legitimate claim of Rs. 1,517 lakhs towards receivable and Rs. 1,133 lakhs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of Rs. 7,334 lakhs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-Conseils" (FIDIC). Arbitral Board in their meeting held on October 25, 2010 has upheld Elsamex S.A.'s claim and has given award in favour of Elsamex S.A. Under the award, a total amount of Rs. 3,535 Lakhs is receivable by the Company. A claim has already been lodged with PWD. PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the High Court in January, 2011 for a stay in the matter of payment of award money. The matter is still pending for hearing.

Note 40:

The Company's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control and the Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Company has received binding Term Sheet for infusion of fresh funds for debt restructuring. The Term Sheet is being discussed with the Lenders of the Company and the necessary process has been initiated for debt restructuring. In the meanwhile, with the COVID-19 lockdown in the country, progress of the funding of the investors has been impacted. Based on the aforesaid ongoing developments, the Management is still hopeful that with the support of investors and the lenders and approval of the restructuring proposal, the Company shall be able to generate sufficient cash inflows through profitable operations to discharge its financial obligations. Accordingly, the Board of Directors have decided to prepare the Standalone Financial Statements based on going concern basis.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

Note 41:

During the year ended 31st March, 2019, the Company had deferred repayment and converted the advances received from certain companies aggregating to Rs. 98,592.96 Lakhs, into interest free long term loans /ICDs, repayable in five equated annual instalments commencing after the payment of lender obligation. Fair valuation gain of Rs. 87,482.00 Lakhs (31st March, 2020, Rs. 86,370.90 Lakhs) arising out of aforesaid transaction had been considered as part of "Other Reserves" (Note 11(b)(v)) and Rs. 11,110.96 Lakhs (31st March, 2020 Rs. 12,222.06 Lakhs) had been considered as "Long term borrowings" (Note 12(a)) for which consents have been obtained from the counter parties during the year ended 31st March, 2020.

Note 42:

The management has reviewed trade receivables, claims recoverable against bank guarantees invoked by certain parties, advances to suppliers. Accordingly, provision amounting to Rs. 18,102.08 lakhs against trade receivables and claims recoverable has been recognised and advances to suppliers amounting to Rs. 5,022.06 Lakhs has been written off during the year ended 31st March, 2020 and disclosed under the head Other Expenses.

Note 43:

The Company has been categorised as Non Performing Asset by the lender banks and majority of the lender banks have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. Accordingly, the Company has not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 29,044.74 Lakhs and Rs. 1,059.48 Lakhs respectively for the year ended 31st March, 2020. The Company had also not recognised interest expense of Rs 9,216.88 Lakhs on Inter-Corporate Borrowings for the year ended 31st March, 2019.

Note 44:

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) has declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 has significantly impacted business operations of the Company, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. The Company is closely monitoring the situation and the operations are being resumed in a phased manner considering directives from the GOI. The Company has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

Note 45:

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

Note 46:

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

Signature to Note 1 to 46

As per Report of our even date

For V. Singhi & Associates

Chartered Accountants

Firm Registration Number: 311017E

(V. K. SINGHI)

Partner

Membership Number: 050051

Place: Kolkata

Date : 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)

Managing Director

DIN : 00789624

(ASIM KUMAR BURMAN)

Director

DIN : 02373956

(MANOJ KUMAR DIGGA)

Chief Financial Officer

(RAHUL BANERJEE)

Company Secretary

Independent Auditors' Report

To the Members of McNally Bharat Engineering Company Limited Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of McNally Bharat Engineering Company Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter described in the Basis for Adverse Opinion section of our Report, the aforesaid Consolidated Financial Statements does not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, its consolidated loss (including Other Comprehensive Loss), its consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Adverse Opinion

Non-recognition of Interest Expense

The Holding Company and its Subsidiary Company, McNally Sayaji Engineering Company Limited have not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 31,722.41 Lakhs and Rs. 1,690.51 Lakhs respectively for the year ended 31st March, 2020 as referred in Note 47 to the Consolidated Financial Statements. The Holding Company had also not recognised interest expense of Rs 9,216.88 Lakhs on Inter-Corporate Borrowings for the year ended 31st March, 2019. As a result, finance Costs, liability on account of interest and total comprehensive loss for the year ended 31st March, 2020 are understated to that extent. This constitutes a departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

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

Independent Auditors' Report

Emphasis of Matters

a) **Material uncertainty related to Going Concern**

We draw attention to Note 44 to the Consolidated Financial Statements, the Group has reported net loss of Rs. 38,743.82 Lakhs during the year ended 31st March, 2020 and the Holding Company and its Subsidiary Company, McNally Sayaji Engineering Limited's inability to meet its financial commitments/covenants to lenders and various other stakeholders. The respective managements of the Holding Company and its Subsidiary Company are currently in discussion with the investor and lenders for carrying out a debt restructuring proposal as informed to us by them. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concern as the same is solely dependent on the acceptance of the debt restructuring proposal. Based on the Board of Directors' assessment of the Holding Company and Subsidiary Company and expectation of a positive outcome of the restructuring proposal, the Consolidated Financial Statements have been prepared on going concern basis.

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

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

c) **Recognition of Deferred Tax Assets**

We draw attention to Note 8 to the Consolidated Financial Statements, the Group had recognised deferred tax assets of Rs. 57,940.49 Lakhs upto 31st March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets can be utilised, which solely depends on the acceptance of the debt restructuring proposal. However, the Group has not recognised deferred tax assets for the year ended 31st March, 2020 on prudent basis.

d) **Payment of Managerial Remuneration**

We draw attention to Note 32(A) to the Consolidated Financial Statements regarding managerial remuneration amounting to Rs. 65.80 Lakhs paid/payable to the Managing Director of the Holding Company for the period 14th December, 2019 to 31st March, 2020 for which the Holding Company is in the process of obtaining necessary approvals from the lender banks and shareholders of the Holding Company to comply with the provisions of section 197(17) of the Act.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Independent Auditors' Report

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
1	<p>Estimated Cost to complete the Project: (Refer note 1(d) to the Standalone Financial Statements)</p> <p>The Holding Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard 115 "Revenue from Contract with Customers".</p> <p>Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis including the actual cost incurred and terms and conditions related to the variation of the cost. 3. Discussed with the project management teams for certain selected projects to assess the reasonableness of the estimated cost to be incurred for completing the respective projects. 4. Obtained and relied on the Independent Chartered Engineer's Certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis.
2	<p>Provisions and Contingent Liabilities (Refer note 31 to the Consolidated Financial Statements)</p> <p>The Holding Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the Consolidated Financial Statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the design and implementation of the Holding Company's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of the Board and the Sub-committee, to confirm the operating effectiveness of these controls. 3. Assessment of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Holding Company considering the legal precedence and other rulings in similar cases. 4. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.

Independent Auditors' Report

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

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

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

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

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

Independent Auditors' Report

the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

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

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

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

Independent Auditors' Report

reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matters

- a) The Consolidated Financial Statements include the audited Consolidated Financial Statements of one Subsidiary whose Consolidated Financial Statements reflect total assets of Rs. 43,995 Lakhs as at 31st March, 2020, total revenue of Rs. 17,518 Lakhs for the financial year ended 31st March, 2020 and total net loss of Rs. 651 Lakhs for the financial year ended 31st March, 2020, as considered in the Consolidated Financial Statements, which have been audited by us. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on our report and the audit procedures performed by us.
- b) The Consolidated Financial Statements include the unaudited Financial Information/Results of two foreign subsidiaries and one Indian subsidiary whose Interim Financial information/results reflect total assets of Rs. 133.76 Lakhs as at 31st March, 2020, total revenue of Rs. Nil for the financial year ended 31st March, 2020 and total net loss of Rs. 5.05 Lakhs for the financial year ended 31st March, 2020, as considered in the Consolidated Financial Statements. These unaudited Financial Information/Results have been furnished to us by the Board of Directors of the Holding Company and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such unaudited interim Financial Information/Results. In our opinion and according to the information and explanations given to us by the Board of Directors of the Holding Company, these interim Financial information/results are not material to the Group.

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

- c) The Financial Statements of the Joint Venture of the Holding Company i.e. EMC MBE Contracting Company LLC whose carrying value in the Financial Statements is Rs. Nil (net of impairment) has not been considered in the Consolidated Financial Statements.
- d) The Consolidated Financial Statements of the Group for the financial year ended 31st March, 2019 were jointly audited by us and another firm of Chartered Accountants, and have expressed a modified opinion in the Audit Report dated 30th May, 2019 on such Consolidated Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and other financial information of the subsidiaries referred to in the Other Matters section above, we report, to the extent applicable, that:

Independent Auditors' Report

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Financial Statements;
- b) except for the possible effects of the matter described in the Basis for Adverse Opinion Section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and returns;
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d) considering the significance of the matter described in the Basis for Adverse Opinion Section above, in our opinion, the aforesaid Consolidated Financial Statements do not comply with the Ind AS specified under Section 133 of the Act;
- e) in our opinion effect of the matter described in the Basis for Adverse Opinion, may have an adverse effect on the functioning of the Group;
- f) on the basis of the written representations received from the directors of the Holding Company and its Subsidiary Companies as on 31st March, 2020 and taken on record by the respective Board of Directors, none of the directors of the Group companies incorporated in India, is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- g) the adverse remarks relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section above.
- h) with respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its Subsidiary Companies and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- i) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Holding Company to its directors during the year is not in accordance with the requirements of Section 197 of the Act.

We draw attention to Note 32(A) to the Consolidated Financial Statements regarding managerial remuneration amounting to Rs. 65.80 Lakhs paid/payable to the Managing Director for the period 14th December, 2019 to 31st March, 2020 for which the Holding Company is in the process of obtaining necessary approvals from the lender banks and shareholders of the Company to comply with the provisions of section 197(17) of the Act.

- j) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the unaudited financial information/results of the Subsidiary Companies, as noted in the Other Matters Paragraph above:
- i. except for the possible effect of the matter described in the Basis for Adverse Opinion section above, the Group has disclosed the impact of pending litigations on its financial position in the Consolidated Financial Statements (Refer Note 31(a) to the Consolidated Financial Statements);
- ii. except for the possible effect of the matters described in the Basis for Adverse Opinion section above, the Group has made provision, in this Consolidated Financial Statements, as required under the applicable law or



Independent Auditors' Report

accounting standards, for material foreseeable losses, if any, on long-term contracts;

- iii. unpaid dividend liability for Rs. 9.50 Lakhs appearing in Note 13(d) to the Consolidated Financial Statements, the Holding Company has neither ascertained nor transferred the required amount to be transferred to the Investor Education and Protection Fund.

For V. Singhi & Associates

Chartered Accountants

Firm Registration No. 311017E

(V. K. SINGHI)

Partner

Membership No. 050051

UDIN:20050051AAAADT3492

Place: Kolkata

Date:15th July, 2020

Annexure A to the Independent Auditor's Report

Referred to in Paragraph 1(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limited on the Consolidated Financial Statements for the year ended 31st March, 2020

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

In conjunction with our audit of the Consolidated Financial Statements of **McNally Bharat Engineering Company Limited** ("the Holding Company") and its subsidiaries which are incorporated in India (the Holding Company and its Subsidiaries together referred to as "the Group") as of and for the year ended 31st March, 2020, we have audited the internal financial controls with reference to consolidated financial statements.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its Subsidiary Companies, which are companies incorporated in India.

Annexure A to the Independent Auditor's Report

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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

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

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

Opinion

In our opinion, the Holding Company and its subsidiaries which are incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31st March, 2020 based on the internal financial control with reference to Consolidated Financial Statements criteria established by such companies considering the essential components of such internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For V. Singhi & Associates

Chartered Accountants

Firm Registration No. 311017E

(V. K. SINGHI)

Partner

Membership No. 050051

UDIN:20050051AAAADT3492

Place: Kolkata

Date:15th July, 2020

Consolidated Balance Sheet as at 31st March , 2020

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

Particulars	Notes	As at 31st March , 2020	As at 31st March , 2019
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	16,092.19	17,736.21
Right to use Assets	3	2,216.84	-
Capital Work-in-progress	3	482.37	503.51
Investment Property	4	361.42	364.42
Other Intangible Assets	5	50.47	51.06
Goodwill on Consolidation	5	1,162.64	1,162.64
Financial Assets			
i. Investments	6	92.88	96.62
ii. Trade Receivables	7(a)	489.63	1,583.23
iii. Other Financial Assets	7(d)	516.84	2,973.81
Deferred Tax Assets (net)	8	57,940.49	57,940.49
Other Non-current Assets	9	94.15	27.78
Total Non-current Assets		79,499.91	82,439.77
Current Assets			
Inventories	10	11,298.51	18,096.60
Financial Assets			
i. Trade Receivables	7(a)	1,43,376.91	1,74,056.57
ii. Cash and Cash Equivalents	7(b)	2,198.64	4,167.94
iii. Bank Balances other than (ii) above	7(b)	384.51	4,627.28
iv. Loans	7(c)	1,442.01	1,362.85
v. Other Financial Assets	7(d)	21,605.42	34,974.05
Current Tax Assets (net)	11(a)	6,425.43	5,963.30
Other Current Assets	11(b)	42,553.22	40,905.21
Total Current Assets		2,29,284.65	2,84,153.80
Total Assets		3,08,784.56	3,66,593.57
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12(a)	21,157.08	17,215.18
Other Equity			
Compulsorily Convertible Preference Shares	12(b)	-	3,941.90
Money received against Share Warrants		-	100.00
Reserves and Surplus	12(b)	(20,356.81)	(4,227.50)
Equity attributable to owners of the Holding Company		800.27	17,029.58
Non-controlling Interest		1,895.31	2,025.02
Total Equity		2,695.58	19,054.60
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
i. Borrowings	13(a)	12,226.80	15,682.51
ii. Trade Payables	13(c)	-	-
- Total outstanding dues of Micro, Small and Medium Enterprises		-	-
- Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		0.68	3.40
iii. Other Financial Liabilities	13(d)	2,420.85	438.71
Provisions	14	755.66	886.95
Other Non-current Liabilities	15	-	321.43
Total Non-current Liabilities		15,403.99	17,333.00
Current Liabilities			
Financial Liabilities			
i. Borrowings	13(b)	2,18,129.39	2,10,637.86
ii. Trade Payables	13(c)	-	-
- Total outstanding dues of Micro, Small and Medium Enterprises		136.44	528.52
- Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		26,339.04	51,704.55
iii. Other Financial Liabilities	13(d)	18,938.83	17,746.14
Provisions	14	326.52	639.70
Other Current Liabilities	15	26,814.77	48,949.20
Total Current Liabilities		2,90,685.00	3,30,205.97
Total Liabilities		3,06,088.98	3,47,538.97
Total Equity and Liabilities		3,08,784.56	3,66,593.58
Significant Accounting Policies, Judgements, Estimates and Assumptions	1-2		

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 50.

