



**McNally Sayaji Engineering Limited**  
Annual Report 2013

**thriving on**  
**Challenges**



## BOARD OF DIRECTORS

Mr. Deepak Khaitan - *Chairman*  
 Mr. Subir Chaki - *Whole time Director & CEO*  
 Mr. Subir Ranjan Dasgupta  
 Mr. Prabir Kumar Ghosh  
 Mr. Prasanta Kumar Chandra  
 Mr. Padam Kumar Khaitan  
 Mr. Sanjay S. Patel  
 Mr. Heath Brian Zarin

## COMPANY SECRETARY

Mr. Amit Pathak

## AUDITORS

Lovelock & Lewes  
*Chartered Accountants*

## BANKERS

State Bank of India  
 ICICI Bank Limited  
 ING Vysya Bank Limited  
 DBS Bank Limited

## REGISTERED OFFICE

4, Mangoe Lane, 7th Floor  
 Kolkata - 700 001  
 Telephone - (033) 2213 8905 / 06 / 07 / 08

## CORPORATE OFFICE

Ecospace, Campus 2B, 11F/12 (Old Plot No AAI/Blk3)  
 New Town, Rajarhat, North 24 Parganas,  
 Kolkata - 700 156, West Bengal  
 Telephone - (033) 3014 2280  
 Fax - (033) 3014 2393

## REGISTRAR & SHARE TRANSFER AGENT

M/s. Maheshwari Datamatics Private Limited  
 6, Mangoe Lane, 2nd Floor  
 Kolkata - 700 001  
 Telephone - (033) 2243 5029/5809, 2248 2248  
 Fax - (033) 2248 4787  
 E-mail - mdpl@cal.vsnl.net.in

Notice	2
Directors' Report	5
Management Discussion & Analysis	7
Corporate Governance	12
Independent Auditors' Report	25
Balance Sheet	30
Statement of Profit and Loss	31
Cash Flow Statement	32
Notes to the Financial Statements	34

## NOTICE

NOTICE is hereby given that the 69th Annual General Meeting of the Members of McNally Sayaji Engineering Limited will be held on Thursday, the 26th day of September, 2013, at 3.30 P.M. at, 7th Floor, Campus 2B, Ecospace, Premises No 11F/12, (Plot No AAIL/Block -3), New Town, Rajarhat, Kolkata - 700156, West Bengal to transact the following business;

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss Account of the Company for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Padam Kumar Khaitan, who retires by rotation and being eligible, seeks re-appointment.
3. To appoint a Director in place of Mr. Sanjay S. Patel, who retires by rotation and being eligible, seeks re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration. M/S. Lovelock & Lewes, Chartered Accountants, retiring Auditors being eligible, offer themselves for re-appointment.

### Registered Office :

4, Mangoe Lane,  
Kolkata- 700 001  
Dated: 28th May, 2013

By Order of the Board  
For **McNally Sayaji Engineering Limited**

**Amit Pathak**  
*A.G.M. - Finance and Company Secretary*

### NOTES :

1. A Member, entitled to attend and vote at the Annual General Meeting, is entitled to appoint a Proxy to attend and vote instead of himself. A Proxy need not be a Member of the Company.
2. A Proxy Form duly completed and stamped, must reach the registered office of the Company not less than forty-eight hours before the time for holding of the Annual General Meeting.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
4. Members/Proxies should bring the enclosed attendance slip duly filled in for attending the meeting, along with the Annual Report.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2013 to 26th September, 2013 (both days inclusive).
6. Members are requested to notify the Company immediately any change in their address to the company's Registrars M/s. Maheshwari Datamatics Private Limited.
7. All unclaimed/unpaid dividend upto the financial year ended on 31st March, 2005, have been transferred to the Investor Education and Protection Fund of the Central Government pursuant to Section 205C of the Companies Act, 1956. Members who have not so far encashed dividend warrants(s) for the subsequent financial years should approach the company for the payment without any further delay.
8. Members who are holding shares in identical order or names in more than one folio are requested to send to the Company the details of such folio together with the Share Certificate for consolidation their holding in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.
9. Member desiring any information on the accounts is requested to write to the Company at least 7 days before the date of the meeting so that the required information can be made available at the Meeting.

10. Non-resident Indian Shareholders are requested to inform the Company immediately :
  - The change in residential status on return to India for permanent settlement;
  - The particulars of the Bank Account maintained in India with complete name, branch, Account type, account number and address of the Bank, if not furnished earlier.
11. All the documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all the working days between 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.
12. Members may avail nomination facility as provided under Section 109A of the Companies Act, 1956.
13. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
14. As per the requirement of Clause 49 of the Listing Agreement on Corporate Governance for appointment of the Directors / re-appointment of the retiring Directors, a statement containing details of the concerned Directors are given elsewhere.
15. The Shareholders are requested to send directly all documents, transfer, demat requests and other communication in relation thereto to the Registrar at the following address :

M/s. Maheshwari Datamatics Private Limited  
Unit : McNally Sayaji Engineering Limited  
6, Mangoe Lane, 2nd Floor  
Kolkata - 700 001  
Telephone No : (033) 2243 5029/5809, 2248 2248  
Fax : (033) 2248 4787  
Email : mdpl@cal.vsnl.net.in  
Contact Person : Mr. S. Rajagopal, Vice President

## ANNEXURE TO NOTICE

Particulars of Directors seeking appointment/reappointment at this Annual General Meeting pursuant to clause 49(iv)(g) of the Listing Agreement :

Name of Director	<b>Mr. Padam Kumar Khaitan</b>	<b>Mr. Sanjay S. Patel</b>
Date of Birth	24th May, 1953	23rd March, 1952
Date of Appointment	13th August, 2010	29th May, 2004
Qualifications	Attorney in Law	B.Com, FCA
Experience in special functional Area	Expertise in Law	Business Executive
List of Outside Directorship held	<ol style="list-style-type: none"> <li>1. Rungamattee Tea &amp; Industries Ltd.</li> <li>2. Cheviot Company Ltd.</li> <li>3. Williamson Magor &amp; Co. Ltd.</li> <li>4. R. V. Investment &amp; Dealers Ltd.</li> <li>5. Khaitan Consultants Ltd.</li> <li>6. Asian Hotels (East) Ltd</li> <li>7. GJS Hotels Ltd.</li> <li>8. Kilburn Engineering Ltd.</li> <li>9. Upper Ganges &amp; Sugar Industries Ltd.</li> <li>10. Time Leverage Instruments (P) Ltd.</li> <li>11. Cheviot Agro Industries Pvt. Ltd.</li> <li>12. Auro Holdings Pvt. Ltd.</li> <li>13. Auro Investments Pvt. Ltd.</li> <li>14. ITSA Warehouses Pvt. Ltd.</li> <li>15. NOTT Investments Pvt. Ltd.</li> <li>16. Trans Global PLC</li> <li>17. Novener SAS</li> <li>18. Uniross SA</li> </ol>	<ol style="list-style-type: none"> <li>1. Multi Dimensional Holdings &amp; Consultants Pvt. Ltd.</li> </ol>
Chairman/Member of the Committee of the Board of Directors of the Company	Member - Remuneration Committee, Shareholders'/Investor' Grievance Committee	Member - Audit Committee, Remuneration Committee
Chairman/Member of the Committee of the Directors of other companies in which he is a Director		
a) Audit Committee	Member - Williamson Magor & Co. Ltd.	Nil
b) Shareholders'/Investors' Grievance Committee	Chairman - Asian Hotels (East) Ltd. Member - Williamson Magor & Co. Ltd.	Nil
c) Remuneration Committee	Member - Williamson Magor & Co. Ltd., Asian Hotels (East) Ltd.	
d) Nomination Committee	Nil	Nil
Shareholding in the Company as on 31.03.2013	Nil	Nil

### Registered Office :

4, Mangoe Lane,  
Kolkata- 700 001  
Dated: 28th May, 2013

By Order of the Board  
For **McNally Sayaji Engineering Limited**

**Amit Pathak**  
A.G.M. - Finance and Company Secretary

# DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Directors' Report for the Financial Year ended 31st March, 2013.

## FINANCIAL HIGHLIGHTS

The Financial Results of the Company for the year ended 31st March, 2013 are summarized below -

(₹ in Lakhs)

	2012-13	2011-12
Revenue from operations	28,462	26,044
Other Income	519	532
<b>Total Revenue</b>	<b>28,981</b>	<b>26,576</b>
Finance Costs	2,282	1,794
Depreciation and amortization Expenses	1,223	1,100
<b>Profit/(Loss) Before Exceptional items and Tax</b>	<b>168</b>	<b>(2,300)</b>
Exceptional items	—	2,612
<b>Profit before Tax</b>	<b>168</b>	<b>312</b>
Tax Expenses	(350)	94
<b>Profit after Tax</b>	<b>518</b>	<b>218</b>
<b>Surplus in Statement of Profit &amp; Loss</b>		
Balance as per last account	4,951	4,733
Add: Profit/(Loss) for the year	518	218
<b>Balance as at the end of the year</b>	<b>5,469</b>	<b>4,951</b>

## DIVIDEND

Due to inadequacy of profits, your Directors do not recommend any dividend for the Financial Year ended 31st March, 2013.

## OPERATIONS & BUSINESS PERFORMANCE

Despite a dull business scenario and continuing challenges faced in the Mineral and Mining Sector, the Company could achieve a significant increase of 9% in its top line sales. The Company as a result managed to earn some profits also by controlling in fixed costs and expenses during the year under review.

With poor sentiments in the iron ore, coal, steel and power sector, the demand for the products manufactured by the Company has been low during the year. This was further compounded by the low orders from our parent Company which has been historically our single largest customer. However, the Company has enough orders in hand to hold itself for the first half of the next Financial Year. The projected requirement in the infrastructure sector and the high growth path laid out by the Twelfth Five year plan gives us the required confidence to work towards further growth, newer and improved products and newer untapped markets. The Company has built capacities which will need to be optimally utilized in order to translate into revenues in the coming years.

In such adverse situations, the Company has been continuously trying to reduce its fixed costs in all fronts including manpower rationalization. There has been and still is further scope to restructure its assets and all options are being looked into to make the company fitter and ready for the next stage of growth that is bound to be experienced in the country.

## EXPANSION

We are happy to report that the new Plant at Savli has been made operational in February this year. This state of the art new facility is one of its kind in the region and with heavy and large size material handling capacity.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchanges is enclosed to this report. Certain statements in this section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

## CORPORATE GOVERNANCE

Pursuant to revised clause 49 of the Listing Agreement with the Stock Exchange, separate section titled as "Corporate Governance" is attached to this Report.

## LISTING OF EQUITY SHARES

The Company's shares continue to be listed on The Vadodara Stock Exchange Limited, the Ahmedabad Stock Exchange Limited and the Delhi Stock Exchange Association Limited. The Company is regular in paying Listing Fees to each of the Stock Exchanges.

## FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review. There were no unpaid deposits at the end of the year. Deposits amounting to ₹ 37,294/- remained unclaimed at the end of the year under review.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

1. that in the preparation of the annual accounts for the Financial Year ended 31st March, 2013, the applicable accounting standards have been followed;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit or loss of the company for the year under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a 'going concern' basis.

## PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure A to the Directors Report.

## ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, is given in the Annexure B hereto and form part to this report.

## DIRECTORS

Mr. Padam Kumar Khaitan, Director of the Company, and Mr. Sanjay S. Patel, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

## AUDITORS

M/s. Lovelock & Lewes, Chartered Accountants, retires at the forthcoming Annual General Meeting.

The Company has received a confirmation from M/s. Lovelock & Lewes, Chartered Accountants, about their willingness for their appointment as Auditors of the Company for the Financial Year 2013-14 and as required under section 224 of the Companies Act, 1956, the Company has received from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 224 of the Companies Act, 1956.

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation of the support received from the Company's Bankers, Government Authorities, Valuable Customers, Vendors and Shareholders.

Your Directors also wish to place on record their deep sense of appreciation for the continued services of the Executives, Staff and Workers of the Company.

For **McNally Sayaji Engineering Limited**

Place : Kolkata  
Date : 28th May, 2013

**Subir Chaki**  
Whole time Director

**Prabir Kumar Ghosh**  
Director

# MANAGEMENT DISCUSSION & ANALYSIS

## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company operates in comminution and grading equipment manufacture for infrastructure sector comprising of mining and mineral and metal industries, power, road, port, etc. and runs four manufacturing units at Kumardhubi, Asansol, Vadodara and Bangalore.

The mineral and mining sector in the country has hit several road blocks with many projects being either shelved or delayed. The softening of coal and steel prices in the international market have further lowered sentiments. Meanwhile, the iron ore sector which witnessed a robust growth till two years back, has been stifled in land and environmental issues. The power sector too has been languishing due to long term contractual prices of power and cross subsidies. Inflationary pressures and continuous hardening of the dollar also have not helped the cause.

