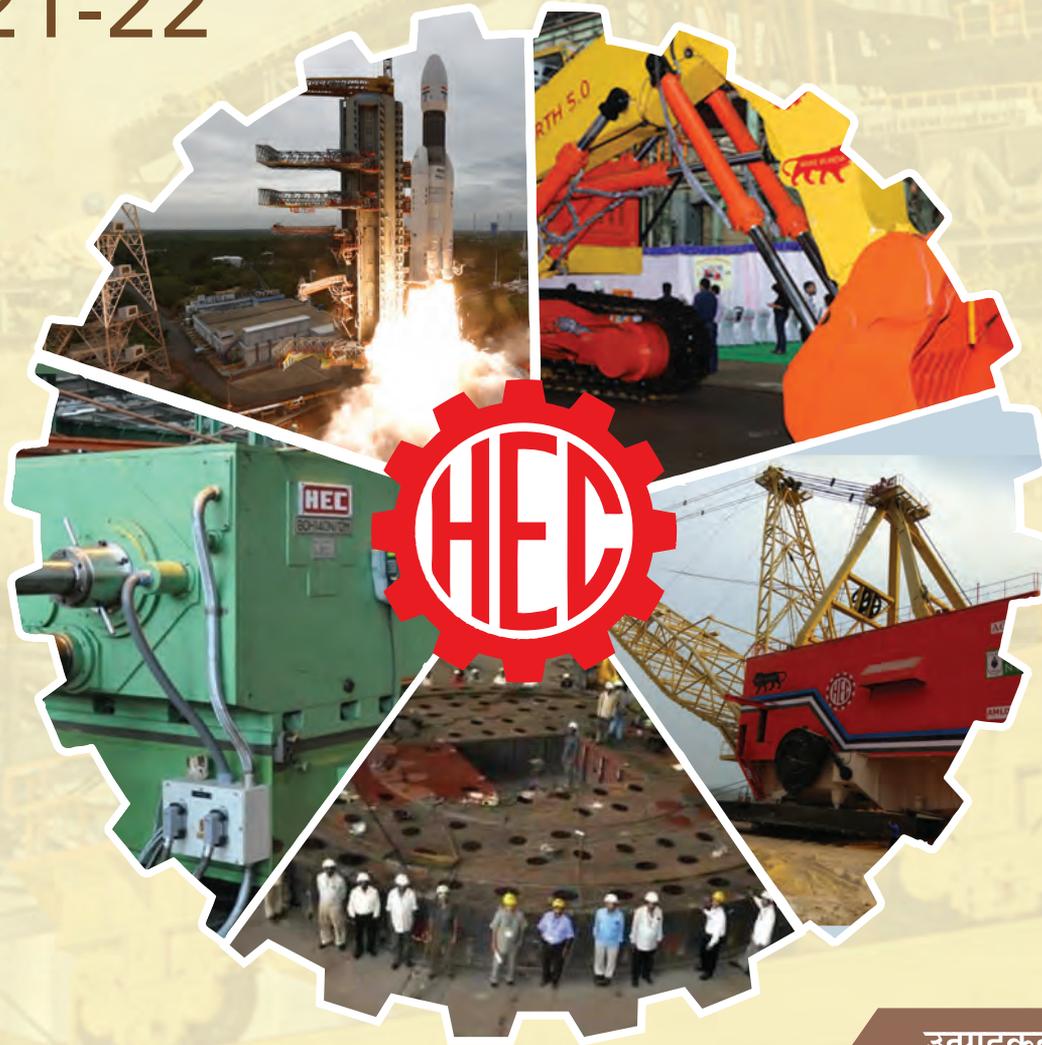




75
आज़ादी का
अमृत महोत्सव

वाषिक प्रतिवेदन ANNUAL REPORT 2021-22



उत्पादकता हेतु प्रतिबद्धता
Committed to Productivity

हेवी इंजीनियरिंग कॉर्पोरेशन लिमिटेड
(भारत सरकार का उद्यम)

HEAVY ENGINEERING CORPORATION LIMITED
(A Govt. of India Enterprise)

एच. ई. सी.



गुणवत्ता नीति

ग्राहक की आवश्यकताओं और अपेक्षाओं के अनुरूप गुणवत्तापूर्ण उत्पादों, प्रणालियों एवं सेवाओं के विश्वसनीय सप्लायर के रूप में अग्रणी स्थान प्राप्त करना तथा उसे बनाये रखना

Quality Policy

To achieve and maintain a leading position as supplier of reliable quality products, systems and services to meet customer needs and expectations

हेवी इंजीनियरिंग कॉर्पोरेशन लिमिटेड
HEAVY ENGINEERING

BOARD OF DIRECTORS

(as on 30.09.2022)



Dr. Nalin Shinghal
Chairman-cum-Managing Director



Arundati Panda
Director (Finance)



Mradul Kumar Saxena
Director (Personnel)



Dr. Rana Subhasis Chakravarty
Director (Marketing)
& Director Production (Addl. Charge)



Dr. Renuka Mishra
EA/MHI & Director (HEC)



Rajesh Kumar
CCA/MHI & Director (HEC)



Prabha Dubey
Director



Kamal Kishore Naik
Director



Ravindra Gole
Director



Abhay Kumar Kanth
Company Secretary



Visit of Hon'ble Governor of Jharkhand H.E. Shri Ramesh Bais at HEC and in discussion with CMD & Directors of HEC in HEC Conference Hall on 14.02.2022.



Tree Plantation at HEC Headquarter by Hon'ble Governor of Jharkhand H.E. Shri Ramesh Bais.

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BOARD OF DIRECTORS

(As on 30.09.2022)

| | | |
|--|---|---|
| Chairman-cum-Managing Director | : | Dr. Nalin Shinghal |
| Director (Finance) | : | Smt Arundati Panda |
| Director (Personnel) | : | Shri Mradul Kumar Saxena |
| Director (Marketing) & Production (Addl. Charge) | : | Dr. Rana S. Chakravarty |
| Director | : | Dr. Renuka Mishra (EA/MHI) |
| | : | Shri Rajesh Kumar (CCA/MHI) |
| | : | Smt. Prabha Dubey |
| | : | Shri Kamal Kishore Naik |
| | : | Shri Ravindra Gole |
| Company Secretary | : | Shri Abhay Kumar Kanth |
| Auditors | : | M/s Lodha Patel Wadhwa & Company Chartered Accountants |
| Bankers | : | State Bank of India |
| Registered Office | : | Plant Plaza Road, Dhurwa Ranchi - 834004 (Jharkhand) |



NOTICE OF ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given to the Shareholders of Heavy Engineering Corporation Limited, Ranchi that 63rd Annual General Meeting of the Company will be held on Friday, the 30th September, 2022 at 03.00 PM through Video Conferencing (VC) / Other Audio Visual Means (OAVM) facility at its registered office located at Plant Plaza Road, Dhurwa, Ranchi – 834004 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended on 31st March, 2022 together with the report of the Board of Directors & Auditor's Report thereon and the comments of Comptroller & Auditor General of India (C&AG)
2. Appointment of Statutory Auditor under Section 139 of the Companies Act, 2013 for the financial year 2022-23 and fix the remuneration of Statutory Auditor under section 142 of the Companies Act, 2013.

SPECIAL BUSINESS

1. To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2022-23 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013.

By order of the Board of Directors

(A.K.Kanth)
Co. Secretary

Date : 02-09-2022

NOTE:

- (i) In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular Nos. 20/2020 dated 05.05.2020, 02/2021 dated 13.01.2021, 19/2021 dated 08.12.2021, 21/2021 dated 14.12.2021 and 02/2022 dated 05.05.2022 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting (AGM) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (Act) and MCA Circulars, the AGM of the Company will be held through VC / OAVM. Members may attend the meeting through VC / OAVM.
- (ii) According to the above MCA Circulars, there is no requirement of appointment of proxies, and accordingly the facility for appointment of proxy has not been made for this meeting.

DIRECTORS' REPORT

To
The Shareholders
Heavy Engineering Corporation Limited
Ladies and Gentlemen,

Heavy Engineering Corporation has completed its 63 years of service to the nation and the Directors of the Company have the pleasure to present the 63rd Annual Report of the Company together with Audited Accounts for the financial year ended 31st March, 2022.

1. PERFORMANCE HIGHLIGHTS

In FY 21-22, the Company bagged orders totaling to over Rs 188 Cr. The orders mainly comprise of electric rope shovels, dragline, slag pots, forged rolls for steel plants & Mining.

However, on the other hand, the pending up-gradation / modernization as well as severe stress of working capital and impact of COVID-19 adversely affected the financial performance of the company and it could achieve turnover of Rs. 184.69 Cr. against Rs 202.76 Cr. during the previous year. Frequent breakdown of the ageing machinery has affected the execution of orders while also indirectly affecting the cash flow cycle. The company has made efforts to upkeep few critical machinery to maintain production.

2. PRODUCTION & SALES

The production & gross turnover figures for the year as compared to the previous year and MOU targets are as follows:-

(Rs. in Cr)

| Particulars | 2021-22 | | 2020-21 | |
|-------------|---------|--------|---------|--------|
| | MOU | Actual | MOU | Actual |
| Turnover | 405.43 | 184.69 | 404.51 | 202.76 |
| Production | 514.54 | 203.84 | 409.79 | 252.43 |

3. FINANCIAL RESULTS

Achievement against target and previous year is detailed below:

(Rs. in crore)

| Particulars | 2021-22 | | 2020-21 | |
|---|----------------|----------------|----------------|----------------|
| | MOU | Actual | MOU | Actual |
| Gross Margin ① | -165.24 | -219.06 | -128.98 | -193.72 |
| Interest | 27.90 | 30.97 | 25.79 | 27.49 |
| Depreciation | 7.49 | 5.96 | 7.86 | 6.06 |
| Exceptional Items Exp. (+)/ Income(-) | 0.00 | -0.08 | 0.00 | -2.52 |
| Profit before Extra-ordinary items | -200.64 | -256.07 | -162.63 | -224.75 |

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Extra ordinary items Income (+) / Exp. (-) | 0.00 | 0.00 | 0.00 | 48.97 |
| Profit before Tax | -200.64 | -256.07 | -162.63 | -175.78 |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Profit | -200.64 | -256.07 | -162.63 | -175.78 |
| Cash Profit (before extra-ordinary items) | -200.64 | -256.07 | -162.63 | -224.75 |

① Profit before Depreciation, Interest, Tax, Prior Period and extra ordinary items

Paid up Equity Capital of the Company as on 31.03.2022 stands at Rs. 606.07 Cr, while net worth is Rs. (-) 844.07 Cr.

During the year your Company contributed Rs. 4.96 Cr to Central and State Exchequers as compared to Rs. 4.03 Cr in the prev. year.

The Turnover, Production, Employee, Productivity and Profitability since 2008-09 are tabled below:

| Years | Turnover (Rs. Crore) | Production (Rs. Crore) | Turnover per employee (Rs.Lakhs) | Net Profit (Rs. Crore) |
|---------|----------------------|------------------------|----------------------------------|------------------------|
| 2008-09 | 417.39 | 419.47 | 14.55 | 18.37 |
| 2009-10 | 496.56 | 537.72 | 17.30 | 44.27 |
| 2010-11 | 640.90 | 700.55 | 23.14 | 38.14 |
| 2011-12 | 681.61 | 687.74 | 28.35 | 8.58 |
| 2012-13 | 682.83 | 676.77 | 28.58 | 20.38 |
| 2013-14 | 384.02 | 447.71 | 18.88 | 299.31 |
| 2014-15 | 361.58 | 319.58 | 20.61 | (-)241.68 |
| 2015-16 | 374.48 | 340.68 | 24.19 | (-)144.77 |
| 2016-17 | 390.11 | 364.84 | 26.81 | (-)82.27 |
| 2017-18 | 399.02 | 393.37 | 28.29 | 446.00 |
| 2018-19 | 356.21 | 340.22 | 23.42 | -93.67 |
| 2019-20 | 132.68 | 158.29 | 9.92 | -405.37 |
| 2020-21 | 202.76 | 252.43 | 14.75 | -175.78 |
| 2021-22 | 184.69 | 203.84 | 14.06 | -256.07 |

Non-Declaration of Dividend:

Profit after Tax (PAT) during FY2021-22 is Rs. (-) 256.07 Cr. and Net worth is Rs. (-) 844.07 Cr. As per guidelines issued by DIPAM, Ministry of Finance vide OM No.5/2/2016-Policy dated 27-05-2016, CPSE has to pay dividend as 30% of PAT or 5% of Net worth whichever is higher. Hence, Company is not liable to declare dividend in view of Section 123 (in respect of declaration of dividend) of Companies Act 2013.

4. MARKETING ACTIVITIES

In this particular year, HEC achieved order booking worth Rs 188.18 Cr.

The details of major orders received during the year are as follows:-

- 3 nos. of Electric Rope Shovels of 5 cubic meter bucket capacity from CCL.
- Single order worth approx. Rs 57 Cr. for major spares of Dragline from NCL
- Spares for Steel Plant Equipment and other Mining Spares for Crusher, Electric Rope Shovels and Draglines
- Slag Pots and Forged Rolls for Steel Plants from BSP, ISP, DSP, RSP
- Order for Reconditioning of Lathe Machine from RSP

Orders in Hand

Outstanding Order book as on 31.03.2022 stands at Rs. 1451.40 Cr.

Business Development initiatives:-

Much of the efforts were made on the order execution front. To overcome the challenges of financial constraints along with the obsolescence of its machinery. Hence, in the present situation, no new products/areas were taken-up.

5. PROJECT ACTIVITIES

Key activities undertaken during the year

- Coal Handling Plant at Gevra for South Eastern Coalfields Ltd., Coal India Ltd.
- Coal Handling Plant at Block-B for Northern Coalfields Ltd., Coal India Ltd.
- Coal Handling Plant at Gevra for South Eastern Coalfields Ltd., Coal India Ltd.
- Coal Handling Plant at Bhilai Steel Plant, Pkg. # 062, Bhilai, SAIL

6. PROCUREMENT FROM MSME

The company emphasizes on the procurement from MSME, NSIC & SSI firms. The procurement from MSME, NSIC & SSI firms during the year is Rs. 247.10 Cr. during the year as compared to Rs. 33.30 Cr. of the previous year.

7. SAFETY, ENVIRONMENT AND POLLUTION CONTROL

As always, your company gives utmost importance to the occupational safety and health of workers. Various training and awareness programme were conducted regularly in order to inculcate safety consciousness among the employees/workers. Complete medical check-ups were regularly carried out as per the statutory norms. Safety appliances like hand gloves, goggles, protective clothing, safety helmets, safety belts, safety shoes etc. were provided to the employees/workers.

The company does not compromise on environmental pollution and takes all precautions towards pollution control.

1. Daily Safety inspection of shop floors to identify Safety Leading Indicators (Hazards Identification,

unsafe condition & near misses) & Safety Lagging Indicators (like violation of uses of PPEs while working, equipment safety).

2. Imparted class room training as well as at shop floor on several topics such as:-

| | |
|--------------------------|--|
| Slip, Trip & Fall | JSA as & when required |
| HMI (Hand in Machine) | Hazards communication |
| PTW (Permit to Work) | RCA (Root cause analysis) of accidents |
| Working at Height | Personnel Safety |
| Road Safety inside plant | PPEs uses |

3. Reporting of accident to Inspector of Factories, Ranchi, Jharkhand and Investigation of root causes analysis for prevention and controls to avoid reoccurrences.
4. Conducting quarterly "Plant Safety Committee" to develop safety culture and this is a forum where workers and management can discuss health & safety issues and collaborate on solution.
5. Conducting regular safety audit to access the current conditions of different areas and to identify hazard prone areas to take preventive and corrective measures.

Health and Environment:-

- (a) For health preservation of employees/workers, conducting regular eye test and general health check-up. This is also a statutory provision as per Factory Act.
- (b) Monitoring of quality of ambient air at stack exit.
- (c) Monitoring of discharge water quality through drains A, B & C on a daily basis.
- (d) Regular tree plantation activities are being carried out with the help of forest department to keep the HEC areas green and reduce the pollution.
- (e) Several Health & Environment activities are being covered under Swachh Bharat Mission programmes.
- (f) To implement the condition given by JSPCB for the prevention & control of Air & water pollution
- (g) Testing of water effluent samples regularly for pollutants, based on which consent for discharge of water to inland body is granted.

Combined Effluent Treatment Plant (CEPT) has been installed in FFP to treat the phenol water and other liquid effluent coming out from Producer gas plant before discharge. At the same time the plant will facilitate recycle/reuse of the contaminated water.

8. MANPOWER POSITION

The manpower of the Company as on 31.03.2022 stood at 1295 as against 1374 on 31.03.2021. In the year 2021-22 one statutory post has been filled up.

9. INDUSTRIAL RELATIONS

During the period the industrial relations climate was challenging due to delayed payment of salary/wages. The workers were on tool down strike for more than a month, i.e. from 02.12.2021 to 07.01.2022. Main demand was payment of wages.

Due to financial constraints, the salaries/wages got delayed resulting in unrest and tool down. However, no lock out took place.

10. EMPLOYEE WELFARE

The Company has its own residential Township, where Wellness Center under the Medical Division caters the medical need of the regular employees. The regular employees along with their dependents family members are also provided health medical insurance through group medical insurance Policy. Contract workers are extended medical benefits under ESI Scheme for which subscription amount is reimbursed by the Company to the respective contractors. Superannuated employees are extended medical benefits through OPD & Observation facilities at Wellness Center/Medical Division.

11. HUMAN RESOURCE DEVELOPMENT

The company gives immense importance to Human Resource Development. Thrusts were on competency development through organizing Management Development programmes viz Attitude Development, Leadership Quality Development, Developing Supervisory Skill, Subordinate Development, Work service procedures, CDA Rules 1981, New Labour code related training programmes, Vigilance awareness, Gender Equality at Workplace, Emerging Technologies in Foundry Forge Technology etc. Besides, the workmen were imparted training for multi skilling.

HEC Technical Institute (HTI) is run by the company where students are imparted two years education/training related to Technical Course and ITI/Diploma/Degree holders are given Apprenticeship training of one year. The Company is also running GNM course at HEC Wellness Center for the local/ tribal girl students.

12. COMPLIANCE OF APPRENTICES ACT

The Apprentices Act, 1961 (as amended from time to time) is being implemented in HEC under the following schemes:-

- (i) Craftsmen Training Scheme (CTS)
- (ii) Apprenticeship Training Scheme (ATS)
- (iii) National Apprenticeship Training Scheme (NATS)

In the above schemes, Degree, Diploma, ITI and Matric qualified candidates are imparted classroom /

workshop / in-Plant training in different disciplines / trades. The no. of seats under these schemes are:

| Group | Approved strength trainees seats in nos. | Trainees during 2021-22 in nos. |
|-------|--|---------------------------------|
| CTS | 164 | 101 |
| ATS | 183 | Nil |
| NATS | 169 | Nil |

These training programmes are being conducted in HEC Training Institute. The above number complies with the requirement of the said Act.

Apart from the above other training programmes are also being conducted as per Skill Development Mission of Govt. of India.

13. STATUS OF SCHEDULE CASTES & SCHEDULE TRIBES

- i) **No. of SC & ST** employees as on **31.03.2022** stood at **286 & 293** respectively.
- ii) **Percentage of SC & ST** employee's w.r.t. total employees stood as **22.08% and 22.63%** respectively.

14. PROGRESSIVE USE OF HINDI

Raj Bhasha Vibhag promotes the usage of Hindi throughout the Company as an essential effort for wider implementation under the directives of Govt. of India.

The following steps were taken by the Company during the year towards progressive use of Hindi as official language:

- i) Employees are being motivated and trained to become conversant with Hindi as a workable language. In this regard, Circulars are issued either in Hindi or are bilingual.
- ii) Various programmes / functions are held in Hindi language to promote its usage.

Raj Bhasha Fortnight was organized from 01.09.2021 to 14.09.2021 and various competitions such as Essay writing, Speech, Poetries, Noting, Drafting, Typing as well as Raj Bhasha Shield for excellent work in Hindi were held.

15. CELEBRATIONS OF INTERNATIONAL WOMEN'S DAY (IWD)

In HEC, International Women's Day is celebrated on 08th March of every year. This year International Women's Day was celebrated under the Chairpersonship of Director (Finance) Smt. Arundati Panda where large numbers of employees had participated. The theme of this year was "Gender equality today for a sustainable tomorrow"

16. HEC DAY CELEBRATION

HEC Day was celebrated with full vigour on 15 November 2021.

17. OBSERVANCE OF INTERNATIONAL YOGA DAY/WEEK

The International Yoga Day was observed on 21st June. A large number of employees and their family members participated & benefitted from this programme.

18. SWACHH BHARAT MISSION

In order to improve health and cleanliness in HEC, the cleanliness drives were taken up from time to time. Special emphases was laid on this mission from 16.08.2021 to 31.08.2021 by observing Swachhta Pakhwada in different Plants/Divisions of HEC and in HEC Township, nearby villages involving all employees/contract workers/ students/ general public. Under this activity following measures were taken in different units of HEC:-

- i. Oath of Swachh Bharat was taken by all employees/contracts workers.
- ii. At the Plant level, Inter-Shop/Deptt. competition on best Shop for maintenance of cleanliness was organized.
- iii. Action for identification and disposal of obsolete/ unserviceable items lying in Plants and other Divisions took place.
- iv. Drives were taken to put name boards on the materials/items in the Plants.
- v. Disposal/waste bins have been placed in the Shops, Headquarters and Wellness Center has been cleaned. In every Shop, Headquarters and at Wellness Center two types of waste bins- one for biodegradable and the other for non-biodegradable have been placed with proper colour and instructions written on it.
- vi In this Abhiyan, a vehicle fitted with Public Address System and banners had moved in and around HEC Township through which message regarding Swachhta has been given to public at large. During the current COVID-19 pandemic, we have created awareness towards cleanliness amongst the employees and the residents of Township and adjoining villages/bustees. Also the employees in the factories (Plants)/ Divisions were mobilized to clean their workplace, surroundings of the Shops and premises of their buildings.

19. TREE PLANTATION

Tree Plantation drives were taken up in HMBP, FFP, HMTP, HEC Training Institute, HEC Wellness Center

and Township where Directors, Plant Heads and other employees planted tree saplings adding to already greener environment of HEC.

20. ONLINE ANNUAL PERFORMANCE REPORT

In order to make offices paperless online filling up of Annual Performance Appraisal Reports & Annual Property Returns are being done.

21. PRECAUTIONARY STEPS TAKEN TO FIGHT COVID-19 PANDEMIC

Due to spread of COVID-19, the Govt. of India has declared it as an epidemic and issued guidelines from time to time which have been followed strictly in our Company. The emergency and essential services such as Power Supply, Water Supply, Medical Services, Township Cleaning, etc. were maintained by our employees with all precautionary measures related to their health and safety such as wearing the face masks, using hand sanitizers and maintaining social distancing. All other Govt. guidelines were also followed.

22. USES OF ELECTRICAL VEHICLE

An agreement has been signed between EESL & HEC for use of Electric Cars. Presently 16 Nos. of Electric Cars are being used by HEC.

23. DEVELOPMENT OF ANCILLARIES AND SSI UNITS

As a part of its social responsibility, your company developed an ancillary area near Tupudana with the help of Ranchi Industrial Development Authority to create opportunity of employment as well as individual entrepreneurship.