As per Report of our even date
For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

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

Place : Kolkata
Date : 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)
Managing Director
DIN : 00789624

(ASIM KUMAR BARMAN)
Director
DIN : 02373956

(MANOJ KUMAR DIGGA)
Chief Financial Officer

(RAHUL BANERJEE)
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

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

Particulars	Notes	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from Operations	16	73,004.67	1,73,877.34
Other Income	17(a) & (b)	6,213.46	16,072.58
Total income		79,218.13	1,89,949.93
Expenses			
Cost of Materials Consumed	18(a)	29,353.06	1,18,242.04
Purchases of Stock-in-trade		-	2,406.36
Changes in Inventories of Work-in-Progress, Finished Goods and Stock-in-Trade	18(b)	455.83	1,182.85
Outsourcing Expenses to Job Workers		19,708.72	41,200.06
Employee Benefits Expense	19	10,345.68	13,150.36
Finance Costs	20	8,880.04	40,607.17
Depreciation and Amortisation Expense	21	1,811.07	2,321.69
Other Expenses	22	47,432.77	48,416.14
Total Expenses		1,17,987.17	2,67,526.68
Profit/(Loss) before exceptional items		(38,769.04)	(77,576.75)
Exceptional Items	35	-	2,591.00
Profit/(Loss) before tax		(38,769.04)	(80,167.75)
Income Tax Expense	23		
- Provision written back		(25.22)	
- Deferred Tax		-	(1,102.10)
Total Tax Expense		(25.22)	(1,102.10)
Profit/(Loss) for the year		(38,743.82)	(79,065.64)
Other Comprehensive Income/(Loss) for the year			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Post-employment Defined Benefit Obligations		(56.67)	(224.77)
Income Tax relating to these items		14.90	30.79
Other Comprehensive Income/(Loss) for the year		(41.77)	(193.98)
Total Comprehensive Income/(Loss) for the year		(38,785.59)	(79,259.62)
Profit/(Loss) attributable to:			
Owners of the Holding Company		(38,623.04)	(78,337.63)
Non-Controlling Interest		(120.78)	(728.01)
		(38,743.82)	(79,065.64)
Other Comprehensive Income/(Loss) attributable to:			
Owners of the Holding Company		(32.85)	(176.70)
Non-Controlling Interest		(8.92)	(17.27)
		(41.77)	(193.98)
Total Comprehensive Income/(Loss) attributable to:			
Owners of the Holding Company		(38,655.88)	(78,514.34)
Non-Controlling Interest		(129.71)	(745.28)
		(38,785.59)	(79,259.62)
Earnings per share (EPS) for the year (Face value of Rs. 10/- per share):			
Basic (Rs.)	37	(18.26)	(37.03)
Diluted (Rs.)	37	(18.26)	(37.03)
Significant Accounting Policies, Judgements, Estimates and Assumptions	1-2		

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 50.

As per Report of our even date
For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

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

Place : Kolkata
Date : 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)
Managing Director
DIN : 00789624

(ASIM KUMAR BARMAN)
Director
DIN : 02373956

(MANOJ KUMAR DIGGA)
Chief Financial Officer

(RAHUL BANERJEE)
Company Secretary

Consolidated Statement of Cash Flows for the year ended 31st March, 2020

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

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Cash flow from Operating Activities		
Profit/(Loss) before income tax	(38,769.04)	(80,167.74)
Adjustments for		
Depreciation	1,811.07	2,321.69
Finance Costs	8,880.04	40,607.16
Interest Income	(3,316.08)	(2,601.92)
Dividend Income	-	(0.22)
Loss/(Profit) on Disposal of Property, Plant & Equipment (Net)	5.53	3.75
Loss/(Profit) on Sale of Investments	-	(21.54)
Provision/Allowance for Doubtful Debts	18,430.70	2,054.44
Expected Credit Loss on trade receivables and due from customers written back	-	(5,729.12)
Bad Debts Written Off	1.00	271.44
Provision for Impairment of Financial Assets	-	1,688.25
Provision for Expected Credit Loss on Trade Receivables and due from customers	3,497.70	5,403.11
Advances written off	5,049.07	12.00
Loss on change of ownership	-	17,639.64
Provision/Liabilities no longer required written back	(2,599.90)	(785.25)
Provision for Warranty	17.19	(2.00)
Provision for Doubtful Debts against Claims Recoverable	2,805.57	-
Provision for Doubtful advances	-	67.06
Provision for Future Foreseeable Losses in Construction Contracts	1,993.30	273.62
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	298.51	399.54
(Gain)/loss on fair valuation of derivative contracts	-	35.50
Net (gain)/loss on financial assets measured at fair value through profit or loss	3.74	33.17
Change in Operating Assets and Liabilities:		
(Increase)/Decrease in Trade Receivables	10,361.43	(5,157.16)
(Increase)/Decrease in Inventories	6,799.03	5,260.26
Increase/(Decrease) in Trade Payables	(24,360.33)	(37,659.50)
Increase / (Decrease) in Employee Benefit Obligation	(276.00)	-
(Increase)/Decrease in Other Financial Assets	12,768.33	1,17,675.03
(Increase)/Decrease in Other Non-current Assets	18.93	207.57
(Increase)/Decrease in Other Current Assets	(9,246.41)	(3,451.89)
Increase/(Decrease) in Provisions	(441.93)	(46.74)
Increase/ (Decrease) in Other Financial Liabilities	(2,141.43)	(1,059.02)
Increase/ (Decrease) in Other Liabilities	(9,803.62)	(27,257.01)
Cash generated from Operations		
Income taxes (paid)/Refund	(437.62)	5,867.96
Net cash inflow / (outflow) from Operating Activities	(18,651.22)	35,882.08
Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(317.68)	(103.29)
Loans given	-	(1,361.25)
Proceeds from sale of investments	-	39,170.91
Proceeds from sale of Property, Plant and Equipment	96.61	21.53
Dividends received	-	0.22
Deposits matured/(made)	4,247.82	(1,840.89)
Interest received	695.00	3,154.29
Net cash inflow / (outflow) from Investing Activities	4,721.75	39,041.52
Cash flows from Financing Activities		
Proceeds from borrowings	18,010.05	3,72,145.90
Repayment of borrowings	(2,947.78)	(4,11,530.94)
Transaction with non controlling interest	(120.78)	(1,171.02)
Dividend paid	-	(2.00)
Interest paid	(2,866.80)	(40,089.19)
Net increase in Cash Credit Facilities including WCDL	(67.00)	-
Net cash inflow / (outflow) from Financing Activities	12,007.69	(80,647.25)
Net increase / (decrease) in Cash and Cash Equivalents	(1,921.78)	(5,723.65)
Cash and cash equivalents at the beginning of the year	4,115.24	9,844.42
Effects of exchange rate changes on Cash and Cash Equivalents	(0.60)	0.24
Cash and Cash Equivalents at end of the year	2,192.86	4,121.02
Cash and Cash Equivalents (note 7(b))	2,198.64	4,167.94
Bank Overdrafts (note 13(d))	-	46.92
Balances per Statement of Cash Flows	2,198.64	4,121.02

Notes:

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

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying note nos. 1 to 50.

As per Report of our even date

For V. Singhi & Associates

Chartered Accountants

Firm Registration Number: 311017E

(V. K. SINGHI)

Partner

Membership Number: 050051

Place : Kolkata

Date : 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)
Managing Director
DIN : 00789624

(ASIM KUMAR BARMAN)
Director
DIN : 02373956

(MANOJ KUMAR DIGGA)
Chief Financial Officer

(RAHUL BANERJEE)
Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

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

A. Equity Share Capital

Particulars
As at 31st March, 2018
Changes in Equity Share Capital
As at 31st March, 2019
Changes in Equity Share Capital
As at 31st March, 2020

B. Other Equity

Particulars	Compulsorily Convertible Preference Share Capital (CCPS)	Reserves and surplus					Total
		Securities Premium	Retained Earnings	Capital Redemption Reserve	Capital Reserve	Foreign Currency Translation Reserve	
Balance as at 1st April, 2018	5,352.62	1,14,123.31	(1,28,622.05)	1.00	344.28	(281.27)	(12,668.11)
Profit/(Loss) for the year	-	-	(78,337.63)	-	-	-	(78,337.63)
Other Comprehensive Income/(Loss)	-	-	(176.70)	-	-	-	(176.70)
Transfer to foreign currency translation reserve	-	-	102.38	-	-	-	102.38
Adjustment for change in ownership interest	-	-	418.98	-	-	-	418.98
Transition impact of Ind AS 115	-	-	(212.27)	-	-	-	(212.27)
Appropriations during the year	-	-	-	-	-	-	-
CCPS Converted into Equity Shares	(1,410.72)	-	-	-	-	(12.77)	(12.77)
Fair value gain on Financial Liabilities	-	-	-	-	-	-	-
Transfer to Financial Liabilities	-	(823.39)	-	-	-	-	87,482.00
Balance as at 31st March, 2019	3,941.90	1,13,299.92	(2,06,827.29)	1.00	344.28	(294.04)	(4,227.51)
Forfeiture of Share Warrants	-	-	-	100.00	-	-	100.00
Profit/(Loss) for the year	-	-	(38,623.04)	-	-	-	(38,623.04)
Other Comprehensive Income/(Loss) for the year	-	-	(32.85)	-	-	-	(32.85)
Transfer to Foreign Currency Translation Reserve	-	-	-	-	-	-	-
Adjustment for change in ownership interest	-	-	23,931.83	-	-	-	23,931.83
Appropriations during the year	-	-	-	-	-	36.72	36.72
Converted into Equity Shares	(3,941.90)	-	-	-	-	-	-
Reversal of Fair value gain on Financial Liabilities	-	-	-	-	-	(1,111.10)	(1,111.10)
Transfer to Financial Liabilities	-	(430.87)	-	-	-	-	(430.87)
Balance as at 31st March, 2020	-	1,12,869.05	(2,21,551.35)	101.00	344.28	(257.32)	(20,356.82)

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

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying note nos. 1 to 50.

As per Report of our even date
For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

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

Place : Kolkata
Date : 15th July, 2020

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)
Managing Director
DIN : 00789624

(ASIM KUMAR BARMAN)
Director
DIN : 02373956

(MANOJ KUMAR DIGGA)
Chief Financial Officer

(RAHUL BANERJEE)
Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2020

Corporate Information

The Consolidated Financial Statements comprise of Financial Statements of “McNally Bharat Engineering Company Limited (“the Holding Company”) and its subsidiaries (collectively referred to as “the Group”)” for the year ended 31st March, 2020.

Note 1: Significant Accounting Policies

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

(a) Basis of Preparation of Consolidated Financial Statements

(i) Compliance with Ind AS

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

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

(ii) Historical cost convention

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

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

(iii) Operating Cycle

All assets and liabilities have been classified as current or non - current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents, the Group has ascertained, on an average its operating cycle for the purpose of current – non-current classification of assets and liabilities to be 12 to 24 months.

(iv) Use of estimates and judgements

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

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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

Notes to Consolidated Financial Statements for the year ended March 31, 2020

date but provide additional evidence about conditions existing as at the reporting date.

(b) Segment Reporting

The Group is primarily engaged in two business segments, viz. “Turnkey engineering” and “other engineering services”. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e., Managing Director and CFO for the purpose of resource allocation and assessing performance focuses separately on the aforesaid segment. The CODM reviews the Group's performance on the analysis of Profit/ (Loss) before tax at each segment level. Accordingly, appropriate disclosure is made for reportable segments in accordance with Ind AS 108 “Operating Segments”.

(c) Foreign Currencies

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

(ii) Transactions and Balances

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

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

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

(d) Revenue Recognition

The Ministry of Corporate Affairs (MCA), on March 28, 2018, notified Ind AS 115 “Revenue from Contracts with Customers” as part of the Companies (India Accounting Standards) Amendment Rules, 2018. The new standard was effective for accounting periods beginning on or after April 1, 2018. The Group had adopted Ind AS 115 using the modified retrospective approach. The adoption of the standard did not have any material impact to the Consolidated Financial Statements of the Group.

The Group derives revenues primarily from turnkey solutions in the areas of Power, Steel, Aluminum, Material Handling, Mineral Beneficiation, Pyroprocessing, Pneumatic Handling of powdered materials including fly ash handling and high concentrate disposal, coal washing, Port cranes, Cement, Oil & Gas, civic and industrial water supply

Notes to Consolidated Financial Statements for the year ended March 31, 2020

etc. (together called as “turnkey solutions”).

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

(i) Sale of Goods and Services

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

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

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

Revenue from services is recognized in accounting period in which services are rendered. Revenue is recognized based on the actual service provided till the end of the reporting period as a proportion of the total services be provided (percentage of completion method).

(ii) Revenue from Construction Contracts

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

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

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(iii) Dividend and Interest Income

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

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

(e) Taxation

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

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the 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.

