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BOARD OF DIRECTORS

(As on 06.09.2017)

Chairman-cum-Managing Director	:	Shri Avijit Ghosh
Director (Finance)	:	Shri R. C. Sen
Director	:	Shri Vishvajit Sahay
	:	Shri Siya Sharan
	:	Shri Krishna Kumar Singh
	:	Shri A. S. Sarangi
	:	Dr. (Smt.) Taran Kumari Roy
	:	Shri H. N. Rama Krishna
Company Secretary	:	Shri Abhay Kumar Kanth
Auditors	:	M/s V. K. Jindal & Company Chartered Accountants
Bankers	:	State Bank of India
Registered Office	:	Plant Plaza Road, Dhurwa Ranchi - 834004 (Jharkhand)



NOTICE OF ANNUAL GENERAL MEETING


Notice is hereby given to the Shareholders of Heavy Engineering Corporation Limited that 58th Annual General Meeting of the Company will be held on Wednesday, the 6th September 2017 at 11:00 AM at its Registered Office located at Plant Plaza Road, Dhurwa, Ranchi to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report to the Shareholders for the financial year ended 31st March 2017.
2. To receiver, consider and adopt the audited Profit & Loss Account for the financial year ended 31st March, 2017 and Balance Sheet as on that date along with the Auditors Report thereon and our replies thereto.
3. Appointment of Auditor under Section 139 of the Companies Act, 2013 for the financial year 2017-18 and authorize Board of Directors to fix remuneration of the Statutory Auditor for the Financial year 2017-18.

By order of Board of Directors

Date : 07.08.2017



(A. K. Kanth)
Co. Secretary

Note : A Member of the Company entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and proxy need not be a Member of the Company.



DIRECTORS' REPORT

To
The Shareholders
Heavy Engineering Corporation Limited

Ladies and Gentlemen,

Heavy Engineering Corporation has completed its 58 years of service to the nation and the Directors of the Company have the pleasure to present the 58th Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2017.

1. PERFORMANCE HIGHLIGHTS

Severe economic recession has affected the performance of industries operating in capital goods sector. In addition, acute working capital problem coupled with old machines have badly affected the performance of the company due to which turnover during the year has remained below the target. However, close monitoring helped in improving sales of the Company by 6.09% during the year, which reached Rs. 432.09 Cr only against Rs. 407.28 Cr during the previous year. Operating loss reduced by 54.49%

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)

	2016-17		2015-16	
	MOU	Actual	MOU	Actual
Gross Turnover	646.22	432.09	933.58	407.28
Production	610.01	364.84	869.30	340.68

3. FINANCIAL RESULTS

Achievement against target and previous year is detailed below :

(Rs. in crore)

Particulars	2016-2017		2015-2016	
	MOU	Actual	MOU	Actual
Gross Margin ①	-53.92	-43.83	4.80	-144.71
Interest	31.94	32.44	28.06	29.68
Depreciation	7.68	6.99	6.57	6.95
Exceptional Items Exp.(+)/ Income (-)	0.00	-0.47	0.00	0.11
Profit before Extra-ordinary items	-93.54	-82.27	-29.83	-180.77

Extra ordinary items Income (+) / Exp. (-)	0.00	0.00	0.00	36.00
Profit before Tax	-93.54	-82.27	-29.83	-144.77
Tax	0.00	0.00	0.00	0.00
Net Profit	-93.54	-82.27	-29.83	-144.77
Cash Profit (before extra-ordinary items)	-85.24	-75.27	-23.26	-173.82

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

Paid up Equity Capital of the Company on 31.03.2017 stands at Rs.606.07Cr, while net worth is poised at Rs.(-) 336.69 Cr.

During the year your Company contributed Rs.65.93 Cr to Central and State Exchequers as compared to Rs. 51.18 Cr in the prev. year.

The Gross Sales, Production, employee productivity and profitability since 2005-06 are tabled below:

	Gross Turnover (Rs. Crore)	Production (Rs. Crore)	Turnover per employee (Rs. Lakhs)	Net Profit (Rs. Crore)
2005-06	178.18	165.63	5.20	-86.89
20 06-07	303.9	280.81	9.10	2.86
2007-08	412.92	382.86	13.80	4.17
2008-09	453.87	419.47	15.80	18.37
2009-10	528.13	537.72	18.40	44.27
2010-11	681.21	700.55	24.60	38.14
2011-12	725.23	687.74	30.20	8.58
2012-13	740.47	676.77	31.00	20.38
2013-14	411.67	447.71	20.24	299.31
2014-15	391.50	319.58	22.29	(-)241.68
2015-16	407.28	340.68	26.31	(-)144.77
2016-17	432.09	364.84	29.39	(-)82.27

4. MARKETING ACTIVITIES ORDERS BOOKED & ORDER BOOK POSITION :

Sluggish industrial growth and continued economic slowdown especially in capital goods sector in the country had affected the investment decision by major customers. As such, much of the efforts of the Company could not materialize in firm orders of equipment. As a strategic measure, company concentrated on order of spares to have sizeable orders. The Company accomplished order booking of Rs 245.83 Crores as compared to the previous year's

Rs. 335.77 Cr. The Order book position of the company stood at Rs 1054.53 Cr Crores as on 31st March'17.

- The company bagged order for spares worth Rs 233 Crore this year, which is the highest till date.
- With collaboration from M/s SIMCO, Australia, a prestigious order worth Rs 102 Cr for supply of Dragline buckets could be secured against global competitive bidding. HEC and SIMCO shall jointly manufacture and supply the dragline buckets.

Another landmark achievement is in the defence and strategic sector, where the marketing efforts have resulted in an order for 300 nos. of 450 Kg Bomb Shell. Being a new order, the processes are being developed by the production unit – FFP. On successful execution, this shall be added as a series product bringing regular orders to HEC.

Business Development initiatives:-

- The company has emphasised on enhancing design strength of the organization aided by industry – institute interface. In this regards, the company signed MoU with National Institute of Foundry & Forge Technology (NIIFT), Ranchi; IIT – Kharagpur and ISM – Dhanbad. While the former two institutes shall facilitate in creation of Common Engineering Facility Centre (CEFC) at HEC in collaboration with CNIITMASH, Russia; the latter shall co-operate in development of new products such as Hydraulic Excavator.
- HEC signed an MoU with MECON so as to synergise the manufacturing capabilities of HEC and the design & execution expertise of MECON. This will enable to enhance the capabilities in the Steel sector.
- HEC signed an MoU with M/s SIMCO, Australia to jointly participate in the global tender of dragline buckets of NCL and execute the order.
- The company is exploring collaboration in the field of Wind Turbines of larger capacity. Taking cue from the green energy targets of the country, this area is expected to bring high growth in revenue.
- HEC is also exploring business tie-up / agreement for technology sharing in the field of propeller shafts for warships. HEC has manufacturing capabilities in this field. The design & technology support shall enable HEC to serve Indian Navy as an only indigenous manufacturer.
- Other areas such as spares for railway locomotives, cement plants, nuclear power plants and requirement in defence and strategic sector are also being explored.