Regular interactions were organized with the SSI units to find out various scopes for mutual cooperation and entry in new areas commensurate with HEC's growth

24. CORPORATE SOCIAL RESPONSIBILITY

In spite of poor financial condition & constant loss, company continued CSR activities like (i) running Nursing School, (ii) running Industrial Training Institute and (iii) Arranging medical camps with the help of its Wellness Center. Immunization Programmes were carried out at regular interval.

Under Community health awareness program "Hospital at your door step" was carried out. Under this Programme, a team of Nursing students with a senior Nursing Staff and a doctor made door-to-door visit of the Satellite Villages of HEC Township and gave health awareness tips to the villagers, especially ladies and provided them with available drugs, if need be.



25. VIGILANCE ACTIVITIES

The Vigilance Organization of HEC Limited, at Headquarters is working under the overall administrative and functional control of Chief Vigilance Officer/HEC. CVO of the Company provides a link between the organization and the Administrative Ministry & CVC.

Vigilance Department is continuously striving to enhance transparency in various business activities of the company. Emphasis is laid on preventive vigilance, spreading awareness, surveillance and analysis of systems & procedures to ensure optimum utilization of resources and transparency & accountability in the system. Awareness amongst employees is generated by organizing various training/workshop programmes on various topics related to vigilance. Training on PIDPI Resolution, Leave rules, Guidelines on erecting boundary wall around residential quarters, Movable/Immovable Property Returns, Quarter Allotment Policy and Role of Inquiring Officer (IO) and Presenting Officer (PO) in domestic enquiry were organized during the year by Vigilance Department.

Complaints, as and when received, are investigated by Vigilance Department as per the CVC complaint handling policy. Sensitive sections/areas in the organization have been identified and thrust is laid on conducting surprise inspections, regular inspections, scrutiny of files & CTE type inspection. Systemic improvement suggestions have been given by Vigilance Department for streamlining various procedures and to enhance transparency & accountability in the system during the year. Vigilance Department maintains a computerized database.

Integrity Pact (IP) is functional in the Corporation under the aegis of Independent External Monitor (IEM) who is responsible for overseeing the process of procurement. IP is implemented through a panel of two Independent External Monitors (IEMs), appointed by the organization. The IEM reviews independently and objectively, whether and to what extent parties have complied with their obligations under the Pact.

Vigilance Awareness Week-2021 was observed in the Company from 26.10.2021 to 01.11.2021 with the theme "Independent India @75: Self Reliance with Integrity" as per the directives of Central Vigilance Commission. Various activities were conducted during the VAW-2021 within HEC Limited with zeal and enthusiasm in a bid to promote and instill integrity, probity, transparency and accountability in public life. Various programmes were arranged during the awareness week.

In-house Vigilance magazine "CHINGARI-X" containing important CVC guidelines and other vigilance related

an article was released in valedictory function of VAW-2021.

26. DISPOSAL OF REQUEST/APEAL UNDER RTI ACT

Company emphasizes on transparency and timely submission of information sought was given priority.

27. SAFEGUARD OF WOMEN AT WORKPLACE - ICC

The Internal Complaints Committee (ICC) was reconstituted in May, 2019 for Prevention of Sexual Harassment of Women at Workplace and redressal of complaints of sexual harassment in line with guidelines of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. No complaint received on sexual harassment of women at workplace.

28. QUALITY ASSURANCE

Your company puts quality as topmost priority of the products manufactured. The company takes all measures to maintain the quality of its products and services to the utmost satisfaction of its customers. Keeping this in view Quality assurance department has been centralized for three plants. The standards of Quality of products and services are being maintained as per relevant Indian standards & ISO 9001:2015.

29. R&D, TECHNOLOGY ABSORPTION, ADAPTATION, AND INNOVATION; ENERGY CONSERVATION

The particulars required under section 134 (3) of the Companies Act, 2013 regarding R&D, Technology Absorption, Adaptation and Innovation as well as Energy Conservation are furnished at Annexure-'A'.

30. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- d) the directors have prepared the annual accounts on a going concern basis; and
- e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

31. CORPORATE GOVERNANCE

The company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the Companies Act. The report on Corporate Governance, together with the report of Secretarial Auditor is placed at **Annexure-B**.

32. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report is placed at **Annexure-C**.

33. STATUTORY AUDITOR

The Comptroller & Auditor General of India (CAG) has appointed M/s Lodha Patel Wadhwa & Co., Chartered Accountants as the Statutory Auditor of the company for the financial year 2022-23.

34. COMMENTS OF C&AG AND STATUTORY AUDITORS AND MANAGEMENT'S REPLIES THEREON

The comments of C&AG under Section 143(6) of the Companies Act, 2013 on the Annual Accounts of the Company for the year ended 31.03.2022 along with the Review of Accounts of your Company by C&AG and Statutory Auditors' observations along with Management's replies thereto is placed at **Annexure-'D'**.

35. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form No. MGT -9 as required under section 92 of the Companies Act, 2013 for the financial year ending 31st March, 2022 is placed at **Annexure -'E'**.

36. BOARD OF DIRECTORS

Being a Central PSU, the appointment/nomination of all Directors of HEC Ltd is done by the President of India, through the Ministry of Heavy Industries. As per DPE guidelines on Corporate Governance, the Board of Directors of HEC Ltd is classified in three categories viz., (i) Full time Functional Directors (Whole Time Directors) consisting of Chairman cum Managing Director and four functional Directors (ii) Government Directors consisting of two Government Nominee Official Directors; and (iii) Non-Official part-time Directors consisting of four Independent Directors.

As on 31st March, 2022, the Board of HEC Ltd. consists

of nine Directors who have been classified in three classes viz., (i) Functional Directors (Whole Time Directors), (ii) Government Nominee Official Directors and (iii) Part time Non Official Directors. The Board includes (a) Chairman-cum-Managing Director (CMD) & Three Functional Directors i.e. Director (Finance), Director (Personnel) and Director (Marketing), (b) Two Government of India Nominee Official Directors and (c) Three Part time Non Official Directors.

Dr. Nalin Shinghal, CMD (BHEL) holding the Addl. Charge of the post of Chairman-cum-Managing Director (CMD) and Dr. Rana S Chakravarty, Director (Marketing) holding the Addl. Charge of the Post of Director (Production) of the Company.

During the year, Smt Sujata Sharma, Sr. EA/DHI & Smt. N.S. Kumar, CCA/MHI have relinquished the post of directorship in HEC on 21.06.2021 and 01.09.2021 respectively. Shri Jeetendra Singh, JS/MHI was appointed as Government Nominee Official Director on the Board of HEC on 21.06.2021 and relinquished the post of directorship in HEC on 24.03.2022. Shri Rajesh Kumar, CCA/MHI was appointed as Government Nominee Official Director on the Board of HEC on 01.11.2021. Shri Vijay Mittal, JS/MHI was appointed as Government Nominee Official Director on the Board of HEC on 24.03.2022.

On 02.11.2021, three non- official Directors (Independent Directors), namely, Smt. Prabha Dubey, Shri Kamal Kishore Naik & Shri Ravindra Gole have been appointed on the Board of HEC by administrative ministry. As on March 31, 2022 one vacancy of Part-time Non-official Director (Independent Director), one vacancy of Chairman-cum-Managing Director and one vacancy of Director (Production) exists on the Board of Company. The matter of filling up of these vacancies is under consideration of Government of India.

37. AUDIT COMMITTEE

Since, the appointment of non-Official Directors/ Independent Directors on the Board of Company was made by Ministry of Heavy Industries on 02.11.2021, Audit Committee has been constituted by the Board in its 341st Meeting held on 15th December, 2021 with Smt. Prabha Dubey, Independent Director, as the Chairman of the Committee. Shri Rajesh Kumar, CCA/MHI (Govt. Nominee Director), Shri Kamal Kishore Naik (Independent Director) and Shri Ravindra Gole (Independent Director) were designated as members of the Audit Committee. Director (Finance) of the Company is the permanent invitee to the Meeting of the Audit Committee.



38. ACKNOWLEDGEMENT

The Board gratefully acknowledges the support and guidance received from the various Ministries of the Govt. of India. The Board is particularly grateful to the Ministry of Heavy Industries for their continued support in the functioning of the Company.

The Board also wishes to place on record its thanks to the Govt. of Jharkhand for all their continuous support for the functioning of the company.

The Board wishes to place on record its appreciation of the continued co-operation received from all its stake holders including the State Bank of India, suppliers,

customers, financial institutions, the Comptroller and Auditor General of India and Statutory Auditor.

The Board wishes to record its deep gratitude to all the members of the HEC family who have worked very sincerely and dedicatedly.

For and on behalf of Board of Directors

A handwritten signature in black ink, appearing to read 'Nalin Shinghal', is positioned above the name.

(Dr. Nalin Shinghal)

Chairman-cum-Managing Director



RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION AND ENERGY CONSERVATION

I. RESEARCH & DEVELOPMENT ACTIVITIES OF THE COMPANY DURING THE YEAR

MINING

5Cu.M Electric Rope Shovel – New developed housing with two way entrances for rope shovel to fulfill DGMS requirement. Both entrances are having auto retractable ladder during operation.

Lubrication – Lubrication done earlier with import valve has been upgraded to Stainless steel tube dual line system along with Indian origin valve.

Gear

Mine winder gear box has been designed for capacity 400KW, 750RPM with torque rating 11163Kg-m & gear box ratio of 21:49 through reverse engineering. It is implemented for M/s UCIL Mines, which is an import substitution item.

Crusher

Housing for Vibratory screen for Sinter Plant at Durgapur Steel plant of size 6400mm × 3000mm has been designed which is an import substitution.

ISRO

First time design of the two stage folding platform implemented at ISRO, Sriharikota for PSLV Integration facility. The design has been manufactured & successfully tested at HEC and installed at ISRO site.

HEAVY DUTY CENTRE LATHE

Modified Design of Bed (Large bed packets on both front and backside of guide ways to ensure smooth flow of chips during machining) has been modified for CNC heavy duty centre lathe LC/40NHD/10M.

Modified Design of headstock has been modified for CNC heavy duty centre lathe LC/40NHD/10M

II. IMPORT SUBSTITUTION ITEMS MANUFACTURED AND SUPPLIED DURING THE YEAR

HEAD GEAR PULLEY

HEC has successfully manufactured & Proof load tested the Headgear pulley of 5.8 m diameter for Cage & skip hoisting of New Circular shaft being installed for movement of personnel inside the Mine. The pulley was successfully tested in by applying a load of 120Tons i.e. three times the static rope tension at three places 120 deg apart in line with IS: 9239. The complete proof load test procedure

has been witnessed & approved by Directorate General of Mines Safety (DGMS). Special testing infrastructure has been developed for In-house load testing for such a large diameter pulley.

Upon successful completion of this project, HEC will be established as a potential Indian manufacturer as an import substitute for Headgear pulleys for Mining Industries in line with "Make in India" mission.

WHEEL BOGIE SYSTEM

HEC has successfully developed and manufactured Wheel Bogie System, a critical equipment used by Indian Space Research Organization (ISRO) for rocket launch. Wheel Bogie System plays a vital role in integration and transporting the Rocket from integration building to the launch station and guiding of the rocket to required trajectory for successful launch. Weight of item is 85 tonnes and it is capable of transporting approximately 900 Tons.

Our FFP Plant has been successful in developing special low alloy steel forgings required for Yoke Pin which is an important milestone.

This is for the first time that the Wheel bogie system of such high capacity has been built in India and this opens up a new space for collaboration of HEC with ISRO and opens new avenues for HEC to secure orders of such national importance in future.

Items for strategic application have also been supplied for MoD/IN during the year.

III. Energy Conservation

The various steps taken for Energy Conservation in HEC are as under:

- Conversion of two numbers of Producer Gas fired furnaces to LPG fired furnaces and two others are in progress.
- An agreement has been signed with EESL for Installation of new 33 KV APFC Panels to maintain APF (average power factor) as high as possible to reduce electrical energy consumption.
- Daily monitoring of condenser banks installed in 6.6 KV substations is being done for maintaining APF as high as possible.
- Switching off of ideal charged transformers where ever possible during day time is being done.

REPORT ON CORPORATE GOVERNANCE

1.0 Company's Corporate Governance Philosophy:

Heavy Engineering Corporation Limited (HEC Ltd.) believes in fair & transparent business activities, to enhance the value for all those who are associated with the Company viz., Shareholders, Customers, Vendors, Employees, Ministry of Heavy Industries, Government of India as owner or any other capacity, various State Governments, other Government agencies/ departments and the society at large. Essentially HEC involves practicing of good Corporate Governance policies and believes in honesty and integrity through transparency, accountability, commitment and attaining maximum level of enrichment of the enterprises.

HEC manages its affairs in a competitive business environment in a manner that complies with all the laws and regulates the management policies/decisions for executing its strategies. HEC has made its senior management accountable in the pursuit of achieving company's objectives.

HEC is committed to practicing Good Corporate Governance. Keeping with the spirit of the Corporate Governance, the Company has enlarged and strengthened the scope of the committees formed in accordance with the Companies Act, 2013.

2.0 Board of Directors:

The Board of Directors is at the core of our corporate governance practice and oversees and ensures that the Management serves and protects the interest of all our stakeholders. The Board also reviews and approves the strategic and business plans including monitoring of all major activities of the Company.

In accordance to the provisions of the Articles of Association, the number of Directors of the Company shall neither be less than two nor more than fifteen. Being a Central PSU, Appointment/Nomination of all the Directors of HEC Ltd is done by the President of India through the Ministry of Heavy Industries.

As per DPE guidelines on Corporate Governance, the Board of Directors of HEC Ltd is classified in three categories viz., (i) Full time Functional Directors (Whole Time Directors) consisting of Chairman cum Managing Director and four functional Directors (ii) Government Directors consisting of two Government Nominee Official Directors; and (iii) Non-Official part-time Directors consisting of four Independent Directors.

The terms, conditions and tenure of appointment of all Directors are decided by Government of India.

As on 31st March, 2022, the Board of HEC Ltd. consists of nine Directors who have been classified in three classes viz., (i) Functional Directors (Whole Time Directors), (ii) Government Nominee Official Directors and (iii) Part time Non Official Directors. The Board includes (a) Chairman-cum-Managing Director (CMD) & Three Functional Directors i.e. Director (Finance), Director (Personnel) and Director (Marketing), (b) Two Government of India Nominee Official Directors and (c) Three Part time Non Official Directors.

Dr. Nalin Shinghal, CMD (BHEL) holding the Addl. Charge of the post of Chairman-cum-Managing Director (CMD) and Dr. Rana S Chakravarty, Director (Marketing) holding the Addl. Charge of the Post of Director (Production) of the Company.

During the year, Smt Sujata Sharma, Sr. EA/DHI & Smt. N.S. Kumar, CCA/MHI have relinquished the post of directorship in HEC on 21.06.2021 and 01.09.2021 respectively. Shri Jeetendra Singh, JS/MHI was appointed as Government Nominee Official Director on the Board of HEC on 21.06.2021 and relinquished the post of directorship in HEC on 24.03.2022. Shri Rajesh Kumar, CCA/MHI was appointed as Government Nominee Official Director on the Board of HEC on 01.11.2021. Shri Vijay Mittal, JS/MHI was appointed as Government Nominee Official Director on the Board of HEC on 24.03.2022.

On 02.11.2021, three non- official Directors (Independent Directors), namely, Smt. Prabha Dubey, Shri Kamal Kishore Naik & Shri Ravindra Gole have been appointed on the Board of HEC by administrative ministry. As on March 31, 2022 one vacancy of Part- time Non-official Director (Independent Director), one vacancy of Chairman-cum-Managing Director and one vacancy of Director (Production) exists on the Board of Company. The matter of filling up of these vacancies is under consideration of Government of India.

2.1 Chairman-cum-Managing Director:

- i) Dr. Nalin Shinghal : Chairman cum Managing Director (Addl. Charge)
CMD(BHEL) (Entrusted with Addl. Charge of the post of CMD w.e.f. 01.10.2019)

2.2 Functional Directors:

- i) Smt. Arundati Panda : Director (Finance)
- ii) Sri Mradul Kumar Saxena : Director (Personnel)
- iii) Dr. Rana Subhasis Chakravarty : Director (Marketing) & Director (Production), Addl. Charge

2.3 Govt. of India Nominee Part-time Official Directors:

- i) Smt Sujata Sharma, Sr. EA/DHI (relinquished on 21.06.2021)
- ii) Smt. Neelam Sudhir Kumar, CCA/MHI (relinquished on 01.09.2021)
- iii) Shri Jeetendra Singh, JS/MHI (appointed on 21.06.2021 & relinquished on 24.03.2022)
- iv) Shri Rajesh Kumar, CCA/MHI (appointed 01.11.2021)
- v) Shri Vijay Mittal, JS/MHI (appointed on 24.03.2022)

2.4 Govt. of India Nominee Non-Official (Part- time) Director:

- i) Smt. Prabha Dubey (appointed on 02.11.2021)
- ii) Shri Kamal Kishore Naik (appointed on 02.11.2021)
- iii) Shri Ravindra Gole (appointed on 02.11.2021)

3.0 Meeting of the Board:

The Board Meetings are held at Company's Registered Office at Ranchi or at such places as may be decided by the Board. The Company Secretary serves as Secretary to the Board.

3.1 Number of Board Meetings :

During the year 2021-22, Five (5) Meetings were held, the details of which are given below:-

| Sl. No. | Date | Board Strength | No. of Directors present |
|---------|------------|----------------|--------------------------|
| 1. | 16.04.2021 | 06 | 05 |
| 2. | 09.09.2021 | 05 | 05 |
| 3. | 02.11.2021 | 06 | 06 |
| 4. | 15.12.2021 | 09 | 07 |
| 5. | 28.03.2022 | 09 | 06 |

3.2 Attendance of each Director at Board Meetings:

| Name of the Directors | Period | No. of Board Meetings held | No. of Board Meetings Attended | No. of Directorship in other Board |
|---|--------------------------|----------------------------|--------------------------------|------------------------------------|
| (a) Executive Directors (Whole-time Functional Directors) | | | | |
| 1. Dr. Nalin Shinghal (Chairman cum Managing Director) | 01.04.2021 to 31.03.2022 | 05 | 05 | 01 |
| 2. Smt. Arundati Panda, Director (Finance) | 01.04.2021 to 31.03.2022 | 05 | 05 | 00 |
| 3. Sri Mradul Kumar Saxena, Director (Personnel) | 01.04.2021 to 31.03.2022 | 05 | 05 | 01 |
| 4. Dr. Rana Subhasis Chakravarty, Director.(Mktg) & Prodn.,Addl. Charge | 01.04.2021 to 31.03.2022 | 05 | 05 | 00 |
| (b) Govt. of India Nominee Part-time Official Director | | | | |
| 1. Smt Sujata Sharma (relinquished on 21.06.2021) | 01.04.2021 to 21.06.2021 | 01 | 01 | 05 |
| 2. Shri Jeetendra Singh, (appointed on 21.06.2021 & relinquished on 24.03.2022) | 21.06.2021 to 24.03.2022 | 03 | 03 | 04 |
| 3. Smt. Neelam S Kumar (relinquished on 01.09.2021) | 01.04.2021 to 01.09.2021 | 01 | 00 | 03 |
| 4. Shri Rajesh Kumar, (appointed on 01.11.2021) | 01.11.2021 to 31.03.2022 | 03 | 01 | 04 |
| 5. Shri Vijay Mittal (appointed on 24.03.2022) | 24.03.2022 to 31.03.2022 | 01 | 01 | 05 |



4.0 Audit Committee:

Audit Committee Meetings are held at Company's Registered Office at Ranchi or at such places as may be decided by the Chairman of Audit Committee.

Since non- Official Directors/ Independent Directors on the Board of Company was made by Ministry of Heavy Industries, GoI on 02.11.2021 and Audit Committee was constituted on 15.12.2021 in 341st Board Meeting of Company, one Audit Committee meeting was held during the reporting period.

4.1 Number of Audit Committee Meetings:

During the year 2021-22, One (1) Meeting was held, the details of which are given below:-

| Sl. No. | Date | Strength | No. of Members present |
|---------|------------|----------|------------------------|
| 1. | 28.03.2022 | 04 | 02 |

Smt. Arundati Panda, Director (Finance) is permanent invitee of Audit Committee Meeting.

4.2 Attendance of each Member at Audit Committee Meetings:

| Name of the Members | Period | No. of Meetings held | No. of Meetings Attended |
|----------------------------|--------------------------|----------------------|--------------------------|
| 1. Smt. Prabha Dubey | 15.12.2021 to 31.03.2022 | 01 | 01 |
| 2. Shri Rajesh Kumar | 15.12.2021 to 31.03.2022 | 01 | 01 |
| 3. Shri Kamal Kishore Naik | 15.12.2021 to 31.03.2022 | 01 | 00 |
| 4. Shri Ravindra Gole | 15.12.2021 to 31.03.2022 | 01 | 00 |

5.0 Annual General Meeting:

Time, Date & Venue of last Five AGMs:

| Year | Date | Time | Venue |
|-------------------|------------|----------|-------------------|
| 2016-17(58th AGM) | 06.09.2017 | 11:00 AM | Registered Office |
| 2107-18(59th AGM) | 07.09.2018 | 11:00 AM | Registered Office |
| 2018-19(60th AGM) | 27.09.2019 | 11:30 AM | Registered Office |
| 2019-20(61st AGM) | 22.12.2020 | 03:00 PM | Registered Office |
| 2020-21(62nd AGM) | 15.12.2021 | 03:00 PM | Registered Office |

6.0 Code of Conduct:

The Board of Directors has laid down Code of Business Conduct and Ethics for the Board Members and Senior Management of the Company in line with DPE guidelines.

7.0 Disclosures :

In compliance of Sec 184 of the Companies Act, 2013, the Company has obtained Disclosure of Interest (Form MBP-1) from all the Directors.



Form No. MR-3

SECRETARIAL AUDIT REPORT**(FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022)**

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

To,

The Members,

HEAVY ENGINEERING CORPORATION PRIVATE LIMITED

H.E.C Administrative Building

Plant Plaza Road

Ranchi, Jharkhand.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the HEAVY ENGINEERING CORPORATION PRIVATE LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March 2022, complied the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- (vi) Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India;
- (vii) Other laws to the extent applicable to the Company as per representation made by the Company;

We have also examined compliance with the:

- (i) Applicable clauses of Secretarial Standards I and II, issued by the Institute of Company Secretaries of India; and
- (ii) The Notification of Ministry of Heavy Industries, Govt. of India.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The Company is a Private Limited Company under Cl.4 of Articles of Association, with 04 (four) shareholders. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above with the following observations:

As per the DPE guideline on composition of the Board of Directors of Public Sector Undertakings, should consist of (i) Full time Functional Directors whose number should not exceed 50% of the actual strength of the Board; (ii) Government Directors number should not exceed one-sixth of the actual strength of the Board subject to the condition that in no case the number should exceed two; and (iii) Non-official part-time Directors whose number should be at least one-third of the actual strength of the Board.