(f) Leases

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

As a Lessee:

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

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

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

As a Lessor:

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

Notes to Consolidated Financial Statements for the year ended March 31, 2020

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

(g) Impairment of Non-financial Assets

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

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

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

(h) Cash and Cash Equivalents

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

(i) Trade Receivables

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

(j) Inventories

Inventories consist of raw materials, stores, work in progress, bought out components, loose tools and finished goods and are stated at the lower of cost or net realizable value. Cost of inventories comprises costs of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of raw materials and stores on weighted average basis, and to bought out components on specific identification on individual cost basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Due allowance is estimated and made for obsolete items, wherever necessary.

(k) Financial Liabilities

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

(i) Classification

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or

Notes to Consolidated Financial Statements for the year ended March 31, 2020

deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Profit and Loss.

(ii) Measurement

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

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

(I) Investments and Other Financial Assets

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

(i) Classification

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

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

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

For assets measured at fair value, gains and losses will be recorded in the Consolidated Statement of Profit and Loss.

For investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

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

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

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

(b) Equity Instruments at Fair value through Profit or Loss (FVTPL) - The Group subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit or loss. Dividends from such investments are recognized in the Consolidated Statement of Profit and Loss as other income when the Group's right

Notes to Consolidated Financial Statements for the year ended March 31, 2020

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 Consolidated Statement of Profit and Loss. The Group has not selected the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of Financial Assets

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

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

(iv) Derecognition of Financial Assets

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

(m) Derivatives that are not designated as hedges

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

(n) Offsetting of Financial Instruments

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

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

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

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2020

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

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual value, over their estimated useful lives. The useful lives have been determined based on technical evaluation done by the management's expert which in a case is different than those specified by Schedule II to the Act, in order to reflect the actual usage of the assets as given below. The residual values are not more than 5% of the original cost of the assets. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

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

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

ii) Impairment of Property, Plant and Equipment

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

(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 the Consolidated Statement of Profit and Loss within other gains/ losses.

(iii) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

(q) 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.

(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 or loss over the period of borrowings using the effective interest method.

Preference Shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these Preference Shares are recognized in the Consolidated Statement of Profit and Loss as finance costs.

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

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

(s) Borrowing Costs

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

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

(t) Provisions, Contingent Liabilities and Contingent Assets

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

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

(t) Provisions, Contingent Liabilities and Contingent Assets (Contd.)

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

Notes to Consolidated Financial Statements for the year ended March 31, 2020

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

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

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

(u) Employee Benefits

(i) Short – term obligations

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

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

(ii) Other long term employee benefit obligations

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

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

(iii) Defined benefit plans

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

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2020

minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

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

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

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Consolidated Statement of Profit and Loss.

Re-measurement gains and losses arising from experience and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in the Consolidated Statement of Profit and Loss as past service cost.

(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.

Notes to Consolidated Financial Statements for the year ended March 31, 2020

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) Contributed Equity

Equity Shares are classified as equity. The issue expenses of securities which qualify as equity instruments are written off against Securities Premium Reserve.

(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 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.

(y) Principles of consolidation and Equity Accounting

- Subsidiaries

Subsidiaries are all entities over which the Holding Company has control. The Holding Company controls an entity when it is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Holding Company. They are deconsolidated from the date that control ceases.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the reporting period. Any exchange difference arising on consolidation is recognised in Foreign Currency Translation Reserve.

The unaudited financial statements of foreign subsidiaries, its associates and joint venture have been prepared in accordance with Generally Accepted Accounting Policies of its Country of Incorporation.

The acquisition method of accounting is used to account for business combination.

The Holding Company combines the financial statements of itself and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction

Notes to Consolidated Financial Statements for the year ended March 31, 2020

provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet respectively.

- Joint Arrangements

Under Ind AS 111 Joint arrangements, investment in joint arrangement is classified as either joint operation or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Holding Company has a joint venture. The Financial Statements of the Joint Venture of the Holding Company i.e. EMC MBE Contracting Company LLC whose carrying value in the Financial Statements of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.

Rounding of amounts

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

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the Consolidated Financial Statements and reported amounts of revenues and expenses during the period. The application of accounting policies requires critical accounting estimates involving complex and subjective judgements and the use of assumptions in these consolidated financial statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

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

1. Going Concern Assumptions
2. Expected cost of completion of Contracts
3. Fair value measurement of Financial Instruments
4. Recognition of Deferred Tax Assets for carried forward tax losses
5. Impairment of Trade Receivables and Due from Customers
6. Provisions, Claims and Contingent Liabilities
7. Estimation of Defined Benefits Obligation
8. Useful life of Property, Plant and Equipment
9. Decommissioning Obligations

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Note 3: Property, Plant and Equipment

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

Particulars	Building	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total	Capital Work-in-progress	Right to Use Assets
Year ended 31st March, 2019								
Gross Block								
Opening Block	13,364.07	19,819.66	1,116.09	433.24	162.11	37,702.87	503.51	-
Additions	-	31.33	11.45	3.00	-	45.77	-	-
Disposals	-	(90.84)	(0.13)	(1.00)	(17.18)	(109.15)	-	-
Adjustment for change in ownership interest	-	-	(0.22)	(0.32)	(13.08)	(13.62)	-	-
Other adjustments	-	-	-	-	-	11.00	-	-
Closing Gross Block	13,364.07	19,760.15	1,127.19	434.92	131.85	37,636.87	503.51	-
Accumulated Depreciation								
Opening Accumulated Depreciation	3,303.00	13,115.22	635.98	398.93	89.56	17,713.09	-	-
Depreciation charge during the year	475.00	1,599.48	161.36	9.60	15.04	2,284.47	-	-
Disposals	-	(76.00)	(0.01)	(1.00)	(11.40)	(88.41)	-	-
Adjustment for change in ownership interest	-	-	(0.13)	(0.17)	(9.50)	(9.80)	-	-
Other adjustments	-	1.30	-	-	-	1.30	-	-
Closing Accumulated Depreciation	3,778.00	14,640.00	797.20	407.35	83.70	19,900.66	-	-
Net Block as at 31st March, 2019	9,586.07	5,120.16	329.99	27.57	48.15	17,736.21	503.51	-
Year ended 31st March, 2020								
Gross Block								
Opening Gross Block	13,364.07	19,760.15	1,127.19	434.92	131.85	37,636.87	503.51	-
Additions	1.33	63.09	9.52	7.90	5.85	87.69	-	2,390.40
Disposals/Adjustments	-	(557.52)	(68.19)	(4.30)	-	(630.01)	(21.14)	-
Closing Gross Block	13,365.40	19,265.72	1,068.52	438.52	137.70	37,094.55	482.37	2,390.40
Accumulated Depreciation								
Opening Accumulated Depreciation	3,778.00	14,640.00	797.20	407.35	83.70	19,900.66	-	-
Depreciation charge during the year	435.02	1,024.22	143.65	(2.15)	8.76	1,630.83	-	173.56
Disposals/Adjustments	-	(466.99)	(57.85)	(4.29)	-	(529.13)	-	-
Closing Accumulated Depreciation	4,213.02	15,197.23	883.00	400.91	92.46	21,002.36	-	173.56
Net Block as at 31st March, 2020	9,152.38	4,068.49	185.52	37.61	45.24	16,092.19	482.37	2,216.84

(i) **Property, Plant and Equipment pledged as security**

Refer note 39 for Property, Plant and Equipment pledged as security by the Group.

(ii) **Capital Commitments**

Refer to note 28 for disclosure of Capital Commitments for the acquisition of Property, Plant and Equipment.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 4: Investment Property [Leasehold Land]

Particulars	31st March, 2020	31st March, 2019
Gross Block		
Opening Block	397.42	408.00
Disposals / Adjustments	-	(10.58)
Closing Gross Block	397.42	397.42
Accumulated Depreciation		
Opening Balance	33.00	30.00
For the Year	3.00	3.00
Closing Accumulated Depreciation	36.00	33.00
Net Block	361.42	364.42
Fair Value	31st March, 2020	31st March, 2019
Investment Property	2,250	2,250

Estimation of fair value

The fair valuation is based on current prices in active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry and trend of fair market rent in area where property is located.

The valuation is based on valuation performed by an accredited independent valuer. All resulting fair value estimates for investment properties are included in level 2.

Note 5: Intangible Assets

Particulars	Designs and Drawings	Computer Software *	Total	Goodwill on Consolidation
Year ended 31st March, 2019				
Gross Block				
Opening Block	320.56	91.66	412.22	15,520.01
Disposal of subsidiary	-	-	-	(14,357.37)
Additions	-	3.00	3.00	-
Other adjustments	-	0.10	0.10	-
Closing Gross Block	320.56	94.76	415.32	1,162.64
Accumulated Amortisation				
Opening Accumulated Amortisation	286.56	40.48	327.04	-
Amortisation Charge for the year	31.00	3.22	34.22	-
Other adjustments	3.00	-	3.00	-
Closing Accumulated Amortisation	320.56	43.70	364.26	-
Closing Net Block as at 31st March, 2019	-	51.06	51.06	1,162.64
Year ended 31st March, 2020				
Gross Block				
Opening Gross Carrying Amount	320.56	94.76	415.32	1,162.64
Additions	-	3.00	3.00	-
Closing Gross Block	320.56	97.76	418.32	1,162.64
Accumulated Amortisation				
Opening Accumulated Amortisation	320.56	43.70	364.26	-
Amortisation charge for the year	-	3.68	3.68	-
Adjustment	-	-	(0.09)	-
Closing Accumulated Amortisation	320.56	47.38	367.85	-
Closing Net Block as at 31st March, 2020	-	50.38	50.47	1,162.64

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 6: Non-Current Investments

Particlaurs	As at 31st March , 2020	As at 31st March , 2019
Investments in Equity Instruments (fully paid-up)		
Equity Instruments carried at fair value through profit or loss		
Quoted		
10,960 (31st March, 2019 : 10,960) Equity Shares of Rs. 5/- each of Eveready Industries India Limited	5.53	21.05
10,960 (31st March, 2019 : 10,960) Equity Shares of Rs. 5/- each of McLeod Russel India Limited	0.22	9.40
Total (Equity Instruments)	5.75	30.45
Investment in Mutual Funds carried at fair value through profit or loss		
Unquoted		
362,970.078 (31st March, 2019 : 362,970.078) units of L&T Short Term Opportunities Growth Fund	87.13	66.17
Total (Mutual Funds)	87.13	66.17
Total	92.88	96.62
Total Non-current Investments	92.88	96.62
Aggregate amount of quoted investments and market value thereof	5.75	30.45
Aggregate amount of unquoted investments	87.13	66.17

(i) Investments pledged as security

Refer note 39 for Investments pledged as security by the group.

Note 7(a) Trade Receivables

Particulars	As at 31st March , 2020	As at 31st March , 2019
Unsecured		
Trade Receivables - Considered good	1,43,866.54	1,75,639.80
Trade Receivables - Credit impaired	32,170.81	12,396.33
Less: Allowance for Doubtful Receivables & Provision for Expected Credit Loss	(32,170.81)	(12,396.33)
Total Trade Receivables	1,43,866.54	1,75,639.80
Current	1,43,376.91	1,74,056.57
Non-current	489.63	1,583.23

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 7(b) Cash and Cash Equivalents

Particulars	As at 31st March , 2020	As at 31st March , 2019
Balances with Banks		
- in Current Accounts	2,186.06	3,906.96
Deposits with Bank	0.04	175.05
Cash on hand	12.54	85.93
Total Cash and Cash Equivalents	2,198.64	4,167.94
Other Bank Balances		
Earmarked balances with banks (refer note (i))	101.13	4,349.15
Deposits with bank	279.40	274.15
Balance in unpaid dividend account*	3.98	3.98
Total other bank balances	384.51	4,627.28

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

(ii) There are certain repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the reporting period and prior periods.

*Under reconciliation

Note 7(c) Loans (Current)

Particulars	As at 31st March , 2020	As at 31st March , 2019
Unsecured, considered good		
Loan to others	1,442.01	1,362.85
Total Loans	1,442.01	1,362.85

Note 7(d) Other Financial Assets

Particulars	As at 31st March , 2020		As at 31st March , 2019	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Security Deposits	246.22	1.74	272.74	145.51
Advance to Employees	56.53	-	70.14	-
Due from customers	-	-	19,522.33	-
Unbilled Revenue	-	-	604.92	-
Earmarked balances with bank (refer note (i))	-	11.25	-	2,490.08
Claims Recoverable	20,580.94	-	14,461.22	-
Others	721.73	503.85	42.70	338.22
Total Other Financial Assets	21,605.42	516.84	34,974.05	2,973.81

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 8 : Deferred Tax Assets(Net)

The balance comprises temporary differences attributable to:

Particulars	As at 31st March , 2020	As at 31st March , 2019
Tax losses	57,589.94	52,268.02
Others	1,203.55	6,526.58
Total Deferred Tax Assets	58,793.49	58,794.60
Set-off of deferred tax liabilities pursuant to set-off provisions	(853.00)	(854.11)
Net Deferred Tax Assets	57,940.49	57,940.49

Deferred Tax Liabilities:

The balance comprises temporary differences attributable to:

Particulars	As at 31st March , 2020	As at 31st March , 2019
Property, Plant and Equipment and Intangible Assets	853.00	848.11
Other items	-	6.00
Total deferred tax liabilities	853.00	854.11
Set-off of deferred tax liabilities pursuant to set-off provisions	(853.00)	(854.11)
Net Deferred Tax Liabilities	-	-

The Group had recognised Deferred Tax Assets amounting to Rs. 57,940.49 lakhs upto 31st March , 2019. The Group believes that based on the infusion of fresh funds to the Group and the lenders support on the debt restructuring proposal, there will be adequate future taxable profits available against which the Deferred Tax Assets can be utilised. However, the Group has not recognised Deferred Tax Assets during the financial year ended 31st March, 2020 taking a conservative approach.