Project Activities during 2016-17

- **OHP (Pkg. 060)/BSP** : Ore handling Plant setup by HEC is in commercial use by BSP since 15-3-2017 for which PAC and Commissioning certificate were

issued by BSP on 14.10.2016 and 15.03.2017 respectively.

- **New OBBP (Pkg 090)/RSP** : The Performance Guarantee Certificate was issued by RSP, Rourkela on 20.06.2016 towards achievement of the PG parameters for the entire project.
- **New Projects** : Empanelment of technology provider firms has been done to explore the business in the area of Construction of Cement Plants and Ash Handling Plant apart from conventional material Handling Projects done till date.
- **Status of Projects under execution by HEC**

Sl. No.	Name of Project	Contract Value Rs Crores	Physical Progress (%)
1	New OBBP, Pkg – 090, RSP	393.71	100
2	OHP, Pkg – 060, BSP	201.93	100
3	New CHP, Pkg – 062, BSP	492.52	90
4	MIOM, SAIL	34.19	68
5	KSL, CHP, NCL	175.95	76.72
6	Madhuband Washery, BCCL	262.99	42.5

5. INITIATIVES FOR SUSTAINABLE GROWTH

Modernisation Plan and business restructuring:

Modernisation Plan prepared with the help of a Consultant and modified by Expert Committee includes new facilities, refurbishment of existing facilities, installation of monitoring and control tools. The plan as such envisages enhancement of prime strength in casting, forging, fabrication and machining, dedicated machine/facilities that in turn will help to get business in Defence and other strategic sectors which have been identified as key business area in addition to increasing its share in business of material handling equipment / project and mining equipments and steel Sector.

Company has initiated tie-ups for operational technology as well as product technology.

New Business Initiatives:-

- **Hydraulic Excavator** – HEC is currently developing the 5CuM Hydraulic Excavator through its in-house resources by using its vast experience of manufacturing products for the Mining sector. For vetting of the structural and hydraulic systems, HEC has associated with IIT (ISM), Dhanbad, HEC plans to position its hydraulic excavator in high market demand sector with cost competitiveness being one of the primary objectives of the product strategy. The design feature envisaged targets to meet optimum



fuel consumption with high machine availability and ease in maintenance of equipment.

- **Wind Towers** – HEC has signed MOU with M/s. SKYWIND for business of on-shore Wind Towers of capacity 3.0 MW & above. Currently the major wind power players operating in India are installing Wind Towers of maximum capacity less than 3 MW, the business prospect of Wind Towers of capacity greater than 3 MW will ensure a leadership position in the Indian market in the large-sized Wind Tower segment.
- **Collaboration with MECON** – HEC and MECON have signed a Memorandum of Understanding (MoU) for joint development & commercialization of products based on the technical expertise of MECON & manufacturing capabilities of HEC. This MoU intends to utilize the strengths of both the Parties for execution of orders pertaining to design & engineering, manufacturing, erection and commissioning of products/projects for the Steel sector, mostly as import substitutes.
- **MOU/Collaboration** with Ms/ Paul Wurth of Luxemburg for coke oven items which will subsequently be extended to other steel plant equipments

Defence Sector

Following items have been identified as thrust areas Under "Make in India Initiative" of the Govt. of India

- **TOW Winch System**
Under Make Project of Indian Navy, HEC has submitted its Project Report on Tow Winch System. Towing Winch System is electro-hydraulic variable speed cable handling system used for winding and unwinding cable connected to deep sea side scan sonar for surveying purpose. HEC and one another MSME have been shortlisted by Indian Navy for developmental order. EOI is expected shortly for placement of developmental order.
- **Bombshell**
HEC has bagged developmental order for 300 nos. of 450 kg Bomb Shell for approx. Rs.10.0 crores from OF, Khamaria.
Bid for 2000 nos. of 100/120 kg class of Bomb Shell has also been submitted.
There is an another tender for 250 kg Bomb Shell (Qty. 3710 nos.), 450 kg class Bomb Shell (Qty. 800 nos.) and 1000 lbs class Bomb Shell (Qty. 500 nos.). HEC is all set to bid in this present tender after gaining confidence from the developmental order.

- **Machine Tools for Ordnance Factory**

HEC has signed a MOU on 08.06.2017 with M/s TOS KURIM, Czech Republic for 4-Axis CNC VTB of 4000 mm table dia with Y-Axis as Gantry movement to submit the bid to HVF, Avadi, where HEC will be prime bidder. The tender value is expected to be approx Rs.70.0 crores. The bid submission due date is 30.06.2017.

The machines will be built by partly importing CKD components and partly manufacturing indigenously.

M/S TOS KURIM will share the documentation of the items and subassemblies planned to manufacture at HEC free of cost.

HEC is getting registered to all the DPSE's and other Ship Builders for various regular products to participate in their tender process

Other initiative for improvement in Performance :

Under the direct initiative of DHI M/s. KPMG has been appointed for "Consultancy Services for improvement in overall Performance of HEC". The consultants have been on the job to prepare the executable 'Performance Improvement Plan'.

6. SAFETY, ENVIRONMENT AND POLLUTION CONTROL

As always, your company gives utmost importance to the occupational safety and health of workers in the company. Various training and awareness programme were conducted regularly in order to inculcate safety consciousness among the employees. Complete medical check-ups were regularly carried on 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. National safety day and HEC Safety Week were celebrated by all the units.

The company does not compromise on environmental pollution and so takes all precautions towards pollution control as detailed below :-

- Compliance with all statutory requirements laid down under Air (Prevention and Control of Pollution) Act, Water (Prevention and Control of Pollution) Act and Environment (Protection) Act.
- Obtaining running consent from the State Pollution Control Board and compliance with the stipulated conditions.
- Testing of water effluent samples regularly for pollutants, based on which consent for discharge of water to inland body is granted.