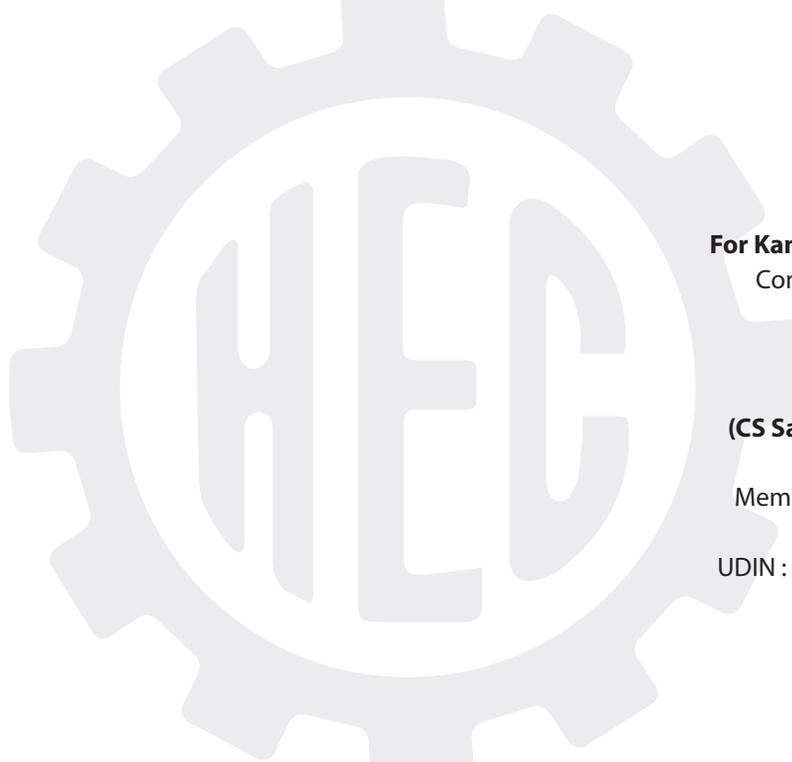


- a. i) Accordingly, at the end of reporting period on 31.03.2022 Company has four Functional Director; Chairman-cum-Managing Director (CMD), Director (Finance), Director (Personnel), and Director (Marketing); two Government of India Nominee Official Directors, and on 02.11.2021 three Non-Official part-time Directors (Independent Directors) appointed.
- a. ii) All decisions at the Board meeting were taken unanimously, the Board meetings were convened in compliance with the provisions of the Act and Rules applicable, as per the standard, the agenda setting out the business to be transacted at the meeting and notes on agenda shall be given to the Directors at least seven days before the date of the meeting, two meetings were convened on shorter notice.

We further report that, there are adequate system and process in Company commensurate with the size and operations, to monitor and ensure compliance of the laws, rules, regulations and guidelines.

We further Report that, as per explanations and management representations, during the period no events occurred which have a major bearing on the company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

This Report is to be read with Annexure I attached herewith and forms integral part of this Report.



For Kant Sanat & Associates
Company Secretaries

(CS Sanat Kumar Mishra)

Partner

Membership No.: F12060

CoP. No.: 8705

UDIN : F012060D000776934

Place : Ranchi

Date : 10.08.2022

This Report is to be read with Annexure I attached herewith and forms integral part of this Report.

ANNEXURE I

To,

The Members

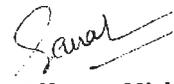
Heavy Engineering Corporation Ltd.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
5. Where ever required, we have obtained the Management Representation about the compliance of laws, rules, and regulations, and happening of events etc.
6. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards are responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Kant Sanat & Associates
Company Secretaries

Place : Ranchi
Date : 10.08.2022



(CS Sanat Kumar Mishra)

Partner

FCS No: F12060

CoP. No.: 8705

MANAGEMENT DISCUSSION AND ANALYSIS

Overview:

HEC is one of the leading manufacturers & suppliers of capital equipment & machinery in India for steel, mining, railways, nuclear power, defence, space research and strategic sectors. It also executes turn-key projects from concept-to-commissioning. In six decades of experience, HEC has contributed to the country through its engineering excellence and supply of critical equipments in strategic sectors.

1.0 SWOT Analysis: STRENGTH AND WEAKNESSES, OPPORTUNITIES AND THREATS

1.1 Strengths

- (i) Largest integrated operational setup for heavy engineering design and manufacturing equipments in the field of steel, mining, railways, nuclear power, defence, space research, core sectors and strategic sectors, etc.
- (ii) HEC has one stop facility for mining and steel equipments and machine tools starting from casting, forging, machining, assembling, testing under one roof.
- (iii) In the mining sector HEC has abundant potential to supply varieties of high valued and of varying range of mining equipments like Draglines, Shovels (both conventional and hydraulic), underground mining equipments and mining spares etc. More than 200 nos. of mining and mineral processing equipment are already in operation in various mines.
- (iv) HEC has opened gateways for metallurgical innovations and towards indigenizing manufacturing of critical equipment and components in core and strategic sectors.
- (v) HEC has technological tie-ups with the leading research engineering institutions like IIT-ISM Dhanbad, IIT Kharagpur, NIFFT Ranchi for indigenization and development needs. HEC has recently taken up development of Hollow Shaft with NIFFT Ranchi.
- (vi) HEC has been tested with various challenges for manufacturing critical products for critical defence/strategic requirement. It has its own in-house R & D wing to deliver products suiting customers' specifications. HEC's engineering wealth and knowledge is unparalleled in its operating segment.
- (vii) HEC has capability of assimilation as well as indigenization of critical technologies via TOT transfer.

- (viii) In terms of skill level, the company has well-versed engineers backed by technicians in areas of : Pattern Making, Mould Preparation, Steel Melting, Casting, Forging, Welding, Gear Manufacturing, Destructive and Non-destructive Testing, Laboratory testing etc.

1.2 Weaknesses:

- (i) Urgent Modernisation required for existing machinery which has served more than sixty years leading to frequent breakdowns, higher rejections and longer than average mean time to repair.
- (ii) Technology intensive tailor-made products.
- (iii) Products with larger manufacturing and cash conversion cycle.
- (iv) Working Capital crunch.
- (v) Lack of Technology up-gradation due to negligible Capex infusion.
- (vi) Low manpower productivity.

1.3 Opportunities :

- (i) "Make in India" and 'Atmanirbhar Bharat' initiative of the Government to boost domestic manufacturing.
- (ii) Massive demand potential in sectors like Mining, Defence, Space and Nuclear
- (iii) Most of the potential market of HEC comprise of either import substitute, single manufacture base or where the existing manufacturer are unable to meet the demand which ensures the future availability of orders.
- (iv) The average age of the Human Resources is around 45 years with a good number of young talents from diverse fields. Their capabilities are being groomed and enhanced.
- (v) HEC possesses the capacity to work as a complete research oriented prototype manufacturer especially in metallurgical development, mining equipments and machineries.

1.4 Threats:

- (i) In absence of Modernisation, HEC is losing competitiveness in the current market against the modernized competitors and is unable to participate in upcoming tenders.
- (ii) HEC is losing order prospects as most of the prospects are of high value requiring deposit of Bank Guarantee involving huge amount which HEC is not able to provide due to severe financial crunch.
- (iii) There has been a mushroom growth of smaller entities who are grabbing orders on L1 basis due to lower fixed costs.

AUDITOR'S REPORT

To
The Members of Heavy Engineering Corporation Limited
Report on the Audit of Standalone financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Heavy Engineering Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information, hereinafter referred to as the Standalone Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, ("AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its Loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Company Act, 2013. Our responsibilities under those Standards are further

Emphasis of Matter

described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Company Act, 2013 and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the company incurred net loss of ₹ 25,607.19 Lakh during the year ended March 31, 2022 and, as of that date; the company's current liabilities exceeded its total asset by ₹ 75,948.44 Lakh. As Stated in Note 3 these events or conditions, along with other matters as set forth in Note 33 and other information and explanation provided by management, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern without infusion of funds towards working capital. The company has submitted a plan in this regard to Ministry of Heavy Industries, Government of India in May 2020 and management has conveyed that business plan is under consideration with the Ministry and our opinion is not modified in respect of this matter.

| Sl.No. | Auditor's Report | Management's Reply |
|--------|---|---|
| (a) | Refer Note No. 15 - forming part of the standalone financial statements which shows that provisioning has been done against long term loans and advances which includes deposits/security deposits, advances to suppliers, claims receivable etc. A high level of judgment is required in estimating the level of provisioning. The company's assessment is not supported by the facts of matter but past practice adopted consistently in earlier years. Accordingly, unexpected adverse outcomes may significantly impact the company's reported loss and net assets. We observed that as a practice being followed consistently, the company is making provision of almost 100% against all long-term advances/ security deposit given which are continuing in the books of accounts for more than 3 years. The company has made provision against | <p>Noted</p> <p>Company has practice of making 100% provision against long term loans and advances which includes deposits/security deposits, advances to supplier etc. and which are continuing in the books of accounts for more than 3 years.</p> <p>This is being reviewed and necessary adjustments/actions are being done accordingly. This is a continuous process.</p> |
| (i) | the deposits made under protest to various tax authorities and the partial demand paid under protest against dues payable to various State / Central Government Departments where the amount is disputed and final demand is yet to be quantified – Total Provision Made Rs50.00lakh. | |

| Sl.No. | Auditor's Report | Management's Reply |
|--------|--|--|
| | <p>(ii) the GST on LD- Total Provision Made of Rs. 27.08 lakh.</p> <p>(iii) the amount paid as advances to suppliers including State/Central Government Units /PSUs/Departments - Total Provision Made Rs32.47lakh.</p> <p>(iv) the amount of Rs. 395.81lakh which pertains to earlier period for which supporting documents are not available.</p> <p>(v) the amount paid as deposits to various parties including State/Central Government Units /PSUs/Departments - Total Provision Made Rs155.90 lakh</p> <p>(vi) the claim receivable includes Bank Guarantee invoked for which Provision made is Rs. 4488.38 lakh and deductions from bill by COFMOW, Railway – Provision made Rs. 146.06 lakh</p> <p>(vii) others – Total provision Rs. 43.78 lakh</p> <p>The company could not produce any supporting documents with regards to basis of provisioning except the submission of statement that the same practice is being followed. There is no accounting policy with regards to this provision being done by the company years after years. The practice being followed by company, without proper basis of provisioning has resulted in over statement of loss to the tune of Rs 5339.48 lakh and understatement of assets of the Company to the tune of Rs. 5339.48 lakh.</p> | |
| | <p>(b) Refer Note No. 8 – forming part of the standalone financial statements - “Trade payables– as shown in s.no. 4(b) of Balance Sheet - Rs. 17,244.38 lakh - out of which item no. 4(b)(i) Outstanding dues of Micro Enterprises and Small Enterprises amounts to Rs. 821.44 lakh, and item no. 4(b)(ii) Outstanding dues of creditors other than Micro Enterprises and Small Enterprises amounts to Rs. 16,422.94 lakh out of which, dues to Medium Enterprises amounts to Rs. 1,546.28 lakh and dues to Others – amounts to Rs. 14,876.66 lakh which has been included as liability.</p> <p>The company has reported in Note 33.14 – “Other Notes to Financial Statement” that in addition to the amount of principal liability overdue, further liability of interest is Rs. 3,514.50 lakh and this has not been shown as liability in the books and or as contingent liability but shown under Other Notes to the Standalone financial Statement. The analysis of these dues further reflects that the dues of MSME enterprises up to 45 days is Rs. 1068.22 lakh (45.12%), between 45 days to 180 days is Rs. 222.39 Lakh (9.39%), between 181 days to 360 days is Rs347.99 lakh (14.70%) and more than 360 days is Rs. 729.12 lakh (30.79%). The company could not produce the year wise break up for interest amount payable against dues to MSME sector. Further, the company could not produce any correspondence or any document to substantiate its efforts made towards discharging this liability to MSME sector. The liabilities of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation including adjustment of interest payable, if any, there on.</p> | <p>Note No. 8 – As per Section 22 of the MSMED Act purchaser who buys goods or avail services from the MSMEs has to mandatorily disclose in additional information in respect of the principal amount and the interest due thereon remaining unpaid to the MSMEs in its annual statement of accounts in the prescribed format. HEC complied this in Note No. 33.16 – “Other Notes to Financial Statement.</p> <p>Till date out of Rs. 2367.72 lacs Rs 663.79 have been paid/adjusted. Review for the remaining amount is going on and payments will be made accordingly.</p> |

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| | <p>(c) Refer Note No. 18 – “Trade Receivables” – Rs. 8,799.28 Lakh (provision made Rs1,005.55lakh) -Note No. 21- “Rent & Other Receivables” under Other Current Assets Rs. 5,797.30 Lakh (provision made Rs2,764.12 lakh) and Note No. 16- “Long Term Trade Receivables” under Other Non-Current Assets – Rs. 43,157.53 Lakh (provision made Rs. 31,333.18 lakh) – all these three Notes forming part of the standalone financial statement – The balances shown are subject to confirmation from the parties and consequential adjustment on reconciliation, if any. Further, as per accounting policy, the amount of Trade Receivable not realized over and above 3 years are fully provided where as in the case of Rent & Other Receivables due over and above 12 months is fully provided and the basis of this provisioning is not in the accounting policy of the Company. Further, there are receivables from Govt. / Govt. Agencies also which are normally not doubtful and normally are being recovered but with a delay but are being provided at 100%. The provisions are frequently written back on recovery of the said receivables. These asset heads of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation.</p> | <p>Letter for confirmation of balance in respect of Trade receivable has been sent, but confirmation is still not received.</p> <p>However, the balances in trade receivable are in accordance with information and documents.</p> <p>Noted to be reviewed for suitable accounting policy for rent & other receivables.</p> |
| | <p>(d) Refer Note No. 8 – forming part of the standalone financial statements - “Trade payables – as shown in s.no. 4(b) of Balance Sheet - Rs. 17,244.38 lakh – the balances shown are subject to confirmation from the parties and consequential adjustment on reconciliation, if any. The liabilities of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation.</p> | <p>Noted</p> |
| | <p>(e) Refer Note No. 33.1 – S.No. 1 – Estimated amount of contracts remaining to be executed on capital account and not provided for – Rs. 12186.14 lakh (Previous Year – Rs5387.47lakh)- this year, the company has not included capital commitments of contracts being executed by one unit for other unit/units of the Company. Refer Note No. 33.1 – S.No. 2 – Estimated amount of contracts remaining to be executed on revenue account and not provided for – Rs. 43592.92 lakh (Previous Year – Rs. 1826.44 Lakhs)- this year, the company has not included revenue commitments of contracts being executed by one unit for other unit/units of the Company.</p> | <p>Noted</p> |
| | <p>(f) Refer Note No. 33.12(d) - There is change in procedure to value WIP of project division as compared to previous year. The value of WIP is Rs 2097.52 lakh (Previous Year – NIL). The value would have been Rs 1772.64 lakh in the previous year in line with change done in the procedure in this year.</p> | <p>Noted.</p> |
| | <p>(g) Refer Note No. 33.13 – The Company could not obtain balance confirmation from Sundry debtors, Sundry Creditors, Parties to whom Loans & Advances and Security Deposit given during the course of business of the company. We observed that the amount received from the customer is lying as advance from customer whereas the company is carrying sundry debtors in the name of same party. In the absence of balance confirmation from party with bill wise detail, the figures are not being adjusted and this is resulting in overstatement of current liabilities and receivables.</p> | <p>Noted to be reviewed for suitable accounting policy</p> |

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| (h) | Refer Note No. – 21 – Rent and Other Receivables - There is accounting policy on Sundry debtors (Note No. 1(9)) but for other receivables like rent, electricity charges and water charges etc, there is no accounting policy. The company is making provisioning of 100% on amount receivable against rent, water charges, electricity charges etc if not recovered within 12 months period from the date of invoice. This practice is being followed without any basis. There is an accounting policy for provisioning on sundry debtors which says if the due period is more than 3 years then a provision of 100% is made but for rent, water and electricity receivables, provision is being made if the period of outstanding is more than 12 months. Further, an age wise categorization of provisioning of debtor is not in the accounting policy. | Noted |
| (i) | The company working is based on outsourced contracts also and any uncertainty in their operations will have adverse impact on Company's working and revenue booking. Further seeing the quantum and nature of contingent liability, the exceptional litigation and regulatory actions in future cannot be ruled out. | Noted |

Our opinion is not qualified with regards to above.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. As the Other Information has not been provided to us, we have nothing to report in this regard.

For Lodha Patel Wadhwa & Co.

Chartered Accountants
FRN 006271C



CA S. K. Wadhwa
Partner

M. No. 074749
UDIN : 22074749AQEDCZ5491



R. K. Srivastava
Sr. DGM I/C(A&B)

Place: Ranchi
Date: 25.08.2022

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including cash flows of the Company in accordance with the Accounting Standards(AS) prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required under section 143(5) of the Companies Act 2013, we give in "Annexure 1" a statement on the Directions issued by the Comptroller and Auditor General of India after complying the suggested methodology of Audit, action taken thereon and impact on the accounts and the standalone financial statements of the Company.
2. As required by the Companies (Auditor's Report) Order 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 2" a statement on the matters specified in paragraph 3 and 4 of the Order.
3. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss including and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) on the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 3". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
 - iii. As per representation received from the management, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.a.)The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the

notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b.) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c.) Based on our audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The Company have not declared or paid any dividend during the year.

Place : Ranchi

Date : 25.08.2022

For Lodha Patel Wadhwa & Co.

Chartered Accountants

FRN 006271C



CA S. K. Wadhwa

Partner

M. No. 074749

UDIN : 22074749AQEDCZ5491

ANNEXURE – 1 TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Heavy Engineering Corporation Limited of even date)

Annexure – A

Directions under section 143(5) of the Companies Act 2013 applicable for the financial year 2021-22 account’s audit

- i. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implication of processing of accounting transactions outside IT System on the integrity of accounts along with financial implications, if any may be stated.

The company has system in place to process all the accounting transactions through IT system but it lacks a robust integrated system with proper internal control system in place with well-defined financial controls and internal checks which is required for integration of all departments and process at various divisions as well as at Head Quarters. Further stores ledgers at plant store are maintained on non-integrated system. However, there is no material implication on the standalone financial statements.

- ii. Whether there is any restructuring of existing loan or cases of waiver /write off of debts/loans/interest etc made by the lender to the Company due to the Company’s inability to repay the loan? If yes, financial impact is to be stated. Whether such cases are properly accounted for?

As per information and explanation given to us, there is no restructuring of existing loan or cases of waiver / write off of debts/loans/interest etc made by the lender to the Company due to the Company’s inability to repay the loan. However, company has not paid the principal amount as well as interest of loan granted by Govt. of India due to its inability to pay instalments of loan and interest which are already due.

- iii. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for /utilized as per its terms & conditions? List the cases of deviation.

As per information and explanation given to us, funds received/receivable for specific schemes from Central/ State Agencies were properly accounted for /utilized as per its terms & conditions.

Place: Ranchi
Date: 25.08.2022

For Lodha Patel Wadhwa & Co.
Chartered Accountants
FRN 006271C



CA S. K. Wadhwa
Partner
M. No. 074749

UDIN : 22074749AQEDCZ5491

ANNEXURE '2' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Heavy Engineering Corporation Limited of even date)

- (i) (a) (A) The company is not maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- (B) The company is not maintaining proper records showing full particulars of intangible assets;
- (b) These Property, Plant and Equipment have been physically verified by the Internal Auditor during the year on test check basis. The details of addition/deletion of fixed assets during the year were not provided to Internal Auditor and it has been reported that the details are not maintained on regular basis. In the absence of required detail/register/information, the Internal Auditor has not reported on material discrepancies noticed during verification on test basis.
- (c) According to information given to us, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company as at the balance sheet date. The title deeds are not produced before us for our further verification.
- (d) The company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information given to us, There is no any proceedings have been initiated or are pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The physical verification of inventory has been conducted during the year by the Internal Auditor deputed by management and the coverage and procedure of such verification by the management is not appropriate; As informed to us there is no any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and wherever any discrepancies are noticed they have been properly dealt with in the books of account.
- (b) The Company has not been sanctioned fresh working capital limits in excess of five crore rupees, in aggregate, during any point of time of the year, from banks or financial institutions on the basis of security of current assets.
- The quarterly returns or statements filed by the company with the bank are in agreement with the books of account of the Company.
- (iii) According to information and explanations given to us, the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Sub-Clause (a) to (f) is not applicable to the Company.
- (iv) According to information and explanations given to us, the company has not granted loans, made investments, provided guarantees or security as defined under the provisions of sections 185 and 186 of the Companies Act.
- (v) According to the information and explanations given to us, the Company has not accepted deposits, during the year, as defined under the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder.
- (vi) According to the information and explanations given to us, the maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company and such records have been maintained by the Company but cost audit has not been done for the financial year 2021-22 till the date of our audit.
- vii(a) According to the information and explanations given to us and the records examined by us, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues to the appropriate authorities, except as given below.

List of arrears of such outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable :-



| Name of Act/ Nature of Statutory Dues | Amount (Outstanding) ₹ in Lakhs |
|---------------------------------------|---------------------------------|
| CPF Loan | 1078.96 |
| Voluntary Provident Fund | 1,658.92 |
| PF Loan and Interest | 1,542.47 |
| Water Dues | 5233.97 |
| Municipal Taxes | 142.97 |
| Jharkhand Pollution Control | 4.00 |
| GST Reverse charge Tax Dues | 0.43 |

- (b) There are statutory dues, which are outstanding, have not been deposited on account of certain dispute pending at various forums, details of such disputed dues which have not been deposited as at March 31, 2022 Annexure – “2 A”.
- (viii) According to the information and explanations given to us, There is no as such any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) According to the information and explanations given to us, the Company has taken loans or borrowings from banks and government but has not issued any debentures. The loan received from Govt. of India and interest as well as penal interest payable thereon (₹ 11754.91 lakh) have not been paid by the company. Further there is no default in borrowings from bank.
- (b) According to the information and explanations given to us, the company is not a declared wilful defaulter by any bank or financial institution or other lender.
- (c) According to information and explanations given to us, the company have not taken any term loans.
- (d) According to information and explanations given to us, the funds raised on short term basis have not been utilised for long term purposes.
- (e) According to information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally) during the year and hence reporting under clause 3 (xi)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (b) There is no any report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.
- (xii) (a) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and hence reporting under clause 3 (xii)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and hence reporting under clause 3 (xii)(b) of the Order is not applicable to the Company.
- (c) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and hence reporting under clause 3 (xii)(c) of the Order is not applicable to the Company.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) The company has an internal audit system which is not commensurate with the size and nature of its business;
(b) The reports of the Internal Auditors for the period under audit were considered by us.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
(b) In our opinion and according to the information and explanations given to us, the company has not been conducted any Non-Banking Financial or Housing Finance activities.
(c) In our opinion and according to the information and explanations given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
(d) In our opinion and according to the information and explanations given to us, the company is not the group which has more than one CIC as part of the Group.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, the company has incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has not been any resignation of the statutory auditors during the year.
- (xix) on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date, unless the business plan submitted to Ministry of Heavy Industries, Government of India, is accepted and approved and funds for working capital is infused.
- (xx) (a) According to the information and explanations given to us, in respect of other than ongoing projects, the company is not required to transfer unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
(b) According to the information and explanations given to us, any amount remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of subsection (6) of section 135 of the said Act.
- (xxi) Since, The company is preparing standalone financial statement and it is not preparing any consolidated financial statement of itself, it's subsidiary, joint ventures or associates and hence reporting under clause 3 (xxi) of the Order is not applicable to the Company.

For Lodha Patel Wadhwa & Co.