Note 9: Other Non-Current Assets (Unsecured, considered good)

Particulars	As at 31st March , 2020	As at 31st March , 2019
Capital Advances	-	7.85
Prepaid Rent	2.52	19.20
Balance with Statutory/Government Authorities	0.46	0.46
Others	91.17	0.27
Total Other Non-Current Assets	94.15	27.78

Note 10: Inventories

Particulars	As at 31st March , 2020	As at 31st March , 2019
Inventories		
-Raw Materials	3,319.91	4,955.25
-Bought out Components	-	4,910.51
-Loose Tools	60.47	63.97
Work-in-progress	6,857.63	7,376.06
Finished Goods	62.54	-
Stores and Spares	997.96	790.81
Total Inventories	11,298.51	18,096.60

Note 11(a): Current Tax Assets (net)

Particulars	As at 31st March , 2020	As at 31st March , 2019
Advance Income Tax (net of provisions Rs. 390.84 Lakhs, Previous Year Rs. 390.84 Lakhs)	6,425.43	5,963.30
Total Current Tax Assets (net)	6,425.43	5,963.30

Note 11(b): Other Current Assets (Unsecured, considered good)

Particulars	As at 31st March , 2020	As at 31st March , 2019
Advance to suppliers & others	23,862.26	23,605.73
Balance with statutory/government authorities{Refer Note 31(d)}	17,518.53	16,051.37
Gratuity Receivable	15.97	21.68
Prepaid Expenses	1,066.30	1,146.57
Others	90.16	79.86
Total Other Current Assets	42,553.22	40,905.21

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

NOTE 12: EQUITY SHARE CAPITAL AND OTHER EQUITY**Note 12(a) EQUITY SHARE CAPITAL**

Particulars	Equity Shares		Compulsorily Convertible	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
As at 31st March, 2018	24,00,00,000	24,000.00	14,00,00,000	14,000.00
As at 31st March, 2019	24,00,00,000	24,000.00	14,00,00,000	14,000.00
As at 31st March, 2020	104	24,000.00	14,00,00,000	14,000.00
Issued, Subscribed and Paid up:				
(i) Movements in Share Capital				
As at 31st March, 2018	15,80,44,606	15,804.46	5,35,26,151	5,352.62
CCPS converted into Equity Shares	1,41,07,151	1,410.72	(1,41,07,151)	(1,410.72)
As at 31st March, 2019	17,21,51,757	17,215.18	3,94,19,000	3,941.90
CCPS converted into Equity Shares	3,94,19,000	3,941.90	(3,94,19,000)	(3,941.90)
As at 31st March, 2020	21,15,70,757	21,157.08	-	-

i) Terms and Rights attached to Equity Shares:

Each Equity Share has a par value of Rs 10/-. It entitles the holder to participate in dividends, and to share upon liquidation of the Holding Company in proportion to the number of shares held and amounts paid thereon. Every holder of Equity Shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

Each CCPS is compulsorily convertible into one Equity Share at any time within 18 months from the date of allotment. CCPS shall have priority with respect to payment of dividend or repayment of capital over Equity Shares of the Company. The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid. Each CCPS would carry a dividend of 1% which would be non cumulative.

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

Name of the Shareholder	31st March, 2020		31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co. Limited	3,16,18,952	14.94	2,76,18,952	16.04
Williamson Financial Services Limited	2,07,02,515	9.79	1,67,02,515	9.70
Babcock Borsig Limited	1,36,64,636	6.46	1,26,64,636	7.36
Sahal Business Private Limited	1,74,47,637	8.25	1,74,47,637	10.13
IL&FS Financial Services Limited	1,61,29,000	7.62	-	-
Aditya Birla Finance Limited	1,12,90,000	5.34	-	-
EMC Limited	1,01,37,689	4.79	1,01,37,689	5.89
Merlin Securities Private Limited	-	-	88,00,000	5.11

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

Name of the Shareholder	31st March, 2020		31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co. Limited	-	-	40,00,000	10.15
Williamson Financial Services Limited	-	-	40,00,000	10.15
Babcock Borsig Limited	-	-	40,00,000	10.15
Aditya Birla Finance Limited	-	-	1,12,90,000	28.64
IL& FS Financial Services Limited	-	-	1,61,29,000	40.91

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

a) On 24th September, 2019, the Holding Company issued 1,20,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 52/- per share to three Promoter Companies and a public category company pursuant to the conversion 1,20,00,000 Compulsorily Convertible Preference Shares (CCPS) allotted on 31st March, 2018.

b) On 27th September, 2019, the Holding Company issued 2,74,19,000 Equity Shares of Rs. 10/- each at a premium of Rs. 52/- per share to two public category companies pursuant to the conversion of 2,74,19,000 Compulsorily Convertible Preference Shares (CCPS) allotted on 29th March, 2018.

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

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 12(b) Reserves and Surplus

Particulars	As at 31st March , 2020	As at 31st March , 2019
Securities Premium	1,12,869.05	1,13,299.92
Capital Redemption Reserve	101.00	1.00
General Reserve	1,766.63	1,766.63
Capital Reserve	344.28	344.28
Retained Earnings	(2,21,551.35)	(2,06,827.29)
Foreign Currency Translation Reserve	(257.32)	(294.04)
Other Reserves	86,370.90	87,482.00
Total Reserves and Surplus	(20,356.81)	(4,227.50)

(i) Securities Premium

Particulars	As at 31st March , 2020	As at 31st March , 2019
As per last Financial Statement	1,13,299.92	1,14,123.32
Transfer to Financial Liabilities	(430.87)	(823.40)
Closing balance	1,12,869.05	1,13,299.92

Nature and purpose:

Securities Premium has arisen on issue of Shares. The Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Capital Redemption Reserve

Particulars	As at 31st March , 2020	As at 31st March , 2019
As per last Financial Statement	1.00	1.00
Forfeiture of Share Warrants(to the extent of face value)	100.00	-
Closing balance	101.00	1.00

Nature and purpose:

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

(iii) General Reserve

Particulars	As at 31st March , 2020	As at 31st March , 2019
As per last Financial Statement	1,766.63	1,766.63
Closing balance	1,766.63	1,766.63

Nature and purpose:

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

(iv) Capital Reserve

Particulars	As at 31st March , 2020	As at 31st March , 2019
As per last Financial Statement	344.28	344.28
Closing balance	344.28	344.28

Nature and purpose:

Represents the amount transferred from the transferror company pursuant to Scheme of Amalgamation.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 12(b) Reserves and Surplus (Contd.)

(v) Retained Earnings

Particulars	As at 31st March , 2020	As at 31st March , 2019
As per last Financial Statement	(2,06,827.29)	(1,28,622.05)
Net profit /(loss) for the year	(38,623.04)	(78,337.63)
Items of OCI directly transferred to retained earnings	(32.85)	(176.70)
Transfer to foreign currency translation reserve	-	102.38
Adjustment/Other Adjustment for change in ownership interest	23,931.83	418.98
Transition impact for first time adoption of IND AS 115 (refer note 34)	-	(212.27)
Closing balance	(2,21,551.35)	(2,06,827.29)

Nature and purpose:

This reserve & surplus represents the cumulative Profits/Loss of the Group and can be utilised in accordance with the provisions of the Companies Act, 2013. The Retained Earnings is a part of Reserve & Surplus.

(vi) Foreign Currency Translation Reserve

Particulars	As at 31st March , 2020	As at 31st March , 2019
As per last Financial Statement	(294.04)	(281.27)
Effects of exchange rate changes on Consolidation	36.72	(12.77)
Closing balance	(257.32)	(294.04)

Nature and purpose:

Represents reserve created on account of consolidation of foreign subsidiary.

(vii) Other Reserves

Particulars	As at 31st March , 2020	As at 31st March , 2019
As per last Financial Statement	87,482.00	-
Fair value gain on Financial Liabilities (refer note 45)	-	87,482.00
Reversal of Fair value gain on Financial Liabilities (refer note 45)	(1,111.10)	-
Closing balance	86,370.90	87,482.00

Nature and purpose:

This reserve represents fair valuation gain on valuation of long term borrowings measured at amortised cost. The reserve will be utilised through unwinding as interest expense to be recognised over the period of the borrowings (refer note 44).

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 13: Financial Liabilities

13(a) Non-current Borrowings

Particulars	Coupon/Interest rate	As at 31st March , 2020	As at 31st March , 2019
Secured			
Term Loans			
Rupee loan			
- From banks 12 April, 1900	10.75% to 13.00%	3,360.84	3,373.41
- From others	8.24%	4.74	6.30
Foreign currency loan - from banks (refer note (ii) & (iii))	6 month LIBOR+4.15%	499.66	651.67
Unsecured			
From Others			
Inter-Corporate deposits	0.00%	12,222.06	11,110.96
Inter-Corporate deposits	12.00-15.00%	3,197.00	3,197.00
9,75,000, 11.50% Non-Convertible Redeemable Preference Shares (Refer note A below)	11.50%	5,451.43	5,020.49
Total Non-current Borrowings		24,735.73	23,359.83
Less: Current maturities of long-term debt (included in note 13(d))		3,860.50	2,614.42
Less: Liability for Redeemable Preference Shares (included in note 13(d))		5,451.43	5,020.49
Less: Interest accrued (included in note 13(d))		-	42.41
Less: Reclassified to Current Borrowings(note 13(b))		3,197.00	-
Non-current Borrowings		12,226.80	15,682.51

A. 11.50% Non-Convertible Redeemable Cumulative Preference Shares

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

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

B. External Commercial Borrowing from ICICI Bank Limited

(I) Terms of repayment:

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

(ii) Security details

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

Details of loan	Nature of Security
External Commercial Borrowings from ICICI Bank Limited	First Charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility.

The amount of interest expense not provided in the books of account on External Commercial Borrowing from ICICI Bank Limited by the Holding Company for the year ended 31st March, 2020 is Rs. 97.84 Lakhs. (Refer to Note 47 to the Consolidated Financial Statements)

The amount of interest expense not provided in the books of account on the Inter-Corporate Borrowings by the Holding Company for the financial year ended 31st March, 2019 was Rs. 9,216.88 Lakhs. The same still remains unprovided. (Refer to Note 47 to the Consolidated Financial Statements)

13(a) Non-current Borrowings (Contd.)

C. Nature of Security, terms of repayment and rate of interest for Secured Borrowings for the Subsidiary Company, McNally Sayaji Engineering Limited

Nature of Security	Terms of Repayment and Rate of Interest
i. Year end term loan balance from ICICI Bank Ltd. of Rs 2,500 Lacs (31.03.2019 Rs. 2,487 Lacs) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi Plant - Unit 1 of Holding Company) both present and future and pledge over 26% shares of the Company held by Holding Company. This facility is also guaranteed by Holding Company.	Repayable in 8 equal half yearly installments of Rs. 625 Lakhs each, commenced from June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount begins June 18, 2015 and every half year thereafter.
ii. Year end term loan balance from DBS Bank Ltd. of Rs 852 Lacs (31.03.2019 Rs. 875 Lacs) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Holding Company (excluding Kumardhubi plant - Unit 1) both present and future	Repayable in 8 equal quarterly installments of Rs. 125 Lacs each commenced from 3rd July, 2017. Interest is payable at the 13% p.a. on monthly basis.
iii. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 4 Lacs (31.03.2019 Rs. 6 Lacs) secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments of Rs. 0.25 Lakhs ending in July, 2021. Interest is payable at the rate of 9.49% to 9.75%p.a.
iv. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs.9 Lacs (31 March, 2019 Rs. 11 Lacs) secured by hypothecation of the asset under finance.	Car Loans are repayable in 60 equal monthly installments of Rs. 0.28 Lakhs each ending in January, 2023. Interest is payable at the rate of 8.24%p.a.

Details of default by the Holding Company during the year in respect of Non-current Borrowings are as under:

Name of the Shareholder/Lender	Amount of Default	Remarks
Various Preference Shareholders	-	Amount of default persisting as on the date of
ICICI Bank (Secured Long term borrowing (ECB))	499.66	approval of the Consolidated Financial Statements
ICICI Bank (Secured Long term borrowing (ECB))	149.84	Amount of default remediated during the year

Details of default by the Subsidiary Company, McNally Sayaji Engineering Limited during the year in respect of Non-current Borrowings are as under:

	Principal	Interest*
Term Loans from Banks		
-ICICI Bank	2,500.00	107.00
-DBS Bank	852.00	50.00
Total Term Loan- Default	3,352.00	157.00

*In addition to the above, the amount of interest expense not provided in the books of account on the above borrowings by the Subsidiary Company for the year ended 31st March, 2020 is Rs. 542 Lakhs. (Refer to Note 47 to the Consolidated Financial Statements)

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

13(b) Current Borrowings Particulars	Coupon/ Interest rate	As at 31st March, 2020	As at 31st March, 2019
Term Loans			
Unsecured			
Rupee loan			
- From others	104	-	11,138.63
Loans repayable on demand			
Secured			
From banks (refer note(i))			
Cash credit from banks	12.05% to 18.75%	195,679.54	178,371.48
Working capital demand loans from banks*	12.5% to 13.50%	16,090.20	17,986.84
Unsecured			
From others			
Inter Corporate Borrowings	15% to 18%	6,359.65	4,502.88
Total Current Borrowings		218,129.39	211,999.83
Less: Interest accrued (included in note 12(c))		-	1,361.97
Current Borrowings		218,129.39	210,637.86

(i)Details of loans	Nature of Security
Cash Credit facility from consortium of banks and Working capital demand loans from banks by the Subsidiary Company	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
Cash Credit facilities and Working Capital Demand Loans	First pari passu charge on entire current assets of Subsidiary Company. This facility is also secured by second pari passu charge over the immovable 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 of MBE Coal & Mineral Technology India Private Limited	Secured by first charge by way of hypothecation of MBE Coal & Mineral Technology India Private Limited's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any and First charge over the movable fixed assets of the Subsidiary company.and immovable property situated at Kharagpur, West Bengal.
	Further, Secured by Corporate Guarantee of the Holding Company in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