- Ambient air test is carried out regularly to ascertain limit of pollution gases before giving consent for air emission.
- Regular tree plantation activities are being carried out with the help of forest department to keep the HEC areas green and reduce the pollution.
- Company received OHSAS 18001-2007 in respect of Health and Safety Standard

7. **MANPOWER POSITION**

The manpower of the Company as on 31.03.2017 stood at 1455 as against 1549 as on 31.03.2016. During the year company recruited 70 no. of Executives.

8. **INDUSTRIAL RELATIONS**

During the period under review, the industrial relations climate, in general remained normal.

9. **EMPLOYEE WELFARE**

The Company has its own Township, Plant Hospital and Dispensaries for the regular employees. Contract workers are extended medical benefits under ESI Scheme for which subscription amount is paid by the Company to the respective contractors. Superannuated employees are extended medical benefits through OPD & indoor facilities in HEC Plant Hospital.

10. **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, Emerging Technologies in Foundry Froge Technology etc. Besides, the workmen were imparted training for their multi skilling.

The Company is running a school for the wards of employees & others in the neighbouring areas. Besides this HEC Technical Institute (HTI) run by the Company where students are imparted 2 years of Technical Course and ITI/Diploma/Degree holders are imparted apprentice training classes/ course of 1 year. The Company is also facilitating GNM course in HEC Hospital to the local girl students.

11. **STATUS OF SCHEDULE CASTES & SCHEDULE TRIBES**

- i. **No. of SC & ST** employees as on **31.03.2017** stood at **308 & 309** respectively.
- ii. **Percentage of SC & ST** employee's w.r.t. total employees stood as **21.16% and 21.23%** respectively.

- iii. Out of 70 recruitments made during 2016-2017, 16 nos. of **SC** candidates & 5 nos. of **ST** candidates have joined.

12. **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 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. The winners were given attractive prizes.

13. **SWACHH BHARAT MISSION**

In order to improve health and cleanliness in HEC, the cleanliness drive was being taken up in different Plants/Divisions of HEC involving all employees/ contract workers. Under this activity following measures were taken by HEC:-

- i. Oath of Swachh Bharat was taken by all employees/contracts workers. All of them are themselves cleaning their working places and adjoining areas.
- ii. In the plant level Inter-shop/Deptt. Competition on Best shop for maintenance of Cleanliness was organized in each Plant. Awards have been give on Independence & Republic Day functions by CMD.

Employees/contract workers and school children participated in Skits, poems, slogans and Painting competitions. They were awarded by CMD.

14. **PUBLIC SECTOR WEEK**

With a view to portray the Public Sector's contribution to India's economic and social growth, Standing Conference of Public Enterprises (SCOPE) has instituted the Public Sector day on April 10, every year. Based on the same objectives, in the year 2016 the Public Sector Day [11th April] and Public Sector Week [11th to 16th April 2016] was held in HEC & different activities were organized.



Employees/contract workers participated in Skits, poems, slogans and Painting competitions. They were awarded by CMD.

15. **TREE PLANTATION**

Tree Plantation drives were taken up in HMBP, FFP, HMTP, HEC Training Institute, HEC Plant Hospital and Township where CMD, Directors, Plant Heads and other employees planted tree saplings adding to already greener environment of HEC.

16. **OBSERVANCE OF INTERNATIONAL YOGA DAY/ WEEK**

The International Yoga Day had been observed from 21st June 2016 in JN Club Sector-3, Dhurwa. A large number of employees and their family members participated & benefitted from this programme.

17. **HEC SPORTS MEGA EVENT**

In order to develop sporting talent amongst the employees, on 22nd January, 2017 a Mega Sports Event was organized in J N Stadium, Sector-III. Employees/contract workers and school children participated in different Sports competitions. They were awarded by CMD.

18. **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.

19. **CORPORATE SOCIAL RESPONSIBILITY**

In spite of poor financial condition, company continued CSR activities like (i) running Nursing School, (ii) running Industrial Training Institute and (iii) Arranging medical camps with the help of its Hospital. Details of activities carried out by HEC Hospital during 2016-17 are as under:

- Free Blind relief camps, where, 150 patients out of 659 admitted, were operated. Majority of the patients were from BPL families.
- Organisation of Blood Donation Camp on regular interval.
- Free Physiotherapy Camp in association with Ayush Foundation, Ranchi was organized in December 2014 where total 40 patients attended the camp.
- Immunization Programmes 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. The villages visited were : Jagannathpur, Kute, Tiril, Nayasarai, Pundag, Sitheo, Hatia, Tupudana, Dungri, Tonko, Satranji, Balsring, Bermad & Jojosring (14 Villages)
- Free orthopedic Camp where 105 patients were registered and treated. Majority of them were from BPL families.

20. **VIGILANCE ACTIVITIES**

Vigilance organization of HEC Ltd. at Headquarters operated under the overall administrative and functional control of Shri Deepak Kumar, IPS a regular Chief Vigilance Officer..

Major activities of Vigilance Department during the year 2016-17 have been as under:-

- 3 Nos. of CVC Complaints and 62 nos. of other Complaints were enquired into.
- 16 nos. of Periodic and 24 nos. of Surprise Inspections were carried out by the Vigilance Department.
- 12 nos. of Investigation Reports were submitted by CVO to the Management recommending System improvements/Disciplinary action etc.
- 250 nos. of Annual Property Returns of the officers of HEC Ltd. were scrutinized.
- 11 nos. of Training Courses were organized by Vigilance Department to sensitize the Executives about various guidelines/procedures of CVC, Disciplinary enquiry proceedings, Transparency in Public Procurement etc.
- "Vigilance Awareness Week, 2016" was observed as per the guidelines of CVC. Employees/Common Masses were sensitized through vigorous interactive sessions.
- A Journal "SPARK - "V" containing latest CVC Guidelines and other Vigilance related articles has been prepared and circulated among all Officers of the Corporation on the occasion of Vigilance Awareness Week, 2016.
- Regular structured meeting and Quarterly review between CMD & top management and CVO on vigilance matters were held.
- Prompt submission of all returns i.e. Monthly.

Quarterly, Annual, Annual , foreign visits, Annual action plan etc were ensured.

- Due to Vigilance Deptt.'s initiative updated Personnel Manual of HEC Ltd. was implemented in July, 2016.
- Vigilance Activities of HEC Ltd. was reviewed by HEC's Board of Directors' at its 317th Meeting held on 21.12.2016 at Ranchi.

Following system improvement were recommended:-

- i) Revision of Market Rent and Penal Rent for the Corporation's Accommodation allotted for residential purpose suggested.
- ii) LTL Agreement of all pending Quarters to be completed expeditiously in a time bound manner.
- iii) Issue of Proper Circular/Policy regarding Allotment of shops in HEC Colony.
- iv) Computerization of Annual Property Returns in the Corporation.
- v) Policy regarding Action to be taken in theft cases circulated.