Chartered Accountants

FRN 006271C



CA S. K. Wadhwa

Partner

M. No. 074749

Place: Ranchi

Date: 25.08.2022

UDIN : 22074749AQEDCZ5491



ANNEXURE “3” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 3(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Heavy Engineering Corporation Limited** even date)

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

We have audited the internal financial controls over financial reporting of Heavy engineering Corporation Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, subject to our observations in this regard.

- (a) The advances as well as liability lying in books are not being adjusted in time. Very old advances and old liabilities are being carried in books of the company without any review for year's altogether. In few cases, the original date of advance/liability could not be traced.
- (b) The company does not have age wise details of lease rentals receivable.
- (c) The concept of maker and checker while passing the entries is not being followed.
- (d) The concept of classification of assets and liabilities as current and non-current in the case of turnkey projects is not incorporated properly.
- (e) The system of provisioning needs strengthening as there were substantial upward and downward revisions during the year in the amount of provision which are not supported by documented accounting policies and supporting documents. Further, a practice adopted few years back is being consistently being followed without any review and analyzing its impact on financials being reported.

Our opinion is not qualified with regards to above.

Place: Ranchi
Date: 25.08.2022

For Lodha Patel Wadhwa & Co.
Chartered Accountants
FRN 006271C



CA S. K. Wadhwa
Partner

M. No. 074749
UDIN : 22074749AQEDCZ5491

ANNEXURE – “2 A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred in Annexure – 2 paragraph vii(b) under ‘Report on Other Legal and Regulatory Requirements’ section of our independent report to the Members of Heavy Engineering Corporation Limited of even date)

| Nature of the Statute | Forum where Dispute is Pending | Pending Period to which the Amount Relates | Amount ₹ (in Lakhs) | Amount ₹ (in Lakhs) | Total ₹ (in Lakhs) |
|--|--|--|---------------------|---------------------|--------------------|
| | | | VAT | CST | Total |
| Value Added Tax Act, 2005 (VAT) Central Sales Tax Act (CST) | Commissioner of Commercial Taxes, Ranchi | 2008-2009 | 10.78 | 10.35 | 21.13 |
| | Commissioner of Commercial Taxes, Ranchi | 2009-2010 | 19.63 | 57.76 | 77.39 |
| | Commissioner of Commercial Taxes, Ranchi | 2010-2011 | 92.41 | 137.18 | 229.59 |
| | Commissioner of Commercial Taxes, Ranchi | 2011-2012 | 79.18 | 794.55 | 873.73 |
| | Commissioner of Commercial Taxes, Ranchi | 2013-2014 | 397.75 | 16.02 | 413.77 |
| | Commissioner of Commercial Taxes, Ranchi | 2014-2015 | 904.90 | 19.75 | 924.65 |
| | Commissioner of Commercial Taxes, Ranchi | 2015-2016 | 124.91 | 57.88 | 182.79 |
| | Commissioner of Commercial Taxes, Ranchi | 2016-2017 | 25.80 | 1806.23 | 1832.03 |
| | Commissioner of Commercial Taxes, Ranchi | 2017-2018 | 18.87 | 97.30 | 116.17 |
| | TOTAL | | | 1674.23 | 2997.02 |

| SERVICE TAX | | | Service Tax |
|-------------|-----------------------------|----------------------|-----------------|
| | CESTAT, Kolkata | Oct-2006 to Mar-2007 | ₹ 1452.21 Lakhs |
| | CESTAT, Kolkata | Oct-2007 to Mar-2010 | ₹ 1697.40 Lakhs |
| | Commissioner Appeal, Ranchi | 2012-13 & 2013-14 | ₹ 221.05 Lakhs |

| Central Excise Act | | | Excise Duty |
|--------------------|-----------------|--------------------|-----------------|
| | CESTAT, Kolkata | 2010-11 to 2014-15 | ₹ 4059.82 Lakhs |
| | CESTAT, Kolkata | 2015-16 to 2016-17 | ₹ 1332.79 Lakhs |

| The Employees Provident Fund & Miscellaneous Provision Act, 1952 | | | PF Dues |
|--|---|----------------------|---------------------------|
| | High Court of Jharkhand | Mar-1976 to Sep-1999 | ₹ 9501.54 Lakhs |
| | | | Municipal Tax Dues |
| Jharkhand Municipal Act, 2011 | High Court of Jharkhand dismissed the case and directed to file the appeal before appropriate Authority. A petition has been filed on 04.08.2021 before Director, State Urban Development Authority, Ranchi | 2016-2017 | ₹ 1686.77 Lakhs |

| | | | |
|--------------------------|---|---------------|-----------------|
| PHED, Govt. of Jharkhand | Before Secretary Industries, Govt. of Jharkhand, for settlement | Up to 2011-12 | ₹ 2223.92 Lakhs |
|--------------------------|---|---------------|-----------------|

Annexure -D**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 August 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2022 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

For and on behalf of the
Comptroller and Auditor General of India



(U. S. Prasad)

Principal Director of Audit (Steel)
Ranchi

Place : Ranchi
Date : 27-09-2022

ANNEXURE-E

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2022

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

1. REGISTRATION & OTHER DETAILS:

| | | |
|-----|--|---|
| i | CIN | U27100JH1958GOI000630 |
| ii | Registration Date | 31/12/1958 |
| iii | Name of the Company | HEAVY ENGINEERING CORPORATION PRIVATE LIMITED |
| iv | Category/Sub-category of the Company | COMPANY LIMITED BY SHARE/GOVERNMENT COMPANY |
| v | Address of the Registered office and contact details | PLANT PLAZA ROAD, DHURWA, RANCHI - 834004 |
| vi | Whether listed company | No |
| vii | Name, Address and Contact details of the Registrar and Transfer Agent, if any. | N.A |

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

| SL. No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1 | Steel Plant Mining Equipments, Steel Casting, Forgings & Rolls | 273 | 100 |

3. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| Sl. No | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|--------|-------------------------------|---------|-------------------------------|------------------|--------------------|
| 1 | N.A | | | | |
| 2 | N.A | | | | |
| 3 | N.A | | | | |

SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage to Total Equity)

i. Category – wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | | | | | | | | | |
| b) Central Govt. | 0 | 6060788 | 6060788 | 100 | 0 | 6060788 | 6060788 | 100 | 0 |
| c) State Govt(s) | | | | | | | | | |
| d) Bodies Corporates | | | | | | | | | |
| e) Bank/FI | | | | | | | | | |
| f) Any other | | | | | | | | | |
| SUB TOTAL : (A) (1) | 0 | 6060788 | 6060788 | 100 | 0 | 6060788 | 6060788 | 100 | 0 |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | | | | | | | | | |
| b) Other Individuals | | | | | | | | | |
| c) Bodies Corp. | | | | | | | | | |
| d) Banks/FI | | | | | | | | | |
| e) Any other | | | | | | | | | |
| SUB TOTAL : (A) (2) | | | | | | | | | |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 0 | 6060788 | 6060788 | 100 | 0 | 6060788 | 6060788 | 100 | 0 |

| B. PUBLIC SHAREHOLDING | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | | | | | | | | | |
| b) Banks/FI | | | | | | | | | |
| c) Central Govt | | | | | | | | | |
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Fund | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FIIS | | | | | | | | | |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (specify) | | | | | | | | | |
| SUB TOTAL (B)(1): | | | | | | | | | |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies Corporates | | | | | | | | | |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs | | | | | | | | | |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | | | | | | | | | |
| c) Others (specify) | | | | | | | | | |
| SUB TOTAL (B)(2): | | | | | | | | | |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | | | | | | | | | |

| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
|--|---|---------|---------|-----|---|---------|---------|-----|---|
| | | | | | | | | | |
| Grand Total (A+B+C) | 0 | 6060788 | 6060788 | 100 | 0 | 6060788 | 6060788 | 100 | 0 |

| (ii) SHARE HOLDING OF PROMOTER | | | | | | | | |
|---------------------------------------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
| | | NO of shares | % of total shares of the company | % of shares pledged encumbered to total shares | NO of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | G.O.I | 6060788 | 100 | 0 | 6060788 | 100 | 0 | 0 |
| | Total | 6060788 | 100 | 0 | 6060788 | 100 | 0 | 0 |

| (iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE) – N.A. | | | | | |
|--|---|--|----------------------------------|--|----------------------------------|
| SI. No. | | Share holding at the beginning of the Year | | Cumulative Share holding during the year | |
| | | No. of Shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | At the beginning of the year | 6060788 | 100 | 6060788 | 100 |
| 2 | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0 | 0 | 0 | 0 |
| 3 | At the end of the year | 6060788 | 100 | 6060788 | 100 |

| 5. INDEBTEDNESS | | | | |
|---|---|----------------------------|-----------------|-------------------------------|
| Indebtedness of the Company including interest outstanding/accrued but not due for payment | | | | |
| (Amt in Lakh) | | | | |
| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtness at the beginning of the financial year | | | | |
| i) Principal Amount | 20398.08 | 4789.00 | | 25187.08 |
| ii) Interest due but not paid | | 5376.13 | | 5376.13 |
| iii) Interest accrued but not due | | 513.21 | | 513.21 |
| Total (i+ii+iii) | 20398.08 | 10678.34 | | 31076.42 |
| Change in Indebtedness during the financial year | | | | |
| Additions | | | | |
| Reduction | | | | |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 20364.40 | 4789.00 | | 25153.40 |
| ii) Interest due but not paid | | 6452.70 | | 6452.70 |
| iii) Interest accrued but not due | | 513.21 | | 513.21 |
| Total (i+ii+iii) | 20364.40 | 11754.91 | | 32119.31 |

| 6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL | | | | | |
|--|---|--------------------------------|--------------------|----------------------------|--------|
| A. Remuneration to Managing Director, Whole time director and/or Manager: | | | | | |
| Sl.No | Particulars of Remuneration | Total Amount (Rs. Lakh) | | | |
| | | Arundati Panda | M.K. Saxena | Rana S. Chakravarty | |
| 1 | Gross salary | | | | |
| | (a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961 | 39.10 | 32.77 | 33.19 | 105.05 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | | 1.97 | 2.02 | 3.99 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | | | | |
| 2 | Stock Option | | | | |
| 3 | Sweat Equity | | | | |
| 4 | Commission -as % of profit -Other, Specify | | | | |
| 5 | Others, please specify- | | | | |
| 6 | Total (A) | 39.10 | 34.74 | 35.21 | 109.5 |
| 7 | Ceiling As per the Act | | | | |

| B Remuneration to other Directors: | | | | | |
|---|--|-------------------------|-------------------|----------------------|--------------------------------------|
| Sl.No | Particulars of Remuneration | Name of Director | | | Total Amount (Amt in Rs.) |
| | | Prabha Dubey | K. K. Naik | Ravindra Gole | |
| Independent Directors | | | | | |
| | (a) Fee for attending board committee meetings | | | | |
| | (b) Commission | 30000.00 | 20000.00 | 0 | 50000.00 |
| | (c) Others, please specify- Sitting Fees | | | | |
| | Total(i) | | | | |
| Other Non Executive Directors | | | | | |
| | (a) Fee for attending board committee meetings | | | | |
| | (b) Commission | | | | |
| | (c) Others, please specify- Sitting Fees | | | | |
| | Total(ii) | | | | |
| | TotalB = (i+ii) | | | | |
| | Total Managerial Remuneration | | | | |
| | Overall Ceiling as per the Act | | | | |

| C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD | | | | | |
|--|--|--------------------------|-------------------|-----|------------------|
| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total (Rs. Lakh) |
| 1 | Gross Salary | CEO | Company Secretary | CFD | Total |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | | 16.27 | | |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | | | |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | | | | |
| 2 | Stock Option | | | | |
| 3 | Sweat Equity | | | | |
| 4 | Commission | | | | |
| | as % of profit | | | | |
| | others, specify | | | | |
| 5 | Others, please specify | | | | |
| | Total | | | | |

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding fees imposed | Authority (RD/NCLT/Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |



Inauguration of Re-Heating furnace by Hon'ble Governor of Jharkhand H.E. Shri Ramesh Bais at FFP Plant, HEC on 14.02.2022.



Gandhi Jayanti & Shastri Jayanti being observed in HEC.



Closing Ceremony of Official Language Fortnight at HEC



Swachhata Pakhwada Pledge 2022 at HEC

Heavy Engineering Corporation Limited
BALANCE SHEET AS AT 31ST MARCH, 2022

| | | As at 31.03.2022 | As at 31.03.2021 |
|---|----|------------------|------------------|
| ₹ in Lakh | | | |
| I. EQUITY & LIABILITIES | | | |
| (1) SHAREHOLDER'S FUND | | | |
| (a) Share Capital | 2 | 60607.88 | 60607.88 |
| (b) Reserves & Surplus | 3 | (145014.57) | (118833.05) |
| (2) SHARE APPLICATION MONEY PENDING ALLOTMENT | | 0.01 | 0.01 |
| (3) NON-CURRENT LIABILITIES | | | |
| (a) Long Term Borrowings | 4 | 0.00 | 0.00 |
| (b) Other Long Term Liabilities | 5 | 15.48 | 15.48 |
| (c) Long Term Provisions | 6 | 8442.76 | 8866.90 |
| (4) CURRENT LIABILITIES | | | |
| (a) Short Term Borrowings | 7 | 20364.40 | 20398.08 |
| (b) Trade Payables | | | |
| (i) Total Outstanding dues of Micro Enterprises and Small Enterprises | | 821.44 | 749.42 |
| (ii) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises | 8 | 16422.94 | 13333.09 |
| (c) Other Current Liabilities | 9 | 92803.64 | 72997.66 |
| (d) Short Term Provisions | 10 | 2605.09 | 2116.68 |
| TOTAL | | 57069.07 | 60252.15 |
| II. ASSETS | | | |
| (1) NON-CURRENT ASSETS | | | |
| (a) Fixed Assets | | | |
| (i) Property, Plant and Equipment | 11 | 4506.25 | 4895.30 |
| (ii) Intangible Assets under development | 12 | 0.00 | 0.00 |
| (iii) Capital Work in Progress | 13 | 1480.26 | 568.51 |
| (b) Non-Current Investments | 14 | 0.36 | 0.36 |
| (c) Long Term Loans & Advances | 15 | 9.60 | 9.60 |
| (d) Other Non-Current Assets | 16 | 11824.35 | 11928.71 |
| (2) CURRENT ASSETS | | | |
| (a) Inventories | 17 | 14969.40 | 14482.53 |
| (b) Trade Receivables | 18 | 7793.73 | 11546.33 |
| (c) Cash & Cash Equivalents | 19 | 5466.18 | 5425.50 |
| (d) Short Term Loans & Advances | 20 | 7985.76 | 7090.68 |
| (e) Other Current Assets | 21 | 3033.18 | 4304.63 |
| TOTAL | | 57069.07 | 60252.15 |

Significant Accounting Policies

1

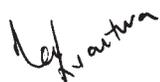
Other Notes to Financial statements

33

Notes No 1 to 33 & Cash Flow Statement form an integral part of the Financial Statement.



A.K. Kanth
Company Secretary



R. K. Srivastava
Sr. DGM I/C(A&B)



Arundati Panda
Director (Finance)



Dr. Nalin Shinghal
Chairman cum Managing Director

In terms of our report on even date
For Lodha Patel Wadhwa & Co
Chartered Accountants


(CA S. K. Wadhwa)

Partner

M No. 074749

FRN 006271C

UDIN: 22074749AQEDCZ5491

Place : Ranchi

Date : 25.08.2022



Heavy Engineering Corporation Limited
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2022

₹ in Lakh

| | Note No. | As at 2021-22 | As at 2020-21 |
|--|----------|-------------------|-------------------|
| I. Revenue from Operation | 22 | 18772.90 | 21341.88 |
| II. Other Income | 23 | 9574.31 | 3459.17 |
| III. TOTAL INCOME | | 28347.21 | 24801.05 |
| IV. EXPENSES : | | | |
| (a) Cost of Material Consumed | 24 | 7410.97 | 10348.74 |
| (b) Changes in Inventories of FG & WIP | 25 | (1610.76) | (3901.12) |
| (c) Employees Benefits Expenses | 26 | 12602.69 | 12242.13 |
| (d) Finance Costs | 27 | 3096.72 | 2749.47 |
| (e) Depreciation & Amortization Expenses | 28 | 596.43 | 606.10 |
| (f) Research & Development Expenditure | 29 | 70.95 | 65.27 |
| (g) Other Expenses | | | |
| (i) Manufacturing Service Cost | 30 (I) | 3747.01 | 4661.63 |
| (ii) Manufacturing & Other Operating Expenses | 30 (II) | 9580.80 | 9341.23 |
| (iii) Administration, Selling & Distribution Expenses | 30(III) | 11686.18 | 6845.99 |
| (iv) Other Provisions / Expenses Written Off | 30(IV) | 6765.62 | 4569.09 |
| TOTAL EXPENSES | | 53946.61 | 47528.53 |
| Profit / (Loss) before Prior Period, Exceptional & Extraordinary Items | | (25599.40) | (22727.48) |
| Prior Period Adjustment (Net) | 31 | (7.79) | 252.11 |
| V. Profit/(Loss) before Exceptional & Extraordinary Items & Tax | | (25607.19) | (22475.37) |
| VI. Exceptional Items | | | |
| VII. Profit/(Loss) before Extraordinary Items & Tax (V-VI) | | (25607.19) | (22475.37) |
| VIII. Extraordinary Items | 32 | 0.00 | 4897.47 |
| IX. Profit (Loss) before Tax (VII-VIII) | | (25607.19) | (17577.90) |
| X. Tax Expenses | | | |
| (i) Current Tax | | 0.00 | 0.00 |
| (ii) Deferred Tax | | 0.00 | 0.00 |
| XI. Profit (Loss) for the period from Continuing Operation (IX-X) | | (25607.19) | (17577.90) |
| XII. Profit (Loss) from Discontinuing Operation | | 0.00 | 0.00 |
| XIII. Tax Expenses of Discontinuing Operation | | 0.00 | 0.00 |
| XIV. Profit (loss) for the period from Discontinuing Operation (XII-XIII) | | 0.00 | 0.00 |
| PROFIT (LOSS) FOR THE PERIOD (XI+XIV) | | (25607.19) | (17577.90) |

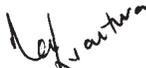
Earning per share (Face value ₹1000) (1) Basic in Rupees (422.51) (290.03)
(2) Diluted in Rupees (422.51) (290.03)

Significant Accounting Policies 1

Other Notes to Financial statements 33

Notes No 1 to 33 & Cash Flow Statement form an integral part of the Financial Statement.

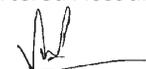

A.K. Kanth
Company Secretary


R. K. Srivastava
Sr. DGM I/C(A&B)


Arundati Panda
Director (Finance)


Dr. Nalin Shinghal
Chairman cum Managing Director

In terms of our report on even date
For Lodha Patel Wadhwa & Co
Chartered Accountants


(CA S. K. Wadhwa)

Partner

M No. 074749

FRN 006271C

UDIN: 22074749AQEDCZ5491

Place : Ranchi

Date : 25.8.2022

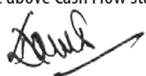
Heavy Engineering Corporation Limited

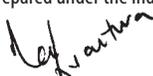
CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

For the period April 2021 - March 2022

| | 2021-22 | | 2020-21 | |
|--|------------|--------------|------------|----------------|
| | ₹ in Lakhs | | | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before Tax | (25607.19) | | (22475.37) | |
| Extra Ordinary Items | 0.00 | (25607.19) | 4897.47 | (17577.90) |
| Adjustments for: | | | | |
| Depreciation | 596.46 | | 606.10 | |
| Interest Expenses | 3096.72 | | 2749.47 | |
| Extra Ordinary Items | 0.00 | | (4897.47) | |
| Lease Income | (574.33) | | (574.33) | |
| Interest Earned | (44.05) | | (261.74) | |
| Long Term Provisions | (424.14) | | 8.47 | |
| Short Term Provisions | 488.41 | 3139.07 | 316.94 | (2052.56) |
| Operating Profit before Working Capital Changes | | (22468.12) | | (19630.46) |
| Adjustments for: | | | | |
| Long Term Trade Receivables (Net) | 104.36 | | 669.75 | |
| Short Term Trade Receivables (Net) | 3752.60 | | (4616.86) | |
| Rent & Other Receivable (Net) | 1271.45 | | 3408.68 | |
| Inventories (Net) | (486.87) | | (2731.17) | |
| Trade Payable | 3161.87 | | 2367.60 | |
| Other Long Term Liabilities | 0.00 | | (22.19) | |
| Other Current Liabilities | 19805.98 | | 13514.65 | |
| Long Term Loans & Advances (Net) | 0.00 | | 0.00 | |
| Short Term Loan & Advances (Net) | (895.08) | 26714.31 | (620.98) | 11969.48 |
| Cash Generated from Operations | | 4246.19 | | (7660.98) |
| Income Tax Paid | | 0.00 | | 0.00 |
| Net Cash from Operating Activities | | 4246.19 | | (7660.98) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | (206.50) | | (97.10) | |
| Sale/Adjustment of Fixed Assets | 0.64 | | 500.00 | |
| Adjustment in Accumulated Depreciation | (1.55) | | (245.07) | |
| Adjustment in Capital Work-in-Progress (Net) | (911.75) | | 1050.68 | |
| Bank Borrowings | 44.05 | | 261.74 | |
| Lease income | 574.33 | | 574.33 | |
| Net Cash from Investing Activities | | (500.78) | | 2044.58 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Interest Payment | (3096.72) | | (2749.47) | |
| Extra Ordinary Items | 0.00 | | 4897.47 | |
| Bank Borrowings | (33.68) | | 5188.75 | |
| Change in Reserves & Surplus | (574.33) | | (574.33) | |
| Net cash from in financing activities | | (3704.73) | | 6762.42 |
| Net increase /(Decrease) in cash and cash equivalents | | 40.68 | | 1146.02 |
| Opening Balance of Cash and Cash Equivalents | | 5425.50 | | 4279.48 |
| Closing Balance of Cash and Cash Equivalents | | 5466.18 | | 5425.50 |
| | | 40.68 | | 1146.02 |

Note:- The above Cash Flow statement has been prepared under the Indirect method as set out in Accounting Standard 3.