Several initiatives announced by the government in Financial Year 2012-13, like the presidential directive to the state owned Coal India Ltd to sign fuel supply agreements, restructuring of distribution utilities, constitution of the Cabinet Committee on Investments and the likely introduction of the Land Acquisition Bill in the ensuing Budget session of Parliament, etc., have kindled a sense of optimism in the Indian infrastructure sector. However, the process of addressing fundamental challenges through concrete and sustained on-the-ground actions to repair damaged sentiments is likely to be protracted. The worry of projects getting into financial trouble due to multiple risks including construction delays, plant stabilisation issues and fuel supply constraints in the power sector and traffic under-performance in the transportation sector, etc., are acting as major dampeners.

## BUSINESS SCENARIO AND OUTLOOK

The Financial Year 2012-13 continued with overall depressed sentiments. The policies and concerns with respect to iron ore remain with issues spreading to more states. The slowdown in construction industry due to reasons of land allocation and rising interest costs continues to persist. This depressed business scenario is expected to continue till the mid of 2014.

## CHALLENGES

The slackness in demand and increasing competition has made cost cutting and product improvement the biggest challenge for the company. Bagging productive orders with extensive marketing efforts for optimal capacity utilization in the depressed economic scenario sounds like a night-mare. While inflation and high borrowing cost always saddle us with increasing production and overhead costs. Companies operating in this sector and particularly the equipment manufacturers are focusing on retaining their critical workforce and developing competencies to meet the next cycle of growth of Indian economy.

## STRATEGIES

The Company has stepped up its research and development activities, not only to increase the cost effectiveness of its products, but also develop new range of products. The success in these efforts have already started flowing in. The mobile and skid mounted range of crushers are gradually catching up its market. The Company is aggressively working on technological and joint venture tie ups so that it can optimize on capacity utilization. Long term supply contracts are also being worked out in this direction. The Company is also exploring the increasing opportunities for exports by leveraging its lower cost of production. While cost cutting and enhancing efficiencies has been the mantra, the company has also been working towards reducing its high debts, which has been a major contributor to its costs, by disposal of excess un-productive assets. The Company has taken a five pronged strategy as follows :

1. Continue to focus on in house R&D for improvement of its traditional bread winner products like slurry pumps, thickeners, jaw crushers and mills. Already fruits of these efforts are being witnessed and vindicated the strategy adopted by the Company.
2. Look for strategic tie ups for acquiring know how in manufacturing crushing equipment of higher capacities and next generation products.
3. Invest in development of the mobile crushing and screening market by providing extensive training to both the technical and sales and services teams. This market had remained unexploited by the company but holds great potential.
4. Enter markets where traditionally the Company has been weak by strengthening the marketing team with selective infusion of ground personnel from competition.
5. Restructure assets of the Company by unlocking idle assets and thereby reducing the burden of loan, which is high compared to the size of the Company.



## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Presently, the Company is operating in single segment, i.e. manufacturing of heavy engineering equipment. During the year the Company produced various heavy equipment valued ₹ 30,852 Lakhs (gross) for the various infrastructure projects.

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has an adequate internal control system and are routinely tested and certified by our statutory as well as internal auditors.

Moreover, your Company continuously upgrades these systems in line with best practices. The Company has already introduced latest ERP system in place of the existing one.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

Reserves of the Company reached to ₹ 18,421 Lakhs as at 31st March, 2013. The gross block of fixed assets was ₹ 26,725 Lakhs. The Net Profit stood at ₹ 518 Lakhs as against previous year of ₹ 218 Lakhs.

## MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The industrial atmosphere at the works continued to be congenial and harmonious during the year. The Company has taken several welfare measures in the overall interest of its employees.

The Personnel Department of the Company is suitably staffed to take care of its employees and motivate them. The management of your Company encourages its employees to attend continuing education seminars and workshops to enhance their quality and capabilities in the area they perform.

The industrial relation during the year has been cordial.

## QUALITY

The Company is conferred ISO-9001 & 9001(2000) recognition. The Company is committed to produce quality products and services to enhance customer satisfaction through the effective application of our Quality Management System, including process for continual improvement.

## CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. The actual results could differ materially from those expressed or implied due to several factors being attributed including Company's operations, international and domestic economic changes affecting demand/supply positions, finished goods prices, availability of raw material, Government policies, economic development within India and the overseas market within which the Company has business relations and various other incidental factors.

For **McNally Sayaji Engineering Limited**

Place : Kolkata  
Date : 28th May, 2013

**Subir Chaki**  
*Whole time Director*

**Prabir Kumar Ghosh**  
*Director*

## Annexure A to Directors Report

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended on 31st March, 2013.

Sl.	Name	Designation	Qualification	Age (Year)	Date of Joining	Experience	Gross Remuneration (₹ in lakhs)	Last Employment Held & Designation
1	Subir Chaki	Whole time Director	B.Sc Engg.(Mech.), ICWAI, PGCGM	52	1-Oct-11	26	107	Eveready Industries India Limited, President
2	Sandip Choudhuri	Senior Vice President	B.Sc Engg.(Mech.)	55	11-May-09	33	75	BilCare Limited, Vice President
3	Mohan Bhasker	Senior Vice President	B.E.( Mech.), P G Dipl. (Intl.Mgt.)	49	3-May-93	26	66	Karthik Electricals, Business Manager
4	Nilanjan Roy	Senior Vice President	B.Sc Engg.(Mech.)	58	21-Nov-05	36	64	Hyderabad Industries Limited, General Manager

- 1 Gross Remuneration shown above is subject to tax and comprise salary, allowances, monetary value of perquisites as per Income Tax rules, Performance Incentive, Leave Encashment, Company's Contribution to provident fund, pension fund and superannuation fund.
- 2 In addition to the above remuneration, employees are entitled to gratuity, etc. in accordance with the Company's rules.
- 3 The nature of employment is contractual basis in case of Mr. Subir Chaki.

## ANNEXURE B TO THE DIRECTORS REPORT

INFORMATION UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

### A. CONSERVATION OF ENERGY

#### 1. Energy Conservation Measures Taken

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.

#### 2. Additional Investment and Proposals for Reduction of Consumption of Energy

Nothing substantial to report.

### B. RESEARCH AND DEVELOPMENT (R&D)

#### 1. Specific areas in which R&D is carried out by the Company :

- a) Continuous improvement of existing products for enhanced durability and performance.
- b) Development of Mobile and Semi Mobile Crushing and Screening Plant Equipment :
  - i. A 220 TPH - Two Stage Wheel Mounted plant for Iron ore has been erected and is under commissioning for load trial.
  - ii. Design & development of a 200 TPH - Three Stage Wheel Mounted Plant has been manufactured and is under commissioning for aggregate production.
  - iii. Two units of Skid mounted coal crushing plant have been operationally validated and running satisfactorily. Additional 2 nos. of Skid Mounted Coal crushing Plants with improved design is currently under commissioning.
- c) Redesign of a new Single Toggle 2436 Jaw Crusher to reduce process cost of production & weight reduction is in advance stage.
- d) Newly redesigned OHE 3042 Jaw Crusher after manufacturing at Baroda is under commissioning for performance validation.
- e) Redesign of all MSEL Slurry Pumps to achieve High Performance features is continuing. Manufacturing drawings for commercial production of newly developed Centrifugal Slurry Pump have been released.
- f) Development work on four more pump models is completed in FY 2012- 2013.
- g) Continuing the development of Tank Cells for Flotation (Mineral Beneficiation applications).
- h) Continuing work on development, testing and adaptation of new materials for components and wear parts of various equipment in MSE product range.
- i) Development and testing of Advanced Machining Centers in Asansol, Vadodara, and Bangalore Works of MSEL.
- j) Environment compliance by products and processes.
- k) Testing and validation of new products.

#### 2. Benefits derived as a result of the above R&D :

Kolkata R&D Center of MSEL is recognized as an accredited R&D center by Ministry of Science and Technology, Government of India, adding value to our brand image. Customers' satisfaction and new business opportunities are seen as rewards for our continuous efforts in the R&D field. We expect to increase sales due to product improvements and introduction of new products, reduction in cost due to process improvements and cycle time reduction.

### 3. Future Plan of Action :

- a) Continuous Development of new range of Slurry Pumps with Improved Performance (various sizes).
- b) Development of standardized version of pump frames based on pump power to minimize overall cost of the pumps.
- c) Design of new range of Improved Crushers, Vibrating Screens and Apron Conveyors etc.
- d) Design and Prototype Development of Specialized Machining Centers for our works at various locations.
- e) Development of new range of Mobile Crushers (both wheel and track method) of various capacities and different applications.
- f) Design Automation of complete range of MSEL Thickeners is under consideration of management and will be taken up progressively in cases where beneficial.
- g) New Designs of skid Mounted Coal Crushing plant for higher capacity.

### 4. Expenditure on R&D :

In pursuit of R&D endeavors, the Company is also continually incurring expenditure both under Capital and Revenue heads which has not been separately reflected but is shown as part of regular heads of accounts in Fixed Assets and in Statement of Profit & Loss.

(₹ in Lakhs)

		For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
a)	Capital	207	20
b)	Recurring	205	144
c)	Total R & D Expenditure	412	164
d)	Total R & D Expenditure as a percentage of total turnover	1.45%	0.63%

### C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 1) Process/equipment developed by our R & D are being continuously absorbed and adopted on a commercial scale.
- 2) As a result of above efforts the company has been able to add new equipment, widened its range of products and made its equipment more efficient, cost effective and competitive.

### D. FOREIGN EXCHANGE EARNED AND USED

(₹ in Lakhs)

		For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
1.	Foreign Exchange Earned	750	619
2.	CIF Value of Import	299	279
3.	Expenditure in Foreign Currency :		
	- Remittance of Dividend	—	27
	- Travelling & Royalty	13	28

# CORPORATE GOVERNANCE

This report is given in Compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31st March, 2013 are elaborated hereunder :

## I. COMPANY'S PHILOSOPHY

The Company continues to commit itself to maintaining 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 Companies. It can ensure a proper balance between management, board and shareholders, adequate level of transparency, appropriate compensation schemes and the prevention of conflict of interests.

## II. BOARD OF DIRECTOR

### (a) Composition of the Board

The Board of Director comprises of eight directors at the end of the Financial Year, consisting of seven non-executive directors who account for more than eighty seven percent of the Board's strength as against minimum requirement of fifty percent as per the listing agreement. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business and industry, finance, law and public enterprises. The composition of the Board is as under:

Name of Directors	Category of Directors	No. of other Directorship held #		No. of other Board/ Committee (s) of which he is a \$		No of shares held in the Company as at 31st March, 2013
		Public	Private	Member	Chairperson	
<b>Mr. Deepak Khaitan</b> - <i>Chairman</i>	Promoter - Non-Executive	7	—	1	—	—
<b>Mr. Subir Chaki</b>	Professional - Executive	1	—	—	—	—
<b>Mr. Subir Rajan Dasgupta</b>	Independent - Non-Executive	3	7	3	1	—
<b>Mr. Prabir Kumar Ghosh</b>	Independent - Non-Executive	2	—	1	—	300
<b>Mr. Prasanta Kumar Chandra*</b>	Independent - Non-Executive	2	2	1	—	—
<b>Mr. Padam Kumar Khaitan</b>	Independent - Non-Executive	9	6	2	1	—
<b>Mr. Sanjay S. Patel</b>	Independent - Non-Executive	—	1	—	—	—
<b>Mr. Heath Brian Zarin</b>	Independent - Non-Executive	—	—	—	—	—

\* appointed as Director w.e.f. 30th May, 2012.

# excluding Directorships held in Foreign Companies, alternate directorship and Companies registered under Section 25 of the Companies Act, 1956

\$ Only Chairmanship and Membership related to Audit Committee and Shareholders/ Investors Grievance Committee are considered for this purpose. Chairmanship and Membership of the Alternate Directorship is not considered here.

None of the Director is related to each other in terms of provisions of the Companies Act, 1956.

None of the Directors on the Board is a Member of more than 10 committee or Chairman of more than 5 committee as specified in Clause 49, across the companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions held in other public limited companies.

(b) Details of Remuneration paid to Non-Executive Directors :

Name of the Director	Sitting Fees Paid during the year (In ₹)
Mr. Deepak Khaitan	60,000
Mr. Subir Ranjan Dasgupta	260,000
Mr. Prabir Kumar Ghosh	160,000
Mr. Prasanta Kumar Chandra	60,000
Mr. Padam Kumar Khaitan	120,000
Mr. Sanjay S. Patel	—
Mr. Heath Brian Zarin	20,000
<b>Total</b>	<b>680,000</b>

\* Sitting Fees for attending Board Meeting, Audit Committee meeting, Remuneration Committee & Shareholders'/Investors Grievance Committee meeting is ₹ 20,000/- each.