21. DISPOSAL OF REQUEST/APEAL UNDER RTI ACT

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

22. QUALITY ASSURANCE

Your company never compromises on quality 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 and ISO 14001-2004.

23. ENERGY AUDIT

As Foundry Forge unit is the main energy consuming unit, energy audit of this unit with the help of an external agency M/s. Energo Engineering Projects Ltd (EEPL) was got done. Due to fund constraint, suggestions have been prioritized and action initiated in following areas :

1. Overhauling of 02 nos. of HT Transformers completed.
2. Modification in operating system of compressors for intermittent switching off completed.
3. Replacement of MG Set of EOT Crane by Variable Frequency Device is being done in phases.

Modernisation plan submitted to Govt. of India includes replacement of old generation equipments with energy efficient equipments.

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

The particulars required under section 134 (3) of the Companies Act, 2013 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, regarding R&D, Technology Absorption, Adaptation and Innovation as well as Energy Conservation are furnished in **Annexure- 'A'**.

25. DIRECTORS' RESPONSIBILITY STATEMENT

- 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 had 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 had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. FOREIGN EXCHANGE

The foreign exchange outgo during the year was Rs. 10.85 crore.

27. CORPORATE GOVERNANCE

Report on Corporate Governance is placed at **Annexure-B**.

28. STATUTORY AUDITOR

The Comptroller & Auditor General of India (CAG) has appointed V K Jindal & Co. as the Statutory Auditor of the company for the financial year 2017-18.

29. 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 Accounts of the Company for the year ended 31.03.2017 along with the Review of Accounts of your Company by C&AG and Statutory



Auditors' observations along with Management's replies thereto shall be furnished in **ANNEXURE-'C'** as and when received from Statutory Auditor and C&AG.

30. **BOARD OF DIRECTORS**

During the year, there were two Part time Official Directors and four Part time Non- Official Directors on the Board of HEC Ltd., in addition to the CMD, Director (Production), and Director (Finance).

During the year Two functional Directors Shri Kushal Saha, Director (Production) and Shri S.K.Pattanayak, Director (Finance) ceased to be a directorship of HEC Ltd. on 18.06.2016 and 8.03.2017 respectively.

Shri Krishna Kumar Singh, Shri Ardhendu Shekhar Sarangi, Dr. (Smt.) Taran Kumari Roy and Shri H.N.Ramkrishna appointed as Part time Non-Official Director on 16.06.2016, 27.01.2017, 27.01.2017 and 27.01.2017 respectively.

Shri R.C.Sen, Director (Finance), Andrew Yule & Company Limited assumed additional charge of Director (Finance) in HEC Ltd. on 16.03.2017.

31. **AUDIT COMMITTEE**

Audit Committee was reconstituted by the Board in its 318th Meeting held on 6th February, 2017 with Shri Ardhendu Shekhar Sarangi, Independent Director, as the Chairman of the Committee. Govt. Nominee Director, Shri Siya Sharan, CCA/DHI, Independent Directors, Shri K.K.Singh and Dr. (Smt.) Taran Kumari Roy were members of the Audit Committee. Director (Finance) of the Company is the permanent invitee to the Meetings of the Audit Committee.

32. **BUSINESS DEVELOPMENT COMMITTEE**

Board in its 318th Meeting held on 6th February, 2017 formed a Board level Committee to look into the

new business avenues which HEC can venture into. The Committee comprises Shri Avijit Ghosh as the Chairman of the Committee with Shri Ardhendu Shekhar Sarangi, and Shri H.N. Ramakrishna, both Independent Directors as its members. Shri K. Sutradhar, Chief of Corporate Marketing was nominated as Member Secretary. The Business Development Committee had its first Meeting on 27.03.2017.

33. **ACKNOWLEDGEMENT**

The Board also gratefully acknowledges the support and guidance received from the various Ministries of the Govt. of India.

The Board is particularly grateful to the Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises for their continued support in the revival of this Company.

The company also wishes to place on record its thanks to the Govt. of Jharkhand for all their support in the revival process of the company.

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

The company wishes to record its deep gratitude to all the members of the HEC family who have worked very sincerely and dedicatedly in bringing this company to another year of profitability and growth.

For and on behalf of Board of Directors

(Avijit Ghosh)

Chairman-cum-Managing Director

ANNEXURE-A

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

I. RESEARCH & DEVELOPMENT ACTIVITIES

Most of the products are tailor made as such R&D activities of the company are limited to product development based on orders received and customers' requirement. Developmental work on existing product has been as under :

- Trolley modification of Semi portal crane of capacity 65 + 65 Ton, 14 mtr span is being done in order to reduce the overall height of the crane by 350mm.
- Cradle designed for load testing of 300 ton ladle crane at Bhilai Steel Plant.
- Auxiliary trolley festoon arrangement designed to suit site requirement for 150+30T Crane having span of 23.775 mtrs for new slag yard DSP crane.

In addition, Company has initiated steps to develop state of art design Hydraulic Excavator for mining application with bucket capacity 5 cum (4.5 to 6 cum), Powered by 400kw diesel engine (Electronically controlled), having Maximum Digging Height=11m, Digging Reach=10.5m, Digging Depth=2.2m, Dumping Height=8.5m, Maximum Crowd Force=420KN, Breakout Force=490KN. For faster response and less maintenance, electronically actuated hydraulic system is envisaged. Operator cabin is spacious and designed, keeping in mind to provide utmost comfort ability to the operator.

II. Import Substitution Efforts

Continued efforts were made for indigenization and manufacture of import substitution items like Electric Rope Shovel (5 CuM Capacity) and Dragline for CIL.

Upgradation of Forging Technology helped in getting following orders which are of import substitution nature like Low Alloy Steel forgings for Reactor Pressure Vessel for Aakanksha Project

III. Energy Conservation

Foundry Forge unit of the company is the most energy

intensive unit which consumes more than 75% of total electrical energy and 100% of Coal.

Various efforts made for reduction in melting cycle helped in substantial reduction in specific electricity consumption in the melting area. However, with the production of high quality steel the specific energy consumption has gone up. Replacement/Upgradation of major electricity consuming furnaces have been included in modernization plan.