A.K. Kanth
 Company Secretary


R. K. Srivastava
 Sr. DGM I/C(A&B)


Arundati Panda
 Director (Finance)


Dr. Nalin Shinghal
 Chairman cum Managing Director

In terms of our report on even date
 For Lodha Patel Wadhwa & Co
 Chartered Accountants


(CA S. K. Wadhwa)
 Partner

M No. 074749
 FRN 006271C

UDIN: 22074749AQEDCZ5491

Place : Ranchi
 Date : 25.08.2022

CORPORATE INFORMATION

**HEAVY ENGINEERING CORPORATION LTD (HEC) IS A PUBLIC SECTOR UNDERTAKING.
HEC IS ENGAGED IN MANUFACTURING OF CAPITAL GOODS.**

NOTE NO -1 SIGNIFICANT ACCOUNTING POLICIES

1. The Financial statements have been prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013.
2. **Fixed Assets**
Fixed assets (Other than land acquired free of cost from State Government) are carried at the cost of acquisition or construction less accumulated depreciation Land acquired free of cost from State Government is valued at Rs. 1/- per acre.
3. **Inventory Valuation:-**
 - i) Inventory is valued at actual / estimated cost or net realisable value, whichever is lower.
 - ii) Finished goods and work in progress are valued at actual /estimated factory cost or net realisable value whichever is lower.
 - iii) Raw material, components, loose tools, stores & spares are valued at weighted average cost.
 - iv) Items that are not ordinarily interchangeable and goods or services produced & segregated for specific projects- By specific identification of individual cost.
 - v) Rejection and scrap/used as raw material for production is valued at closing book rate.
 - vi) Bye products are valued at market price.
 - vii) The percentage of completion of work in progress is taken as certified by Shop management on technical assessment.
 - viii) Loose tools, Drawing instruments, etc. issued to shops are carried to inventory after writing off in 4 years in case of ordinary tools, in 10 years in case of special tools, in 2 years in case of Moulds and on estimated life in case of other items. Patterns are charged out in the year of issue itself. Only quantitative records are maintained in respect of these items in shops floor, wherever practicable.
4. **REVENUE RECOGNITION :-**
 - i) Sales are recorded when significant risks and rewards of ownership are transferred to the customers. Part supplies against long term contracts for which GST Invoices have been raised are accounted for at contract price or provisional price.
 - ii) Escalations on contracts are accounted for as per the terms of relevant contract to the extent ascertained with reasonable certainty though these are subject to confirmation/acceptance by customers. For when there is provision in contract or evidence of acceptance by the customer.
 - iii) Variation is accounted for when there is provision in contract or evidence of acceptance by the customer.
 - iv) Sales are accounted for exclusive of GST.
5. **LONG TERM TURNKEY CONTRACTS :-**
 - i) **Revenue recognition :**
Revenue is recognized on percentage completion method based on the percentage of actual cost incurred up to the reporting date to the total estimated cost of the contract.
Income from supply/ erection of equipment/system and civil works is recognized based on dispatches to customers and works done at Project Site.
 - ii) **Revenue recognition for incomplete / part executed / unmeasured work by client :-**
Works executed but not measured / part executed / incomplete work at the end of the year are accounted for based on certification both by HEC Engineers at Project Site and the customer for the purpose of recognition of Revenue.
 - iii) **Valuation of Work-in-progress :-**
Expenditure incurred from year to year limited to the certified value of work done against the contract value including escalation less amount credited to sales against the respective contract, is accounted for as WIP.
 - iv) The necessary provision for losses, if any, on work to be done is made.
6. **PROVISION FOR WARRANTY**
A provision of 0.5% on sales is made for liabilities under contractual obligations / warranties. Provision for warranties expenses will be written back as income after the expiry of one year. Expenses on warranties/ contractual obligation are accounted for against natural heads in the year of incurrence.
7. **EMPLOYEES BENEFITS :-**
Long term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render service namely sick leave and post retirement benefits namely gratuity, Retirement Travelling Assistance and Leave Encashment are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuation and Leave Travel Allowance (for eligible employee) are accounted on estimated basis.

Long Term employee benefits recognized in the balance sheet represent the present value of the



obligation as adjusted for unrecognized past service cost, if any, and as reduced by the fair value of plan assets, wherever applicable and actuarial gain / loss to the extent recognized in Profit & Loss Account.

Actuarial gains and losses are recognized in the Profit and loss account to the extent it exceeds the unrecognized portion of transitional liability.

The transitional liability in respect of long term employee benefit is recognized as an expense on a straight line basis over a period of five years.

Gratuity and Leave Encashment are provided for on the basis of actuarial valuation made, based on the data of the Balance sheet date.

8. DEPRECIATION

Depreciation on fixed assets is charged on straight line method as per the rates prescribed in the Schedule II of the Companies Act, 2013 and in respect of additions to/ deductions from the fixed assets during the year depreciation is charged on pro-rata monthly basis. Wherever breakup of foundation cost for plant and machinery and plant building is not available, depreciation is charged at the rate applicable to plant building.

9. SUNDRY DEBTORS

- a) This includes items billed at provisional rates pending finalization of prices and receipt of formal orders from customers after adjustment on pro-rata basis of advances/progress payments received against the relevant contract.
- b) The Provision is made against debtors outstanding for more than 3 years from the due date.

10. GRANT-IN-AID

Government grants received against Voluntary Retirement Scheme are set off against related expenses. Unspent balances of Grants-in-Aid are carried forward to subsequent years under Head "Liabilities". Grants received against other revenue are recognized as other income over the years to which it relates.

11. INVESTMENT

Investment held/intended to be held over one year (i.e. being long term) are valued at cost less provision for diminution in value other than temporary, while current quoted investments are valued at lower of cost or market value.

12. RESEARCH & DEVELOPMENT

Major expenditure relating to Research & Development is charged to profit & loss account in the year of incurrence. However, expenditure on fixed assets relating to Research & Development is treated in the same way as other fixed assets. Depreciation on such fixed assets is shown along with other Research & Development Expenditure.

13. FOREIGN CURRENCY TRANSACTIONS

Monetary assets and liabilities relating to foreign currency transactions including deferred credit

payments remaining outstanding at the Balance Sheet date are converted at year end rates. The differences in conversion of assets and liabilities and realized gains and losses on foreign exchange transaction during the year are accounted for in the Profit & Loss Account, except those relating to acquisition of fixed assets which are adjusted in the cost of fixed assets.

14. CLAIM BY/AGAINST THE COMPANY / LIQUIDATED DAMAGES (LD) DEDUCTED/RECOVERED BY CLIENTS FROM HEC BILLS/ LIQUIDATED DAMAGES (LD) DEUDCTED/RECOVERED BY HEC FROM SUPPLIER'S BILL :-

- (i) Liquidated damages (LD) would be accounted for as soon as it is deducted /recovered by clients from HEC bills and cases of specific damages and claims disputed by the company are provided for on reasonable estimate by the Company.
- (ii) Liquidated Damages recovered are recognized as income in the year of incurrence. In case LD recovered is to be returned to the supplier, the same shall be treated as expenses in the year of payment.
- (iii) Liquidate Damages deducted by client are recognized as expenses in the year of incurrence. In case LD deducted by client is refunded, the same shall be treated as income in the year of receipt.
- (iv) Export incentives, Railways and Insurance claim sale of sundry disposable materials & certain scraps, refund of excise & custom duty and income from other similar items are accounted for on ascertainment of the amount and certainty of their realization / claim.

15. INTER PLANT COST ALLOCATION

The following expenses are allocated in different Plants on the basis stated hereunder:-

- (a) HQRS expenses (Net) –Budgeted production of each Plant.
- (b) Township expenses (Net) – No. of quarters allotted to each Plant.
- (c) Interest - Actual cash utilization by each plant in the preceding year.
- (d) CISF expenses- No. of CISF personnel deployed in each Plant.

16. INVENTORY

Non moving items of stores are analyzed from time to time. Materials found surplus on physical verification are either disposed off or reviewed to find out alternative uses for the same. Loss, if any, is accounted for when it is ascertained. However non moving items for more than 3 years, the maximum provision, if required, is to be restricted to 90 % of value of inventory.

17. PRIOR PERIOD ADJUSTMENTS

Income/Expenditure relating to Prior Period Expenses, which do not exceed Rs. 1.00 Lakhs in each case, are treated as Income/Expenditure of Current Year and charged to natural heads of accounts.



HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

As at 31.03.22

As at 31.03.21

NOTE NO. - 2**SHARE CAPITAL****Authorised Capital**

1,00,00,000 (Previous Year 1,00,00,000) Equity Shares
of ₹1000/- each

100000.00

100000.00

Issued & Subscribed & Paid up Capital

60,60,788 (Previous Year 60,60,788) Equity Shares
of ₹1000/- each fully paid up,
Out of which 5496 (Previous Year 5496) Shares
allotted for consideration other than Cash

60607.88

60607.88

Net Balance**60607.88****60607.88**

| Shareholding of Promoters | | | |
|---|--------------|--------------|---------------------------------|
| Share held by Promoters at the end of the year | | | % Change during the year |
| Promoter Name | No of Shares | % of holding | |
| President of India | 6060788 | 100% | NIL |

NOTE NO. - 3**RESERVE & SURPLUS****Capital Reserve**

Opening Balance

8413.64

8987.97

Addition during the year

0.00

0.00

8413.64

8987.97

Deduction during the year

574.33

7839.31

574.33

8413.64

Surplus

Opening Balance

(127246.69)

(109668.79)

Addition during the year

(25607.19)

(152853.88)

(17577.90)

(127246.69)

TOTAL**(145014.57)****(118833.05)****NOTE NO. - 4****LONG TERM BORROWINGS****Term Loan**

0.00

0.00

TOTAL**0.00****0.00****NOTE NO. - 5****OTHER LONG TERM LIABILITIES**

Securities & Other Deposits from Contractors

1.80

1.80

Other Liabilities

13.68

13.68

TOTAL**15.48****15.48**

HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

| | As at 31.03.22 | As at 31.03.21 |
|--|------------------------------|-----------------|
| NOTE NO. - 6 | LONG TERM PROVISIONS | |
| (a) Provision for Employee Benefits | | |
| Provision for Gratuity | 5571.76 | 5944.50 |
| Provision for Leave Encashment | 2632.57 | 2698.12 |
| Provision for RTA | 53.44 | 54.14 |
| | 8257.77 | 8696.76 |
| (b) Others | | |
| Provision for Impaired Assets | 62.38 | 62.40 |
| Provision for Warranty Expenses | 122.61 | 107.74 |
| | 184.99 | 170.14 |
| TOTAL | 8442.76 | 8866.90 |
| NOTE NO. - 7 | SHORT TERM BORROWINGS | |
| Secured Loans | | |
| Working Capital Loan from Bank (Secured by Hypothecation of raw materials, finished Goods, Work-in-Progress, Stores and Spare parts and Book Debts) Interest @ 8.10% above MCLR | 20364.40 | 20398.08 |
| TOTAL | 20364.40 | 20398.08 |
| Note: Statements of Current Assets submitted to the Bank are normally in agreement with Books of Accounts | | |
| NOTE NO. -8 | TRADE PAYABLES | |
| Total Outstanding dues of Creditors other than Micro Small and Medium Enterprises | 14876.66 | 12891.67 |
| Total Outstanding dues of Medium Enterprises | 1546.28 | 441.42 |
| TOTAL | 16422.94 | 13333.09 |

Note No. 8(a) Trade Payables ageing Schedule

| Particular | As at 31-03-2022 | | | | | As at 31-03-2021 | | | | |
|----------------------------|--|-----------|-----------|-------------------|----------|--|-----------|-----------|-------------------|----------|
| | Outstanding (for the following periods from the due date of payment) | | | | | Outstanding (for the following periods from the due date of payment) | | | | |
| Buildings | Less than 1 year | 1-2 Years | 2-3 Years | More Than 3 Years | Total | Less than 1 year | 1-2 Years | 2-3 Years | More Than 3 Years | Total |
| (i) MSME | 615.39 | 571.14 | 69.87 | 1110.82 | 2367.72 | 627.49 | 83.37 | 82.28 | 397.70 | 1190.84 |
| (ii) Others | 5449.62 | 1080.54 | 1471.40 | 6875.10 | 14876.66 | 4053.02 | 1667.30 | 1307.84 | 5863.51 | 12891.67 |
| (iii) Disputed Dues - MSME | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Disputed Dues - MSME | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |



HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

| | As at 31.03.22 | As at 31.03.21 |
|--|----------------------------------|-----------------|
| NOTE NO. - 9 | OTHER CURRENT LIABILITIES | |
| Employees Liabilities * | 16532.18 | 10404.37 |
| VRS Liabilities | 1.36 | 1.88 |
| Loan from Govt. of India** | 4789.00 | 4789.00 |
| Add: Interest Accrued and due on Govt. Loan | 6965.91 | 5889.34 |
| Government Grant [Unutilised] | | |
| Received from GOI for payment of Tax | 18243.00 | 18243.00 |
| Less : Charged against Capital gain Tax(13-14) | 9245.61 | 9245.61 |
| Less : Charged against Capital gain Tax(17-18) | 6200.00 | 6200.00 |
| Less: Balance Advance Tax | 2054.39 | 2054.39 |
| Add: Interest Income | 2505.49 | 3166.15 |
| Grant-in-Aid received from DHI under | 130.00 | 130.00 |
| Securities & Other Deposits from Contractors | 5854.87 | 3789.44 |
| Book Overdraft with Scheduled Bank | 4.42 | 0.00 |
| Amt. received from Govt. Grant | 500.00 | 500.00 |
| CISF Dues Including Interest | 12179.04 | 8924.78 |
| Electricity Dues | 15356.08 | 11846.64 |
| Water Dues | 5233.97 | 4447.90 |
| Advance from Customers | 12848.53 | 13624.46 |
| Other Liability # | 2207.71 | 1353.25 |
| Liabilities for Security Expenses | 300.45 | 325.03 |
| Taxes Payable | 1758.79 | 875.55 |
| Miscellaneous # # | 4892.84 | 2929.87 |
| TOTAL | 92803.64 | 72997.66 |

* It includes interest on Gratuity overdues Rs. 671.23 Lakhs

** Govt. Loan matured for payment

It Includes mainly Vendor, Works Billi ₹ 682.96 lakhs, SKGC (6000T Refurbishment) ₹ 496.76 Lakhs and ECPF Interest ₹ 752.41 Lakhs

It includes mainly Casual Salary, CPF, VPF & loan ₹3032.13 Lakhs, Works Bill Contractor Liability ₹ 931.43 Lakhs and EESL ₹ 426.25 Lakhs

NOTE NO. - 10

SHORT TERM PROVISIONS

(a) Provision for Employee Benefits

| | | |
|---|---------|---------|
| Provision for Gratuity | 1003.46 | 687.33 |
| Provision for Leave Encashment | 1048.46 | 917.94 |
| Provision for RTA | 6.44 | 3.79 |
| Provision for LTA | 187.66 | 171.93 |
| Provision for Revision of Pay Scale for Employees | 123.89 | 1905.35 |

(b) Others

| | | |
|---------------------------------|----------------|----------------|
| Provision for Warranty Expenses | 235.18 | 211.33 |
| TOTAL | 2605.09 | 2116.68 |

HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

NOTE NO. - 11

Property, Plant and Equipment

| Type of Assets | Gross Block | | | | Depreciation | | | | Net Block | |
|--|---------------------|----------------------|-------------------------|--------------------|-----------------|---------------|-----------------------|-----------------|----------------|----------------|
| | Cost as on 01.04.21 | Addition/ Adjustment | (Deduction)/ Adjustment | Cost as on 31.3.22 | Upto 31.03.21 | for the year | Addition/ (Deduction) | upto 31.03.22 | As on 31.03.22 | As on 31.03.21 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Land (including Development of land) | 219.82 | 0.00 | 0.00 | 219.82 | 0.00 | 0.00 | 0.00 | 0.00 | 219.82 | 219.82 |
| Buildings | 5838.91 | 0.00 | 0.00 | 5838.91 | 5363.38 | 44.39 | 0.00 | 5407.77 | 431.14 | 475.53 |
| Roads | 266.17 | 0.00 | 0.00 | 266.17 | 252.90 | 0.00 | 0.00 | 252.90 | 13.27 | 13.27 |
| Plant and Machinery | 27749.24 | 48.60 | 0.00 | 27797.84 | 24303.01 | 478.50 | (0.08) | 24781.43 | 3016.41 | 3446.23 |
| Furniture and Fittings | 165.75 | 1.01 | 0.00 | 166.76 | 117.90 | 14.26 | 0.00 | 132.16 | 34.60 | 47.85 |
| Motor Vehicles | 147.73 | 0.00 | 0.00 | 147.73 | 135.55 | 0.80 | 0.00 | 136.35 | 11.38 | 12.18 |
| Railway Sidings | 469.39 | 0.00 | 0.00 | 469.39 | 441.96 | 3.20 | 0.00 | 445.16 | 24.23 | 27.43 |
| Office Equipments | 231.74 | 1.26 | 0.00 | 233.00 | 192.78 | 10.86 | 0.00 | 203.64 | 29.36 | 38.96 |
| Computers & Data Processing Units | 594.21 | 139.19 | 0.00 | 733.40 | 541.05 | 17.63 | 0.00 | 558.73 | 174.67 | 53.16 |
| Electrical Installations and Equipments | 840.74 | 0.90 | 0.00 | 841.64 | 683.14 | 24.23 | (1.52) | 705.85 | 135.79 | 157.60 |
| Pipelines and Sluices | 605.55 | 0.00 | 0.00 | 605.55 | 562.63 | 2.16 | 0.00 | 564.79 | 40.76 | 42.92 |
| SUB - TOTAL OTHER ASSETS (i) | 37129.25 | 190.96 | 0.00 | 37320.21 | 32594.30 | 596.03 | (1.55) | 33188.78 | 4131.43 | 4534.95 |
| ASSETS GIVEN ON LEASE | | | | | | | | | | |
| Land (including Development of land) | 22.32 | 0.00 | 0.00 | 22.32 | 0.00 | 0.00 | 0.00 | 0.00 | 22.32 | 22.32 |
| Buildings | 807.08 | 0.00 | 0.00 | 807.08 | 531.43 | 0.00 | 0.00 | 531.43 | 275.65 | 275.65 |
| SUB-TOTAL OTHER ASSETS (ii) | 829.40 | 0.00 | 0.00 | 829.40 | 531.43 | 0.00 | 0.00 | 531.43 | 297.97 | 297.97 |
| IMPAIRED ASSETS | | | | | | | | | | |
| Plant & Machinery (As on 31.03.21) | 1015.03 | 0.00 | 0.00 | 1015.03 | 952.65 | 0.00 | 0.00 | 952.65 | 62.38 | 62.38 |
| Plant & Machinery (During 2021-22) | 0.00 | 0.00 | 0.64 | (0.64) | 0.00 | 0.00 | (0.61) | (0.61) | (0.03) | 0.00 |
| SUB - TOTAL IMPAIRED ASSETS (iii) | 1015.03 | 0.00 | 0.64 | 1014.39 | 952.65 | 0.00 | (0.61) | 952.04 | 62.35 | 62.38 |
| Total Property, Plant & Equipment (I+II+III)(A) | 38973.68 | 190.96 | 0.64 | 39164.00 | 34078.38 | 596.03 | (2.16) | 34672.25 | 4491.75 | 4895.30 |
| B. INTANGIBLE ASSETS | | | | | | | | | | |
| Comouter Soft ware | 0.00 | 15.54 | 0.00 | 15.54 | 0.00 | 1.04 | 0.00 | 1.04 | 14.50 | 0.00 |
| Total - Intangible Assets (B) | 0.00 | 15.54 | 0.00 | 15.54 | 0.00 | 1.04 | 0.00 | 1.04 | 14.50 | 0.00 |
| Total (A+ B) | 38973.68 | 206.50 | 0.64 | 39179.54 | 34078.38 | 597.07 | (2.16) | 34673.29 | 4506.25 | 4895.30 |
| PREVIOUS YEAR FIGURES | 39376.59 | 97.10 | 500.00 | 38973.69 | 33717.36 | 606.10 | 245.07 | 34078.39 | 4895.30 | |

Current period depreciation 596.46

Prior period depreciation (1.55)

Total Depreciation 594.91

Provision for Impaired Assets (0.03)

Note : Status of Land Acres

a) Land Transferred to GOJ 2342.03

b) Land Transferred to CISF 158.00

c) Land Transfer to GOJ for Smart City 647.08

d) Encroched Land 73.05

e) Land given on lease 313.31

f) Land for own use 3666.04

Total land as per original deed 7199.51



HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

As at 31.03.22

As at 31.03.21

NOTE NO. - 12

Intangible Assets under development

Intangible Assets under Development

| | | |
|--------------|-------------|-------------|
| | 0.00 | 0.00 |
| TOTAL | 0.00 | 0.00 |

NOTE NO. - 13

CAPITAL WORK IN PROGRESS

Capital Work in Progress

| | | |
|-------------------|----------------|---------------|
| Plant & Machinery | 3619.30 | 2496.62 |
| Less : Provisions | 2139.04 | 1928.11 |
| TOTAL | 1480.26 | 568.51 |

Note No. 13 (a) Capital Work-in-Progress Ageing Schedule

| CWIP | As at 31-03-2022 | | | | | As at 31-03-2021 | | | | |
|--------------------------------|------------------|-----------|-----------|-------------------|---------|------------------|-----------|-----------|-------------------|---------|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| Projects in Progress | 1268.63 | 0.00 | 0.00 | 357.35 | 1625.98 | 99.72 | 0.00 | 0.00 | 614.51 | 714.23 |
| Projects temporarily suspended | 0.00 | 572.85 | 0.00 | 1420.47 | 1993.32 | 572.85 | 0.00 | 0.00 | 1209.54 | 1782.39 |

Note No. 13 (b) Capital Work-in-Progress Completion Schedule as at 31.03.22

| CWIP | To be completed in | | | |
|-------------------------------------|--------------------|-----------|-----------|-------------------|
| | less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years |
| Revamping 2 furnace (FFP) | 0.00 | 211.63 | 0.00 | 0.00 |
| Refurbishment of 6000 T press (FFP) | 0.00 | 1268.63 | 0.00 | 0.00 |
| Radio Control System (HMBP) | 0.00 | 5.20 | 0.00 | 0.00 |
| CNC Lathe (HMBP) | 0.00 | 140.00 | 0.00 | 0.00 |
| CNC Lathe Model LRT-65N/5M (HMBP) | 0.00 | 0.52 | 0.00 | 0.00 |

Note No. 13 (b) Capital Work-in-Progress Completion Schedule as at 31.03.21

| CWIP | To be completed in | | | |
|-------------------------------------|--------------------|-----------|-----------|-------------------|
| | less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years |
| Revamping 2 furnace (FFP) | 46.23 | 0.00 | 0.00 | 0.00 |
| Refurbishment of 6000 T press (FFP) | 0.00 | 0.00 | 211.63 | 0.00 |
| Installation of CETP (FFP) | 0.00 | 0.00 | 210.93 | 0.00 |
| Radio Control System (HMBP) | 0.00 | 0.00 | 5.20 | 0.00 |
| CNC Lathe (HMBP) | 0.00 | 0.00 | 140.00 | 0.00 |
| CNC Lathe Model LRT-65N/SM (HMBP) | 0.00 | 0.00 | 0.52 | 0.00 |
| Server & Software System (HQ) | 99.72 | 0.00 | 0.00 | 0.00 |

Details of Project where activity has been temporarily suspended

| | As at 31.03.2022 | As at 31.03.2021 |
|---|------------------|------------------|
| SCH NO : 01405-2 Modernisation of Shop (FFP) | 58.24 | 58.24 |
| SCH NO : 11805-1 Software (FFP) | 50.91 | 50.91 |
| SCH NO : 11102-1. Installation of CETP (FFP) | 210.93 | 0.00 |
| Technology Development - Cniitmash (FFP) | 572.81 | 572.81 |
| SCH NO : 11408-1 CEN.Cylinder / 6000T (FFP) | 59.79 | 59.79 |
| Misc. Items (FFP) | 15.58 | 15.58 |
| SCH NO : 71210-1 Roller Table (FFP) | 107.18 | 107.18 |
| SCH NO : 71311- 4 Electro Hyde Fetling (IFFP) | 303.71 | 303.71 |
| Plate Straightning (HMBP) | 31.51 | 31.51 |
| Welding Rotator (HMBP) | 0.86 | 0.86 |
| 30/5T Crane (HMBP) | 5.79 | 5.79 |
| Foundation for Machine No. SR 125 (HMBP) | 3.16 | 3.16 |
| OKBM (Rendering services on Technical Audit) (HMBP) | 572.85 | 572.85 |
| Total | 1993.32 | 1782.39 |

HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

| | As at 31.03.22 | As at 31.03.21 |
|--|--------------------------------|----------------|
| NOTE NO. - 14 | NON-CURRENT INVESTMENTS | |
| Investments in Equity Instruments | | |
| (Other than trade investment), Unquoted 3575 (Prev. Year 3575) Equity Share of ₹10/- each of Engineering (Projects) India Limited. | 0.36 | 0.36 |
| TOTAL | 0.36 | 0.36 |

* The paid up value of equity share of Engineering (Projects) India Limited has been reduced from ₹ 38.95/- to ₹ 10/- due to restructuring as confirmed by Engineering Project (India) Ltd vide order No. DLI/SEC/AGM/003/40 Dated 22.03.2011.