13(b) Current Borrowings

(ii) Details of default in respect of Current Borrowings of the Holding Company are as follow:

Name of the lender	Amount of Default	Remarks
	Principle	
Allahabad Bank - Cash Credit	8,726.23	Amount of default persisting as on the date of approval of the Consolidated Financial Statements
Axis Bank Limited - Cash Credit	21,298.28	
Bank of Baroda - Cash Credit	4,273.96	
Bank of India - Cash Credit	40,018.31	
Canara Bank - Cash Credit	2,438.11	
DCB Bank- Cash Credit	301.30	
ICICI Bank - Cash Credit	16,041.48	
IDBI Bank - Cash Credit	17,794.59	
Karur Vysya Bank - Cash Credit	8,829.38	
Lakshmi Vilas Bank - Cash Credit	99.75	
Oriental Bank of Commerce Bank - Cash Credit	1,089.74	
Punjab National Bank - Cash Credit	15,303.79	
Standard Chartered Bank- Cash Credit	2,652.19	
State Bank Of India - Cash Credit	25,531.53	
UCO Bank - Cash Credit	1,369.39	
Union Bank - Cash Credit	14,920.65	
United Bank of India - Cash Credit	93.91	
Cash Credit Total Default	180,782.59	
Axis Bank Limited - Working Capital Demand Loan	12,660.40	
Standard Chartered Bank- Working Capital Demand Loan	3,429.80	
Working Capital Demand Loan Total Default	16,090.20	
Inter-Corporate Borrowings Total Default	1,590.00	

*The amount of interest expense not provided on Current Bank Borrowings and Inter-Corporate Borrowings by the Holding Company for the year ended 31st March, 2020 is Rs. 28,946.90 Lakhs and Rs. 1059.48 Lakhs respectively. (Refer to Note 47 to the Consolidated Financial Statements)

Particulars	Principal	Interest*
Loan from Bank Repayable on Demand		
-ICICI Bank	4,006	-
-DBS Bank	1,459	66
-IDBI Bank	1,500	65
-State Bank of India	4,006	-
-Kotak Mahindra Bank	2,068	-
Total Loan from Bank Repayable on Demand -Default	13,039	131
Total Inter-Corporate Loans- Default	4,924	66

*In addition to the above, the amount of interest expense not provided in the books of account on the above bank borrowings by the Subsidiary Company, McNally Sayaji Engineering Limited for the year ended 31st March, 2020 is Rs. 2,136 Lakhs and Rs. 631 Lakhs on Inter-Corporate Borrowings. (Refer to Note 47 to the Consolidated Financial Statements)

Note 13(c) : Trade Payables

Particulars	As at 31st March , 2020	As at 31st March , 2019
Trade Payables due to Micro, Small and Medium enterprises (Refer note 40)	136.44	528.52
Trade Payables other than Micro, Small and Medium enterprises	26,339.72	41,741.75
Acceptances	-	9,966.20
Total Trade Payables	26,476.16	52,236.47
Current	26,475.48	52,233.07
Non-current	0.68	3.40

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

13(d) Other Financial Liabilities

Particulars	As at 31st March , 2020	As at 31st March , 2019
Non-current		
Lease Liability	2,420.85	438.71
Total Other Non-current Financial Liabilities	2,420.85	438.71
Current maturities of long-term debt	3,860.50	2,614.42
Interest accrued on borrowings and others	5,710.78	6,324.04
Liability for Redeemable Preference Shares	5,451.43	5,020.49
Capital Creditors	18.78	33.52
Employee Benefits Payable	1,994.40	1,697.51
Security Deposits	90.29	90.29
Dividend Accrued on Preference Shares	448.50	336.37
Unpaid Dividends*	9.50	9.50
Lease Liability	7.99	-
Overdrawn Current Accounts	-	46.92
Liabilities for Expenses	1,012.85	-
Others	333.81	1,573.08
Total Other Current Financial Liabilities	18,938.83	17,746.14

*Under Reconciliation

Note 14: Provisions

Particulars	As at 31st March , 2020		As at 31st March , 2019	
	Current	Non-current	Current	Non-current
Provisions				
-Warranty	103.52	-	103.46	-
-Anticipated loss on contracts	-	145.10	-	125.60
-Decommissioning obligations	103.86	-	103.90	-
-Compensated absence	11.62	73.67	119.76	561.46
-Gratuity	76.86	351.75	289.36	(9.11)
-Others	30.66	185.14	23.22	209.00
Total Provisions	326.52	755.66	639.70	886.95

(Information about individual provisions and significant estimates)

Warranty:

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

The Group offers 12 to 18 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. As at 31st March, 2020, this particular provision had a carrying amount of Rs 103.54 lakhs (31st March, 2019 Rs 103.46 lakhs). Where claims costs differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 10 lakhs higher or lower (31st March, 2019 Rs 11 lakhs higher or lower).

Anticipated Loss on Contracts:

A provision for anticipated loss is recognised where it is probable that the estimated contract costs are likely to exceed the total contract revenue.

Decommissioning obligations:

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

(ii) Movements in provisions

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Particulars	Warranty	Liquidated damages	Anticipated loss on contracts	Decommissioning Obligations
As at 31st March, 2018	118.00	50.00	109.00	103.90
Charged/(credited) to Consolidated Statement of Profit and Loss				
- additions		-	-	-
- amount used		-	-	-
- unused amounts reversed	(14.54)	(50.00)	-	-
- unwinding of discount	-	-	16.60	-
As at 31st March, 2019	103.46	-	125.60	103.90
Charged/(credited) to Consolidated Statement of Profit and Loss				
- additions	21.17	-	-	-
- amount used	(20.12)	-	(1.00)	-
- unused amounts reversed	(0.99)	-	-	-
- unwinding of discount	-	-	20.50	(0.04)
As at 31st March, 2020	103.52	-	145.10	103.86

(iii) Compensated absence

During the Financial Year 2019-20, the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited has decided to abolish the leave encashment facility as a measure to curtail expenses on account of payments towards leave encashment. Hence, an amount of provision of Rs 602.91 lakhs has been netted off with Employee Benefits Expense. Further, the Company has not provided for liability on account of leave encashment for the financial year ended 31st March, 2020.

Note 14 : Provisions (Contd.)

(iv) Gratuity

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2018	1,202.04	1,064.66	137.38
Current service cost	119.34	-	119.34
Interest expense/(income)	76.33	81.83	(5.50)
Total amount recognised in Profit and Loss	195.67	81.83	113.84
<i>Remeasurements</i>			
- Return on plan assets	-	(15.95)	15.95
- Due to financial assumptions	9.69	-	9.69
- Due to experience adjustments	178.31	-	178.31
Total amount recognised in Other Comprehensive Income	188.00	(15.95)	203.95
Employer contributions	-	174.92	(174.92)
Benefit payments	(420.23)	420.23	-
31st March, 2019	1,165.48	885.23	280.25

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2019	1,165.48	885.23	280.25
Current service cost	91.99	-	91.99
Interest expense/(income)	81.13	58.68	22.45
Total amount recognised in Profit and Loss	173.12	58.68	114.44
<i>Remeasurements</i>			
- Return on plan assets	-	(2.14)	2.14
- Due to financial assumptions	47.82	-	47.82
- Due to experience adjustments	74.16	-	74.16
Total amount recognised in Other Comprehensive Income	121.98	(2.14)	124.12
Employer contributions	-	90.20	(90.20)
Benefit payments	(332.82)	332.82	-
31st March, 2020	1,127.76	699.15	428.61

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Major Categories of Plan Assets as a percentage of fair value of the total plan assets:

The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

Particulars	Year ended 31st March , 2020	Year ended 31st March , 2019
Present value of funded obligations	1,127.76	1,165.48
Fair value of plan assets	699.15	885.23
Deficit of funded plans	428.61	280.25

The significant actuarial assumptions used are as follows:

Particulars	As at 31st March , 2020	As at 31st March , 2019
Discount rate	7.70%	7.70%
Salary escalation	4.00 - 6.00%	4.00 - 6.00%
Expected return on plan assets	7.70%	7.70%
Withdrawal rate	1.00-8.00%	1.00-8.00%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2006-08) ultimate	

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

Assumption	Increase/ (decrease)	Assumption Rate	Amount of change in defined benefit obligations as at 31st March , 2020
Discount rate	Increase by	1%	(612.25)
Discount rate	Decrease by	1%	710.29
Salary escalation	Increase by	1%	788.98
Salary escalation	Decrease by	1%	(706.40)
Withdrawal rate	Increase by	1%	725.44
Withdrawal rate	Decrease by	1%	(714.43)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period. The plan liabilities are calculated using a discount rate set with reference to government bonds. If the plan assets underperform this yield, this will create a deficit. The plan asset investments is with the Life Insurance Corporation of India which administers the fund. The investments are expected to earn a return in excess of the discount rate and reduce plan deficit.

The maturity profile of gratuity liability is as follows:

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Year	As at 31st March , 2020	As at 31st March , 2019
Less than a year	162.56	177.63
Between 1 to 2 years	154.45	296.68
Between 2 to 5 years	424.64	417.78
More than 5 years	1,123.52	797.68

The weighted average duration of the defined benefit obligation is 5.02 to 9.82 years (31st March , 2019 - 5.37 to 10.09 years). The contribution expected to be made by the Group for the year ended 31st March , 2021 is Rs. 64.36 Lakhs.

(v) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at 31st March , 2020 and 31st March , 2019. In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee. Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

Particulars	As at 31st March , 2020	As at 31st March , 2019
Discount rate	7.70%	7.70%
Guaranteed interest rate	8.50%	8.65%
Expected average remaining working life (in years)	11.72	11.26

The Group contributed Rs. 436.90 lakhs and Rs. 460 lakhs during the year ended 31st March , 2020 and 31st March 31, 2019, respectively, and the same has been recognised in the Consolidated Statement of Profit and Loss under the head employee benefit expenses.

Risks arising from defined benefit obligations

The defined benefit obligation plans typically expose the group to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk. Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Interest risk: A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets. Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. Salary risk: The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

Note 15: Other Liabilities

Particulars	As at 31st March , 2020	As at 31st March , 2019
Advance from customers	17,277.10	36,957.34
Statutory Tax Payables	502.27	518.22
Due to Customers	8,830.03	11,619.93
Dividend Distribution Tax on preference dividend	91.76	68.71
Benevolent fund	112.99	106.43
Others	0.62	-
Total Other Liabilities	26,814.77	49,270.63
Current	26,814.77	48,949.20
Non-current	-	321.43

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 16: Revenue from Operations

The Group derives the following types of revenue:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Contract Revenue and Sale of Equipment	70,924.05	1,71,810.99
Sale of Services	1,480.56	1,240.52
Other Operating Revenue	600.06	825.83
Total Revenue from Operations	73,004.67	1,73,877.34

Note 17: Other Income and Other Gains/(Losses)

(a) Other Income

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest Income from Financial Assets measured at amortised cost	2,713.02	1,758.05
Interest Income	603.06	843.87
Rental Income	48.00	-
Provision/Liabilities no longer required written back	2,599.90	785.25
Interest Income from Debentures	-	103.18
Interest income on Fair Valuation of Revenue(Net)	-	6,142.89
Dividend income from investments mandatorily measured at fair value through profit and loss	-	0.22
Expected Credit Loss on trade receivables and due from customers written back	-	5,729.12
Net Foreign Exchange Gain	3.07	0.91
Corporate Guarantee Commission	147.35	147.35
Advance from customers written back	65.00	111.70
Provision for anticipated losses written back	-	374.50
Profit on sale of fixed assets (net)	-	4.53
Miscellaneous Income	37.80	118.14
Total Other Income	6,217.20	16,119.71

(b) Other Gains/(Losses)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Net gain/(loss) on sale of investments	-	21.54
Fair value (losses)/gains on derivatives not designated as hedges	-	(35.50)
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	(3.74)	(33.17)
Total Other Gains/(Losses)	(3.74)	(47.13)
Total Other Income and Other Gains/(Losses)	6,213.46	16,072.58

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 18(a): Cost of Materials Consumed

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Raw Materials at the beginning of the year	4,955.25	5,887.49
Add: Purchases	14,096.72	20,202.31
Less: Raw Materials at the end of the year	(3,319.91)	(4,955.25)
Total Cost of Raw Materials Consumed	15,732.06	21,134.55
Add: Consumption of bought out components	13,621.00	97,107.49
Total Cost of Materials Consumed	29,353.06	1,18,242.04

Note 18(b): Changes in Inventories of Work-in-progress and Finished Goods

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening balance		
Work-in progress *	7,376.00	29,366.60
Finished goods	-	155.00
Total Opening balance	7,376.00	29,521.60
Closing balance		
Work-in progress	6,857.63	28,338.75
Finished goods	62.54	-
Total Closing balance	6,920.17	28,338.75
Total Changes in Inventories of Work-in-progress and Finished Goods	455.83	1,182.85

* Work-in-Progress as at 1st April, 2019 Rs. 7,376 is net of provision made by the Subsidiary Company, McNally Sayaji Engineering Limited of Rs. 2,564.30 Lacs during the year 2018-19 as an exceptional item and excludes Rs. 18,398.45 Lacs pertaining to Vedica Sanjeevani Projects Private Limited, a subsidiary Company disposed off during the year 2018-19

Note 19: Employee Benefits Expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries, Wages and Bonus	8,928.46	11,382.01
Contribution to Provident and Other Funds	599.45	617.47
Workmen and Staff Welfare Expenses	817.77	1,150.88
Total Employee Benefits Expense	10,345.68	13,150.36