The various steps being taken in Foundry Forge unit has helped to control the overall energy consumption and specific energy consumption are as under:

- Reduction in maximum Demand of Power by proper load planning.
- Switching off Idle transformers of different sub stations during day time.
- Maintaining Average Power Factor as high as possible by continuous monitoring of Automatic Power Factor Control (APFC) Panels.
- Replacement of MG Sets by Static Transformers and Rectifiers.
- Use of ceramic lining in Furnaces and by installing programmable controller in electric pit furnace.
- Replacement of centralized compressor unit with decentralized Air Compressor at the load centres.
- Intermittent switching off of Centralised compressor according to requirement of load.
- Provision of Transparent Sheets at roof tops of production shops so as to utilize sunlight for illumination.
- Counseling employees for energy conservation consciousness and various measures.

These have helped in overall power consumption and bringing down the specific energy consumption w.r.t. previous year.

REPORT ON CORPORATE GOVERNANCE (AS ON 31.03.2017)

The Directors present the Company's activities on Corporate Governance.

MAIN OBJECTIVE OF CORPORATE GOVERNANCE

Heavy Engineering Corporation Limited (HEC Ltd.) believes in transparent business activities, to enhance the value for all those who are associated with the Company viz., Customers, Suppliers, Govt. of India, Ministry of Heavy Industry, Department of Public Enterprises as owners and any other capacity, various State Governments, other Governmental agencies/departments and the society at large. Essentially it involves practicing of good Corporate Governance policies and HEC believes honesty and integrity through transparency, accountability and attaining maximum level of enrichment of the enterprises. HEC also received global recognition by ensuring value addition to its domestic as also the International customers.

HEC complies with all the laws and manages its affairs in a competitive market and monitors and regulates the management policies/decision 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 by letter and spirit. Keeping with the spirit of the code, the Company has enlarged and strengthened the scope of the committees formed in accordance with the Companies Act, 2013.

Board of Directors :

The Board of Directors oversees all major actions/activities proposed to be undertaken by the company. The Board also reviews and approves the strategic and business plans including monitoring of corporate performance.

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. The Directors are not required to hold any qualification shares.

As on the date of reporting, the Board of HEC Ltd. consists of Eight Directors who have been classified in three classes viz., (i) Functional Directors (Whole time) (ii) Government Nominee Official Directors and Non-Official Directors. The Board includes (a) Chairman-cum-Managing Director (CMD), two Functional Directors i.e. Director (Production) and Director (Finance) (b) Two Government of India Nominee Official Directors and Four Non-Official Director from Ministry of Heavy Industry.

During the year Two functional Directors Shri Kushal Saha, Director (Production) and Shri S.K.Pattanayak, Director (Finance) ceased to be a directorship of HEC Ltd. on 18.06.2016 and 8.03.2017 respectively.

Shri Krishna Kumar Singh, Shri Ardhendu Shekhar Sarangi, Dr. (Smt.) Taran Kumari Roy and Shri H.N.Ramkrishna appointed as Part time Non Official Director on 16.06.2016, 27.01.2017, 27.01.2017 and 27.01.2017 respectively.

Shri R.C.Sen assumed additional charge of Director (Finance) on 16.03.2017.

The terms, conditions and tenure of appointment of Directors including CMD are decided by Government of India, Ministry of Heavy Industry.

The remuneration/compensation payable to Directors is also fixed by Government of India and the CMD and Functional Directors are paid monthly remuneration as fixed by Government of India.

Chairman-cum-Managing Director

i) Shri Avijit Ghosh : CMD

Functional Directors

ii) Shri Kushal Saha : Director (Production) till 18.06.2016

iii) Shri S.K. Pattanayak : Director (Finance) till 8.03.2017

i) Shri R.C.Sen : Additional charge of Director (Finance) w.e.f 16.03.2017

Govt. of India Nominee Part-time Official Directors

i) Shri Vishvajit Sahay, JS/DHI

ii) Shri Siya Sharan, CCA/DHI

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

i) Shri Krishna Kumar Singh : w.e.f. 16.06.2016

ii) Shri Ardhendu Shekhar Sarangi : w.e.f. 27.01.2017

iii) Dr. (Smt.) Taran Kumari Roy : w.e.f. 27.01.2017

iv) Shri H.N.Ramkrishna : w.e.f. 27.01.2017

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.

Number of Board Meetings :-

During the year 2016-17, Six (6) Meetings were held, the details of which are given below :-

Sl. No.	Date	Board Strength	No. of Directors present
1.	16.06.2016	05	04
2.	05.07.2016	05	05
3.	17.08.2016	05	05
4.	01.09.2016	05	05
5.	21.12.2016	05	04
6.	06.02.2017	08	07

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) Shri Avijit Ghosh	01.04.2016 to 31.03.2017	06	06	01
2. Shri Kushal Saha Director (Production)	01.04.2016 to 18.06.2017	01	01	
3. Shri S.K.Pattanayak Director (Finance)	01.04.2016 to 08.03.2017	06	06	
(b) Govt. of India Nominee Part-time Official Director				
Shri Vishvajit Sahay	01.04.2016 to 31.03.2017	06	05	07
Shri Siya Sharan, CCA/DHI	01.04.2016 to 31.03.2017	06	04	04
(c) Part-time Non-Official Director				
Shri K.K.Singh	16.06.2016 to 31.03.2017	05	05	
Shri A.S.Sarangi	27.01.2017 to 31.03.2017	01	01	
Dr.(Smt.) Taran Kumari Roy	27.01.2017 to 31.03.2017	01	01	
Shri H.N. Ramakrishna	27.01.2017 to 31.03.2017	01	01	

Board Agenda and Material :-

The Board believes that a carefully planned Agenda is important for effective Board Meetings. All major issues included in the Agenda are backed by comprehensive background information to enable the Board to take decisions. The agenda is flexible enough to accommodate any unexpected development (s) requiring Board's attention and its decision. Agenda papers are, generally circulated well in advance to the Members of the Board. The Board members, in consultation with the Chairman may bring up any relevant matter for the consideration of the Board.

Audit Committee

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

Number of Audit Committee Meetings :-

During the year 2016-17, Two (2) Meetings were held, the details of which are given below :-

Sl.No.	Date	Strength	No. of Members present
1.	17.08.2016	03	02
2.	21.12.2016	03	02

Attendance of each Member at Audit Committee Meetings

Name of the Members	Period	No. of Meetings held	No. of Meetings Attended
1. Shri K.K.Singh	01.04.2016 to 31.03.2017	02	02
2. Shri Vishvajit Sahay	01.04.2015 to 05.08.2015	02	Nil
3. Shri Siya Sharan	01.04.2015 to 31.03.2016	02	02



INDEPENDENT AUDITOR'S REPORT

To,
The Member of
HEAVY ENGINEERING CORPORATION LIMITED,
Ranchi

Report on the Financial Statements

We have audited the accompanying standalone Financial Statements of **HEAVY ENGINEERING CORPORATION LIMITED,** ("the Company"), which comprises the Balance Sheet as at March 31, 2017 and the Statements of Profit and Loss and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India including the accounting standards under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

We have taken into account of the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10), of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves, performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers.