As Financial status as on 31.03.2022 is not available, the value of share is ₹1.50 Lakhs on the basis of Financial status as on 31.03.2021

| | LONG TERM LOANS & ADVANCES | | | | | |
|---|---------------------------------------|----------------|---------------|-----------------|----------------|---------------|
| | Gross Amount | Provision | Net Amount | Gross Amount | Provision | Net Amount |
| (a) Loans & Advances | | | | | | |
| [Advances & other amounts recoverable in cash or in kind or for value to be received (including cost of materials supplied to the contractors, outside parties and/ or pending adjustment)] | | | | | | |
| Doubtful | 435.88 | 435.88 | 0.00 | 568.88 | 568.88 | 0.00 |
| (b) Deposits With | | | | | | |
| Private Parties | 0.87 | 0.32 | 0.55 | 0.87 | 0.32 | 0.55 |
| Government Authorities | 208.23 | 199.27 | 8.96 | 198.48 | 189.52 | 8.96 |
| (c) Security Deposit | 33.71 | 33.71 | 0.00 | 38.14 | 38.14 | 0.00 |
| (d) Others | | | | | | |
| Advances to Employees | 0.18 | 0.18 | 0.00 | 0.18 | 0.18 | 0.00 |
| Claims Receivable | 4670.21 | 4670.12 | 0.09 | 4670.21 | 4670.12 | 0.09 |
| Total | 5349.08 | 5339.48 | 9.60 | 5476.76 | 5467.16 | 9.60 |

Particulars of Long Term Loans & Advances

| | | |
|----------------------------|----------------|----------------|
| Secured, Considered Good | 0.00 | 0.00 |
| Unsecured ,Considered Good | 9.60 | 9.60 |
| Doubtful | 5339.48 | 5467.16 |
| Total | 5349.08 | 5476.76 |



HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

| | As at 31.03.22 | | As at 31.03.21 | |
|---|---------------------------------|----------|-----------------|----------|
| NOTE NO. - 16 | OTHER NON-CURRENT ASSETS | | | |
| Long Term Trade Receivables | | | | |
| (A) Public Sector & Govt. Deptt. | | | | |
| Un Secured, Considered Good | 11824.35 | | 11928.71 | |
| Doubtful | 30534.65 | | 27463.33 | |
| TOTAL (A) | 42359.00 | | 39392.04 | |
| (B) Others | | | | |
| Un Secured, Considered Good | 0.00 | | 0.00 | |
| Doubtful | 798.53 | | 790.99 | |
| TOTAL (B) | 798.53 | | 790.99 | |
| SUB TOTAL (A+B) | 43157.53 | | 40183.03 | |
| Less: Provision for Doubtful debts | 19008.64 | | 21461.49 | |
| Provision against LD deducted & charged | 12324.54 | 11824.35 | 6792.83 | 11928.71 |
| GRAND TOTAL | 11824.35 | | 11928.71 | |

Notes:

1: Long Term Trade Receivables also include not due ₹ 8561.80 Lakhs (Previous Year ₹ 9251.45 Lakhs) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.

Note No. 16(a) Trade Receivables Ageing Schedule

₹ in Lakh

| Particulars | As at 31-03-22 | | | | | |
|--|--|-------------------|-----------|-----------|------------------|-----------------|
| | Outstanding for the following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Year | Total |
| (i) Undisputed Trade receivables- Considered good | 0.00 | 0.00 | 1568.86 | 435.26 | 9820.23 | 11824.35 |
| (ii) Undisputed Trade receivables- Considered doubtful | 0.00 | 0.00 | 2722.20 | 912.40 | 27661.05 | 31295.65 |
| (iii) Disputed Trade receivables-Considered good | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Disputed Trade receivables- Considered doubtful | 0.00 | 0.00 | 0.00 | 0.00 | 37.53 | 37.53 |

Note No. 16(a) Trade Receivables Ageing Schedule

| Particulars | As at 31-03-21 | | | | | |
|--|--|-------------------|-----------|-----------|-------------------|-----------------|
| | Outstanding for the following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| (i) Undisputed Trade receivables- Considered good | 0.00 | 0.00 | 1717.98 | 1350.31 | 8860.43 | 11928.72 |
| (ii) Undisputed Trade receivables- Considered doubtful | 0.00 | 0.00 | 239.42 | 844.15 | 27133.22 | 28216.79 |
| (iii) Disputed Trade receivables-Considered good | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Disputed Trade receivables- Considered doubtful | 0.00 | 0.00 | 0.00 | 0.00 | 37.53 | 37.53 |

HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

| | As at 31.03.22 | | As at 31.03.21 | |
|--|--------------------|------------------------|----------------|------------------------|
| NOTE NO. - 17 | INVENTORIES | | | |
| (As certified by the Management) | | | | |
| Raw Materials & Components | 5947.76 | | 6083.01 | |
| Less: Provision / Stock Adjustment | <u>2962.99</u> | 2984.77 | <u>2925.45</u> | 3157.56 |
| Stores, Spares & Components including Construction Materials | 1286.26 | | 1275.16 | |
| Less: Provision / Stock Adjustment | <u>295.02</u> | 991.24 | <u>236.13</u> | 1039.03 |
| Goods-in-Transit/ Under inspection | 233.33 | | 363.96 | |
| Less: Provision | <u>232.03</u> | 1.30 | <u>232.03</u> | 131.93 |
| Loose Tools, Drawing Instruments etc. | 801.23 | | 1267.94 | |
| Less: Provision | <u>52.43</u> | 748.80 | <u>55.36</u> | 1212.58 |
| Stock of Finished Products | 702.77 | | 761.90 | |
| Less: Provision | <u>89.11</u> | 613.66 | <u>74.07</u> | 687.83 |
| Work-In-Progress | 7869.75 | | 8297.39 | |
| Less: Provision | <u>337.64</u> | 7532.11 | <u>43.79</u> | 8253.60 |
| Work-In-Progress (Turnkey Project) | 2097.52 | | 0.00 | |
| Less: Provision | <u>0.00</u> | 2097.52 | <u>0.00</u> | 0.00 |
| Total Inventory | 18938.62 | | 18049.36 | |
| Less: Provision / Stock Adjustment | <u>3969.22</u> | <u>14969.40</u> | <u>3566.83</u> | <u>14482.53</u> |
| TOTAL | | <u>14969.40</u> | | <u>14482.53</u> |

Notes :

- 1: Finished Stock & WIP includes items worth ₹ 201.92 Lakhs (Previous Year ₹ 143.89 Lakhs) against closed, cancelled & old work orders which has been valued at scrap rates.
- 2: Non-Moving Raw Materials and Stores & Spares for more than 3 yrs are ₹ 3630.62 lakhs (Previous Year ₹ 3451.65 Lakhs). The existing provision is considered adequate.
- 3: Raw Materials & Components including scrap at shop floor ₹ 66.15 Lakh (Previous Year ₹ 76.26 Lakhs)

HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

| | As at 31.03.22 | | | As at 31.03.21 | | |
|---|--------------------------|--------------------|----------------|------------------------|--------------------|-----------------|
| NOTE NO. - 18 | TRADE RECEIVABLES | | | | | |
| Short Term Trade Receivables | Over Six Months | Other Debts | Total | Over Six Months | Other Debts | Total |
| (A) Public Sector & Govt. Deptt. | | | | | | |
| Un Secured, Considered Good | 2866.59 | 4912.80 | 7779.39 | 881.63 | 10664.70 | 11546.33 |
| Doubtful | 99.55 | 906.00 | 1005.55 | 130.14 | 1223.62 | 1353.76 |
| SUB TOTAL (A) | 2966.14 | 5818.80 | 8784.94 | 1011.77 | 11888.32 | 12900.09 |
| (B) Others | | | | | | |
| Un Secured, Considered Good | 0.00 | 14.34 | 14.34 | 0.00 | 0.00 | 0.00 |
| Doubtful | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SUB TOTAL (B) | 0.00 | 14.34 | 14.34 | 0.00 | 0.00 | 0.00 |
| TOTAL (A+B) | | | 8799.28 | | | 12900.09 |
| Less: Provision for Doubtful debts | | | 967.57 | | | 1124.28 |
| Less: Provision against LD deducted & charged | | | 37.98 | | | 229.48 |
| NET TOTAL | | | 7793.73 | | | 11546.33 |

Notes:

1: Short Term Trade Receivables also include not due ₹ 588.89 Lakh (Previous Year ₹ 189.78 L) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.

Note No. 18(a) Trade Receivables Ageing Schedule

₹ in Lakh

| Particulars | As at 31-03-22 | | | | | |
|--|--|-------------------|-----------|-----------|------------------|----------------|
| | Outstanding for the following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Year | Total |
| (i) Undisputed Trade receivables- Considered good | 7627.66 | 166.07 | 0.00 | 0.00 | 0.00 | 7793.73 |
| (ii) Undisputed Trade receivables- Considered doubtful | 897.57 | 107.98 | 0.00 | 0.00 | 0.00 | 1005.55 |
| (iii) Disputed Trade receivables- Considered good | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Disputed Trade receivables- Considered doubtful | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Note No. 18(a) Trade Receivables Ageing Schedule

| Particulars | As at 31-03-21 | | | | | |
|--|--|-------------------|-----------|-----------|------------------|-----------------|
| | Outstanding for the following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Year | Total |
| (i) Undisputed Trade receivables- Considered good | 11054.41 | 491.92 | 0.00 | 0.00 | 0.00 | 11546.33 |
| (ii) Undisputed Trade receivables- Considered doubtful | 1205.58 | 148.18 | 0.00 | 0.00 | 0.00 | 1353.76 |
| (iii) Disputed Trade receivables- Considered good | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Disputed Trade receivables- Considered doubtful | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

HEAVY ENGINEERING CORPORATION LIMITED
(NOTES FORMING PART OF BALANCE SHEET)

₹ in Lakh

As at 31.03.22

As at 31.03.21

NOTE NO. - 19**CASH & CASH EQUIVALENTS**

| | | | | |
|---|---------|----------------|--------|----------------|
| (a) Balance with Schedule Bank Current Account | 1992.02 | | 889.64 | |
| (b) Cash in hand | 1.88 | | 2.18 | |
| Less : Provision * | 0.28 | 1993.62 | 0.28 | 891.54 |
| (c) Others (Earmarked balances with Banks) Short Term Deposit with Schedule Bank ** | | 3472.56 | | 4533.96 |
| TOTAL | | 5466.18 | | 5425.50 |

* Mutilated notes and coins not in circulation

** (It includes unutilised Govt. Grant and interest accrued kept aside for payment of Capital Gain Tax Rs. 3057.74 Lakhs)

NOTE NO. - 20**SHORT TERM LOANS & ADVANCES**

| | | | | |
|---|--|--------------------------------------|--|--------------------------------------|
| (a) Loans and Advances Un Secured, Considered Good | | 51.81 | | 251.05 |
| (b) Deposits with Private Parties Government Authorities | | 4.89 587.89 | | 4.59 711.18 |
| (c) Security Deposit Unsecured Considered Good | | 814.24 82.15 | | 890.91 82.07 |
| (d) Others Advance to Employees Prepaid Expenses Claims Receivable Income Tax deducted at source | | 62.27 173.63 5352.22 918.59 | | 50.09 156.18 3978.17 975.67 |
| SUB TOTAL | | 8047.69 | | 7099.91 |
| Less: Provision for bad & doubtful Advances | | 61.93 | | 9.23 |
| TOTAL | | 7985.76 | | 7090.68 |

*It includes unutilised GST of ₹ 5080.33 Lakhs

Particulars of Short Term Loans & Advances

| | | | | |
|----------------------------|--|----------------|--|----------------|
| Secured, Considered Good | | 7851.80 | | 6757.56 |
| Unsecured, Considered Good | | 133.96 | | 333.12 |
| Doubtful | | 61.93 | | 9.23 |
| Total | | 8047.69 | | 7099.91 |

NOTE NO. - 21**OTHER CURRENT ASSETS****Rent and Other Receivables**

| | | | | |
|---|---------|----------------|---------|----------------|
| (A) Receivable from Govt. Dept. Sale of Land (GOJ) | | 1262.32 | | 1262.32 |
| (B) House Rent, Water & Electricity | | | | |
| a) Public Sector & Govt. Dept. | | | | |
| (i) Secured Considered Good | 1560.73 | | 2518.73 | |
| (ii) Doubtful | 2039.62 | 3600.35 | 919.97 | 3438.70 |
| b) Private Party | | | | |
| (i) Unsecured, Considered Good | 210.13 | | 523.58 | |
| (ii) Doubtful | 724.50 | 934.63 | 386.70 | 910.28 |
| Total (A + B) | | 5797.30 | | 5611.30 |
| Less: Provision for Doubtful Receivables | | 2764.12 | | 1306.67 |
| Net Amount | | 3033.18 | | 4304.63 |



Heavy Engineering Corporation Limited
(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

| | 2021-22 | 2020-21 |
|---|---|------------------|
| NOTE NO. - 22 | REVENUE FROM OPERATION | |
| Sales & Services | | |
| Sale of Products | 17826.65 | 19756.87 |
| Sale of Services | 642.20 | 519.40 |
| | 18468.85 | 20276.27 |
| Other Operating Revenue | | |
| Job Done for Internal Use | 304.05 | 1065.61 |
| Add : Inter Plant Transfers | 0.00 | 0.00 |
| | 304.05 | 1065.61 |
| TOTAL | 18772.90 | 21341.88 |
| NOTE NO. - 23 | OTHER INCOME | |
| Interest | 44.05 | 261.74 |
| Rent | 1468.75 | 1559.40 |
| Sale of Stores | 99.05 | 294.87 |
| Miscellaneous Income | 340.89 | 116.65 |
| Receipt from HTI | 21.16 | 29.91 |
| Excess provision written back* | 7287.95 | 898.66 |
| Water & Electricity Charges | 312.46 | 297.94 |
| TOTAL | 9574.31 | 3459.17 |
| * It include mainly withdraw of Provision NCL ₹ 5487.80 Lakhs & NINL ₹ 1253 lakhs | | |
| NOTE NO. - 24 | COST OF MATERIALS CONSUMED | |
| Consumption of Raw materials & Components | 2182.08 | 6625.85 |
| Less: Interplant Transfer | 242.29 | 1388.14 |
| | 1939.79 | 5237.71 |
| Consumption of Stores & Spares | 5540.17 | 5192.79 |
| Less: Interplant Transfer | 68.99 | 81.76 |
| | 5471.18 | 5111.03 |
| TOTAL | 7410.97 | 10348.74 |
| NOTE NO. - 25 | CHANGES IN INVENTORIES OF FG & WIP | |
| Decretion/(Accretion) to value of FG & WIP | | |
| Work-In-Progress | | |
| Opening Stock | 8297.38 | 4336.17 |
| Closing Stock | 9967.27 | 8297.38 |
| | (1669.89) | (3961.21) |
| Finished Stock | | |
| Opening Stock | 761.90 | 821.99 |
| Closing Stock | 702.77 | 761.90 |
| | 59.13 | 60.09 |
| Total | (1610.76) | (3901.12) |

Heavy Engineering Corporation Limited
(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

| | 2021-22 | 2020-21 |
|--|---|-----------------|
| NOTE NO. - 26 | EMPLOYEES BENEFIT EXPENSES | |
| Salaries, Wages & Bonus | 9123.21 | 9023.58 |
| Corporation Contribution to Provident Fund and Employee's Pension Fund | 1021.55 | 997.56 |
| Workmen and Staff Welfare Expenses | 718.49 | 691.15 |
| Leave Encashment | 852.33 | 910.84 |
| Gratuity * | 958.06 | 684.27 |
| | SUB TOTAL | 12307.40 |
| | 12673.64 | 12307.40 |
| Less: Transferred to Research & Development Exp. | 70.95 | 65.27 |
| | TOTAL | 12242.13 |
| | 12602.69 | 12242.13 |
| * It includes interest on Gratuity overdues ₹ 206.82 Lakhs (Previous Year ₹ 59.75 Lakhs) | | |
| NOTE NO. - 27 | FINANCE COST | |
| Interest on Bank Borrowings | 2020.15 | 1672.90 |
| Interest on Govt. loan | 1076.57 | 1076.57 |
| | TOTAL | 2749.47 |
| | 3096.72 | 2749.47 |
| NOTE NO. - 28 | DEPRECIATION & AMORTIZATION EXPENSES | |
| Depreciation as per Note No.-11 (Property, Plant and Equipment) | 595.42 | 606.10 |
| Depredation as per Note No.-11 (Intangible Asset) | 1.04 | 0.00 |
| Depletion Expenses | | |
| Impairment Loss as per Note No.-11 | (0.03) | 0.00 |
| | TOTAL | 606.10 |
| | 596.43 | 606.10 |
| NOTE NO. - 29 | RESEARCH & DEVELOPMENT EXPENSES | |
| Research & Development Expenses | | |
| Salary & Allowances | 70.95 | 65.27 |
| | TOTAL | 65.27 |
| | 70.95 | 65.27 |



Heavy Engineering Corporation Limited

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

| | 2021-22 | 2020-21 |
|--|-----------------|-----------------|
| NOTE NO. - 30 | | |
| (I) Manufacturing Service Cost | | |
| Water, Power & Fuel | 3452.15 | 4120.68 |
| Repairs & Maintenance | | |
| Plant & Machinery | 96.75 | 227.93 |
| Buildings | 9.94 | 39.49 |
| Others | 60.31 | 133.48 |
| Insurance | 127.86 | 140.05 |
| SUB TOTAL (I) | 3747.01 | 4661.63 |
| (II) Manufacturing & Other Operating Expenses | | |
| Machining & Assembly charges | 140.96 | 236.85 |
| Loose Tools Charged off | 778.08 | 924.28 |
| Job Done by outside Agencies | 4262.52 | 4146.96 |
| Turnkey Project Expenses | 4104.56 | 2965.27 |
| Other Charges For Production | 436.09 | 1140.45 |
| Less: Interplant Transfer (Services) | 141.41 | 72.58 |
| SUB TOTAL (II) | 9580.80 | 9341.23 |
| (III) Administration, Selling & Distribution Expenses | | |
| Rent | 29.58 | 37.59 |
| Electricity & Drinking Water Expenses | 1253.23 | 939.69 |
| Safety & Security Expenses | 2506.89 | 2687.68 |
| Interest on CISF DUES | 1011.30 | 706.11 |
| Travelling & Conveyance Expenses | 68.09 | 57.17 |
| Bank Charges | 383.35 | 1023.38 |
| Telephone & Postage Expenses | 24.60 | 27.39 |
| Printing & Stationery Expenses | 18.67 | 25.49 |
| Miscellaneous Expenses | 261.63 | 222.41 |
| Interest on Delay Payment (CPF) | 455.83 | 266.24 |
| Motor Vehicle Running Expenses | 156.78 | 157.77 |
| Consultancy and Legal Expenses | 67.35 | 91.64 |
| Municipal Tax/Charges | 33.30 | 39.67 |
| LD Deducted and Charged* | 5340.22 | 413.41 |
| Selling & Distribution Expenses | 67.44 | 144.48 |
| Auditor's Remuneration | | |
| Statutory Audit Fees | 2.25 | 2.25 |
| Tax Audit Fees | 0.38 | 0.38 |
| Internal Audit Fees | 1.00 | 1.27 |
| Reimbursement Expenses | 0.15 | 0.15 |
| Training Expenses | 4.14 | 1.82 |
| SUB TOTAL (III) | 11686.18 | 6845.99 |
| (IV) Other Provisions / Expenses Written Off | | |
| Provision for Bad & Doubtful Debts | 5937.28 | 3047.24 |
| Provision for Bad & Doubtful Advances | 10.76 | 1.01 |
| Provision for Warranty Expenses | 92.35 | 87.03 |
| Provision for Advances | 0.51 | 0.00 |
| Provision for Foreign Exchange difference | 33.37 | (37.54) |
| Provision for inventory / stock adjustment | 357.80 | 287.12 |
| Provision for CWIP | 210.93 | 1145.65 |
| Miscellaneous Provisions | 122.17 | 38.58 |
| Miscellaneous Losses Written Off | 0.45 | 0.00 |
| SUB TOTAL (IV) | 6765.62 | 4569.09 |
| GRAND TOTAL (I+II+III+IV) | 31779.61 | 25417.94 |

* It include mainly NCL ₹ 4877.31 Lakhs IISCO ₹ 360.64 Lakhs

*It include mainly provision of PHED ₹1315. 96 Lakhs, BSP (Pkg. 062) ₹ 2224.85 Lakhs & NCL ₹ 1361.31 Lakhs

Heavy Engineering Corporation Limited
(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

| | 2021-22 | 2020-21 |
|--------------------------------------|--------------------------------|-----------------------|
| NOTE NO. - 31 | PRIOR PERIOD ADJUSTMENT | |
| Income | | |
| Sales (including services) | 26.16 | 0.00 |
| Inter Plant Transfers | (2.75) | 0.00 |
| Previous year expenses written back | 0.00 | 64.62 |
| Misc Income | <u>(14.36)</u> | <u>0.00</u> |
| | 9.05 | 64.62 |
| Less : Expenses | | |
| Raw Materials Consumed | 0.00 | (5.40) |
| CISF Expenditure | 18.39 | 0.00 |
| Depreciation | (1.55) | (245.07) |
| Prior Period Municipal Tax | 0.00 | 89.98 |
| Misc. expenses(net) | 0.00 | (27.00) |
| | <u>16.84</u> | <u>(187.49)</u> |
| Prior Period Adjustment (Net) | <u>(7.79)</u> | <u>252.11</u> |
| NOTE NO. - 32 | EXTRAORDINARY ITEMS | |
| Income | | |
| Grant from Government of Jharkhand | 0.00 | 4897.47 |
| Net | <u>0.00</u> | <u>4897.47</u> |

NOTE NO 33 – “OTHER NOTES TO FINANCIAL STATEMENT”