Note 20: Finance Costs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest and finance charges on financial liabilities not at fair value through profit or loss	908.67	38,946.02
Interest Expense on Fair Value of Revenue(Net)	2,519.55	-
Interest on Debentures	-	103.38
Discounting on fair valuation of financial instruments on amortised cost	4,644.27	1,410.29
Unwinding of discount on provisions	621.80	35.34
Other borrowing cost	73.63	-
Proposed dividend on redeemable preference share	112.12	112.14
Total Finance Costs	8,880.04	40,607.17

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 21: Depreciation and Amortisation Expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation on Property, Plant and Equipment	1,804.39	2,284.47
Depreciation on Investment Properties	3.00	3.00
Amortisation of Intangible Assets	3.68	34.22
Total Depreciation and Amortisation Expense	1,811.07	2,321.69

Note 22: Other Expenses

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Consumption of Stores and Spares	234.22	1,191.99
Fabrication and Other Charges	2,178.61	1,631.64
Power & Fuel	1,088.42	1,351.05
Rent	438.77	1,043.53
Repairs and Maintenance:		
Buildings	22.45	18.50
Plant and Machinery	73.32	88.44
Others	385.81	540.10
Legal & Professional Fees	2,890.67	3,681.38
Insurance	299.25	483.23
Commission Expenses	361.39	301.84
Director's Fees	10.52	12.50
Rates & Taxes	351.42	151.67
Cartage & Freight	1,502.95	2,439.86
Bank Charges	2,956.01	4,126.76
Travelling	1,211.32	1,646.98
Provision for Expected Credit Loss on Trade Receivables and due from customers	3,497.70	5,403.11
Provision for Impairment of Financial Assets	-	1,688.25
Bad Debts Written Off	1.00	271.44
Provision/Allowance for Doubtful Debts	18,430.70	2,054.44
Provision for Future Foreseeable Losses in Construction Contracts	1,993.30	273.62
Provision for Doubtful Debts against Expenses Recoverable	2,805.57	-
Advance written off	5,049.07	12.00
Net Foreign Exchange Loss	298.51	399.54
Adjustment/Loss on Change of Ownership	-	17,639.64
Provision for warranty	17.19	(2.00)
Liquidated Damages Expenses	32.18	10.00
Royalty	15.93	7.00
Payment to Auditors	95.88	101.39
Subscriptions and donations	0.85	0.99
Miscellaneous Expenses*	1,189.76	1,847.25
Total Other Expenses	47,432.77	48,416.14

*includes loss on disposal of Property, Plant & Equipment (Net) Rs. 5.53 Lakhs (Previous Year Rs. 3.75 Lakhs)

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 23: Income Tax Expense

This note provides an analysis of the Group's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax positions.

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Income Tax Expense		
<i>Current tax</i>	103.86	
Current tax on profits for the year	-	-
Provision of earlier years written back	(25.22)	-
Total Current Tax Expense	(25.22)	-
<i>Deferred tax</i>		
Decrease (increase) in deferred tax assets	(1.00)	(8,765.94)
(Decrease) increase in deferred tax liabilities	1.00	9,868.04
Total Deferred Tax Expense/(Credit)	-	1,102.10
Total	(25.22)	1,102.10

The effective tax rate and the applicable tax rates for recognition of deferred tax income is same. The applicable tax rate is based on the enacted tax rates.

The Group has recognised deferred tax assets on carried forward tax losses. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plan and budget for the Group.

(b) Unabsorbed tax losses for which no Deferred Tax Assets is recognised in the Standalone Balance Sheet of the Holding Company

Particulars	Amount (In Rs. Lacs)
Business Losses allowed under the provisions of Income Tax Act, 1961	31,878.82
Deduction of provisions allowed under the provisions of Income Tax Act, 1961 on actual basis	14,530.13
Total	46,408.95

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Note 24: Capital Management

Capital Management

The Group strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future developments and growth of its business. For the purpose of Group's capital management, capital includes issued capital and all other equity reserves. The Group manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants. However, in view of certain adverse factors and challenges faced by the Group over past few years as explained in Note 44 to the Consolidated Financial Statements, networth of the Company has been adversely impacted. The Board of Directors of the Holding Company expects that overall financial health of the Group would improve after proposed debt restructuring and availability of the working capital.

Loan Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with various financial covenants. The Group has been under financial stress due to external factors. EBITDA margins of the Group have not been sufficient to service interest/principal repayment even after infusion of funds by the promoters from time to time during the earlier years. The Group has not been able to comply with some of the covenants during the current as well as the previous years. The Holding Company and one of its Subsidiary Companies, McNally Sayaji Engineering Limited has persisting default in repayment of entire loans or borrowings to Banks as on 31st March, 2020 as disclosed in Note 13(a) and 13(b) to the Consolidated Financial Statements.

Note 25: Risk Management

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

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

(A) Credit Risk

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

(I) Credit Risk Management

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

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

L5: 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 payer/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the group continues to engage in enforcement activities to attempt to recover the receivable dues.

(ii) Provision for Expected Credit Losses

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 25: Risk Management (Contd.)

Year ended 31st March, 2019

(a) Expected Credit Loss for Loans & Investments, Expenses Recoverables and other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying	Expected probability of default	Expected credit losses	Carrying amount net of impairment
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	1,362.85	-	-	1,362.85
		Investments	VL1	96.62	-	-	96.62
		Claims Recoverable	VL1	14,461.21	-	-	14,461.21
		Others	VL1	3,964.32	-	-	3,964.32
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Security deposits	VL6	2.00	100%	2.00	-

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

Particulars	Internal credit rating	Due from customer	Trade Receivables
Gross Carrying Amount		20,209.43	1,88,036.13
Expected Credit Losses (Loss allowance provision)	VL3	687.10	12,396.33
Carrying Amount (net of impairment)		19,522.33	1,75,639.80

During the year ended 31st March, 2019, the Holding Company had made provision for bad and doubtful debts against trade receivables wherein it does not expect to receive future cash flows

Rs. 5,403.11 Lakhs.

Year ended 31st March, 2020

(a) Expected Credit loss for Loans & Investments, Expenses Recoverables and other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	1,442.01	-	-	1,442.01
		Investments	VL1	92.88	-	-	92.87
		Claims Recoverable	VL1	23,386.52	-	2,805.57	20,580.95
		Others	VL1	1,541.32	-	-	1,541.32
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Security deposits	VL6	2.00	100%	2.00	-

During the year, the Holding Company has made provision for expenses recoverable wherein it does not expect to receive future cash flows Rs. 2,805.57 Lakhs.

(b) Expected Credit Loss for Due from Customers, Trade Receivables and Claims Recoverable under simplified approach

Particulars	Internal credit rating	Due from customer	Trade Receivables	Claims Recoverable
Gross Carrying amount		-	1,76,037.35	23,386.52
Expected Credit Losses (Loss allowance provision)	VL3	-	32,170.81	2,805.57
Carrying amount (net of impairment)		-	1,43,866.54	20,580.95

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 25: Risk Management (Contd.)

(iii) Reconciliation of loss allowance provisions- Security deposits

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance as on 31st March, 2018	-	-	2.00
Loss allowance as on 31st March, 2019	-	-	2.00
Loss allowance as on 31st March, 2020	-	-	2.00

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

Particulars	Trade Receivables	Due from customers	Total Loss Allowance
Loss allowance as on 31st March, 2018	8,615.10	5,753.31	14,368.41
Changes in loss allowance	3,781.23	(5,066.20)	(1,284.97)
Loss allowance as on 31st March, 2019	12,396.33	687.11	13,083.44
Changes in loss allowance	19,774.48	(687.11)	19,087.37
Loss allowance as on 31st March, 2020	32,170.81	-	32,170.81

Significant Estimates and Judgements

Impairment of Financial Assets

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

Note 25: Risk Management (Contd.)

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans

(i) Maturity of Financial Liability

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Contractual maturities of financial liabilities (31st March, 2020)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings*	2,27,441.32	-	12,226.80	2,39,668.11
Interest Accrued	5,710.78	-	-	5,710.78
Trade Payables	26,475.48	-	0.68	26,476.17
Capital Creditors	18.78	-	-	18.78
Employee Benefits payable	1,994.40	-	-	1,994.40
Lease Liability	7.99	-	2,420.85	2,428.84
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	448.50	-	-	448.50
Unpaid Dividends	9.50	-	-	9.50
Overdrawn current accounts	-	-	-	-
Liabilities for Expenses	1,012.85	-	-	1,012.85
Others	333.79	-	-	333.79
Total non derivative financial liabilities	2,63,543.70	-	14,648.33	2,78,192.03

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 86,370.79 Lakhs

Contractual maturities of financial liabilities (31st March, 2019)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings**	2,18,272.77	-	15,682.51	2,33,955.28
Interest Accrued	6,324.04	-	-	6,324.04
Trade Payables	52,233.07	-	3.40	52,236.47
Capital Creditors	33.52	-	-	33.52
Employee Benefits payable	1,697.51	-	-	1,697.51
Lease Equalisation	-	-	438.71	438.71
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	336.37	-	-	336.37
Unpaid Dividends	9.50	-	-	9.50
Overdrawn Current Accounts	46.92	-	-	46.92
Liabilities for Expenses	-	-	-	-
Others	1,573.08	-	-	1,573.08
Total non derivative financial liabilities	2,80,617.09	-	16,124.62	2,96,741.70

**Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 87,482 Lakhs

Note 25: Risk Management (Contd.)

(C) Market Risk

(I) Foreign Currency Risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the group's functional currency (₹). The risk is measured through the expected foreign currency cash flows based on the Group's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than ₹. The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

(a) Foreign Currency Risk Exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ is as follow

Particulars	31st March, 2020				31st March, 2019		
	USD	EUR	ZAR	GBP	USD	EUR	ZAR
Financial Assets							
Trade Receivables	2.00	463.60	-	-	2.00	397.60	-
Advance to Supplier	-	4.00	-	-	-	-	-
Net exposure to foreign currency risk (assets)	2.00	467.60	-	-	2.00	397.60	-
Financial Liabilities							
Foreign Currency Loan	499.66	-	-	-	651.67	-	-
Trade Payables	126.91	384.59	3.34	2.00	99.05	215.72	3.90
Advance from Customers	35.00	2,124.99	-	-	10.00	123.00	-
Net exposure to foreign currency risk (liabilities)	661.57	2,509.58	3.34	2.00	760.72	338.72	3.90

At the end of the reporting period, the total notional amount of outstanding foreign currency forward contracts that the Group has committed to is USD NIL lakhs (31st March 31, 2019: USD Nil) lakhs.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Sensitivity:

Particulars	Increase/(Decrease) in profit before tax	
	31st March, 2020	31st March, 2019
USD sensitivity		
INR/USD -Increase by 5% (31st March, 2019-5%)*	(32.98)	(37.94)
INR/USD -Decrease by 5% (31st March, 2019-5%)*	32.98	37.94
EUR sensitivity		
INR/EUR-Increase by 5% (31st March, 2019-5%)*	(102.10)	2.94
INR/EUR-Decrease by 5% (31st March, 2019-5%)*	102.10	(2.94)
ZAR sensitivity		
INR/ZAR-Increase by 5% (31st March, 2019-5%)*	(0.17)	(0.19)
INR/ZAR-Decrease by 5% (31st March, 2019-5%)*	0.17	0.19
GBP sensitivity		
INR/GBP-Increase by 5% (31st March, 2019-5%)*	(0.10)	-
INR/GBP-Decrease by 5% (31st March, 2019-5%)*	0.10	-

* Holding all other variables constant

Note 25: Risk Management (Contd.)

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During the year ended 31st March, 2020 and 31st March, 2019, the group's borrowings at variable rate were mainly denominated in INR. The Group's fixed rate borrowings are carried at amortised cost. These are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Group's borrowings to interest rate changes at end of reporting period are as follow:

Particulars	31st March, 2020	31st March, 2019
Variable rate borrowings	2,15,634.98	2,11,103.84
Fixed rate borrowings*	24,033.14	22,851.45
Total borrowings	2,39,668.12	2,33,955.29

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

* Including interest free LCDs availed by the Holding Company amounting to Rs. 12,222.06 lakhs arising due to conversion of amount received from certain companies in to long term borrowings. Refer note no 44

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 86,370.79 Lakhs(31st March, 2019 : Rs. 87,482 Lakhs)

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Increase/(Decrease) in profit after tax	
	31st March, 2020	31st March, 2019
Interest rates increase by 50 basis points (50 bps) *	(95.54)	(193.19)
Interest rates decrease by 50 basis points (50 bps) *	95.54	193.19

* Holding all variables constant

However, the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited have not recognised interest expense during the financial year ended 31st March, 2020. (Refer Note 47 to the Consolidated Financial Statements)

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 26: Fair Value Measurements

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2020, and 31st March, 2019.

Particulars	31st March, 2020			31st March, 2019		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
- Equity instruments	5.75	-	-	30.45	-	-
- Mutual funds	87.13	-	-	66.17	-	-
Trade Receivables	-	-	1,43,866.54	-	-	1,75,639.80
Loans	-	-	1,442.01	-	-	1,362.85
Cash and Cash Equivalents	-	-	2,198.64	-	-	4,167.94
Other Bank Balances	-	-	384.51	-	-	4,627.28
Security deposits	-	-	247.96	-	-	418.25
Advance to Employees	-	-	56.53	-	-	70.14
Due from customers	-	-	-	-	-	19,522.33
Unbilled Revenue	-	-	-	-	-	604.92
Deposits with bank	-	-	11.25	-	-	2,490.08
Claims Recoverable	-	-	20,580.94	-	-	14,461.21
Others	-	-	1,225.58	-	-	380.92
Total Financial Assets	92.88	-	1,70,013.96	96.62	-	2,23,745.73
Financial Liabilities						
Borrowings	-	-	2,39,668.11	-	-	2,33,955.28
Interest accrued	-	-	5,710.78	-	-	6,324.04
Trade payables	-	-	26,476.16	-	-	52,236.47
Overdrawn current account	-	-	-	-	-	46.92
Capital creditors	-	-	18.78	-	-	33.52
Employee Benefits payable	-	-	1,994.40	-	-	1,697.51
Lease Liability	-	-	2,428.84	-	-	438.71
Security deposits	-	-	90.29	-	-	90.29
Dividend Accrued on Preference Shares	-	-	448.50	-	-	336.37
Unpaid dividends	-	-	9.50	-	-	9.50
Liabilities for Expenses	-	-	1,012.85	-	-	-
Others	-	-	333.79	-	-	1,573.06
Total Financial Liabilities	-	-	2,78,192.02	-	-	2,96,741.69

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 86,370.79 Lakhs(31st March, 2019 : Rs. 87,482 Lakhs)

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of the inputs used in determining fair value, the 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	Level 1	Level 2	Level 3	Total
At 31st March, 2020				
Financial Assets				
<i>Financial instruments at FVTPL</i>				
Listed Equity Investments	5.75	-	-	5.75
Mutual Funds	-	87.13	-	87.13
Total Financial Assets	5.75	87.13	-	92.88

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 26: Fair Value Measurements(Contd.)