Internal financial control relevant to the company's preparation and fair presentation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion on the financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017; and
- (b) In the case of Statements of the Profit and Loss, of the loss for the year ended on that date:
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date:

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

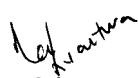
Sl. No.	Auditor Report	Reply
1.	<p>Other Current Liabilities (Note No. 9) Section 7 (3A) Payments of Gratuity Act, 1972 provides for payments of interest on the amount of gratuity which remained unpaid for more than one month Since the company could not pay gratuity to its retired employees on time, the company is liable to pay interest on unpaid gratuity. Non provision of interest, on outstanding gratuity amount Rs. 5010.06 lakh has resulted in understatement of liabilities and understatement of loss.</p>	<p>Company was suffering from severe cash crunch due to which it was not in position to disburse the gratuity liability as per schedule time on a concurrent basis. Company has already started disbursing Gratuity liability with amount received against monetization of corporation land as per approval of Government of India. Moreover, interest on gratuity is neither paid by the Corporation nor liability for interest due to delayed payment of gratuity has been provided. The same has been disclosed on other Note to financial statement at Sl. No. 33.12</p>
2.	<p>Trade Receivables (Note No. 18) No Provision has been made against amount of Rs. 1458.03 lacs lying unrealized since November 1999 from Northern Coalfield Limited as matter is sub judice before arbitration.</p>	<p>The original award was passed by Sole Arbitrator appointed by Secretary. Deptt of Public Enterprises. The award was confirmed by Additional Secretary. Deptt Of Law and Justice and Company Affairs. Govt. Of India. Hence, the award is not disputed. Further, NCL filed and appeal in Hon'ble High Court, New Delhi, but the same was rejected. As such, there is no uncertainty on the realization of the above amount. Subsequent to matter was being further contested through appeal by NCL in Hon'ble Supreme Court of India, a sole arbitrator has been appointed on 13th July 2016 on the order of Hon'ble Supreme Court of India.</p> <p>Since, the case is now being actively pursued and now such adverse judgement has yet been awarded, till date no provision at this stage is considered necessary despite the fact that the matter is pending for a period of more than 19 (nineteen) years. However the matter is disclosed in other notes to Financial Statements at Sl. No. 33.4</p>
3.	<p>Contingent Liabilities (Note No. 33.1.7) (a) Contingent liabilities relating to legal cases, in our opinion a proper provision required in legal case no. 15/98 of land acquisition (enhance land acquisition compensation case) of Ranchi Gaushala Nyas. Honourable Court has ordered to HEC to pay Rs. 247 lacs along with interest @ 15% per annum from 01.01.1998 to Ranchi Gaushala Nyas (calculated on simple interest rate). HEC is liable to pay interest of Rs. 713 lacs up to 31.03.2017 on the unpaid amount along award Rs. 247 lacs total Rs. 960 lacs. Non provision of interest along with award amount has resulted in understatement of liabilities and understatement of loss.</p>	<p>As per the information provided by our empanelled Advocate, the 157.42 acres of land belonging to Ranchi Gaushala was acquired by the then Govt. of Bihar in the year fifties @ compensation of Rs. 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 of compensation which was enhanced by judgment dated 12.01.1998 and award dated 19.01.1998. The LD court published the award enhancing compensation @ Rs. 20000/- per acre in addition for priltium @ 30% interest @ 9% per annum for one year (17.10.1958 to 16.10.1959) and @ 15% per annum from 17.10.1959 till realization for amount. Thus after adjustment of compensation Rs. 468029.19 already paid, the amount of compensation to be paid to Ranchi Gaushala arrived at Rs. 24721749.81 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'ble 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. Both cases are pending in the respective Court.</p> <p>In view of the above, contingent liability shown in both of A/c seems to be reasonable.</p>

For **V. K. JINDAL & CO.**
Chartered Accountants



(R. S. Agarwal)

Partner, M.No. 076081
ICAI Firm Regn No 001468C



(R K Srivastava)
SDGM (I/c) Financae/HQrs



Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, We give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (5) of the Act, the Comptroller and Auditor General of India issued Directions and sub-directions. We give our comments thereon vide Annexure-B
3. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper Books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statements of Profit and Loss and the cash flow statement dealt with by this report are in agreement with the Books of accounts.
 - (d) In our opinion, the aforesaid standalone financial Statements comply with the Accounting Standards specified under 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a Director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure C, and.
 - (g) *The company has not made adequate disclosure in respect of information for the Micro, Small & Medium Enterprises Act, 2006 (MSMED)*
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules 2014 and to the best of our information and according to the explanation given to us:
 - I. The Company does not have any pending litigations which would materially impact its financial position.
 - II. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - III. No amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - IV. The company has provided requisite disclosures in its Standalone Financial Statements as to holdings as well as dealings in specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the Books of Accounts maintained by the Company. Refer Para No. 33.20 of Note No. 33 to the Standalone Financial Statements.