(c) Details of Remuneration paid/payable to Whole time Director :

(₹ in Lakhs)

Particulars	Mr. Subir Chaki
Salary	85
Performance Incentive	5
Contribution to Provident Fund and other Fund	5
Perquisites & Allowances	7
<b>Total</b>	<b>102</b>

- Service Contract with Mr. Subir Chaki, *Whole time Director* was entered for three years w.e.f. 9th January, 2012. Notice period as per service contract is minimum 3 months. The Whole time Director is entitled to Basic Salary, Perquisites & Allowances, Rent Free Accommodation, Performance Incentive etc.
- The Whole time Director is entitled to Performance Incentive, depending upon the performance of the Company and his personal performance assessed as per Company policy shall not exceed upto a maximum of six months' basic salary, payable annually, for each Financial Year, as may be determined by the Board of Directors.
- The resolution appointing the Whole time Director do not provide for payment of severance fees.
- None of the Non-Executive Directors receives any remuneration apart from the sitting fees for meetings attended by them.

(d) Board Meetings and attendance of Directors :

- The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the board meetings and the same were dealt with appropriately.
- Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows :-  
30th May, 2012, 10th August, 2012, 8th November, 2012, and 13th February, 2013.

- (iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on 31st March, 2013 and of the last Annual General Meeting is as under:

Directors	Number of Board Meetings Attended	Attendance at the last AGM
Mr. Deepak Khaitan	3	No
Mr. Subir Chaki	4	Yes
Mr. Subir Ranjan Dasgupta	4	Yes
Mr. Prabir Kumar Ghosh	4	Yes
Mr. Prasanta Kumar Chandra*	3	Yes
Mr. Padam Kumar Khaitan	2	No
Mr. Sanjay S. Patel	—	No
Mr. Heath Brian Zarin	1	No

\* elected as Director w.e.f. 30th May, 2012.

- (e) Code of Conduct :

The Code of Conduct of the Company as adopted by the Board of Directors is applicable to all Directors and Senior Management of the Company.

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 Directors/Employees while in possession of unpublished price sensitive information in relation to the Company.

### III. AUDIT COMMITTEE :

- (a) The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and in Section 292A of the Companies Act, 1956. Brief descriptions of the terms of reference of the Audit Committee are as follows:
- 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.
  - Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and the fixation of audit fees, and also approval for payment of any other services rendered by the statutory auditors.
  - Discussion with the statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing, with the management, performance of statutory and internal auditors, and adequacy of internal control systems.
  - Reviewing, with the management, the quarterly financial results before submission to the Board for approval.
  - Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause 2AA of Section 217 of the Companies Act, 1956.
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on exercise of judgment by management;
    - Significant adjustments made in the financial statements arising out of audit findings;
    - Compliance with listing and other legal requirements relating to financial statements;
    - Disclosure of any related party transactions;
    - Qualifications in the draft audit report.

- (vii) Reviewing the adequacy of internal audit function.
- (viii) Discussion with internal auditors of any significant findings and follow-up thereon.
- (ix) 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.
- (x) Looking into the reasons for substantial defaults in payments to the shareholders and creditors.
- (xi) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(b) Composition :

The Audit Committee was reconstituted by the Board of Directors. Member of the Audit Committee are as under:

Mr. Subir Ranjan Dasgupta - Chairman
Mr. Prabir Kumar Ghosh
Mr. Padam Kumar Khaitan *
Mr. Sanjay S. Patel

\* ceases as member of the committee w.e.f. 13th February, 2013.

All the members of the Audit Committee are Non-Executive Independent Directors. Mr. Subir Ranjan Dasgupta, a Non-Executive Independent Director, having adequate financial and accounting qualification and expertise, is a Chairman of the Audit Committee. The other Members of the Committee are also financially literate. Mr. Amit Pathak, A.G.M. Finance & Company Secretary of the Company acts as the Secretary to the Committee.

Four Meetings of the Audit Committee were held during the Financial Year ended 31st March, 2013. The dates on which the Audit Committee Meetings were held are as follows:-

30th May, 2012, 10th August, 2012, 8th November, 2012, and 13th February, 2013.

The attendance of each Audit Committee member is as under:

Name of the Audit Committee Member	Category	Number of Meetings Attended
Mr. Subir Ranjan Dasgupta	Independent - Non-Executive	4
Mr. Prabir Kumar Ghosh	Independent - Non-Executive	4
Mr. Padam Kumar Khaitan *	Independent - Non-Executive	1
Mr. Sanjay S. Patel	Independent - Non-Executive	—

\* ceases as member of the committee w.e.f. 13th February, 2013.

- (c) At the invitation of the Company, representatives from the various divisions of the Company, Internal Auditors, Statutory Auditors and Chief Financial Officer also attend the Audit Committee Meetings to respond to queries raised at the Committee Meetings.
- (d) The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956.

#### IV. REMUNERATION COMMITTEE

Brief description of terms of reference :

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

- (a) To approve/recommend to the Board of Directors the remuneration package of the Whole time Director and also to recommend remuneration payable to the Non Executive Directors.
- (b) To approve, in the event of loss or inadequacy of profit, in any year, the minimum remuneration payable to the Whole time Director within the limits and subject to the parameters prescribed in schedule XIII to the Companies Act, 1956.



(c) Composition :

The Remuneration Committee was reconstituted by the Board of Directors. Members of the Remuneration Committee consists of three Non-Executive Independent Directors are as under:

Mr. Subir Ranjan Dasgupta - <i>Chairman</i>
Mr. Padam Kumar Khaitan
Mr. Sanjay S. Patel

Broad terms of reference of the Remuneration Committee include recommendation to Board of Directors of the salary, perquisites and allowances, performance incentives and retirement benefits payable to the Company's Directors and senior executives.

One Meeting of the Remuneration Committee was held on 13th February, 2013 during the Financial Year ended 31st March, 2013.

The attendance of each Remuneration Committee member is as under:

Name of the Remuneration Committee Member	Category	Number of Meetings Attended
Mr. Subir Ranjan Dasgupta	Independent -Non-Executive	1
Mr. Padam Kumar Khaitan	Independent -Non-Executive	1
Mr. Sanjay S. Patel	Independent -Non-Executive	—

**V. REMUNERATION POLICY**

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

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

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

**VI. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE**

The Shareholders'/Investors Grievance Committee was reconstituted by the Board of Directors. Member of the Shareholders'/Investors Grievance Committee are as under :

Mr. Subir Ranjan Dasgupta - Chairman

Mr. Subir Chaki

Mr. Padam Kumar Khaitan

Four Meetings of the Shareholders'/Investors Grievance Committee were held during the Financial Year ended 31st March, 2013. The dates on which the Shareholders'/Investors Grievance Committee Meetings were held are as follows :-

30th May, 2012, 10th August, 2012, 8th November, 2012, and 13th February, 2013.

The attendance of each Shareholders/ Investors Grievance Committee meetings are as under:

Name of the Shareholders'/Investors Grievance Committee Member	Category	Number of Meetings Attended
Mr. Subir Ranjan Dasgupta	Independent - Non-Executive	4
Mr. Subir Chaki	Professional - Executive	4
Mr. Padam Kumar Khaitan	Independent - Non-Executive	2

All investor complaints, which cannot be settled at the level of the Registrar - Maheshwari Datamatics Private Limited and Mr. Amit Pathak, A.G.M. (Finance) & Company Secretary, the Compliance Officer, will be forwarded to the Shareholders'/Investors' Grievance Committee for final settlement.

The following table shows the number of complaints received from shareholders during Financial Year 2012-13

Nature of Complaints	Pending as on 01.04.2012	Received during the year	Replied/ Resolved during the year	Pending as on 31.03.2013
Non receipt of Dividend Warrant	0	0	0	0
Non receipt of Share Certificate	0	0	0	0
Non receipt of Annual Reports	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Investor Complaints are generally redressed within thirty days from the lodgment.

The Company confirms that there were no share transfers lying pending as on 31st March 2013, and all requests for dematerialization and re- materialization of shares as on that date were confirmed/ rejected into the NSDL/CDSL System.

#### Compliance Officer

Mr. Amit Pathak

*A.G.M. (Finance) & Company Secretary*

McNally Sayaji Engineering Limited

4, Mangoe Lane, Kolkata - 700 001

#### VII. SHARE TRANSFER COMMITTEE

The Board has authorized its Registrar and Transfer agent M/s. Maheshwari Datamatics Private Limited, to process and approve request received from investors for Transfer, Transmission, deletion of name, issue of duplicate share certificate etc. The Shareholders/Investors Grievance Committee and Company Secretary oversees the activities of Registrar and Transfer Agent.

#### VIII. SUBSIDIARY COMPANIES

The Company does not have any subsidiary company, but it has a holding company viz. McNally Bharat Engineering Company Limited.

#### IX. DISCLOSURES

- 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 arm's length basis.
- The Company has complied with all the requirements of the listing agreements with the Stock Exchange as well as regulations and guidelines of SEBI. No penalty have been imposed or strictures have been issued by SEBI, Stock Exchanges or any statutory authority on matters related capital markets during the last three years.
- All accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- Risk assessment and its minimization procedures have been laid down by the Company and the same have been informed to board members. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.
- Management Discussion and Analysis forms part of the Annual Report to the Shareholders and it includes discussions on matters as required under the provisions of clause 49 of the listing agreement with stock exchange.
- There were no material financial and commercial transactions by Senior Management as defined in clause 49 of the listing agreement where they have personal interest that may have a potential conflict with the interest of the Company at large requiring disclosure by them to the Board of Directors of the Company.

#### **X. COMPLIANCE WITH OF NON- MANDATORY REQUIREMENTS**

The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

- (a) 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. No specific tenure has been specified for the Independent Director.
- (b) Remuneration Committee:  
Details are given under the heading "Remuneration Committee"
- (c) Shareholders 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.
- (d) Audit Qualification:  
During the year under review, there was no audit qualification in the Company's Financial Statement. The Company is maintaining best practices to ensure a regime of unqualified financial statement.
- (e) Training of Board Members:  
The Directors interact with the management freely on information required by them. The Independent Directors are encouraged to attend training programmes that may be of relevance and interest to the Directors in discharging their responsibilities to the Company's shareholders.
- (f) Mechanism for evaluating Non- Executive Board Members:  
There is no mechanism for evaluating Non-Executive Board Members at present.
- (g) Whistle Blower Policy:  
There is no Whistle Blower Policy at present. However employees aware of any alleged wrongful conduct are encouraged to make disclosure to the audit committee.

#### **XI. COMPLIANCE CERTIFICATE**

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

#### **XII. GENERAL BODY MEETINGS**

- (a) The details of Annual General Meetings held in last three years as under: Annual General Meetings/ Extra Ordinary General Meeting (EGM) :

AGM/EGM	Day	Date	Time	Venue
66th	Thursday	30th September, 2010	4.00 P.M.	3rd Floor, Campus-2B, ECOSPACE, Premises No. 11F / 12, (Plot No. AAIL / Block-3), New Town, Rajarhat, Kolkata-700156
EGM	Monday	8th February, 2010	10.00 A.M.	3rd Floor, Campus-2B, ECOSPACE, Premises No. 11F / 12, (Plot No. AAIL / Block-3), New Town, Rajarhat, Kolkata-700156
67th	Saturday	24th September, 2011	12.30 P.M.	3rd Floor, Campus-2B, ECOSPACE, Premises No. 11F / 12, (Plot No. AAIL / Block-3), New Town, Rajarhat, Kolkata-700156
68th	Thursday	27th September, 2012	12.30 P.M.	7th Floor, Campus-2B, ECOSPACE, Premises No. 11F / 12, (Plot No. AAIL / Block-3), New Town, Rajarhat, Kolkata-700156

- (b) Whether any Special resolutions passed in the previous 3 AGMs/EGMs. Yes, details of which are given hereunder:

Date	Matter
8th February, 2010	Alteration of Articles of Association and Memorandum of Association of the Company.
8th February, 2010	Issue of equity shares and warrants on preferential basis by the Company.
24th September, 2011	Re appointment of Mr. Shambhu Prasad as Managing Director of the Company.
27th September, 2012	Appointment of Mr. Subir Chaki as Whole Time Director of the Company.

- (c) Special resolution under Section 372A of the Companies Act, 1956, was passed by Postal Ballot during the Financial Year ended 31st March, 2011, as per the procedure prescribed in The Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The result of the Postal Ballot was as under :-

Particulars of Resolution	Resolution passed on	No of shares and % of vote in favour	No of shares and % of vote in against
To make loan(s) and/or give any guarantee(s)/provide any security(ies) to acquire by way of subscription, purchase or otherwise the securities of anybody corporate pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956.	14th July, 2010	6335598 99.99%	500 00.01%

- (d) Person who conducted the Postal Ballot exercise

Mr. Atul Kumar Labh, a practicing Company Secretary, appointed as scrutinizer conducted the Postal Ballot voting process.