Financial Assets and Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
At 31st March , 2019				
Financial Assets				
<i>Financial instruments at FVTPL</i>				
Listed Equity Investments	30.45	-	-	30.45
Mutual Funds	-	66.17	-	66.17
Total Financial Assets	30.45	66.17	-	96.62

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Group has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date

(iii) Fair value of the Financial Asset and Liabilities measured at Amortised Cost

Particulars	31st March, 2020		31st March, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Security deposits	247.96	247.96	418.25	418.25
Due from customers	-	-	19,522.33	19,522.33
Trade receivables	1,43,866.54	1,43,866.54	1,75,639.80	1,75,639.80
Claims Recoverable	20,580.95	20,580.95	14,461.21	14,461.21
Total Financial Assets	1,64,695.45	1,64,695.45	2,10,041.59	2,10,041.59
Financial Liabilities				
Borrowings	2,39,668.11	2,39,668.11	2,33,955.28	2,33,955.28
Total Financial Liabilities	2,39,668.11	2,39,668.11	2,33,955.28	2,33,955.28

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Note 27: Related Party Disclosures

As required by Ind AS 24, Related Party Disclosures are given below:

(a) Subsidiaries

- (i) McNally Sayaji Engineering Limited (MSEL)
- (ii) McNally Bharat Equipments Limited (MBEL)
- (iii) MBE Mineral Technologies Pte Limited
- (iv) MBE Minerals Zambia Limited
- (v) McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. June 30, 2017)
- (vi) MBE Coal & Mineral Technology India Private Limited (wholly owned subsidiary of MSEL)

(b) Joint Venture

- (i) EMC MBE Contracting Company LLC

(c) Post employment benefit plan of the Company

- (i) McNally Bharat Executive Staff Gratuity Fund
- (ii) McNally Bharat Employees Provident Fund

(d) Key Managerial Personnel

- (i) Mr. Aditya Khaitan - Chairman
- (ii) Mr. Srinivash Singh - Managing Director
- (iii) Mr. Manoj Kumar Digga - Chief Financial Officer
- (iv) Mr. Indranil Mitra - Company Secretary (resigned w.e.f. 10th July, 2019)
- (v) Mr. Rahul Banerjee - Company Secretary (appointed w.e.f. 14th August, 2019)
- (vi) Ms. Arundhati Dhar - Independent Director
- (vii) Mr. A.K Barman - Independent Director
- (viii) Mr. Nilotpal Roy - Independent Director (appointed w.e.f. 14th February, 2020)
- (ix) Ms. Kasturi Roychoudhury - Independent Director (appointed w.e.f. 14th February, 2020)

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

Description	EMC MBE Contracting Co LLC
Provision for impairment in value of investments	- (152.31)
Impairment in value of advances	- (67.06)

Balances Outstanding as at 31st March, 2020

Description	EMC MBE Contracting Co LLC
Investment at the year end	152.31 (152.31)
Provision for impairment in value of investments	152.31 (152.31)
Outstanding Receivables	67.06 (67.06)
Allowance for doubtful receivables	67.06 (67.06)

Brackets indicate figures for previous year

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Transactions with Key Managerial Personnel	2019-20			2018-19		
	Remuneration	Sitting fees	Outstanding Balance payable as at year end	Remuneration	Sitting fees	Outstanding Balance payable as at year end
Mr. Srinivash Singh	220.13	-	23.60	220.09	-	11.29
Mr. Manoj Kumar Digga	155.00	-	15.36	109.48	-	9.29
Mr. Indranil Mitra	8.48	-	-	28.00	-	1.59
Mr. Rahul Banerjee	7.79	-	1.82	-	-	-
Mr. Aditya Khaitan	-	1.20	-	-	1.20	-
Mr. V.K. Verma	-	-	-	-	1.60	-
Ms. Arundhati Dhar	-	3.20	-	-	3.60	-
Mr. A.K Barman	-	3.20	-	-	3.00	-
Mr. P.S. Bhattacharya	-	-	-	-	1.00	-

	2019-20		2018-19	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Remuneration includes				
Mr. Srinivash Singh	220.13	-	220.09	-
Mr. Manoj Kumar Digga	147.90	7.10	104.61	4.87
Mr. Rahul Banerjee	7.44	0.35	-	-
Mr. Indranil Mitra	8.48	0.35	26.79	1.21

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	2019-20	2018-19
McNally Bharat Executive Staff Gratuity Fund	80.20	221.17
McNally Bharat Employees Provident Fund	392.90	338.13

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 28: Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Property, Plant and Equipment (Net of advances)	49.57	51.87

Note 29: Lease

The Group has adopted Ind AS 116 "Leases", effective from annual reporting period beginning on 1st April, 2019 and adopted the Standard using modified retrospective transition method where at the date of initial application, the lease liability is measured at the present value of remaining lease payments and right to use asset has been recognised at an amount equal to the lease liability. Accordingly, the comparative information for periods relating to earlier years has not been restated. As on 31st March, 2020, there is a Right of Use Asset and Lease Obligations amounting to Rs. 2,216.84 Lakhs and Rs. 2,428.84 Lakhs respectively.

The Group has also leasing arrangements in respect of operating leases for premises (guest house, offices etc.). These leasing arrangements which are cancellable in nature are renewable by mutual consent and agreement. The aggregate of such lease rentals on account of short-term leases and low-value assets amounting to Rs. 438.77 Lacs are charged as rent to the Consolidated Statement of Profit and Loss.

Note 30:

MBE Minerals Technology Pte Ltd (MBEMT), a wholly owned subsidiary has sold its entire 99% stake in MBE EWB Kft to MBE CMT GmbH, its associate company, for Rs. 1,375.50 lacs (USD 2.1 million) on August 14, 2017 through sale agreement pursuant to which 75% of the consideration was to be received by December 31, 2017 and remaining 25% was to be received by March 31, 2018. MBEMT has not received any consideration by the specified dates, the settlement date for the consideration had been extended to September 30, 2018 vide an addendum to the agreement dated March 27, 2018. Due to non-receipt of such consideration, MBE Minerals Technology Pte Ltd (MBEMT) has been impaired during the financial year ended 31st March, 2019.

Note 31: Contingent Liabilities

a. The details of contingent liabilities are as under:

Particulars	31st March, 2020	31st March, 2019
Claims against the Group (including under litigation/arbitration) not acknowledged as debt	42,631.36	36,383.03
Other money for which the Group is contingently liable:		
Indirect tax matters relating to excise duty, service tax, sales tax and value added tax	44,428.01	32,646.90
Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed	5,846.10	1,095.42
Other demands related to claims made by certain ex-employees towards employee benefits due to them	137.00	137.00
Liquidated damages relating to contract sales	Amount not readily ascertainable	Amount not readily ascertainable

b. The banks have issued guarantees on behalf of the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited to various parties for performance, security and earnest money deposit aggregating to Rs. 89,170.67 lakhs as on 31st March, 2020 (Rs. 91,051.87 lakhs as on 31st March, 2019) for which the Group is contingently liable for payment not included in the above.

c. Tata Capital Financial Services Limited (TCFSL), one of the Non-Convertible Redeemable Preference Shareholders of the Holding Company has preferred commercial arbitration petition during the year demanding redemption of Non-convertible Redeemable Preference Shares due to breach of various financial covenants therein for their outstanding balance of Rs. 2,831.63 Lakhs along with 100% liquidation damages which is disputed by the Holding Company. The Arbitrator is yet to issue directions in the matter. Further, TCFSL had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the IBC") before the National Company Law Tribunal ("the NCLT") to initiate Corporate Insolvency Resolution Process ("the CIRP") against the Holding Company. The NCLT has dismissed the application filed by the TCFSL not being a financial creditor as per the provisions of the IBC.

d. During the year ended 31st March, 2019, the Director General of GST Intelligence (DGGI) Kolkata had conducted investigation at the Corporate Office of the Holding Company and denied Input Tax Credit of Rs. 945.04 Lakhs availed by the Holding Company. Pending

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

adjudication of the matter, the Holding Company has included the Input Tax Credit in Note- 11(b) under Balance with Statutory/Government authorities.

It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters pending resolution of the arbitration/appellate proceedings. Details of Corporate Guarantees given and covered under Section 186(4) of the Companies Act, 2013:-

Particulars	31st March, 2020	31st March, 2019
By the Holding Company		
On behalf of MBE Coal & Mineral India Private Limited (Banking Facility)	2,850.00	2,850.00
On behalf of McNally Sayaji Engineering Limited (ECB & Rupee Term Loan)	5,000.00	5,000.00
By the Subsidiary Company, McNally Sayaji Engineering Limited		
On behalf of the Holding Company	5,950.00	5,950.00
Total	13,800.00	13,800.00

Note 32 : Excess Remuneration paid to Key Managerial Personnel of the Holding Company

(A) The Holding Company has approached the lender bank for necessary approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Holding Company amounting to Rs. 65.80 lakhs for the period 14th December, 2019 to 31st March, 2020. Thereafter necessary approval will be obtained from the shareholders of the Holding Company to comply with the provisions of Section 197(17) of the Companies Act, 2013.

(B) The Holding Company has obtained necessary approval in terms of section 197(17) of the Companies Act, 2013 for excess managerial remuneration amounting to Rs. 220.09 Lakhs paid to the Managing Director during the year ended 31st March, 2019.

(C) Excess managerial remuneration paid for which the Board has decided to recover the excess remuneration paid / payable amounting to Rs. 40.82 Lakhs to erstwhile one whole time director of the Holding Company for the year ended 31st March, 2018, superseding its earlier decision and approval of Shareholders of the Holding Company for waiver. The Holding Company would initiate steps for necessary approval for recovery of such amount.

Note 33 : Details of future foreseeable losses under construction contracts

Particulars	31st March, 2020	31st March, 2019
Provision for future foreseeable losses	2,965.93	972.62

Note 34: Disclosure for Construction Contracts

The details as required in respect of Construction Contracts under Ind AS 115 in respect of the Holding Company are as under:

Particulars	31st March, 2020	31st March, 2019
Contract costs incurred	17,79,839.44	17,33,034.96
Add : Recognised profit net of recognised losses	(39,755.56)	(34,380.00)
Contract Revenues*	17,40,083.88	16,98,654.96
Progress Billing	16,47,558.69	15,88,076.69
Unbilled Revenue (Net)#	(8,698.81)	9,353.91
Due from Customers	2,547.44	20,989.37
Less: Allowance for doubtful amount	2,547.44	509.95
Less: Provision for future foreseeable losses	-	957.09
Net Due from Customers	-	19,522.33
Due to Customers	(11,246.25)	(11,635.46)
Add: Provision for future foreseeable losses	2,965.93	15.53
Net Due to Customers	(8,280.32)	(11,619.93)
Advance payments received	18,405.52	20,696.49
Retention amount	38,094.71	62,106.98
Provision for future foreseeable losses recognised	2,965.93	972.62

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Refer Note 25(A)(ii) for Loss Allowances on Trade Receivables

Sale of equipments and contract revenue in respect of construction contracts as reported in this account is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the Company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.

The Holding Company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

The Holding Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

* The Holding Company had adopted Ind AS 115 "Revenue from contract with customers" during the financial year ended 31st March, 2018 using the modified retrospective approach resulting in a transition impact of Rs. 212.27 Lakhs on revenue which was disclosed under Note 12(b)(v).# After adjustment of amount received from assignment of unbilled revenue by the Holding Company to certain companies amounting to Rs. Nil (31st March, 2019 Rs. 101,224.56 lakhs) in the normal course of business.

Note 35

During the previous year ended 31st March, 2019, downturn of the infrastructure and core sector combined with other factors had necessitated the Subsidiary Company's i.e. McNally Sayaji Engineering Limited, management to undertake a comprehensive evaluation of its inventories. Such evaluation resulted in identification of certain inventories which required provisioning. Accordingly, a provision of Rs. 2,591 Lacs was taken in the Standalone Financial Statements of the Subsidiary Company for the previous year for such inventories and shown as an exceptional item.