Place : RANCHI
Dated : 30.06.2017

For V. K. JINDAL & CO.
Chartered Accountants

(R. S. Agarwal)
Partner

M.No. 076081

ICAI Firm Regn No 001468C

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT OF HEAVY ENGINEERING CORPORATION LIMITED FOR FOR THE YEAR 2016-17

Referred on paragraph 1 of our report of even date


Sl. No.	Auditor Report	Reply		
(i)	a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.	Noted		
	b) The fixed assets of the company have been physical verified by the internal auditor during the year. However, this has been done on test check basis, although the size of the company & the nature of its fixed assets calls for a stronger procedure of physical verification Fixed Assets coding has not been done on individual assets, thereby inconvenient to verify them	Fixed Assets are properly coded in HEC having inventory number and item No to identify the individual assets.		
	c) The conveyance deeds of the immovable property are held in the name of the company.	Noted		
(ii)	a) The inventories have been physically verified by the Internal Auditor at the end of the year.	No Comments		
	b) In our opinion and according to the information and explanations given to us. The procedures and frequency for physical verification of inventories followed by the management needs to be strengthened considering the size and nature of its inventory.	Noted for review		
	c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and no material discrepancies between physical stocks and book record arising out of physical verification were noticed.	No Comments		
(iii)	The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 139 of the Act and hence clause (a) to (b) is not applicable to the company for the year under audit.	No Comments		
(iv)	In our opinion and according to information and explanations given to us, the Company has not give any loans and guarantees and not made any investment in respect of section 185 and 186 of the Companies Act, 2016.	No Comments		
(v)	In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits, hence, clause (v) is not applicable to the company. Accordingly, directives issued by the Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provision of the Companies Act and the rules framed there under are not applicable	No Comments		
(vi)	As explained by the management, the cost record prescribed by the Central Govt. U/S 148 of the Companies Act, 2013 have been maintained by the Company. According to the information and explanations given to us in respect of statutory and other dues.	Cost records are being maintained by the Company itself under Cost Accounts Records Rules, 2011.		
	(a) The Company has generally been regular in depositing undisputed statutory dues in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax/VAT. Wealth Tax, Service Tax, Customs Duty, Excise duty, Cess and other material statutory dues as applicable, with the appropriate authorities. According to the information, and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, except given below with the appropriate authorities.		Due to cash crunch situation, the company is not a position to liquidate the above dues. However utmost effort is being made to realize the amount from debtors for liquidating of the above dues at the earliest.	
	Name of the Act Amount (Outstanding)	Amount (Outstanding)	Period	Presently the Company is paying Rs. 2,50,000/- per quarter towards outstanding Municipal taxes & Rs. 5,00,000/- per month against Water dues.
	Municipal Taxes	39.50 Lakhs	Oct. 2000 to Dec. 2005	
	Water Dues	3130.58 Lakhs	Oct. 2007 to March 2017	



	b) According to the information and explanations give to us, there are disputed statutory dues, which have not been deposited as at 31st March 2017, is given herein below.				
	Name of statutory	Period to which related	Forum	Amount (Net of paid, in lakh.	Appeal has already been filed before respective appellate authority. The same has also been shown in contingent liability.
	Value added Tax Act 2005 (VAT)	2008-2009	Commissioner of Commercial Taxes, Ranchi	10.78	
		2009-10	Commissioner of Commercial Taxes, Ranchi	19.63	
		2010-11	Commissioner of Commercial Taxes, Ranchi	92.41	
		2011-12	Commissioner of Commercial Taxes, Ranchi	79.18	
	Central Sales Tax (CST)	2008-2009	Commissioner of Commercial Taxes, Ranchi	10.35	
		2009-10	Commissioner of Commercial Taxes, Ranchi	57.76	
		2010-11	Commissioner of Commercial Taxes, Ranchi	137.18	
		2011-12	Commissioner of Commercial Taxes, Ranchi	1064.81	
	Service Tax Act	Oct 2006-March 2007	CESTAT, Kolkata	617.96	
		Oct 2007 - March 2010	CESTAT, Kolkata	816.05	
		2013-2014 & 2014-2015	Commissioner (Appeal) Ranchi	221.05	
	Central Excise Act	2010-11 to 2014-15	CESTAT, Kolkata	1180.18	
(viii)	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions banks.				
(ix)	The company did not raise any money by way of initial public offer or further public offer including debt instruments) and term loan during the year. Accordingly paragraph 3 (ix) of the order is not applicable.				No comments
(x)	As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.				No comments

(xi)	According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for managerial remunerations in accordance with the requisite approvals mandated by the provision of section 197 read with schedule V of the Act.	No comments
(xii)	In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly this clauses is not applicable to the Company.	No comments
(xiii)	According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the, Act where ever applicable and details of such transactions have been disclosed in the financial statements as required of the applicable accounting standards.	No comments
(xiv)	According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully partly convertible debentures during the year	No comments
(xv)	According to the information and explanations given to us and based on our examination of the records the Company, the Company has not entered into non-cash non sanctions with directors or persons connected with him. Accordingly this clause is not applicable to the Company.	No comments
(xvi)	The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.	No comments

For **V. K. JINDAL & CO.**
Chartered Accountants

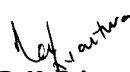


(R. S. Agarwal)

Partner,

M.No. 076081

ICAI Firm Regn No 001468C



(R. K. Srivastava)
SDGM (I/c) Financae/HQrs



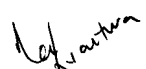
ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT OF HEAVY ENGINEERING CORPORATION LIMITED FOR FOR THE YEAR 2016-17

Directions under section 143 (5) of Companies Act, 2013 Referred to in paragraph 2 of our report		
Sl. No	Questions	Reply
1.	Examine of title/lease deeds for freehold and leasehold land and report area of freehold and leasehold land for which title deeds are not available, in dispute, and under encroachment.	The conveyance deed of the Freehold land is available with the Company. As informed 379.91 Acres was encroached land.
2.	Please report whether there are any cases of waiver/ write off debts/loans/interest etc., if yes, the reason therefore and the amount involved.	No cases come to our notice of waiver/write off of Book debts/loans and interest.
3.	Whether proper records are maintained for inventories lying with third parties and asset received as gift from Govt. or other authorities.	Proper records are maintained for inventory lying with third parties. The company has not received any gift from government or other authorities during the year.
Sub-Directions under section 143 (5) of Companies Act, 2013 Referred to in paragraph 2 of our report		
Sl. No	Questions	Reply
1.	Review the sundry debtors remain unrealized beyond the authorized credit period including confirmation/ realisability of escalation bills and LD recovered/ adjusted by the debtors and assess the realisability and adequacy of provision for doubtful realisability.	We have examined the sundry debtors remain unrealized beyond the authorized credit period and found that balances are un confirmed. How ever, adequate provision for doubtful debts has been made.
2.	Examine the percentage escalation in salary assumed by management for computation of actuarial liability against gratuity and employee benefits and report whether the same are reasonable, and source data provided by the company to the actuaries for actuarial valuation were complete, correct and valid.	We have examined the percentage of escalation in salary assumed by the Company, in respect of actuarial liability against gratuity and other employee benefits and found reasonable. We further report that source data provided by the company for actuarial valuation were correct, complete and valid.

For **V. K. JINDAL & CO.**
Chartered Accountants


(R. S. Agarwal)

Partner,
M.No. 076081
ICAI Firm Regn No 001468C


(R. K. Srivastava)
SDGM (I/c) Financae/HQrs



ANNEXURE "C" TO THE INDEPENDENT AUDITORS' REPORT OF HEAVY ENGINEERING CORPORATION LIMITED FOR FOR THE YEAR 2016-17

Report on the Internal Financial controls 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 31st march 2017 in conjunction with our audit of the standalone financial statements of the compapy for the year ended on that date.