- (e) Procedure for Postal Ballot

The procedure as prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, were followed for passing the special resolution by Postal Ballot during the Financial Year ended 31st March, 2011.

### XIII. MEANS OF COMMUNICATIONS

(a) Quarterly results in which newspaper normally published in	Financial Express, Dainik Statesman
(b) Half Yearly report sent to each shareholder	No
(c) Any web site, where displayed	www.sayaji.mcnallybharat.com
(d) 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.

### XIV. GENERAL SHAREHOLDER INFORMATION

- (a) As required under Clause 49 (IV) of the Listing Agreement, details of Directors seeking appointment or reappointment at the forthcoming Annual General Meeting are given hereunder:

Particulars	Seeking reappointment	Seeking reappointment
Name of Director	Mr. Padam Kumar Khaitan	Mr. Sanjay S. Patel
Date of birth	24th May, 1953	23rd March, 1952
Date of Appointment	13th August, 2010	29th May, 2004
Shareholding in the Company as on 31.03.2013	Nil	Nil
Brief Resume and Experience in specific functional Area	Given in the Notice of AGM	Given in the Notice of AGM
List of other Directorships held	-do-	-do-
Chairman/Member of the Committee of the Board of Directors of the Companies in which he is a Director	-do-	-do-

(b) 69th Annual General Meeting to be held:

Day, Date, Time and Venue

Day	Thursday
Date	26th September, 2013
Time	3.30 P.M.
Venue	7th Floor, Campus 2B, Ecospace, Premises No 11F/12 (Plot No AAI/Block -3) New Town, Rajarhat, Kolkata - 700 156 West Bengal

(c) Financial Year	1st April to 31st March
First Quarterly Results	Before 15th August, 2013
Second Quarterly Results	Before 15th November, 2013
Third Quarterly Results	Before 15th February, 2014
Audited yearly Results for the year ended 31st March 2014	Before 31st May, 2014

(d) Period of Book Closure :

The Share Transfer Books and Register of Members of the Company will remain closed from 16th September, 2013 to 26th September, 2013 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

(e) Listing on Stock Exchanges:

The Company's Shares are listed at the following Stock Exchanges and Annual Listing Fees for the Financial Year 2013-14 have been paid to all these Stock Exchanges.

Name of Stock Exchange

1. The Vadodara Stock Exchange Limited.
2. The Ahmedabad Stock Exchange Limited.
3. The Delhi Stock Exchange Limited.

International Securities Identification Number (ISIN) for the Company's shares in dematerialized form : INE105E01011

(f) Market Price Data:

The trading in company's shares at all these Stock Exchanges was NIL during the Financial Year 2012-2013 and, hence, no share price data is provided. However the shares of the company were issued on preferential basis at a price of Rs.186 per share in Financial Year 2009-10.

(g) Share Transfer Agents:

The Company has engaged the services of M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, Kolkata - 700 001, a SEBI registered Registrar, as their Registrar and Share Transfer Agent for processing transfers, sub-division, consolidation, splitting of securities, etc., for both physical as well as Demat form. To facilitate multi-depository transfers and holdings, your Company has made arrangement for dematerialisation of its shares with the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Any query relating to dematerialization may be addressed to M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, Kolkata - 700 001.

(h) Share Transfer System:

Company's Shares can be converted into Demat mode. Therefore investors/ Shareholders are requested to kindly note that physical documents, viz. Demat request (DRF) and Share Certificates etc., should be sent by their Depository Participants (DP's) directly to the Share Transfer Agent. Any delay on the part of the DP's to send the DRF and the share certificates beyond 15 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 Agent beyond a period of 30 days.

Investor/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.

The Address of Registrar and Share Transfer Agent is as under:-

Contact Person:

Mr. S. Rajagopal - Vice President

M/s. Maheshwari Datamatics Private Limited

6, Mangoe Lane, 2nd Floor, Kolkata -700001

Telephone: (033) 22435029 / 5809, 22482248,

Fax No.(033) 22484787

Email: mdpl@cal.vsnl.net.in

(i) Distribution of Shareholding as on 31st March, 2013

Sl. No.	No. of Equity Shares held	No. of Shareholders	% of total shareholders	No. of Shares held	% of Total Shares
1	01 to 500	942	86.74	241,504	2.69
2	501 to 1000	85	7.83	77,100	0.86
3	1001 to 2000	22	2.03	34,700	0.39
4	2001 to 3000	8	0.74	19,771	0.22
5	3001 to 4000	7	0.64	25,700	0.28
6	4001 to 5000	5	0.46	24,300	0.27
7	5001 to 10000	5	0.46	33,100	0.37
8	10001 and above	12	1.10	8,533,098	94.92
<b>Total</b>		<b>1086</b>	<b>100.00</b>	<b>8,989,273</b>	<b>100.00</b>

(j) Shareholding Pattern as on 31st March, 2013

Sl. No.	Category	No. of Holders	No. of Shares	% of holding
1	Promoters	4	6,729,698	74.86
2	Mutual Funds	—	—	—
3	Financial Institutions	—	—	—
4	Bank	—	—	—
5	Insurance Companies	—	—	—
6	Foreign Institutional Investors	1	1,340,000	14.91
7	Domestic Companies	15	452,571	5.03
8	Foreign Companies	—	—	—
9	Resident Indian	1,058	411,704	4.58
10	Non Resident Indian	7	55,000	0.61
11	Directors and Relatives	1	300	0.00
<b>Total</b>		<b>1,086</b>	<b>8,989,273</b>	<b>100.00</b>

(k) Dematerialization of Shares :

As on 31st March 2013, 87,14,773 Shares of the Company's total shares representing 96.95% shares were held in dematerialized form and the balance 3.05 % representing 2,74,500 shares were in physical form. The entire Promoters Holding being 67,29,698 shares representing 74.86 % of Capital of the Company has been held in Demat Form.

(l) Outstanding GDRs/ADRs/Warrants or any Convertible instruments :

There is no outstanding GDRs/ADRs/ Warrants or any convertible instruments at the end of the current Financial Year.

(m) Company's Factories are located at following places :

- (i) Vadodara, in the state of Gujarat
- (ii) Kumardhubi, in the state of Jharkhand
- (iii) Asansol, in the state of West Bengal
- (iv) Bangalore, in the state of Karnataka

(n) Address for Correspondence :

Company registered office is situated at 4, Mangoe Lane, 7th floor, Kolkata - 700001

Shareholders Correspondence should be addressed to :

- (i) Mr. Amit Pathak - A.G.M. (Finance) & Company Secretary  
McNally Sayaji Engineering Limited  
4, Mangoe Lane, 7th floor, Kolkata -700001  
Telephone: (033) 30142280/66282280,  
Fax No.(033) 30142393  
Email: amit.pathak@mbecl.co.in
- (ii) Registrar and Share Transfer Agent  
Mr. S. Rajagopal - Vice President  
M/s. Maheshwari Datamatics Private Limited  
6, Mangoe Lane, 2nd Floor,  
Kolkata -700001  
Telephone: (033) 22435029 / 5809, 22482248  
Fax No.(033) 22484787  
Email: mdpl@cal.vsnl.net.in

**XV. DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT.**

In accordance with Clause 49 sub- clause 1 (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended 31st March, 2013.

Place : Kolkata  
Date : 28th May, 2013

For **McNally Sayaji Engineering Limited**  
**Subir Chaki**  
*Whole time Director*

## CORPORATE GOVERNANCE CERTIFICATE

To  
The Members of  
MCNALLY SAYAJI ENGINEERING LIMITED  
KOLKATA

We have examined the compliance of the conditions of Corporate Governance by MCNALLY SAYAJI ENGINEERING LIMITED (Company), 4, Mangoe Lane, Kolkata - 700 001, for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for the purpose of the review and the information and explanation given to us by the Company during the course of such review.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the above Company has in all respect complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Place: Kolkata  
Date: 28.05.2013

For **J. PATNAIK & ASSOCIATES**  
*Company Secretaries*  
**J. Patnaik**  
FCS: 5045 CP: 3102



## CEO/CFO CERTIFICATION

To  
The Board of Directors  
McNally Sayaji Engineering Limited

Mr. Subir Chaki, Whole time Director (CEO) and Mr. Uttam Tekriwal, Chief Financial Officer (CFO) of the Company have certified to the Board that :

- (a) They have reviewed financial statement and the cash flow statement for the period ended 31st March, 2013 and to the best of their knowledge and belief.
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements and that might be misleading; and
  - ii) These statements together present a true and fair view of the Company's affairs and one in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions, entered into by the Company during the period which is fraudulent, illegal or volatile of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the company pertaining to the financial reporting and they have disclosed to the auditors and the audit committee deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or proposed to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting for the period under review.
  - ii) Significant changes in accounting policies for the period under review and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For McNally Sayaji Engineering Limited**

Place : Kolkata  
Date : 28th May, 2013

**Subir Chaki**  
*Whole time Director*

**Uttam Tekriwal**  
*Chief Financial Officer*

# INDEPENDENT AUDITORS' REPORT

To the Members of McNally Sayaji Engineering Limited

## Report on the Financial Statements

1. We have audited the accompanying financial statements of McNally Sayaji Engineering Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

## Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Place : Kolkata  
Date : May 28, 2013

For **Lovelock & Lewes**  
Firm Registration Number: 301056E  
*Chartered Accountants*  
**Pinaki Chowdhury**  
*Partner*  
Membership Number 57572

## Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of McNally Sayaji Engineering Limited on the financial statements as of and for the year ended March 31, 2013

- i (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 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 programme, a portion of the fixed assets has been physically verified by the Management during the year and no discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii (a) The inventory (excluding stocks lying with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) [(b), (c) and (d) /(f) and (g)] of the said Order are not applicable to the Company.
- iv In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.
- vi The company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and the rules framed there under.
- vii In our opinion the company has an internal audit system commensurate with its size and the nature of its business.
- viii We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, excise duty and other material statutory dues, as applicable, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including investor education and protection fund, wealth tax, customs duty, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, wealth tax, service tax, customs duty which have not been deposited on account of any dispute. The

particulars of dues of sales tax and excise duty as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which amount relates	Forum where the dispute is pending
Central Excise Act 1944	Excise Duty	7	1990-91	CESTAT
Central Excise Act 1944	Excise Duty	21	1994-95 & 95-96	Deputy Commissioner
Central Excise Act 1944	Excise Duty	28	1996-97	Assistant Commissioner
Central Excise Act 1944	Excise Duty	7	1993-94	Deputy Commissioner
Central Excise Act 1944	Excise Duty	19	1994-95	Deputy Commissioner
Central Excise Act 1944	Excise Duty	3	1992-93	Deputy Commissioner
Bihar Finance Act 1981	Sales Tax	6	1991-92	The Commercial Taxes Tribunal
Bihar Finance Act 1981	Sales Tax	5	1992-93	The Commercial Taxes Tribunal
Bihar Finance Act 1981	Sales Tax	8	2004-05	The Commercial Taxes Tribunal
Central Sales Tax 1956	Sales Tax	256	2006-07	Commissioner of Commercial Taxes
Central Sales Tax 1956	Sales Tax	59	2007-08	Commissioner of Commercial Taxes
Central Sales Tax 1956	Sales Tax	1,467	2008-09	Commissioner of Commercial Taxes
Central Sales Tax 1956	Sales Tax	164	2009-10	Commissioner of Commercial Taxes
Central Sales Tax 1956	Sales Tax	8	2008-09	Dy. Commissioner of Sales Tax

- x The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable, as at the balance sheet date.
- xii The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year are not prejudicial to the interest of the Company.
- xvi In our opinion, and according to the information and explanations given to us, the term loans have been applied on an overall basis, for the purposes for which they were obtained.
- xvii According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

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

Place : Kolkata  
Date : May 28, 2013

For **Lovelock & Lewes**  
Firm Registration Number: 301056E  
*Chartered Accountants*  
**Pinaki Chowdhury**  
*Partner*  
Membership Number 57572