33.1 Contingent Liabilities and commitments (To the extent not provided):

₹ in Lakh

| SI No | Particulars | 2021-22 | 2020-21 |
|-------|--|----------------|----------------|
| 1 | (a) Estimated amount of contracts, remaining to be executed on capital account and not provided for | 12186.14 | 5387.47 |
| | (b) Estimated amount of contracts, remaining to be executed on revenue account and not provided for | 43592.92 | 1826.44 |
| 2 | Unexpired Letter of Credit | 1425.58 | 571.89 |
| 3 | Unexpired Bank Guarantee | 14100.21 | 17229.71 |
| 4 | Holding Tax | 1686.77 | 1233.43 |
| 5 | Water Dues | 2223.92 | 989.82 |
| 6 | Damages towards PF dues | | |
| | (a) The prayer of HEC Limited to the chairman of central board of Trustees. Employees Provident Fund Organization, for waiver of damages amounting to ₹ 9501.54 Lakh for the period from 03/76 to 09/99 levied by Regional Provident commissioner, Ranchi, has been rejected vide letter dated 12.11.2010. Company has again filed Civil Miscellaneous Petition (CMP) in company Petitions CMP 476 of 2010 before Hon'able High Court of Jharkhand. Hon'able High Court of Jharkhand by order dt 14.10.2019 dismissed the petition no CMP 476 of 2010. Office of EPFO vide letter No. JH/RO/RNC/Recovery/1465/2019/ dt 23.12.2019 attached the bank account of HEC Ltd. A WP(C) No 62 of 2020 has been filed on 09.01.2020 before the Hon'able High Court against the orders of recovery officer, EPFO bearing no JH/RO/RNC/RECOVERY /1465/2019/1397/34379 & JH/RO/RNC/RECOVERY /1465/2019/1398/34380 dt 23.12.2019 issued to State Bank of India and Canara Bank. Hon'able High Court of Jharkhand in order dt 18.01.2020 has directed to stay the prohibitory/attachment order dt 23.12.2019 against the petitioner M/s HEC Ltd till the next fixed. | 9501.54 | 9501.54 |
| | (b) Vide letter no. JH/RO/RNC/PD/2022/JHRAN0001465000/2832/7214 dt 04.05.2022, a demand of penalty amounting to Rs. 47338906/levied by EPFO, Ranchi on CPF Trust for delayed payment of CPF dues for the period 12/95 to 01/25010 u/s 14-B. Also vide letter no. JH/RO/RNC/PD/2022/JHRAN0001465000/2833/721 5 dt 04.05.2022, a demand of interest amounting to Rs 15622991/has been issued by EPFO/Ranchi on CPF Trust. This interest amount has been paid on 13.05.2022. | 473.39 | 629.62 |
| 7 | Legal Cases :- claim lodged against HEC not acknowledged as Debt. | | |
| | Cases | 2021-22 | 2020-21 |
| | (A) Enhance Land acquisition compensation case 15/98 | 0.00 | 1108.45 |
| | 157.42 acres of land belonging to Ranchi Gaushala was acquired by the then Govt. of Bihar in the year fifties @ compensation of ₹ 3500/- per acre for public purpose for establishment of HEC and its ancillary and allied purposes. Compensation paid and possession was handed over to HEC. Later on in 1971 being LA Case No. 22/1971 was filed by the Ranchi Gaushala for enhancement for compensation which was enhanced by judgement dated 12.01.1998 and award dated 19.01.1998. The LD court published the award enhancing compensation @ ₹ 20000/- per acre in addition to priltium @ 30% and interest @ 9% p.a. for one year (17.10.1958 to 16.10.1959) and 15% p.a. from 17.10.1959 till realization of amount. Thus after adjustment of compensation of ₹4.68 Lakh already paid, the amount of compensation to be paid to Ranchi Gaushala arrived at ₹ 247.22 Lakh as on 31.12.1997 inclusive of priltium and Interest. Being aggrieved by the award, M/s HEC Ltd. filed an appeal in the Hon'able High Court being FA No. 43/98 for setting aside the award and Ranchi Gaushala has filed case no. Ex. 15/1998 for implementation of the award in the Civil Court, Ranchi. Court of Sri Krishan Kant Mishra, Civil Judge cum L.A. Judge, Ranchi dismissed the case for Non prosecution dated 17.11.2021 (F.Y. 2021-22). | | |

| | (B) Arbitration: Rama Ferro Alloys and Finance Private Ltd. S. Banerjee Others (No. of cases – 5) | 852.35 246.64 55.57 1154.56 | 707.19 246.64 55.57 1009.40 | 25372.76 | 23996.35 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------|---|---|---|------------------|-----------------|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|--------|--------|---------|-------|--------|--------|---------|--------|-------|--------|---------|--------|-------|--------|---------|--------|-------|--------|---------|-------|---------|---------|---------|-------|-------|--------|--------------|----------------|----------------|----------------|--|--|---------|---------|
| | (C) MSMED (No. of cases- 18) | 1831.41 | 1297.73 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (D) Other Legal cases Rampur Engineering Co Ltd. Adarsh Co-operative Others (No. of cases-19) | 18447.12 1271.81 2667.86 22386.79 | 16945.40 1271.81 2363.56 20580.77 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Commercial Taxes (VAT & CST): Demand as per Assessment Order, Appeal pending at Commissioner, Ranchi. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Year</th> <th>VAT Amount</th> <th>CST Amount</th> <th>Total Amount</th> </tr> </thead> <tbody> <tr> <td>2008-09</td> <td>10.78</td> <td>10.35</td> <td>21.13</td> </tr> <tr> <td>2009-10</td> <td>19.63</td> <td>57.76</td> <td>77.39</td> </tr> <tr> <td>2010-11</td> <td>92.41</td> <td>137.18</td> <td>229.59</td> </tr> <tr> <td>2011-12</td> <td>79.18</td> <td>794.55</td> <td>873.73</td> </tr> <tr> <td>2013-14</td> <td>397.75</td> <td>16.02</td> <td>413.77</td> </tr> <tr> <td>2014-15</td> <td>904.90</td> <td>19.75</td> <td>924.65</td> </tr> <tr> <td>2015-16</td> <td>124.91</td> <td>57.88</td> <td>182.79</td> </tr> <tr> <td>2016-17</td> <td>25.80</td> <td>1806.23</td> <td>1832.03</td> </tr> <tr> <td>2017-18</td> <td>18.87</td> <td>97.30</td> <td>116.17</td> </tr> <tr> <td>Total</td> <td>1674.23</td> <td>2997.02</td> <td>4671.25</td> </tr> </tbody> </table> | Year | VAT Amount | CST Amount | Total Amount | 2008-09 | 10.78 | 10.35 | 21.13 | 2009-10 | 19.63 | 57.76 | 77.39 | 2010-11 | 92.41 | 137.18 | 229.59 | 2011-12 | 79.18 | 794.55 | 873.73 | 2013-14 | 397.75 | 16.02 | 413.77 | 2014-15 | 904.90 | 19.75 | 924.65 | 2015-16 | 124.91 | 57.88 | 182.79 | 2016-17 | 25.80 | 1806.23 | 1832.03 | 2017-18 | 18.87 | 97.30 | 116.17 | Total | 1674.23 | 2997.02 | 4671.25 | | | 4671.25 | 4715.83 |
| Year | VAT Amount | CST Amount | Total Amount | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2008-09 | 10.78 | 10.35 | 21.13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2009-10 | 19.63 | 57.76 | 77.39 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2010-11 | 92.41 | 137.18 | 229.59 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2011-12 | 79.18 | 794.55 | 873.73 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2013-14 | 397.75 | 16.02 | 413.77 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2014-15 | 904.90 | 19.75 | 924.65 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015-16 | 124.91 | 57.88 | 182.79 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2016-17 | 25.80 | 1806.23 | 1832.03 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017-18 | 18.87 | 97.30 | 116.17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1674.23 | 2997.02 | 4671.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Service Tax: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1. Demand of service Tax for NCL Nigahi (Project Division) for the period October 2006 to March 2007 (Order No. 43/ST/Commr./2013 dt.28.03.2013, Appeal pending at CESTAT, Kolkata | 1452.21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2. Demand of service Tax for NCL Nigahi (Project Division) for the period October 2007 to March 2010 (Order No. 59/ST/Commr./2016 dt.13.04.2016) Appeal pending at CESTAT, Kolkata | 1697.40 | | 3370.66 | 2372.08 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3. Demand of service Tax on value of service portion of a contract for supply of Shovel.(Order No.V(65)34/HEC/Adjn/Ran-1/2015/8304 dt 23.09.2015). Appeal pending at Comm Appeal, Ranchi | 221.05 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Excise Duty: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1. Demand of Excise Duty for Non Reversal of Cenvat Credit availed by us on inputs and capital goods for which certain provision has been made in our Financial statement for the period 2010-11 to 2014-15. (Order No. 05/Central Excise/Commr/2017 dt 24.03.2017). Appeal pending at CESTAT, Kolkata | 4059.82 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2. Demand of Excise Duty for Non Reversal of Cenvat Credit availed by us on Inputs and capita! goods for which certain provision has been made in our Financial statement for the period 2015-16 to 2016-17 . (Order No. 21/Central Excise/pr. Commr/2020 dt 31.07.2020). Appeal pending at CESTAT, Kolkata. | 1332.79 | | 5392.61 | 4758.26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Total | | | 123997.75 | 73212.44 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

33.2 Revival Packages

- (i) The accounts of the company have been prepared based on “going concern – basis”. Due to prolonged suffering of losses coupled with huge negative net worth, the company was declared sick and was referred to BIFR on 24.2.1992. BIFR sanctioned a rehabilitation package on 26.8.96 and the same was approved by Govt. of India on 7.2.1997. Subsequently BIFR declared that the scheme had failed and ordered for winding up of the company on 6.7.2004.
- (ii) Against the aforesaid winding up order, the company filed a writ petition No. 4513/04 on 18.8.04 before the Hon’ble High Court of Jharkhand for quashing/staying the winding up order. Hon’ble High Court of Jharkhand gave opportunity to Govt. of India, Govt. of Jharkhand and HEC to submit proposals for revival of HEC through affidavits before the Hon’ble Court. Thereafter a number of hearings were held between 9.9.2004 to 13.11.2009 and ultimately Hon’ble High Court of Jharkhand vide order dated 13.11.2009 gave direction to the Govt. of India, Govt. of Jharkhand and the HEC Ltd. and other concerned parties to act in terms of Revival package approved by Hon’ble Court and dropped the winding up proceeding being CP No. 5 of 2004 with WP(c) No. 4513 of 2004 with hope and wish that past will not be repeated and HEC, the Nations pride and mother of Industries would fulfill its object of serving the nation.

During the pendency of this proceeding before Hon’ble High Court of Jharkhand the following Revival Packages had been approved by Govt. of India and Govt. of Jharkhand. The details of such proposals and present status of implementation are as follows:-

A. Status of Revival package approved by Govt. of India

(Recommended by BRPSE on 7.10.2005 and approved by Govt. of India on 15.12.2005)

| Assistance approved by Govt. of India | Status of Implementation |
|---|--|
| a) Conversion of plan loan of ₹1527.49 Lakh as on 31.3.2005 in to equity. | Implemented in March, 2006 |
| b) Waiver of non-plan loan and interest on plan and non-plan loan as on 31.3.2005 of ₹110101.96 Lakh. | Implemented in March, 2006 |
| c) To provide ₹10200.00 Lakhs, in the form of Non Plan loan of ₹ 9203.00 Lakh, plan loan of ₹ 498.50 Lakh which will be repaid by the company in three years and also ₹ 498.50 Lakh as equity. (Sl. No. a, b, c was approved by Hon’ble High Court of Jharkhand on 13.7.2006) | Implemented in March, 2006 |
| d) To mobilize resources (approx. ₹33000.00 Lakh) by transferring residential and non-residential buildings already on rent with the state government to the Jharkhand Government, settlement of residences on long term lease with the occupant employees and ex-employees of the company, settlement of commercial and institutional areas and privatization of schools and hospital. | Company generated ₹ 8543.82 Lakh from long term lease of residential quarter |

B. Revival Scheme approved by Govt. of India in September – 2008

| | |
|--|---|
| a) Conversion of Plan Loan (₹582.50 Lakh) and Non Plan Loan (₹10221.00 Lakh) into Equity. | Implemented in March, 2009 |
| b) Conversion of outstanding interest on plan and non-plan loan received during 2005-06 & 2006-07 of ₹4480.54 Lakh up to 18.9.2008 into Equity | Implemented in March, 2009 |
| c) Enhancing the Govt. guarantee from ₹15000.00 Lakh to ₹25300.00 Lakh for meeting working capital. | Implemented in March, 2009 |
| d) To settle the liability of ₹7906.00 Lakh of CISF by transferring commensurate amount of land of the company to the CISF. | 158 acres of land has been transferred to CISF in March, 2009 for liquidation of dues of ₹ 7906.00 Lakh. In addition, Waiver of the interest and penal interest on CISF dues amounting to ₹3790.62 Lakh and freezing of interest and penal interest amount after 31-7-2008 was approved by Govt. of India in Sept-08 and implemented. |

| C. Status of Revival Package : Agreed to amongst DHI, GOI, Govt. of Jharkhand and HEC Ltd. | | | | | |
|--|--|--|---|---|--|
| Revival Package approved by | | | | | |
| | Cabinet committee of economic affairs | As per Affidavit filed by Govt. of Jharkhand and approval of Hon'ble High Court of Jharkhand. | Amount to be Waived / Adjusted / Received | Amount Waived / Adjusted / Received | Balance Amount to be Waived / Adjusted / Received |
| 1 | Not specifically mentioned as to the waiver of electricity dues. But Jharkhand Govt's proposal for waiver of ₹50000.00 lakh against electricity dues was approved. | Waiver of electricity dues of ₹30637.42 lakh and delayed payment surcharge up to the date of Final settlement by JSEB after approval of Hon'ble High Court of Jharkhand. | ₹96984.68 lakh total amount to be waived / Adjusted. | Waived ₹85342.46 lakh (Electricity dues of ₹30637.42 lakh and DPS of ₹54705.04 lakh up to 31.08.2008) | ₹11642.22 lakh against DPS from 01.09.2008 to 31.03.2010 yet to be waived. |
| 2 | Waiver of PHED dues of ₹3103.00 lakh | Waiver of PHED dues ₹3264.80 lakh as on 31.03.2007. | ₹3264.80 lakh (Waiver) | ₹3264.80 lakh (Waived) | NIL |
| 3 | Waiver of Sales Tax dues of ₹2551.00 lakh | The GOJ agreed that payment of ₹2551.00 lakh by HEC will be treated as full and final settlement of all commercial Tax liability up to 31.03.2007 including penalty / penal interest for delayed payment etc. to which the assessment of CT liability pertains to. Any liability separate from it and discovered subsequently will be treated as per relevant law/ guidelines. | 1) ₹2551.00 lakh to be paid by GOJ | 1) ₹2551.00 lakh received. | 1) NIL |
| | | | 2) The company is to deposit ₹2551.00 lakh with GOJ | 2) ₹2551.00 lakh deposited by HEC towards Commercial Taxes. | 2) NIL |
| | | | 3) Order of waiver all Commercial tax liability up to 31.03.2007 is to be issued by GOJ. | 3) Order not issued | 3) Order for waiver of all dues up to 31.03.07 by Govt. of Jharkhand is still awaited. |
| 4 | To authorize HEC to receive ₹25000.00 lakh from Govt. of Jharkhand with no future commitment for transfer of any more land or building. | Grant of ₹27551.00 lakh including ₹2551.00 lakh mentioned in Sl.No. '3' above. | ₹27551.00 lakh | Received ₹ 20021.00 Lakh. Adjusted ₹ 2633.00 Lakh against PMAY-U. Received ₹ 4897.47 Lakh (₹ 1439.80 Lakh on 25.06.2020, ₹ 3457.20 Lakh on 05.11.2020 & 0.47 Lakh on 11.01.2021). | NIL |
| 5 | To allow HEC to accept the proposal of Govt. of Jharkhand to transfer 2342 acres of land. This includes 85 acres of appurtenant land to the building. | HEC to surrender 2342 acres of land to Govt. of Jharkhand. | Possession of 2035.14 acres of land had been handed over to GOJ for which Deed of Conveyance is executed. Balance 306.86 acres of land is to be handed over after removal of encroachment. As per letter no 7- 05/02/2019-PE-5, MHI & PE DHI dt 21.10.2019 and as per the provision of the Pradhan Mantri Awas Yojana- Urban (PMAY-U), the Govt of Jharkhand will not be required to pay any money for 107.28 acres of land – out of the said 306.86 acres as the same will be utilized by the Govt for affordable housing project(s) under the PMAY-U for eligible slum dwellers. The remaining 199.58 acre will be used by the Govt of Jharkhand for urban development schemes other than PMAY – U ₹ 4897.47 Lakh has been received on account of same. . | | |

| | | | |
|---|--|--|---|
| 6 | To allow HEC to accept transfer of 17 buildings and 1155 residential quarters along with land appurtenant there to valuing ₹ 14223.00 lakh to GOJ. | HEC to surrender 17 nos. Non residential Building and 1148 residential quarters to Govt. of Jharkhand. | 17 Nos. of Non Residential Buildings, 1148 Nos. of Residential Buildings and 85.11 acres of appurtenant land were already under possession of GOJ on rent up to 31.03.2009 and had been handed over to Government of Jharkhand. Registration of Buildings are yet to be executed. |
|---|--|--|---|

33.3 The Government of India has approved monetization and transfer of 675.43 Acres unused land of the Company to Government of Jharkhand at the consideration of ₹74298.00 Lakh on 12.04.2017. Out of 675.43 Acres, 508.44 Acres of land is transferred to Government of Jharkhand vide Deed of Conveyance dated 23.05.2018 for ₹ 55928.40 Lakh and 147.86 Acres of land vide Deed of Conveyance dated 17.01.2019 for ₹16264.60 Lakh. Out of ₹ 72193.00 Lakh, ₹ 70930.67 Lakh received till 31.03.2021 and balance amount of ₹ 1262.33 Lakh shown as receivable from Government of Jharkhand in Note – 21.

The amount received has been utilized to liquidate the old liability. DHI has permitted to utilize the balance of amount received from GOJ towards working capital. Till date balance 19.13 acre is to be transferred to Govt of Jharkhand.

Govt. of India has granted the permission for utilization of unspent grant sanctioned earlier to meet the capital gain tax liability arising due to transfer of land to Govt. of Jharkhand.

33.4 A Grant-in-aid of ₹ 500.00 Lakh (Previous year ₹ 500.00 Lakh) received till 31.03.2022 from DHI for the project on development of 5 Cubic Meter Hydraulic Excavator - HEX- 400 and incurred ₹ 573.06 Lakh till 31.03.2022. The incurred amount is shown as WIP and the Grant is shown as current liability under Note - 9 and to be adjusted after completion of the Project. DHI approved the scheme on enhancement of competitiveness in the Indian Capital.

33.5 Goods Sector for setting up of common Engineering Facility Centre, a training institute in HEC Ltd Ranchi at a cost of ₹ 5000.00 Lakh. Out of ₹ 5000.00 Lakh, Govt grant will be limited to ₹ 3000.00 Lakh and HEC contribution will be ₹2000.00 Lakh.

A MOU was signed between CEFC Pratham Foundation and DHI in December 2016 for setting up of Common Engineering Facility Centre to provide training, skill development, consultation etc. in the area of electro slag re-melting, steel making, welding, nondestructive training, manufacture of gears.

An agreement between the HEC and CEFC Pratham Foundation was signed on 24.12.2016 HEC as a supervising company and CEFC Pratham Foundation as an implementing company.

Up to 11.01.2019 Govt has given total grant of ₹ 1545 Lakh to CEFC Pratham Foundation under the scheme and the HEC contributed ₹ 607.89 Lakh (F.Y.2016-17 ₹ 111.75 Lakh, F.Y.2017-18 ₹ 128.14 Lakh, F.Y. 2018-19 ₹ 368.00 Lakh) and shown as expenditure in the HEC account.

Further vide Letter no. F.No. 12/26/2015-HE & MT dt. 11.01.2019, it has been decided by OHi that necessary action is to be taken for the winding up the CEFC Pratham Foundation after transferring the available funds and other assets and liabilities to HEC. Action for transferring the assets and liabilities after completion of audit by CEFC Pratham Foundation to HEC is in progress, hence its assets and liabilities are not reflected in the accounts. On 01.03.2019 (F.Y. 2018-19), ₹ 130.00 Lakh received as Grant from DHI in HEC-CEFC Escrow Account and on 31.03.2019 (F.Y. 2018-19), HEC contributed ₹ 130.00 Lakh in HEC-CEFC Escrow Account.

Details of DHI Grant :

| | |
|--|--------------------|
| CEFC Pratham Foundation upto 11.01.2019 | ₹ 1545 Lakh |
| HEC- CEFC Escrow Account, SBI SME Ranchi on 01.03.2019 | ₹ 130 Lakh |
| Total Grant up to 31.03.2022 | <u>₹ 1675 Lakh</u> |

HEC CEFC Escrow Account, SBI SME Ranchi :

| | |
|---|-----------------------|
| Received from CEFC Pratham (F.Y. 2019-20) | ₹ 190 Lakh |
| Grant from DHI (F.Y. 2018-19) | ₹ 130 Lakh |
| HEC contribution (F.Y. 2018-19) | ₹ 130 Lakh |
| Others | ₹ 0.38 Lakh |
| Total | <u>₹ 450 .38 Lakh</u> |

In F.Y. 2021-22, an amount of Rs. 179.00 Lakh pertaining to HEC portion is taken back to HEC account since the same was lying unused and considered as Other Income in F.Y. 2021-22.

Amount lying in the HEC-CEFC ESCROW account as on 31.03.2022 amounting to ₹ 272.63 Lakh is accounted as a liability in note no 9 "other liabilities".

- 33.6 Govt. of India has granted a Non-Plan loan of ₹ 4789.00 Lakh to discharge gratuity liability in the financial year 2014-15 and repayable in five yearly installment beginning from 2015-16. Due to financial crisis, the company is not able to pay any installment and interest due in time. A sum of ₹ 11754.91 Lakh including interest / penal interest is outstanding as on 31.03.2022.
- 33.7 Out of ₹ 16357.06 Lakh received against long term lease from 1995-96 onwards, a sum of ₹ 574.33 lakh (Previous Year ₹ 574.33 Lakh) is amortized and considered as income during this year in proportion to the period of lease and adjust with Capital Reserve Note-3.
- 33.8 Inter plant transfer of ₹ 452.69 Lakh (previous year ₹1542.48 Lakh) has been excluded from total Revenue from operation of the Company.
- 33.9 The Sales effected on or before 31.03.2022 and received at Customer premises latest by 26.04.2022 has been considered as revenue from operation.
- 33.10 In absence of any instructions pertaining to Pay Revision w.e.f 01.01.2017 from DHI, no provision has been made in the accounts.
- 33.11 Due to financial crisis, company is not in position to disburse the gratuity liability amounting to ₹ 3489.08 Lakh on scheduled time and provision for interest amounting ₹ 671.23 Lakh on delay has been made on the unpaid amount of gratuity as on 31.03.2022.
- 33.12 (a) Revenue from operation includes ₹ 7965.57 Lakh in respect of turnkey contract executed by Project Division (previous year ₹ 9550.56 Lakh) valued on the basis of approved billing schedule and payment terms of the contract to the extent of works completed, inspected, dispatched / on delivery to the carrier and billed.