Note 36: Interest in Other Entities

(a) Interest in Subsidiaries

The group's subsidiaries as at 31st March, 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/country of incorporation	Ownership interest held by the group		Ownership interest held by non controlling interests	
		Year ended 31st March, 2020	Year ended 31st March, 2019	Year ended 31st March, 2020	Year ended 31st March, 2019
		%	%	%	%
i) McNally Sayaji Engineering Limited	India	81.56	82.05	18.44	17.95
ii) McNally Bharat Equipments Limited	India	99.40	99.40	0.60	0.60
iii) MBE Minerals Zambia Limited	Zambia	99.99	99.99	0.01	0.01
iv) MBE Mineral Technologies Pte Limited	Republic of Singapore	100.00	100.00	-	-
v) MBE Coal & Mineral Technology India Private Limited (Step-down Subsidiary)	India	81.56	82.05	18.44	17.95

(b) Interest in Joint Venture

Set out below is the Joint Venture of the Group as at 31st March, 2020, which has share capital consisting solely of equity shares and are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Financial Statements of the Joint Venture of the Holding Company i.e. EMC MBE Contracting Company LLC whose carrying value in the Financial Statements of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Statements.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Name of entity	Place of business/country of incorporation	Proportion of Ownership		Carrying Amount	
		Year ended 31st March, 2020 %	Year ended 31st March, 2019 %	Year ended 31st March, 2020 Rs. Lakhs	Year ended 31st March, 2019 Rs. Lakhs
i) EMC MBE Contracting Co LLC	Oman	35.00%	35.00%	-	-

Note 37: Earnings Per Share

	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Basic Earnings Per Share		
Profits/(Losses) attributable to the Equity Holders of the Group	(38,623.04)	(78,337.63)
Total Basic Earnings Per Share attributable to the equity holders of the Group	(18.26)	(37.03)
(b) Diluted Earnings Per Share		
Profits/(Losses) attributable to the equity holders of the Group	(38,623.04)	(78,337.63)
Total Diluted Earnings Per Share attributable to the Equity holders of the Group	(18.26)	(37.03)

(c) Weighted average numbers of shares used as denominator

Particulars	31st March, 2020 Number of shares	31st March, 2019 Number of shares
Weighted average number of equity shares and potential equity shares used as the denominator in calculating basic earnings per share	21,15,70,757	21,15,70,757

Note 38: Segment information

The Group is primarily engaged in a single business segment, viz. "manufacturing and designing of engineering products" and predominantly operates in one Geographical segment. Hence, in the opinion of the Chief Operating decision maker as defined, the Group's operation comprises of only one reporting segment. Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting". Disclosure required under Ind AS 108 "Operating Segments" for Companies with single segment are as follows :

Particulars	31st March, 2020	31st March, 2019
Revenue from Customers		
- India	72,819.67	1,73,758.34
- Outside India	185.00	119.00
	73,004.67	1,73,877.34
Non-current Assets		
- India	79,366.15	82,275.37
- Outside India	133.76	164.40

External customers individually accounting for more than 10% of the revenues have generated Nil revenue from operations for the Group in the current year (Year ended 31st March, 2019-Nil)

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 39: Assets pledged as Security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	Notes	Year ended 31st March, 2020	Year ended 31st March, 2019
Current			
Financial Assets			
Trade Receivables	7(a)	1,43,866.54	1,75,639.80
Loans	7(b)	1,442.01	1,362.85
Cash and Cash Equivalents	7(c)	2,198.64	4,167.94
Other Financial Assets	7(d)	21,605.42	34,974.05
Non-Financial Assets			
Inventories	10	11,298.51	18,096.60
Other Current Assets	11(b)	42,553.22	40,905.21
Total Current Assets pledged as security		2,22,964.35	2,75,146.46
Non-current			
Investments*	6	92.87	96.62
Property, Plant and Equipment	3	16,092.19	17,736.21
Capital work in progress	3	482.37	503.51
Investment Property	4	361.42	364.42
Other Intangible Assets	5	50.47	34.00
Total Non-currents assets pledged as Security		17,079.33	18,734.76
Total Assets pledged as Security		2,40,043.68	2,93,881.22

Note:

Current assets are pledged for working capital loans and cash credit facilities.

Non-current assets are pledged under first charge for ECB from ICICI Bank Limited and as second charge for working capital loans.

Investments of the Holding Company in Mutual Funds of Rs. 87.13 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid during the year, however lien against the investment pledged has not been satisfied till date.

The Holding Company has pledged its Investments to the extent of 1,600,000 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by the Company.

The Holding Company has pledged its Investment to the extent of 2,337,211 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by its Subsidiary Company namely McNally Sayaji Engineering Limited.

The Holding Company has executed a non-disposal undertaking and a first ranking pledge agreement over 6,331,487 Equity Shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 40: Dues to Micro, Small and Medium Enterprises

The amount due to Micro, Small and Medium Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information available with the Group. The disclosures relating to Micro and Small Enterprises are as below:

Particulars	31st March, 2020	31st March, 2019
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	136.44	528.52
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	59.34	177.49
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year	812.61	1,360.65

Note 41

As per the Scheme of Arrangement as sanctioned by the Hon’ble High Court at Calcutta vide its Order dated July 28, 2009 which was filed with the Registrar of Companies, West Bengal, Kolkata on September 01, 2009, for reconstruction of McNally Bharat Engineering Company Limited (MBECL) and its subsidiary viz McNally Sayaji Engineering Ltd (MSEL) - the Products Division of MBECL engaged in the business of manufacture and/or procuring equipments for various engineering and infrastructure projects and having its units at Kumardhubi, in the State of Jharkhand, Asansol, in the State of West Bengal and Bangalore, in the State of Karnataka has been transferred to MSEL with effect from the appointed date, i.e. April 01, 2008. As per the Scheme of Arrangement the transfer and vesting of Products Division of MBECL to MSEL shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however, that such charges, mortgages and/or encumbrances shall be confined only to the assets of MBECL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in MSEL and no such charges, mortgages and/or encumbrances shall extend over or apply to any other asset(s) of MSEL. Thus the existing charges on the assets of the Products Division for facilities enjoyed by MBECL will continue and vice versa. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of the Company are secured by assets which include those of the Product Division of MSEL.

Note 42

The Holding Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in “West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram,” (the project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The Holding Company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The Holding Company has a legitimate claim of Rs. 1,517 lacs towards receivable and Rs.1,133 lacs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of Rs.7,334 lacs including an additional claim on consequential losses as per guidelines of “Federation Internationale Des Ingenieurs-Conseils” (FIDIC). Arbitral Board in their meeting held on October 25, 2010 has upheld Elsamex S A’s claim and has given award in favour of Elsamex S A. Under the award, a total amount of Rs. 3,535 lacs is receivable by the Holding Company. A claim has already been lodged with PWD. PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the Hon'ble High Court for a stay in the matter of payment of award money. The matter is still pending for hearing.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 43 : Additional Information required by Schedule III to the Act

Name of the Entity in the Group	Net Assets (total assets minus liabilities)		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % Consolidated Net Assets	Amount (Rs. Lakhs)	As a % Consolidated Profit or Loss	Amount (Rs. Lakhs)	As a % Consolidated Other Comprehensive Income	Amount (Rs. Lakhs)	As a % Consolidated Total Comprehensive Income	Amount (Rs. Lakhs)
Holding Company								
McNally Bharat Engineering Company Limited								
31st March 2020	503.96%	13,584.55	98.31%	(38,087.95)	-21.40%	8.94	98.18%	(38,079.01)
31st March 2019	46.56%	8,872.44	179.40%	(69,506.71)	252.10%	(105.32)	179.48%	(69,612.03)
Subsidiaries (Group's Share)								
McNally Sayaji Engineering Limited								
31st March 2020	177.55%	4,785.94	1.37%	(530.04)	100.05%	(41.80)	1.47%	(571.83)
31st March 2019	32.67%	6,225.11	13.85%	(5,365.36)	170.88%	(71.39)	14.02%	(5,436.74)
MBE Mineral Technologies Pte Ltd.								
31st March 2020	-7.95%	(214.30)	0.01%	(4.87)	0.00%	-	0.01%	(4.87)
31st March 2019	-1.01%	(191.77)	8.97%	(3,476.40)	0.00%	-	8.96%	(3,476.40)
McNally Bharat Equipment Limited								
31st March 2020	0.22%	5.91	0.00%	(0.18)	0.00%	-	0.00%	(0.18)
31st March 2019	0.04%	7.09	0.00%	(0.75)	0.00%	-	0.00%	(0.75)
MBE Minerals Zambia Ltd.								
31st March 2020	-13.47%	(363.10)	0.00%	-	0.00%	-	0.00%	-
31st March 2019	0.46%	88.03	0.00%	(0.08)	0.00%	-	0.00%	(0.08)
McNally Bharat Engineering (SA) Proprietary Limited								
31st March 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31st March 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-Controlling Interest								
31st March 2020	70.31%	1,895.31	0.31%	(120.78)	21.35%	(8.92)	0.33%	(129.70)
31st March 2019	10.63%	2,025.02	1.88%	(728.01)	41.35%	(17.27)	1.92%	(745.28)
Adjustment for change in ownership interest								
31st March, 2020		-16,998.74						
31st March, 2019		2,028.69						
Total								
31st March 2020	100.00%	2,695.58	100.00%	(38,743.82)	100.00%	(41.78)	100.00%	(38,785.59)
31st March 2019	100.00%	19,054.60	100.00%	(79,065.62)	100.00%	(193.98)	100.00%	(79,259.60)

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Note 44

The Group's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Group's control and the Holding Company and the Subsidiary Company have not been able to meet their financial commitments /covenants to lenders and various other stakeholders. The Holding Company and the Subsidiary Company have received binding Term Sheets for infusion of fresh funds for debt restructuring. The Term Sheets are being discussed with the Lenders of the Holding Company and the Subsidiary Company and the necessary process has been initiated for debt restructuring. In the meanwhile, with the COVID-19 lockdown in the country, progress of the funding of the investors has been impacted. Based on the aforesaid ongoing developments, the Management is still hopeful that with the support of investors and the lenders and approval of the restructuring proposal, the Group will be able to generate sufficient cash inflows through profitable operations to discharge its financial obligations. Accordingly, the Board of Directors have decided to prepare the Consolidated Financial Statements based on going concern basis.

Note 45

During the year ended 31st March, 2019, the Holding Company had deferred repayment and converted the advances received from certain companies aggregating to Rs. 98,592.96 Lakhs, into interest free long term loans /ICDs, repayable in five equated annual instalments commencing after the payment of lender obligation. Fair valuation gain of Rs. 87,482.00 Lakhs (31st March, 2020, Rs. 86,370.90 Lakhs) arising out of aforesaid transaction had been considered as part of "Other Reserves" (Note 11(b)(v)) and Rs. 11,110.96 Lakhs (31st March, 2020 Rs. 12,222.06 Lakhs) had been considered as "Long term borrowings" (Note 12(a)) for which consents have been obtained from the counter parties during the year ended 31st March, 2020.

Note 46

The management of the Holding Company has reviewed trade receivables, claims recoverable against bank guarantees invoked by certain parties, advances to suppliers and accordingly, provision amounting to Rs. 18,102.08 lakhs against trade receivables and claims recoverable has been recognised and advances to suppliers amounting to Rs. 5,022.06 Lakhs has been written off by the Holding Company during the year ended 31st March, 2020 and disclosed under the head Other Expenses.

Note 47

The lender banks of the Holding Company and one of the Subsidiary Company, McNally Sayaji Engineering Limited have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. The Holding Company and the Subsidiary Company have not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 31,722.41 Lakhs and Rs. 1,690.51 Lakhs respectively for the financial year ended 31st March, 2020. The Holding Company had also not recognised interest expense of Rs 9,216.88 Lakhs on Inter-Corporate Borrowings for the financial year ended 31st March, 2019.

Note 48

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 is significantly impacting business operations of the Group, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. The Group is closely monitoring the situation and the operations are being resumed in a phased manner considering directives from the GOI. The Group has evaluated its liquidity position and recoverability and carrying value of its Non-current and Current Assets and has concluded that no material adjustments are required currently at this stage.



Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

Note 49

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

Note 50

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

Signature to Notes 1 to 50

For V. Singhi & Associates

Chartered Accountants

Firm Registration Number: 311017E

For McNally Bharat Engineering Company Limited

(V. K. SINGHI)

Partner

Membership Number: 050051

(SRINIVASH SINGH)

Managing Director

DIN : 00789624

(ASIM KUMAR BARMAN)

Director

DIN : 02373956

Place : Kolkata

Date : 15th July, 2020

(MANOJ KUMAR DIGGA)

Chief Financial Officer

(RAHUL BANERJEE)

Company Secretary

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A: Subsidiaries

Sl. No.	1	2	3	4
Name of the subsidiary	MBE Mineral Technologies Pte Ltd	MBE Minerals Zambia Limited	McNally Sayaji Engineering Limited (Consolidated with CMT India)	McNally Bharat Equipment Limited
1 The date since when subsidiary was acquired	19 May 2009	21 May 2010	16 November 2011	07 March 2008
2 Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period
3 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	US\$ 75.32	ZMK 4.21	INR (Lakhs)	INR
4 Share capital	US\$ 49,95,816	ZMK 50,000	1,259	1,000,000
5 Reserves and surplus	US\$ -53,06,057	ZMK -8779748	4,610	-422,908
6 Total assets	US \$ 13,041	ZMK 2209083	43,995	793,546
7 Total Liabilities	US\$ 3,23,282	ZMK 109,38,831	38,126	216,454
8 Investments	-	-	-	-
9 Turnover	-	-	18,668	-
10 Profit / Loss before taxation	US\$ -32,630	-	-676	-31762
11 Provision for taxation	-	-	-25	-
12 Profit / Loss after taxation	US\$ -32,630	-	-651	-31,762
13 Proposed Dividend	-	-	-	-
14 Extent of shareholding (in percentage)	100%	100%	81.57%	99.40%

1 Names of subsidiaries which are yet to commence operations: Nil

2 EMC MBE Contracting Co LLC, a joint venture for MBECL having 35% share is a dormant JV since last couple of years hence the company has initiated winding up proceedings.

For McNally Bharat Engineering Company Limited

(SRINIVASH SINGH)

Managing Director

DIN : 00789624

(ASIM KUMAR BARMAN)

Director

DIN : 02373956

Place : Kolkata

Date : 15th July, 2020

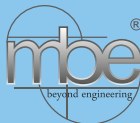
(MANOJ KUMAR DIGGA)

Chief Financial Officer

(RAHUL BANERJEE)

Company Secretary

If undelivered, please return to :



McNally Bharat Engineering Company Limited

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