## BALANCE SHEET AS AT 31st MARCH, 2013

		As at 31st March, 2013	(₹ in Lakhs) As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>	<b>Note No.</b>		
<b>Shareholders' Funds</b>			
Share Capital	2	899	899
Reserves and Surplus	3	18,421	17,903
		<b>19,320</b>	<b>18,802</b>
<b>Non-current liabilities</b>			
Long term borrowings	5	9,768	6,998
Deferred Tax Liabilities (net)	6	530	930
Other Long term liabilities	7	9	3
Long term Provisions	8	340	244
		<b>10,647</b>	<b>8,175</b>
<b>Current liabilities</b>			
Short term borrowings	9	9,171	8,859
Trade Payables	10	7,473	7,420
Other Current liabilities	11	4,797	4,343
Short term Provisions	12	196	201
		<b>21,637</b>	<b>20,823</b>
<b>TOTAL</b>		<b>51,604</b>	<b>47,800</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	19,970	13,020
Intangible assets	13	706	1,041
Capital work-in-progress	14	124	5,950
Non-current investments	15	*	*
(* Amount is below the rounding off norms adopted by the Company.)			
Long-term loans and advances	16	182	322
Other non-current assets	17	1,134	326
		<b>22,116</b>	<b>20,659</b>
<b>Current assets</b>			
Inventories	18	11,004	10,011
Trade receivables	19	14,358	10,877
Cash and Bank Balances	20	501	402
Short-term loans and advances	21	2,636	3,665
Other current assets	22	989	2,186
		<b>29,488</b>	<b>27,141</b>
<b>TOTAL</b>		<b>51,604</b>	<b>47,800</b>
The Notes are an integral part of these Financial Statements			

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

For **Lovelock & Lewes**

Firm Registration Number : 301056E

Chartered Accountants

**Pinaki Chowdhury**

Partner

Membership Number : 57572

Place : Kolkata

Date : 28th May, 2013

For and on behalf of Board of Directors

**Subir Chaki**

Whole time Director

**Prabir Kumar Ghosh**

Director

**Uttam Tekriwal**

Chief Financial Officer

**Amit Pathak**

Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

			(₹ in Lakhs)
	Note No.	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Revenue from operations (Gross)	23	31,968	28,588
Less : Excise Duty		3,506	2,544
<b>Revenue from operations (Net)</b>		<b>28,462</b>	<b>26,044</b>
Other income	24	519	532
<b>Total Revenue</b>		<b>28,981</b>	<b>26,576</b>
<b>Expenses</b>			
Cost of materials consumed	25	14,014	14,891
Changes in inventories of finished goods and work-in-progress	26	(678)	(1,887)
Employee benefits expense	27	3,600	4,159
Finance costs	29	2,282	1,794
Depreciation and amortization expense	30	1,223	1,100
Other expenses	31	8,372	8,819
<b>Total Expenses</b>		<b>28,813</b>	<b>28,876</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>168</b>	<b>(2,300)</b>
Exceptional items	32	—	2,612
<b>Profit before tax</b>		<b>168</b>	<b>312</b>
Tax expense:			
Current tax		50	95
Deferred tax - (credit)		(400)	(1)
Total tax		(350)	94
<b>Profit for the year</b>		<b>518</b>	<b>218</b>
Earnings per equity share (Face Value of Rs 10/- each) :			
<b>Basic and Diluted</b>	41	<b>5.77</b>	<b>2.42</b>
The Notes are an integral part of these Financial Statements			

This is the Statement of Profit and Loss referred to in our report of even date.

For **Lovelock & Lewes**

Firm Registration Number : 301056E

Chartered Accountants

**Pinaki Chowdhury**

Partner

Membership Number : 57572

Place : Kolkata

Date : 28th May, 2013

For and on behalf of Board of Directors

**Subir Chaki**

Whole time Director

**Prabir Kumar Ghosh**

Director

**Uttam Tekriwal**

Chief Financial Officer

**Amit Pathak**

Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	(₹ in Lakhs)			
	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
<b>A. Cash Flow from Operating Activities :</b>				
Profit/(Loss) before taxation and exceptional items		168		(2,300)
<b>Adjustments for :</b>				
Depreciation/Amortisation on tangible assets		854		745
Amortisation on intangible assets		369		355
Interest Expense		2,102		1,507
Other Borrowing Costs		180		287
Interest Income		(36)		(2)
Loss/(Profit) on Sale of Fixed Assets (Net)		(164)		8
Profit on Sale of Current Investments (Net)		—		*
Bad Debts written off		4		12
Advances written off		—		1
Provision for doubtful trade receivables / advances		65		112
Provision for Slow moving stores		—		10
Provision for Warranty		23		—
Liabilities no longer required written back		(183)		(435)
Provision no longer required written back		(48)		(7)
Provision for Mark to Market Loss		144		—
Unrealised (Gain) / Loss on foreign currency transactions/ translation(net)	2	3,312	(21)	2,572
<b>Operating Profit Before Working Capital Changes</b>		<b>3,480</b>		<b>272</b>
<b>Adjustments for</b>				
Trade and Other Receivables		(3,611)		300
Inventories		(993)		(343)
Trade & Other Payables		(143)	(4,747)	1,140
<b>Cash Generated from Operations</b>		<b>(1,267)</b>		<b>1,369</b>
Direct Taxes paid (Net)		(59)		(139)
<b>Cash flow before exceptional items</b>		<b>(1,326)</b>		<b>1,230</b>
Exceptional items				
- relating to sale of land at Vadodara		—		2,612
<b>Net Cash from/ (used in) Operating Activities</b>		<b>(1,326)</b>		<b>3,842</b>
<b>B. Cash Flow from Investing Activities:</b>				
Purchase of Fixed Assets		(1,214)		(3,260)
Sale of Fixed Assets		2,652		257
Interest Received		12		5
Sale of Current Investments		—	1,450	2
<b>Net Cash from/ (used in) Investing Activities</b>		<b>1,450</b>		<b>(2,996)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013 (CONTD.)

	(₹ in Lakhs)	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>C. Cash Flow from Financing Activities:</b>		
Interest Paid	(2,574)	(1,539)
Other Borrowing Costs Paid	(180)	(287)
Proceeds from Long Term Borrowings	3,225	—
Repayment of Long Term Borrowings	(1,055)	(1,033)
Proceeds from Short Term Borrowings	2,750	450
Repayment of Short Term Borrowings	(450)	—
Net increase/(decrease) in Cash Credit Facilities including WCDL	(1,988)	1,824
Dividend paid [including tax Rs. Nil (2011-12 Rs. 30 lakhs)]	(3)	(206)
	(275)	(791)
<b>Net Cash from Financing Activities</b>	<b>(275)</b>	<b>(791)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(151)	55
Cash and Cash Equivalents (Opening Balance)	402	347
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>251</b>	<b>402</b>

\* Amount is below the rounding off norms adopted by the company.

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement.
- Cash and Cash Equivalents (Refer Note 20 to the Financial Statements) include unpaid Dividend Account not available for used by the Company.
- Previous year's figures have been rearranged and/or regrouped wherever necessary.

10

13

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

For **Lovelock & Lewes**

Firm Registration Number : 301056E

Chartered Accountants

**Pinaki Chowdhury**

Partner

Membership Number : 57572

Place : Kolkata

Date : 28th May, 2013

For and on behalf of Board of Directors

**Subir Chaki**

Whole time Director

**Uttam Tekriwal**

Chief Financial Officer

**Prabir Kumar Ghosh**

Director

**Amit Pathak**

Company Secretary

# Notes to the financial statements for the year ended 31st March, 2013

## 1. SIGNIFICANT ACCOUNTING POLICIES

### i. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply, in all material aspects, with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006 as amended] and the other relevant provisions of the Companies Act, 1956.

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 VI to the Companies Act, 1956.

### ii. USE OF ESTIMATES

The preparation of the Financial Statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the balance sheet date. The estimates and assumption used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

### iii. CHANGE IN ACCOUNTING POLICY

The Company has exercised the option as set out in paragraph 46A of the Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' (AS 11), pursuant to the Notification dated 29th December, 2011. Accordingly, exchange differences arising on restatement of long-term foreign currency loans obtained for the purpose of acquisition of depreciable capital assets, which were until now being recognised in the Statement of Profit and Loss, is adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset [Refer Note 1(x) below]. Had the Company continued to follow the earlier accounting policy, net loss on foreign currency transactions /translation would have been higher by Rs.1,164 Lakhs with corresponding decrease in profit before tax for the year by Rs.1,164 Lakhs.

### iv. FIXED ASSETS

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation/ amortization, impairment loss, if any and inclusive of borrowing cost, where applicable, and adjustments for exchange difference referred to in Note 1(x) below. Cost includes inward freight, non refundable duties/ taxes and incidental expenses directly related to acquisition/ installation. Technical know-how, designs and drawing and computer software are capitalised where it is expected to provide future enduring economic benefits. Such capitalisation costs include license fees/cost of implementation/system integration services, as applicable.

### v. IMPAIRMENT

The carrying amount of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount (i.e., higher of net selling price and value in use).

### vi. BORROWING COST

Borrowing costs attributable to acquisition/construction of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue.

### vii. DEPRECIATION AND AMORTIZATION

- Depreciation is provided on assets acquired up to 31st March, 1989 on written down value method and assets acquired on or after 1st April, 1989 on straight line method at the rates prescribed in schedule XIV of the Companies Act, 1956 or based on the remaining residual life whichever is higher.
- The rates of depreciation where different from Schedule XIV are as follows:

Particulars	Rate
Certain items of Factory Building	5% - 10%, 20%
Certain items of Non-factory Building	4.17% - 10%
Certain items of Plant & Machinery	5% - 20%

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

Freehold Land and Leasehold Land (perpetual lease) are not depreciated. Other leasehold land are amortised over the period of lease.

- Intangible Assets include technical know-how which are amortized over a period of five years and designs and drawing are amortized over a period of seven years under straight line method. Computer software are amortized on a straight line basis over a period of two to five years depending upon its useful life.

### viii. INVESTMENTS

Long Term Investments are valued at cost less provision for diminution (other than temporary) in the carrying amount thereof as determined by the Board of Directors based on periodical review.

### ix. INVENTORIES

Inventories are valued at cost and net realizable value whichever is lower.

In case of raw materials and stores and spares, cost is arrived on weighted average basis. Cost includes expenditure incurred in the normal course of business in bringing inventories to their location and condition, labour and overhead, where applicable.

Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

### x. FOREIGN CURRENCY TRANSACTIONS AS APPLICABLE UNDER ACCOUNTING STANDARD 11 "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/ losses (other than relating to reporting of long-term foreign currency monetary items) arising out of settlement of foreign currency transaction or from year end restatement are recognized in the Statement of Profit and Loss in the period in which they arise. Exchange differences arising on reporting of long-term foreign currency monetary items (i) relating to acquisition of depreciable capital assets are adjusted to the carrying amount of such assets (to be adjusted over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary item Translation Difference Account' (to be adjusted over the balance period of the related long term monetary asset/ liability).

### xi. DERIVATIVE INSTRUMENTS

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard -11 on "The Effects of Changes in Foreign Exchange Rates"), gains/losses on settlement and mark to market loss relating to outstanding contracts as at the Balance Sheet date is recognised in the Statement of Profit and Loss. Refer Note 1(x) above for forward exchange contracts covered under Accounting Standard -11 on "The Effects of Changes in Foreign Exchange Rates".

### xii. REVENUE FROM OPERATIONS

- Revenue from sale of products is recognized on transfer of risks and rewards of ownership to customers based on the contract with customers for delivery. Sales include excise duty and are net of sales returns, discounts and exclude sales tax/ value added tax where applicable.
- Sale of service is recognized as revenue as and when it becomes due as per terms of contracts.

### xiii. LEASES

Lease rentals in respect of assets taken on operating lease are charged to revenue.

### xiv. EMPLOYEE BENEFITS

- Short Term

Short term Employee Benefits (i.e. benefits falling due within one year after the end of the period in which employees render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

### (b) Post Employment

#### (i) Provident Fund

This is a defined contribution plan for certain employees and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

Certain employees of the Company receive provident fund benefits, which are administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall, this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss. Actuarial gains/ losses are recognized immediately in the Statement of Profit and Loss as income/ expense.

#### (ii) Superannuation Fund

This is the defined contribution plan. The Company contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees. The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

#### (iii) Gratuity

This is a defined benefit plan. The schemes, which are funded with SBI Life Insurance Co. Ltd. and Life Insurance Corporation of India (LIC), administered by independent trusts. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/ expense.

### (c) Other Long Term

Other long term represent Leave Encashment, Sick Leave and Long Service Award (defined benefit plans) which is provided for based on year end actuarial valuation using Projected Unit Credit Method. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss as income/expense.

## xv. TAXES ON INCOME

Current tax is provided as the amount of tax payable in respect of taxable income for the year measured using applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual/ reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

## xvi. PROVISIONS AND CONTINGENT LIABILITIES

**Provisions :** Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discontinued to its present value.

**Contingent Liabilities:** Contingent Liabilities are disclosed when the company has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

### 2. SHARE CAPITAL

		As at 31st March, 2013		As at 31st March, 2012	
		₹ in Lakhs		₹ in Lakhs	
(i)	Authorised 5,00,00,000 Equity Shares of Rs.10/- each	5,000		5,000	
(ii)	Issued, Subscribed and Paid up 89,89,273 Equity Shares of Rs.10/- each, fully paid up	899		899	
(iii)	67,29,698 Equity Shares are held by the holding company				
(iv)	Shares issued for consideration other than cash - 34,55,529 Equity Shares of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement				
(v)	Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Particulars		As at 31st March, 2013		As at 31st March, 2012	
		₹ in Lakhs	In No's	₹ in Lakhs	In No's
	Shares outstanding at the beginning of the year	899	8,989,273	899	8,989,273
	Shares outstanding at the end of the year	899	8,989,273	899	8,989,273

#### (vi) Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs 10/- per share. Each holder of equity is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount in proportion to their shareholding.