The disclosures relating to Construction Contracts entered on or after 01.04.2003 as per the requirement of Accounting Standard AS-7(Revised) are as follows:

₹ in Lakh

| | 2021-22 | 2020-21 |
|--|-----------|-----------|
| Contract revenue recognized during the year | 7965.57 | 9550.56 |
| In respect of Contract in progress as on 31.03.2022 : | | |
| - Cost incurred and recognized profits (less recognized losses) | 133791.89 | 147895.24 |
| - Amount of advance received | 125677.65 | 135327.54 |
| - Amount of retentions (deferred debts) | 0.00 | 0.00 |
| In respect of dues from customers after appropriate netting off : | | |
| - Gross amount due from customers for the contract work as an asset | 8114.24 | 12567.70 |
| - Gross amount due to customers for the contract work as a liability | 510.33 | 10.33 |
| - Contingencies | NIL | NIL |

- (b) The estimates of total costs and total revenue in respect of Construction Contracts entered on or after 1st April 2003 in accordance with Accounting Standard (AS) - 7(Revised) Construction Contracts are reviewed and up dated periodically during the year by the management and necessary adjustments are made in the current year's account.
- (c) In case of Project Division, the provision of warranty expenses @ 0.5% is made on sales every year and kept in provision till Final acceptance certificate (FAC). The same will be written back as Income after Final Acceptance Certificate from customer.
- (d) With reference to AS-7 and HEC Significant Accounting Policy Note No. S(iii), WIP/FG for the Project Division has been valued to recognize revenue properly against the cost already incurred considering the certainty of revenue of the Project. The value of WIP/FG is Rs. 2097.52 Lakh as on 31.03.2022. Considering the same procedure for the previous year, the value of WIP/FG as on 31.03.2021 would be Rs. 1772.64 Lakh instead of NIL shown in previous year's account. Hence the impact comes to Rs. 324.88 Lakh during the year.

- 33.13 Despite issuance of letter to Major Clients for confirmation of balances with Sundry Debtors, no confirmation from clients has been received till date. Regarding Loans & Advances, Deposits, Sundry Creditors etc., confirmation could not be obtained from the respective parties.
- 33.14 Interest on overdue amount relating to Micro and Small Enterprises has not been provided and the same has also been shown given below.

| Micro, Small & Medium Development Act,2006 | | |
|---|-----------|---------|
| | ₹ in Lakh | |
| | 2021-22 | 2020-21 |
| Delayed payments due as at the end of each accounting year on account of | | |
| Principle | 2368.09 | 666.78 |
| Interest | 3514.50 | 2280.11 |
| Total Interest Paid on all delayed payments during the year under the provisions of the Act | Nil | Nil |
| Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act | Nil | Nil |
| Interest accrued but not due (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date. | Nil | Nil |
| Total Interest due but not paid-(Represent all interest amounts remaining due together with that from prior year(s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for Income Tax purpose) | Nil | Nil |

- 33.15 As a measure of prudence, the deferred tax assets (Net) in terms of AS-22 issued by the Institute of Chartered Accountants of India (ICAI) have not been recognized in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realized.

33.16 PARTICULARS OF PROVISIONS:

| ₹ in Lakh | | | | | | |
|-----------|--|----------------------------------|---------------------------------------|--|---|----------------------------------|
| SI No | PARTICULARS | Opening balance as on 01.04.2021 | Add: Provision made during the period | Less: Provision utilized during the Period | Less: Unused provision reversed during the period | Closing Balance as on 31.03.2022 |
| 1 | Provision for Bonus | 131.17 | 110.90 | 131.17 | 0.00 | 110.90 |
| 2 | Provision for Bad & Doubtful Debts | 22585.77 | 4783.83 | 7317.62 | 75.78 | 19976.20 |
| 3 | Provision for Liquidated Damages recovered by Clients | 7022.31 | 5340.22 | 0.00 | 0.03 | 12362.53 |
| 4 | Provision for Claims Recoverable | 4665.89 | 0.00 | 0.00 | 0.00 | 4665.89 |
| 5 | Provision for Doubtful Deposits with Others | 232.21 | 9.60 | 4.28 | 0.00 | 237.53 |
| 6 | Provision for Doubtful Advances to Suppliers/Sub-Contractors | 578.11 | 52.91 | 133.21 | 0.00 | 497.81 |
| 7 | Provision for Inventory | 3566.83 | 562.47 | 39.64 | 120.44 | 3969.22 |
| 8 | Provision for gratuity | 6631.81 | 36.27 | 0.00 | 92.86 | 6575.22 |
| 9 | Provision for leave encashment | 3616.06 | 64.97 | 0.00 | 0.00 | 3681.03 |
| 10 | Provision for RTA | 57.93 | 1.95 | 0.00 | 0.00 | 59.88 |
| 11 | Provision for LTC/LTA | 171.93 | 15.73 | 0.00 | 0.00 | 187.66 |
| 12 | Provision for Revision of pay Scale | 124.36 | 0.00 | 0.47 | 0.00 | 123.89 |
| 13 | Provision for Warranty Expenses | 319.07 | 92.35 | 0.00 | 53.63 | 357.79 |

- 33.17 Nickel weighing 937.50 Kg and Ferroalloy weighing 491.00 Kg have been found missing from Main Store/FFP between 29.09.2020 to 12.10.2020 FIR was lodged on 16.10.2020. A sum of Rs. 15.18 Lakh has been provided against inventory during the year 2020-21 insurance claim has also been lodged on 13.10.2020 for ₹15.18 Lakh.
- 33.18 Non-Ferrous Casting items has been found missing from Container & Store/010 Shop/HMBP on 29.05.2021 amounting Rs. 42.00 Lakh. FIR was lodged on 09.06.2021 vide case no 102/21.

33.19 The Company accounted for the liability towards Employee Benefits under Accounting Standard-15 (Revised 2005) as amended by the Companies (Accounting Standard) Amendment Rules, 2008 w.e.f. 1st April, 2007.

- (a) The Company has determined the liability for Employee Benefits as at March 31, 2022 in accordance with the revised Accounting Standard 15- Employee benefits issued by ICAI.
- (b) Defined benefit plans - As per Actuarial valuation on March 31, 2022.
- 1) **Gratuity :-** Payable on separation @15 day salary for each completed year of service to eligible employees who render continuous service of 5 years or more, subject to a maximum limit of ₹ 20.00 Lakhs.
 - 2) **Leave Encashment :-** payable on separation to eligible employees who have accumulated earned leave. Maximum limit of accumulation is 300 days. Encashment of accumulated earned leave is also allowed up to 30 days once in a calendar year.
 - 3) **Provident Fund :-** 12% of Basic Pay & Dearness allowance contributed to the provident Fund Trust by the company.
 - 4) **Post Retirement Settlement Benefits :-** payable to retiring employees for settlement up to their home town.
 - 5) Company's contribution paid/payable during the year to the provident fund trust are recognized in the statement of profit & loss. The company's Provident Fund Trust is exempted under section 17 of employees' provident fund and miscellaneous provisions Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-a-vis statutory rate. The company has already made adequate provision in the accounts based on actual valuation of Provident Fund.
 - 6) The defined benefit obligations, other than provident Fund, are unfunded.
 - 7) Other disclosure as required under Accounting Standard (AS)-15 (revised on Employees benefits) are:

₹ in Lakh

| | GRATUITY | LEAVE ENCASHMENT | RETD. TRAVEL ALLOWANCE |
|--|---------------|------------------|------------------------|
| Expense recognized in the statement of Profit & Loss for the year ended March 31,2022 | | | |
| 1. Current Service Cost | 338.65 | 225.71 | 4.50 |
| 2. Past Service Cost | 0.00 | 0.00 | 0.00 |
| 3. Interest Cost | 444.02 | 242.10 | 3.88 |
| 4. Reduction in Obligation due to HPL | 0.00 | 0.00 | 0.00 |
| 5. Net Actuarial(gain)/loss recognized during the year | (40.63) | (119.80) | (5.23) |
| TOTAL EXPENSES | 742.04 | 348.01 | 3.15 |
| Net Asset / (Liability) recognized in Balance Sheet | | | |
| 1. Present value of the obligation (Current) | 1003.46 | 1048.46 | 6.43 |
| 2. Present value of the obligation (Non Current) | 5571.77 | 2632.57 | 53.45 |
| 3. Funded status [Surplus /(deficit)] | (6575.23) | (3681.03) | (59.87) |
| 4. Net Asset / (Liability) recognized in the Balance Sheet | 6575.23 | 3681.03 | 59.87 |
| Change in the Present value of the Obligation during the year ended March 31,2022 | | | |
| 1. Present value of the obligation as at April 1,2021 | 6631.83 | 3616.06 | 57.92 |
| 2. Current Service Cost | 338.65 | 225.71 | 4.50 |
| 3. Interest Cost | 444.02 | 242.10 | 3.88 |
| 4. Past Service Cost | 0.00 | 0.00 | 0.00 |
| 5. Benefits paid | (798.64) | (283.04) | (1.20) |
| 6. Actuarial (Gain) / Loss on obligation | (40.63) | (119.80) | (5.23) |
| 7. Present value of obligation as at March 31,2022 | 6575.23 | 3681.03 | 59.87 |
| Actuarial Assumptions | | | |
| 1. Discount rate | 7.15% | 7.15% | 7.15% |
| 2. Rate of Increase in Compensation | 8.00% | 8.00% | 8.00% |
| 3. Mortality rate LIC (2006-2008) Table | | | |

33.20 Segment information in accordance with Accounting Standard –17 (AS-17) issued by ICAI are furnished as given below:

| Information about different business units (Segments) 2021-22 | | | | | |
|--|----------------------------|-------------------------------------|---------------------------------|--------------------------|--------------------------------------|
| | | | | | ₹ in Lakh |
| | Foundry Forge Plant | Heavy Machine Building Plant | Heavy Machine Tool Plant | PROJECT (Turnkey) | Heavy Engineering Corporation |
| REVENUE | | | | | |
| External Sales | 5342.04 | 5023.30 | 137.94 | 7965.57 | 18468.85 |
| Inter-plant / Job done for own use | 494.81 | 219.90 | 42.03 | 0.00 | 756.74 |
| Total Revenue | 5836.85 | 5243.20 | 179.97 | 7965.57 | 19225.59 |
| Net Profit (Before Interest after tax) | (11287.40) | (8468.29) | (2174.23) | (580.55) | (22510.47) |
| Interest | 1140.83 | 1729.83 | 226.06 | 0.00 | 3096.72 |
| Net Profit | (12428.23) | (10198.12) | (2400.29) | (580.55) | (25607.19) |
| Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prior Period Income | (8.69) | 2.01 | (1.11) | 0.00 | (7.79) |
| Net Profit from ordinary Activities after tax | (12419.54) | (10200.13) | (2399.18) | (580.55) | (25599.40) |
| OTHER INFORMATION | | | | | |
| Segment Assets | 15712.04 | 20306.53 | 2974.01 | 7627.34 | 46619.92 |
| Addition during the year | 47.62 | 1.02 | 1.18 | 2.81 | 52.63 |
| Unallocated Assets | | | | | 10396.52 |
| Total Assets | | | | | 57069.07 |
| Segment Liabilities | 41044.68 | 17587.03 | 2623.70 | 17879.21 | 79134.62 |
| Unallocated Liabilities | | | | | 62341.13 |
| Total Liabilities | | | | | 141475.75 |
| Capital Expenditure | 1059.09 | 1.02 | 1.18 | 2.81 | 1064.10 |
| Unallocated Capital Expenditure. | | | | | 37.97 |
| Total Capital Expenditure | | | | | 1102.07 |
| Depreciation | 436.26 | 64.67 | 19.81 | 1.45 | 522.19 |
| Unallocated Depreciation | | | | | 72.72 |
| Total Depreciation | | | | | 594.91 |

33.21 Disclosure as required under Accounting Standard- 18 (AS –18) "Related Party Disclosures" issued by ICAI is as follows:-

| Names of the Related Parties | | Details of Transaction | | |
|-------------------------------------|--|-------------------------------|----------------------|--------------------------|
| | | | (₹ in Lakh) | |
| | Key Management Personnel | Period | Remunerations | Terminal Benefits |
| 1 | Dr Nalin Shinghal, CMD Additional Charge | 04/2021 - 03/2022 | 0.00 | 0.00 |
| 2 | Mrs Arundati Panda Director (Finance) | 04/2021 - 03/2022 | 39.11 | 4.41 |
| 3 | Sri Mradul Kumar Saxena, Director (Personnel) | 04/2021 - 03/2022 | 32.77 | 3.79 |
| 4 | Sri Rana Subhasis Chakravarty Director (Marketing) | 04/2021 - 03/2022 | 33.19 | 3.79 |
| | | Total | 105.07 | 11.99 |

In addition to the above they had been provided housing, car at concessional rate except Dr. Nalin Singhal (CMD- Additional Charge).

- 33.22 In Case deficit arises from Employee's Provident Fund Trust, it is to be borne by the Company. But in this Accounting year 2021-22, no deficit is noticed in Employee's Provident Fund Trust Account.
- 33.23 In certain areas like Transport and Hospital consumables like Spare Parts, Medicines and Stationary are treated as consumed during the year.
- 33.24 Net worth of the company as on 31-03-2021 is negative and also the company is not listed, hence Ind-AS is not applicable to the company for the F.Y. 2021-22.
- 33.25 In view of our claim on Kendriya Vidyalaya Sangathan (KVS) and claim of KVS ₹140.23 Lakhs is not acknowledged in absence of relevant documents, and accordingly no provision has been made.
- 33.26 The previous year's figures have been regrouped, recasted, reclassified and rearranged to make them comparable as far as practicable with those of current year.

33.27. Additional Information

A.1. Ratio Analysis

| Sl. No. | Particulars | As at 31/03/22 | As at 31/03/21 | % Change | Reason |
|---------|---|----------------|----------------|----------|--|
| a | Current Ratio= (Current Assets/ Current Liabilities) | 0.30 | 0.39 | 24.53% | |
| b | Debt-Equity Ratio =(Current Liabilities+ Other long Term Liabilities+ long Term Provision)/ Paid-up Capital Cost | 2.33 | 1.95 | -19.41% | |
| c | Debt Service Coverage Ratio= (Profit for the period +Finance Costs+ Depreciation and Amortization+ Exceptional Items)/ Finance Cost | -7.08 | -6.95 | -1.76% | |
| d | Return on Equity Ratio = Profit for the period/ Paid-up Capital | -0.42 | -0.37 | -13.93% | |
| e | Inventory Turnover Ratio = (Sales and Services+ Job done for Own use)/ Average Inventory | 1.27 | 1.63 | 21.65% | |
| f | Trade Receivables Turnover Ratio = (Sales and Services + Job done for Own use)/ Average Trade Receivables | 0.87 | 0.99 | 12.22% | |
| g | Trade Payables Turnover Ratio= (Sales and Services + Job done for Own use)/ Average Trade Creditors | 1.20 | 1.65 | 27.56% | Reduction in Revenue from Operation by 14 % & Increase in Trade Payables in Current Liabilities |
| h | Net Capital Turnover Ratio= (Sales and Services+ Job done for Own use)/ (Current Asset - Current Liabilities + Net Block) | -0.21 | -0.35 | 38.59% | Due to reduction in Revenue from Operation by 14 %, Increase in Current Liability and decrease in Current Assets |
| i | Net Profit Ratio= Profit for the period / (Sales and Services+ Job done for Own use) | -1.36 | -1.05 | -29.53% | Due to reduction in Revenue from Operation by 14 % and Increase in LD Charged and Provision for Bad & Doubtful Debts |
| j | Return on Capital Employed = Profit (loss) before Finance Cost, Depreciation and Extraordinary Items/ (Current Asset - Current liabilities + Net Block) | -0.25 | -0.31 | 19.99% | |
| k | Return on Investment= Profit (loss) before Finance Cost, Depreciation and Extraordinary Items/ Average (Current Asset - Current liabilities+ Net Block) | -0.29 | -0.36 | 19.25% | |

(₹ in lakhs)

| | Current Year | Previous Year |
|---|--------------|---------------|
| A.2 Employees who were in receipt of or were entitled to receive emoluments (including benefits) of ₹ 60,00,000.00 or more for the year (and ₹ 5,00,000.00 or more per month when employed for a part of the year for current year). | Nil | Nil |
| A.3 Auditor's Expenses | | |
| i Statutory Auditors Remuneration | 2.25 | 2.25 |
| ii Tax Audit Fees | 0.38 | 0.38 |
| iii Reimbursement of expenses | 0.15 | 0.13 |

B Value of consumption of Raw Materials, Components, Stores & Spare Parts (Including purchase of finished goods) and percentage thereof.

| | (₹ in lakhs) | | | |
|---|----------------|---------------|----------------|---------------|
| | 2021-22 | | 2020-21 | |
| | Value | % | Value | % |
| (a) Raw Materials | | | | |
| (i) Imported* | 246.64 | 11.30 | 701.31 | 10.58 |
| (ii) Indigenous | 1935.44 | 88.70 | 5924.54 | 89.42 |
| Total | 2182.08 | 100.00 | 6625.85 | 100.00 |
| (b) Stores & Spares | | | | |
| (Including stores and spares used for repairs and Maintenance) | | | | |
| (I) Imported | 0.00 | 0.00 | 24.81 | 0.48 |
| (ii) Indigenous | 5540.17 | 100.00 | 5192.79 | 99.52 |
| Total | 5540.17 | 100.00 | 5217.60 | 100.00 |
| Note: Exclusive of imports through canalised agencies. | | | | |
| C. Value of Imports on CIF Basis | | | | |
| Raw materials, Spare Parts, GIT | | | | |
| Components | 156.72 | 100.00 | 489.02 | 100.00 |
| Capital Goods | | | | |
| Total | 156.72 | 100.00 | 489.02 | 100.00 |
| In case of HMBP CIF value of Raw Material, Spare Parts include Cost of Material and 5.5% of cost of material for insurance and freight. | | | | |
| D. Expenditure in Foreign Currency | | | | |
| Directors & Officers Abroad | 0.00 | | 0.00 | |
| Total | 0.00 | | 0.00 | |

33.26 The Note No.1 to 32 & Cash Flow Statement forms an integral part of these accounts.


A. K. Kanth
Company Secretary


R. K. Srivastava
Sr.DGM I/c (A &B)


Arundati Panda
Director Finance


Dr. Nalin Shinghal
Chairman Cum Managing Director

 Signed for identification
For Lodha Patel Wadhwa & Co
 Chartered Accountants


(CA S.K. Wadhwa)
 Partner
 M. No. 074749
 FRN 006271C
 UDIN: 22074749AQEDCZ5491

 Place : Ranchi
 Date : 25.08.2022





कंपनी की कार्यक्षमता

प्लांट विविध उत्पादों का निर्माण करने में समर्थ है, जिसमें कुछ उत्पादों का विवरण निम्नांकित है:

CAPABILITIES OF THE COMPANY

The plants can manufacture various products, some of which are as here under:

फाउन्ड्री फोर्ज प्लांट

| | |
|--------------------|---|
| आयरन कास्टिंग्स | : 100 टन वजन तक |
| स्टील कास्टिंग्स | : 90 टन वजन तक |
| नन-फेरस कास्टिंग्स | : 2 टन वजन तक |
| फोर्जिंग्स | : 40 टन वजन तक |
| रॉल्स | : हॉट रॉलिंग मिल, स्लैबिंग, ब्लोमिंग मिल हेतु 40 टन वजन तक फोर्ज्ड इंडक्शन हारडेंड रॉल्स, एस.सी., आयरन रॉल्स |

Foundry Forge Plant

| | |
|---------------------|--|
| Iron Castings | - Weighing upto 100 T |
| Steel Castings | - Weighing upto 90 T |
| Non-Ferrous Casting | - Weighing upto 2 T |
| Forgings | - Weighing upto 40 T |
| Rolls | - Forged induction hardened Roolls weighing upto 40 T for Hot Rolling Mills, Slabbing Mills, Blooming Mills, SG Iron Roolls etc. |

हैवी मशीन बिल्डिंग प्लांट

- ब्लास्ट फर्नेस : क्षमता 1719,2000 एवं 3200 घन मी.
- कोक ओवेन बैटरिज : 4.3 से 7 मी. की ऊँचाई
- सिन्ट्रिंग प्लांट्स : आकार 75 वर्ग मी., 80 वर्ग मी., 252 वर्ग मी. एवं 312 वर्ग मी.
- 100 टन/130 टन एवं 300 टन एल.डी कन्वर्टर्स समेत स्टील मेल्टिंग शॉप इक्विपमेंट
- कंटेन्यूअस कास्टिंग मशीन : स्लैब्स एवं ब्लूम्स हेतु
- रॉलिंग मिल इक्विपमेंट
- इलेक्ट्रिक रोप शॉवल्स: क्षमता 5 घन मी., 12.5/15 घन मी.
- हाईड्रोलिक शॉवल्स: क्षमता 3 से 8 घन मी.
- वाकिंग ड्रैगलाइन्स 20/90 एवं 24/96
- उच्च शक्ति के मेटालर्जिकल क्रेन एवं अन्य ई.ओ.टी. क्रेन: क्षमता 450 टन एवं रोटेटिंग टॉंग क्रेन
- मैटेरियल हैंडलिंग इक्विपमेंट यथा-वैगन टीपलर, एपरॉन फीडर, रिक्लेमर्स आदि।
- मूल उद्योगों की जरूरत हेतु विभिन्न प्रकार के उपकरण यथा प्राइमरी जाइरेटरी एवं अन्य क्रसर्स
- ओवर बर्डन ब्लॉस्ट होल ड्रिल्स: 250 मि.मी. व्यास
- प्रोजेक्ट डिवीजन निम्नांकित क्षेत्रों में टर्न-की आधारित प्रोजेक्टों का कार्य निष्पादन करने में समर्थ है :
 - मैटेरियल हैंडलिंग सिस्टम
 - कोल डीगेशन प्लांट
 - कोल डीगैसीफिकेशन प्लांट
 - स्टील प्लांट फैसिलिटीज यथा : सिन्ट्रिंग प्लांट, कंटेन्यूअस कास्टिंग प्लांट एवं कोक ओवेन बाई-प्रोडक्ट प्लांट
 - सीमेंट प्लांट

HEAVY MACHINE BULDING PLANT

- Blast Furance of Capacity 1719,2000 and 3200 Cu. M
- Koke Oven Batteries from 4.3 to 7m height
- Sinter plants of 75M2, 80 M2 252m2 and 312 M2 sige
- Steel Melting Shop Equipment Inclusive of 100T/130T and 300T L.D. Converters
- Continuous Casting Machines for Stabs & Blooms
- Rollin Mill Equipment
- Electric Rope Shovels of capacity 5 M3, 10M3, 12.5/15M3
- Hydraulic Shovels of 3 to 8 Cu. M. capacity
- Walking Draglines 20/90 and 24/96
- Metallurgical Cranes and other EOT Cranes of high capacity up to 450 T and Rotating Tong Cranes
- Material Handling equipment namely, Wagon Tippler, Apron Feeder, Reclaimers etc.
- Various other equipment namely, Primary Gyrotory and other Crushers needed by core sector industries.
- Over Burden Blast Hole Drills-Dia 250 mm
- The Project Division can take up execution of projects of turnkey basis in the following areas
 - Material handlling system
 - Coal Deshelling Washery
 - Coal Degasification Plant
 - Steel Plant facilities like Sintering Plant, Continuous Costing Plant and Coke Oven By-Product Plant
 - Cement Plants

हैवी मशीन टूल्स प्लांट

रेलवे हेतु विशेष प्रयोजनार्थ मशीन टूल्स समेत विभिन्न प्रकार के मशीन टूल्स, इसके साथ-साथ प्लांट कुछ मॉडल के सी.एन.सी मशीन के उत्पादन में भी समर्थ है।

HEAVY MACHINE TOOLS PLANT

Various types of machine tools including special purpose machine tools for Railways. The plants is capable of producing CNC Machine Tools of some models as well.

एच. ई. सी.



HEAVY ENGINEERING CORPORATION LIMITED

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