#### (vii) Details of shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholders	As at 31st March 2013		As at 31st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
McNally Bharat Engineering Company Limited	6,729,698	74.86	6,329,698	70.41
EIG (Mauritius) Limited	1,340,000	14.91	1,340,000	14.91

### 3. RESERVES AND SURPLUS

	As at 31st March, 2013	As at 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
<b>Capital Reserve</b>		
Balance as per last account	8,115	7,878
Add: Transferred from amount forfeited on partly paid convertible warrants (refer Note -4)	—	237
Balance as at the end of the year	8,115	8,115
<b>Securities Premium account</b>	3,372	3,372
<b>General Reserve</b>	1,465	1,465
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last account	4,951	4,733
Add : Profit for the year	518	218
Balance as at the end of the year	5,469	4,951
<b>Total</b>	<b>18,421</b>	<b>7,903</b>

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

4. The Company had allotted 1,75,000 Convertible Warrants of ₹ 186/- each on 12th March, 2010 (convertible within eighteen months from the date of allotment in one or more tranches) and 3,35,000 Convertible Warrants of ₹ 186/- each on 13th August, 2010 (convertible within twelve months from the date of allotment in one or more tranches), on a preferential basis to Promoters/ Promoter group and strategic investors, entitling the holder of the Warrants to apply for and be allotted one equity share of ₹ 10/- each fully paid-up, at a price of ₹ 186/- per share (including a premium of ₹ 176/-), or at such other higher prices in accordance with the applicable statutory Regulations, against each such warrant. The Company had called up and received 25% of the face value against allotment of each such warrant in previous financial years and the balance amount was due to be received by the Company during the Financial Year 2011-12. None of the warrant holders exercised the option; hence the entire amount of ₹ 237 Lakhs, representing 25% of the face value, were forfeited by the Company and transferred to capital reserve of the Company.

### 5. LONG TERM BORROWINGS

	As at 31st March, 2013	As at 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
<b>SECURED LOANS</b>		
<b>Term Loans</b>		
From Banks	11,382	8,046
From Others	6	7
	11,388	8,053
Less: Current maturities of Long Term Debt (refer Note 11)	1,620	1,055
<b>Total</b>	<b>9,768</b>	<b>6,998</b>

### Nature of Security and terms of repayment for Secured Borrowings

Nature of Security	Terms of Repayment
(i) Year-end term loan balance from ICICI Bank Ltd. of ₹ 2,299 Lakhs (31.03.2012 ₹ 3,066 Lakhs) excluding adjustment for foreign exchange difference amounting to ₹ 312 Lakhs (31.03.2012: ₹ Nil) is secured by first pari passu charge over the immoveable and moveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1). Above facility is also guaranteed by Holding Company.	Original loan availed ₹ 3,832 Lakhs is repayable in 10 equal half yearly installments, the first such installment being due on September 15, 2011 and at the end of every six months there after. Interest is payable at the rate of LIBOR + 2.50% p.a. on amount beginning April 6, 2009 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
(ii) Year-end term loan balance from ICICI Bank Ltd. of ₹ 4,625 Lakhs (31.03.2012 ₹ 4,625 Lakhs) excluding adjustment for foreign exchange difference amounting to ₹ 814 Lakhs (31.03.2012: ₹ Nil) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.	Original loan availed ₹ 4,625 Lakhs is repayable in 8 equal half yearly installments, the first such installment being due on February 27, 2014 and at the end of every six months thereafter. Interest is payable at the rate of LIBOR + 4.40% p.a. on amount beginning February 28, 2011 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
(iii) Year-end term loan balance from DBS Bank Ltd. of ₹ 3,225 Lakhs (31.03.2012 ₹ Nil) excluding adjustment for foreign exchange difference amounting to ₹ 38 Lakhs (31.03.2012: ₹ Nil) secured by first pari passu charge on all moveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future and first pari passu charge to be created on all immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. The above facility is also guaranteed by Holding Company.	Original loan availed ₹ 3,225 Lakhs is repayable in 13 equal quarterly installments, the first such installment being due on May 14, 2014 and at the end of every quarter thereafter. Interest is payable at the rate of LIBOR+ 2.95% p.a. on amount beginning August 14, 2012 and quarterly thereafter.
(iv) Year-end term loan balance from Karur Vysya Bank Ltd. amounting to ₹ 69 Lakhs (31.03.2012 ₹ 352 Lakhs) is secured by pari passu charge on the factory land situated at Asansol together with buildings and plant and machinery erected thereon.	Original loan availed ₹ 1,090 Lakhs is repayable in 48 equal monthly installments, the first such installment being due on July 30, 2009 and at the end of every month thereafter. Interest is payable at the rate of Bank rate plus 0.75% p.a. on amount beginning August 1, 2008 and monthly thereafter.
(v) Year end balance of Car Loan (term) from Kotak Mahindra Prime Limited ₹ 6 Lakhs (31.03.2012 ₹ 7 Lakhs) to be secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 11.35% p.a.
(vi) Year end balance of Car Loan from HDFC Bank ₹ Nil (31.03.2012 ₹ 3 Lakhs) secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 7.87% p.a.



## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

(₹ in Lakhs)

	As at 31st March, 2013	As at 31st March, 2012
<b>6. DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability on account of -		
- Depreciation	1,592	1,114
Deferred Tax Asset on account of -		
- Unabsorbed Tax Depreciation/Loss @	(1,001)	—
- Items allowable for tax purpose on payment basis	(32)	(137)
- Other Items	(29)	(47)
<b>Total</b>	<b>530</b>	<b>930</b>

@ Considered based on future taxable income against which it can be realised.

### 7. OTHER LONG TERM LIABILITIES

Trade Payables	9	3
<b>Total</b>	<b>9</b>	<b>3</b>

### 8. LONG TERM PROVISION

Provision for employee benefits	196	244
Provision for mark to market losses on derivatives	144	—
<b>Total</b>	<b>340</b>	<b>244</b>

### 9. SHORT TERM BORROWINGS

<b>Secured Loans from Banks</b>		
Loans Repayable on demand #	6,171	7,409
	6,171	7,409
<b>Unsecured Loans</b>		
From Banks	250	1,000
Inter - corporate deposit	1,250	450
Commercial Paper	1,500	—
	3,000	1,450
<b>Total</b>	<b>9,171</b>	<b>8,859</b>

#### Nature of Security on Secured Loans availed from Banks

# Cash Credit facilities and Working Capital Demand Loans from ICICI Bank, DBS Bank & ING Vysya Bank Limited aggregating ₹ 3,671 lakhs (31.03.2012 ₹ 4,309 lakhs) are secured by first pari passu charge on entire current assets of the Company.

# Cash Credit facilities and Working Capital Demand Loan from State Bank of India of ₹ 2,500 lakhs (31.03.2012 ₹ 3,100 lakhs) is secured by first pari passu charge on entire current assets of the Company together with land and windmill machinery at Jamnagar.



## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

(₹ in Lakhs)

	As at 31st March, 2013	As at 31st March, 2012
<b>10. TRADE PAYABLES</b>		
<b>Trade Payables</b>		
Dues to micro enterprises and small enterprises (refer Note 37)	139	129
Others	7,334	7,291
<b>Total</b>	<b>7,473</b>	<b>7,420</b>

## 11. OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings # (Refer Note 5)	1,620	1,055
Interest accrued but not due on Borrowings	252	252
Interest accrued and due on Borrowings	—	4
Unpaid Dividends @	10	13
Unpaid matured deposits and interest accrued thereon @	*	*
<b>Other Payables</b>		
Advance received from customers	1,229	2,054
Advance received for sale of Land	213	—
Liability for Capital Creditors	301	292
Dues payable to government authorities	392	161
Employee benefits payable	278	323
Liability for Other Expenses \$	502	189
<b>Total</b>	<b>4,797</b>	<b>4,343</b>

@ There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

# Current maturities of long term debt include ₹ Nil (31.03.2012 ₹ 23 Lakhs) representing principle amount due on loan as at Balance Sheet date.

\$ includes Creditors for other expenses and Deposit received from supplier.

\* Amount is below the rounding off norms adopted by the company.

## 12. SHORT TERM PROVISIONS

Provision for employee benefits	173	201
Provision for Warranty [Refer (a) below]	23	—
<b>Total</b>	<b>196</b>	<b>201</b>

a) Movement of Provision for Warranty :		
Balance as at the beginning of the year	—	—
Additions	23	—
Amount used	—	—
<b>Balance as at the end of the year</b>	<b>23</b>	<b>—</b>

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

### 13. TANGIBLE ASSETS

(₹ in Lakhs)

Particulars	GROSS BLOCK AT COST / VALUATION				DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 1st April, 2012	Additions	Other Adjustments [Refer (a) below]	Sale/ Adjustment	As at 31st March, 2013	As at 1st April, 2012	For the year	Sale/ Adjustment	As at 31st March, 2013
Leasehold Land	1,063	658	1,740	940	2,521	37	28	8	2,464
Freehold Land	1,635	—	(1,378)	—	257	—	—	—	257
Building	5,093	4,895	1,888	6	11,870	523	204	6	11,149
Plant and Machinery	7,458	706	228	211	8,181	2,483	521	147	5,324
Plant and Machinery - Windmill	764	—	—	—	764	342	57	—	365
Furniture and Fixture	330	55	6	81	310	109	19	40	222
Refrigerators and Air Conditioners	56	29	3	2	86	16	4	2	68
Office Equipments	258	11	1	56	214	186	12	52	68
Vehicles	91	4	—	7	88	32	9	6	53
<b>Total</b>	<b>16,748</b>	<b>6,358</b>	<b>2,488</b>	<b>1,303</b>	<b>24,291</b>	<b>3,728</b>	<b>854</b>	<b>261</b>	<b>19,970</b>
<b>Previous Year</b>	<b>16,890</b>	<b>795</b>	<b>-</b>	<b>937</b>	<b>16,748</b>	<b>3,489</b>	<b>745</b>	<b>506</b>	<b>13,020</b>

### INTANGIBLE ASSETS

Particulars	GROSS BLOCK AT COST / VALUATION				AMORTISATION			NET BLOCK	
	As at 1st April, 2012	Additions	Other Adjustments [Refer (a) below]	Sale/ Adjustment	As at 31st March, 2013	As at 1st April, 2012	For the year	Sale/ Adjustment	As at 31st March, 2013
Design and Drawings	2,262	—	(12)	—	2,250	1,298	321	12	1,607
Computer Software	130	31	3	—	164	53	48	—	101
Technical Knowhow	8	—	12	—	20	8	—	(12)	20
<b>Total</b>	<b>2,400</b>	<b>31</b>	<b>3</b>	<b>—</b>	<b>2,434</b>	<b>1,359</b>	<b>369</b>	<b>—</b>	<b>1,728</b>
<b>Previous Year</b>	<b>2,316</b>	<b>84</b>	<b>—</b>	<b>—</b>	<b>2,400</b>	<b>1,004</b>	<b>355</b>	<b>—</b>	<b>1,359</b>

a Other Adjustments for Tangible assets include :

(i) ₹ 1,337 Lakhs (31.03.2012 ₹ Nil) being borrowing cost capitalised during the year.

(ii) ₹ 1,151 Lakhs (31.03.2012 ₹ Nil) being adjustment relating to exchange difference.

b Other Adjustments for Intangible assets include ₹ 3 Lakhs (31.03.2012 ₹ Nil) being adjustment relating to exchange difference.

c Pursuant to the Scheme of Arrangement between the Company and McNally Bharat Engineering Company Limited (MBECL), the holding company, the existing charges on the assets of the erstwhile Products Division of MBECL for facilities enjoyed by MBECL will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain assets of the Company comprised in erstwhile Product Division of MBECL.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

(₹ in Lakhs)

	As at 31st March, 2013	As at 31st March, 2012
<b>14. CAPITAL WORK IN PROGRESS</b>		
Capital Work in Progress @	124	5,950
<b>Total</b>	<b>124</b>	<b>5,950</b>

@ Includes :

(i) ₹ 18 Lakhs (31.03.2012 ₹ 887 Lakhs) being borrowing cost capitalised during the year.

(ii) ₹ 10 Lakhs (31.03.2012 ₹ Nil) being adjustment relating to exchange difference.

### 15. NON CURRENT INVESTMENT

<b>Non Current (Long Term - other than trade) Investments (unquoted) at cost</b>		
- 100 (31.03.2012 : 100) fully paid shares of ₹ 25/- each of Co Operative Bank of Baroda Limited	*	*
- 100 (31.03.2012 : 100) fully paid shares of ₹ 10/- each of McNally Bharat Co-operative Credit Society Limited	*	*
<b>Total</b>	<b>*</b>	<b>*</b>

The Aggregate Book Value of unquoted investments

\* \*

\* Amount is below the rounding off norms adopted by the Company.

### 16. LONG TERM LOANS AND ADVANCES

<b>Capital Advances</b>		
Unsecured, considered good	8	206
<b>Security Deposits</b>		
Unsecured, considered good	174	116
Considered Doubtful	2	4
Less: Allowances for doubtful security deposits	2	4
	174	116
<b>Total</b>	<b>182</b>	<b>322</b>

### 17. OTHER NON CURRENT ASSETS

<b>Unsecured, considered good</b>		
Long term trade receivables	872	326
Deposit with Banks having maturity more than twelve months #	262	—
<b>Total</b>	<b>1,134</b>	<b>326</b>

# Includes ₹ 250 Lakhs (31.03.2012 ₹ Nil) lien with a Bank

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

(₹ in Lakhs)

	As at 31st March, 2013	As at 31st March, 2012
<b>18. INVENTORIES (valued at lower of cost and net realisable value)</b>		
Raw Materials and Component	2,355	2,168
Work-in-progress [Refer (i) below]	7,480	6,796
Finished goods	36	42
Stores and spares [including Goods-in transit ₹ Nil (31.03.2012 ₹ 6 Lakhs)]	1,038	924
Loose Tools	95	81
<b>Total</b>	<b>11,004</b>	<b>10,011</b>

### i) Break up of Work-in-progress

a. Metallurgical Machinery and Material handling Equipment	2,236	3,823
b. Projects/ Special Equipments	4,297	1,879
c. Pump and Spares	524	609
d. Thickener, Floatation cells and spares	423	485
<b>Total</b>	<b>7,480</b>	<b>6,796</b>

## 19. TRADE RECEIVABLES

<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	3,514	2,580
Unsecured, considered doubtful	493	435
Less: Allowances for doubtful debts	493	435
	3,514	2,580
<b>Other debts</b>		
Unsecured, considered good	10,844	8,297
<b>Total</b>	<b>14,358</b>	<b>10,877</b>

## 20. CASH AND BANK BALANCES

<b>Cash and cash equivalent</b>		
Cash on hand	9	15
Cheques on hand	—	15
Unpaid Dividend Accounts \$	10	13
Current Accounts with banks	232	359
	251	402
<b>Other Bank Balances</b>		
Bank deposits with original maturity greater than three months and maturing within twelve months #	250	—
<b>Total</b>	<b>501</b>	<b>402</b>

\$ Earmarked for payment of unpaid dividend only.

# ₹ 250 Lakhs (31.03.2012 ₹ Nil ) is under lien with a Bank.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

(₹ in Lakhs)

	As at 31st March, 2013	As at 31st March, 2012
<b>21. SHORT TERM LOANS AND ADVANCES</b>		
<b>Advances to related parties</b>		
Unsecured, considered good		
Recoverable from Whole time Director (Refer Note 39)	26	30
<b>Other Advances</b>		
Unsecured, considered good		
Balance with Government Authorities	802	908
Advance payment of taxes, etc [Net of Provision for taxation ₹ 2,895 Lakhs (31.03.2012 ₹ 2,845 Lakhs )]	138	147
Advance for goods and services	1,527	2,474
Others #	143	106
	2,610	3,635
Others, considered doubtful	—	39
Less: Allowances for doubtful advances	—	39
	2,610	3,635
<b>Total</b>	<b>2,636</b>	<b>3,665</b>

# includes employee advance and prepaid expenses.

## 22. OTHER CURRENT ASSETS

Interest receivable	25	1
Assets held for disposal	909	167
Rent Receivables	12	—
Receivable towards sale of tangible assets	43	2,018
<b>Total</b>	<b>989</b>	<b>2,186</b>

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

(₹ in Lakhs)

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
<b>23. REVENUE FROM OPERATIONS</b>		
Sale of products [Refer (i) below]	30,852	27,948
Sale of services [Refer (ii) below]	565	161
<b>Other operating revenues</b>		
Scrap Sales	433	345
Energy Income - Wind Mill	112	111
Agency Income	6	23
<b>Total</b>	<b>31,968</b>	<b>28,588</b>
<b>i) Break up of Sale of products</b>		
1. Metallurgical Machinery		
a) Crushing and Screening Plant / Machinery / Spares	4,801	5,598
b) Feeders and Gates Machinery / Spares	126	334
c) Ball Mill-Machinery / Spares	4,267	4,107
d) Structural Steel Work, Engineering, Fabrication and Erection	1,465	—
2. Material Handling and Conveying Plant / Machinery / Spares	1,996	231
3. Coal Washing Plant / Machinery / Spares	—	263
4. Cement Mill/Plant	227	451
5. Pump and Spares	1,549	1,303
6. Thickener, Floatation cells and spares	1,584	1,928
7. Projects/ Special Equipments	10,146	6,996
8. Others/ Spares	4,691	6,737
<b>Total</b>	<b>30,852</b>	<b>27,948</b>
<b>ii) Break up of Sale of services</b>		
Supervision Charges	10	123
Maintenance Services	102	2
Engineering and Designing Charges	452	33
Others	1	3
<b>Total</b>	<b>565</b>	<b>161</b>
<b>24. OTHER INCOME</b>		
Profit on Sale of Current Investments (net)	—	*
Profit on Sale of Fixed Assets (net)	164	—
Interest Income	36	2
Net Gain on foreign currency transactions/translations	—	4
Liabilities no longer required written back	183	435
Provision no longer required written back	48	7
Rental Income	76	78
Miscellaneous Income	12	6
<b>Total</b>	<b>519</b>	<b>532</b>

\* Amount is below the rounding off norms adopted by the Company.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
<b>25. COST OF MATERIALS CONSUMED</b>		
<b>(i) Consumption of Raw Materials and Components</b>		
Opening Stock	2,168	3,197
Add : Purchases	14,201	13,862
	16,369	17,059
Less : Closing Stock	2,355	2,168
Consumption of Raw Materials and Component	<b>14,014</b>	<b>14,891</b>

<b>(ii) Details of Consumption of Raw Materials, Components, Spare Parts, Stores, etc.</b>		
<b>Raw materials and Components:</b>		
Steel	6,052	5,966
Components	4,338	5,464
Castings	2,557	2,364
Others	1,067	1,097
<b>Total</b>	<b>14,014</b>	<b>14,891</b>
<b>Spare Parts, Stores, etc.:</b>		
Stores and Spare Parts	1,639	1,519
Bearings	360	785
Motors	101	275
Others	264	232
<b>Total</b>	<b>2,364</b>	<b>2,811</b>

	For the Year ended 31st March, 2013		For the Year ended 31st March, 2012	
	Percentage	₹ in lakhs	Percentage	₹ in lakhs
(iii) Break-up of Imported and Indigenous Materials Consumed				
Raw Materials and Components :				
Imported	1.32	185	0.15	22
Indigenous	98.68	13,829	99.85	14,869
Total	100.00	14,014	100.00	14,891
Spare Parts and Stores :				
Imported	3.00	71	6.26	176
Indigenous	97.00	2,293	93.74	2,635
Total	100.00	2,364	100.00	2,811

(iv) Stores and Spare parts consumed debited to various heads amount to ₹ 9 Lakhs (2011-12 ₹ 11 Lakhs).

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
<b>26. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS</b>		
<b>Opening Stock</b>		
Work-in-Progress	6,796	4,899
Finished Goods	42	52
	6,838	4,951
<b>Less : Closing Stock</b>		
Work-in-Progress	7,480	6,796
Finished Goods	36	42
	7,516	6,838
<b>Total</b>	<b>(678)</b>	<b>(1,887)</b>

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
<b>27. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3,274	3,685
Contribution to Provident and other fund	146	296
Workmen and Staff welfare expenses	180	178
<b>Total</b>	<b>3,600</b>	<b>4,159</b>

### 28. EMPLOYEE BENEFITS

#### (A) Post Employment Defined Benefit Plan

##### (I) Gratuity

- (i) In keeping with the Company's gratuity scheme, eligible employees are entitled for gratuity benefit as per The Payment of Gratuity Act, 1972 on retirement / death/ incapacitation/ termination etc. Also refer Note 1 (xiv) (b) (iii) for accounting policy related to gratuity.

The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) of the Company for the year ended 31.03.2013.

	As at 31st March, 2013	As at 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
(a) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation		
Present Value of Obligation at the beginning of the year	807	683
Current Service Cost	37	45
Interest Cost	66	63
Actuarial (Gains)/Losses	(44)	99
Benefits Paid	(128)	(83)
<b>Present Value of Obligation at the end of the year</b>	<b>738</b>	<b>807</b>
(b) Reconciliation of the Opening and Closing balances of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	617	571
Expected Return on Plan Assets	51	51
Actuarial Gains/(Losses) on plan Assets	1	(1)
Contributions	49	80
Benefits paid	(128)	(84)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>590</b>	<b>617</b>
(c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets		
Present Value of Obligation at the end of the year	738	807
Fair Value of Plan Assets at the end of the year	590	617
<b>Liabilities recognized in the Balance Sheet</b>	<b>(148)</b>	<b>(190)</b>
(d) Expense recognized in the Statement of Profit and Loss		
Current Service Cost	37	45
Interest Cost	66	63
Expected Return on Plan Assets	(51)	(50)
Actuarial (Gains)/Losses	(43)	98
<b>Total Expense recognized (included in note 27 - Contribution to Provident and other funds)</b>	<b>9</b>	<b>156</b>



## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013	As at 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
<b>EMPLOYEE BENEFITS (Contd.)</b>		
(e) Category of Plan Assets		
Fund with Insurer	590	616
Others (including bank balances)	*	1
<b>Total</b>	<b>590</b>	<b>617</b>
(f) <b>Actual Return on Planned Assets</b>	<b>52</b>	<b>50</b>
(g) Actuarial Assumptions		
Discount Rate Plan	7.50%	7.50%
Expected Rate of Return on Assets	8.50%	8.50%
Rate of increase in Salary	4.00%	5.00%
Mortality Rate	In accordance with standard table LIC (1994-96) ultimate.	

\* Amount is below the rounding off norms adopted by the Company.

- (ii) The table below illustrates experience adjustment disclosure as per para 120 (n) of Accounting Standard 15 - Employee Benefits.

Particulars	Gratuity				
	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2010	For the year ended 31st March, 2009
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Present Value of Obligation at the end of the year	738	807	683	616	582
Fair Value of Plan Assets at the end of the year	590	617	571	493	431
Deficit at the end of the year	(148)	(190)	(112)	(123)	(151)
Experience adjustments on plan liabilities [(Gain)/Loss]	(44)	99	35	(10)	(16)
Experience adjustments on plan assets [Gain/(Loss)]	1	(1)	1	2	—

- (II) The estimates of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investment of funds during the estimated term of the obligation.
- (III) The contribution expected to be made by the company for the year ended 31st March, 2014 is not readily ascertainable and therefore not disclosed.
- (IV) Provident Fund

Contributions towards provident funds are recognised as expense for the year. The Company contributes to the provident funds trusts set up by the holding company in respect of certain categories of employees which is administered by Trustees. Both the employees and the Company make monthly contributions to the Funds at specified percentage of the employee's salary to and aggregate contributions along with interest thereon are paid to the employee's/ nominee's at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investment prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

In terms of the Guidance on implementing Accounting Standard -15 (Revised 2005) on 'Employee Benefits' issued by the Accounting Standards Board of The Institute of Chartered Accountants of India (ICAI), a provident fund trust set up by the Company are treated as defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the balance sheet date using Projected Unit Capital Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of ₹ 74 lakhs (2011-12 ₹ 74 lakhs) to the Provident Fund Trust has been expensed under the "Contribution to Provident and Other Funds" in Note 27. Disclosures given hereunder are restricted to the information available as per the Actuary's report -

Principal Actuarial Assumptions	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Discount Rate	8.23%	8.46%
Expected Return on Exempted Fund	8.13%	9.07%
Expected EPFO Return	8.50%	8.25%

### B) Post Employment Defined Contribution Plan

During the year, an amount of ₹ 63 lakhs (2011-12 ₹ 66 lakhs) has been recognised as expenditure towards defined contribution plans of the company.

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
	₹ in Lakhs	₹ in Lakhs

### 29. FINANCE COSTS

Interest expense [ Net of interest capitalised ₹ 468 lakhs (2011-12 ₹ 546 lakhs)]	2,102	1,507
Other borrowing costs	180	287
<b>Total</b>	<b>2,282</b>	<b>1,794</b>

### 30. DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation/Amortisation on tangible assets	854	745
Amortisation on intangible assets	369	355
<b>Total</b>	<b>1,223</b>	<b>1,100</b>

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
<b>31. OTHER EXPENSES</b>		
Professional Fees	292	361
Fabrication and other charges	2,956	3,105
Consumption of stores and spare parts	2,355	2,800
Power	376	326
Repairs to Buildings	20	21
Repairs to Machinery	60	72
General repairs and maintenance	97	100
Rent	104	121
Subscriptions and donations	3	1
Bank charges	14	16
Rates and Taxes	55	43
Insurance	71	69
Freight	849	592
Travelling and conveyance	348	424
Running and maintenance of vehicles	107	47
Directors' Fees	7	9
Royalty	1	2
Commission Expenses	15	26
Net Loss on foreign currency transactions/translations	38	—
Bad debts written off	4	12
Provision for Slow moving Stores	—	10
Advances written off	—	1
Provision for Doubtful Trade Receivables/Advances	65	112
Provision for Warranty	23	—
Loss on sale of Fixed Assets (net)	—	8
Provision for marked to market loss	144	—
Management Service Fee	—	196
Miscellaneous Expenses	391	409
	8,395	8,883
Less: Transferred to Capital Work in Progress	23	64
<b>Total</b>	<b>8,372</b>	<b>8,819</b>

**(i) Miscellaneous expenses shown above includes Auditor's remuneration and expenses :**

Statutory Audit	28	22
Tax Audit	5	4
Other Services	14	21
Reimbursement of Expenses	2	—
<b>Total</b>	<b>49</b>	<b>47</b>

- (ii) The Company has leasing arrangements in respect of operating leases for premises (residential, office, etc.). These leasing arrangements which are cancellable are for a period of 3 years, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of ₹ 104 lakhs ( 2011-12 ₹ 121 lakhs) paid / payable are charged as Rent under Other Expenses.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

### 32. EXCEPTIONAL INCOME

During the previous financial year, freehold land at Vadodara had been sold and the resultant profit on such sale amounting to ₹ 2,612 Lakhs had been treated as exceptional income.

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
	₹ in Lakhs	₹ in Lakhs

### 33. CIF VALUE OF IMPORT

Raw Materials & Components	185	180
Spare Parts and Stores	114	32
Capital Goods	—	67
<b>Total</b>	<b>299</b>	<b>279</b>

### 34. EXPENDITURE IN FOREIGN CURRENCY

Travelling	12	26
Royalty	1	2
<b>Total</b>	<b>13</b>	<b>28</b>

### 35. EARNING IN FOREIGN CURRENCY

Export Sale (FOB)	744	596
Agency Income	6	23
<b>Total</b>	<b>750</b>	<b>619</b>

### 36. NET DIVIDEND REMITTED IN FOREIGN CURRENCY

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Number of Non - Resident Shareholders	1	1
Number of equity share held	13	13
Amount remitted (Rs. In Lakhs)	—	27
Amount remitted (USD In Lakhs)	—	1
Year for which remitted	—	2010-11

### 37. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES :

	As at 31st March, 2013	As at 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
(i) The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act		
Principal	84	91
Interest	5	7
(ii) The amount of interest paid in terms of section 16 of MSMED Act along with the amount of payment made to suppliers beyond the appointed day during the year		
Principal	—	—
Interest	—	—
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act		
Principal	283	510
Interest	12	14
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including ₹ 38 lakhs (31.03.2012 : ₹ 18 lakhs) being interest outstanding as at the beginning of the accounting year]	55	38
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED Act	17	21

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

### 38. DERIVATIVE FINANCIAL INSTRUMENTS

- (a) The Company uses derivative contracts to hedge its exposures in foreign currency. The information on such contracts outstanding as at year end are as follows:

	Currency	As at 31st March, 2013		As at 31st March, 2012	
		Buy	Sell	Buy	Sell
		₹ in Lakhs		₹ in Lakhs	
Cross Currency Swap	USD	148	—	164	—
Interest Rate Swap	USD	60	—	—	—
Option	USD	5	5	—	—

- (b) Foreign Exchange Currency Exposures that have not been hedged by a derivative instrument or otherwise as at year end are as follows:

	Currency	As at 31st March, 2013		As at 31st March, 2012	
		Buy	Sell	Buy	Sell
		₹ in Lakhs		₹ in Lakhs	
Receivables	USD	—	2	—	3
	EUR	—	*	—	*
	AUD	—	1	—	1
Trade Payables	USD	*	—	8	—
	EUR	*	—	—	—

\* Amount is below the rounding off norms adopted by the company.

### 39. RELATED PARTY DISCLOSURES [IN ACCORDANCE WITH ACCOUNTING STANDARD 18 NOTIFIED UNDER SECTION 211(3C) OF THE COMPANIES ACT, 1956]

#### (I) Related Parties and their Relationships

- a) Where control exists
- i) Holding Company  
McNally Bharat Engineering Company Limited (MBECL)
- b) Others
- i) Fellow subsidiaries  
MBE Coal & Mineral Technologies India Pvt. Ltd. (MCMTI) (formerly Humboldt Wedag Minerals India Pvt. Ltd.)  
McNally Bharat Equipments Limited #  
McNally Bharat Infrastructure Limited (MBIL) #  
MBE Mineral Technologies Pte Limited # (formerly MBE Holdings Pte Ltd.)  
MBE Minerals Zambia Ltd #  
McNally Bharat Engineering (SA) Proprietary Ltd. #  
MBE Coal & Minerals Technologies Gmbh (MCMT) #  
MBE Cologne Engineering Gmbh #  
MBE EWB Technogiai Kft #  
MBE Mineral Processing Technology (Beijing) Co. Ltd.#  
MBE Mineral Processing of Brazil LTDA #  
PT MBE Coal & Minerals Technology, Indonesia #  
MBE Minerals S.A. Pty Ltd. #  
OOO MBE OUM, Russia #  
Coal & Mineral Technology Holding Gmbh, Germany #

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

### ii) Key management personnel

- Mr. Subir Chaki - Whole time Director (appointed w.e.f. 9th January, 2012)
- Mr. Shambhu Prasad - Managing Director (upto 9th January, 2012) #

# No transactions during the year.

### (II) Transactions during the year:

(₹ in Lakhs)

	MBECL	MCMT	MCMTI	MBIL
Purchase of Materials and components	29	-	-	-
	(-)	(-)	(-)	(-)
Purchase of services	51	-	-	-
	(506)	(20)	(-)	(3)
Purchase of fixed assets	-	-	2	-
	(-)	(-)	(-)	(-)
Corporate Guarantee given	3,112	-	-	-
	(3,112)	(-)	(-)	(-)
Corporate Guarantee received	3,225	-	-	-
	(-)	(-)	(-)	(-)
Sale of Products and Services	11,932	-	65	-
	(8,593)	(-)	(466)	(-)
Sale of fixed assets	-	-	43	-
	(-)	(-)	(-)	(-)
Rental income	74	-	2	-
	(78)	(-)	(-)	(-)
Dividend paid	-	-	-	-
	(127)	(-)	(-)	(-)
Loan / Advances received	600	-	-	-
	(-)	(-)	(-)	(-)
Expense Recovered	20	-	48	-
	(-)	(-)	(-)	(-)

### Balance outstanding as at 31.03.2013

(₹ in Lakhs)

	MBECL	MCMT	MCMTI	MBIL
Trade Payables	120	-	-	-
	(96)	(18)	(3)	(3)
Trade and Other Receivables	7,025	-	153	-
	(4,175)	(20)	(386)	(-)
Other Current Liabilities	325	-	-	-
	(307)	(-)	(-)	(-)
Outstanding Corporate Guarantee Given	3,112	-	-	-
	(3,112)	(-)	(-)	(-)
Outstanding Corporate Guarantee Received	5,524	-	-	-
	(3,066)	(-)	(-)	(-)

(₹ in Lakhs)

Relating to persons referred to in 39 (I) (b) (ii) above	
Remuneration paid to Mr Subir Chaki	102
	(27)
Remuneration paid to Mr Shambhu Prasad	-
	(235)
Advance Outstanding	26
	(30)

Figures in brackets are for the year ended 31st March, 2012.

## Notes to the financial statements for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013	As at 31st March, 2012
	₹ in Lakhs	₹ in Lakhs
<b>40. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debts		
Excise Duty matters under dispute	85	85
Sales Tax and Value Added Tax matters under dispute	2,052	1,880
Other demands related to claims made by certain ex-employees towards employee benefits due to them	27	27
	2,164	1,992
(b) Others		
Corporate Guarantee to banks on behalf of holding company	3,112	3,112
<b>Total</b>	<b>5,276</b>	<b>5,104</b>
The future cash outflow in respect to the above cannot be ascertained at this stage.		
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	—	234
<b>Total</b>	<b>—</b>	<b>234</b>

	As at 31st March, 2013	As at 31st March, 2012
<b>41. EARNINGS PER SHARE</b>		
<b>Basic and Diluted</b>		
Net Profit after tax available for Equity shareholders	Rs Lakhs	518
Weighted average number of shares outstanding	No.	8,989,273
Nominal value of the shares	Rs.	10
<b>Earnings per share - Basic and Diluted</b>	<b>Rs.</b>	<b>5.77</b>
		<b>2.42</b>

42. The Company is primarily engaged in a single business segment, viz. "manufacturing and designing of engineering products" and predominantly operates in one Geographical segment. Accordingly, there are no separate reportable segments, as per Accounting Standard - 17 on "Segment Reporting".
43. Pending completion of the relevant formalities of the transfer of certain assets acquired pursuant to the scheme of arrangement of product division of McNally Bharat Engineering Company Limited with the company in FY 2008-09, such assets remain included in the books of the company under the name of transferor company.
44. Previous year's figure have been regrouped/rearranged, wherever necessary.

For **Lovelock & Lewes**  
 Firm Registration Number : 301056E  
*Chartered Accountants*  
**Pinaki Chowdhury**  
*Partner*  
 Membership Number : 57572  
 Place : Kolkata  
 Date : 28th May, 2013

For and on behalf of Board of Directors

**Subir Chaki**  
*Whole time Director*

**Prabir Kumar Ghosh**  
*Director*

**Uttam Tekriwal**  
*Chief Financial Officer*

**Amit Pathak**  
*Company Secretary*



# McNally Sayaji Engineering Limited

Regd. Office : 4, Mangoe Lane, 7th Floor, Kolkata -700001

## ATTENDANCE SLIP

69th Annual General Meeting

Members or their proxies are requested to present this attendance slip for entry, duly completed and signed in accordance with their specimen signatures registered with the Company.

DP ID
Regd. Folio. No. *

CLIENT ID
No. of Shares

Name of Member .....

Name of Proxy .....

Address as registered with the Company .....

I/ We hereby record my presence at the 69th Annual General Meeting of the Company held on Thursday, the 26th day of September, 2013 at 3.30 P.M. at, 7th Floor, Campus 2B, Ecospace, Premises No 11F/12, (Plot No AAIL/Block -3), New Town, Rajarhat, Kolkata - 700156, West Bengal.

Please (✓) in the box.

Member
--------

Proxy
-------

Member's Signature

\* Applicable for investor holding shares in physical form.

Proxy's Signature



# McNally Sayaji Engineering Limited

Regd. Office : 4, Mangoe Lane, 7th Floor, Kolkata -700001

## ATTENDANCE SLIP

69th Annual General Meeting

DP ID
Regd. Folio. No. *

CLIENT ID
No. of Shares

I/ We ..... being a Member of McNally Sayaji Engineering Limited., hereby appoint ..... of ..... or failing him ..... of ..... as my/ our proxy to attend and vote for me/us on my/our behalf at the 69th Annual General Meeting of the Company scheduled to be held on Thursday, the 26th day of September, 2013 at 3.30 P.M. at, 7th Floor, Campus 2B, Ecospace, Premises No 11F/12, (Plot No AAIL/Block -3), New Town, Rajarhat, Kolkata - 700156, West Bengal., or/and at any adjournment thereof.

Signed by the said .....

REVENUE  
STAMP

\* Applicable for investors holding shares in physical form.

**Note:** The proxy form duly completed and signed should be deposited at the Registered Office of the Company situated at 4, Mangoe Lane, 7th floor, Kolkata -700001, not less than 48 hours before the commencement of the Annual General Meeting.



## BOOK-POST

*If undelivered, please return to :*



### **McNally Sayaji Engineering Limited**

A Subsidiary of McNally Bharat Engineering Company Limited  
Ecospace, Campus 2B, 11F/12 (Old Plot No AA II/Blk 3),  
New Town, Rajarhat, North 24 Parganas, Kolkata - 700 156, West Bengal, India  
Phone : +91 33 3014 2280, Fax : +91 33 3014 2393  
Website : [www.sayaji.mcnallybharat.com](http://www.sayaji.mcnallybharat.com)