Management's Responsibility for Internal financial controls

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

Auditor Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the standards on Auditing, issued by ICAI and deemed to be prescribe under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial control and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements and Plan and perform the audit to obtain the 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 on internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exist, and testing and evaluating the design and operating effectiveness of internal based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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, 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 31st March 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : RANCHI
Dated : 30.06.2017

For V. K. JINDAL & CO.
Chartered Accountants

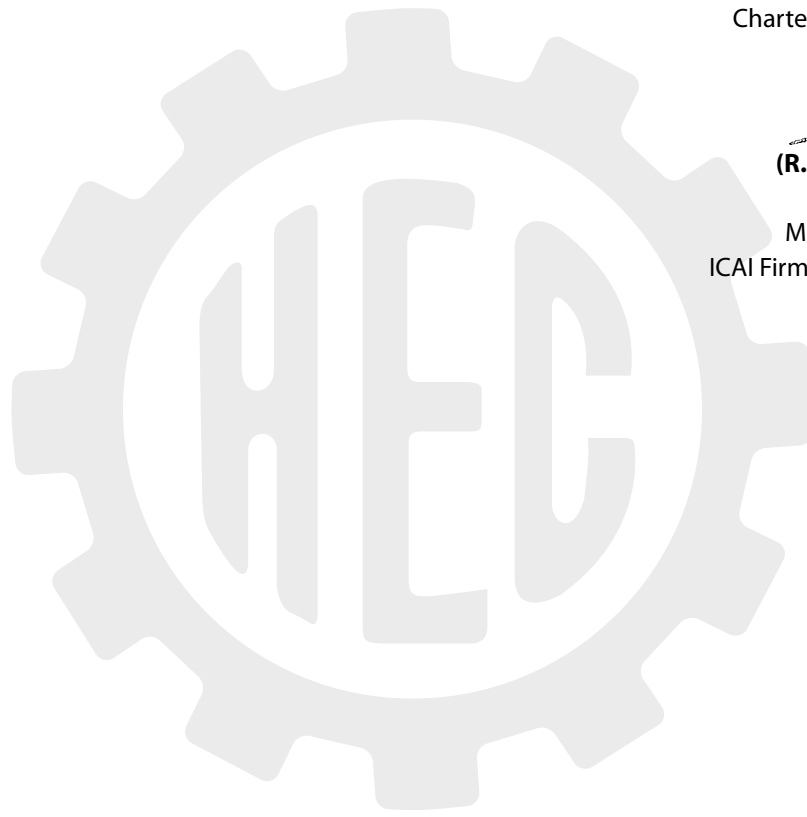
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(R. S. Agarwal)

Partner

M.No. 076081

ICAI Firm Regn No 001468C



Annexure -C

**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 31ST MARCH, 2017**

The preparation of financial statements of Heavy Engineering Corporation Limited for the year ended 31st March 2017 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 statement under Section 143 of the Act based on independent audit in accordance with 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 30 June 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6) (a) of the Act of the financial statement of Heavy Engineering Corporation Limited for the year ended 31st March 2017. 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. Based on my supplementary audit, I would like to highlight the following significant matter under Section 143(6)(b) of the Act which have come to my attention and which in view are necessary for enabling a better understanding of the financial statements and the related audit report.

Sl. No.	Comments	Reply
A.	<p><u>Comments on Profitability</u></p> <p>Note No. 17-Inventories : Rs. 12818.35 Lakh.</p> <p>During test check, certain discrepancies were noted between the balance of Stores Price Ledger and Bin Card Maintained at Central stores of Heavy Machine Building Plant (HMBP) of the company. This was due to non-reconciliation of balance of quantity shown in these records. This indicates the failure of internal financial control of the company relating to consumption of Raw materials and stores & Spares.</p> <p>The above has resulted in overstatement of inventories and under statement of consumption of Raw Materials and Stores & Spares as well as understatement of Loss by Rs. 655.13 Lakh.</p>	<p>Discrepancies between stores pricing ledger and bin card are being accounted for as it comes into finance department. Reconciliation is being done at frequent intervals & adjusted accordingly, This is an ongoing process.</p> <p>Discrepancies noted between the balances of Stores Price Ledger and Bin Card maintained at Central Stores of HMBP of the company, by the Govt. Audit will be reconciled and after reconciliation of the discrepancies the necessary adjustment/correction will be made in Financial Statement during FY 2017-18.</p> <p>However, all out efforts will be made to improve the system of reconciliation between stores Price Ledger & Bin Card balances.</p>


(Indu Agrawal)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board, Ranchi.


(Avijit Ghosh)

Chairman-cum-Managing Director

Place : Ranchi

Date : 01.09.2017



FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

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

1. REGISTRATION AND 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 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:-

Sr. No.	Name and 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 AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
1.					
2.					
3.					
4.	NIL				

4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				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. Promoter									
(1) Indian									
(a) Individual/ HUF									
(b) Central Govt	0	6060788	6060788	100		6060788	6060788	100	0
(c) State Govt(s)									
(d) Bodies Corp									
(e) Banks / FI									
(f) Any Other									
Sub-total(A)(1):-									
2. Foreign									
(g) NRIs-Individuals									
(h) Other-Individuals									
(i) Bodies Corp.									
(j) Banks / FI									
(k) Any Other....									
Sub-total (A)(2) :-	0	6060788	6060788	100		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 Funds									
(f) Insurance Companies									
(g) FIs									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
Sub-total(B)(1)									
2. Non Institutions									
(a) Bodies Corp.									
(i) Indian									
(ii) Overseas									
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
(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)		6060788	6060788	100		6060788	6060788	100	0

ii. Share holding of Promoters

Sr. 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 Promoter's Shareholding (please specify, if there is no change)- N.A

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding 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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13878.74	4789.00	--	18667.74
ii) Interest due but not paid	--	1420.42	--	1420.42
iii) Interest accrued but not	--	420.30	--	420.30
Total (i + ii + iii)	13878.74	6629.72		20508.46
Change in Indebtedness during the financial year				
- Addition				
- Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)				

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Total Amount (Rs. Lakh)			
		Avijit Ghosh	Kushal Saha	S. Banerjee	S. K. Pattanayak
1.	Gross salary	26.83	7.02	0.87	24.61
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as% of profit - Others, specify...				
5.	Others, please specify				
6.	Total (A)				
7.	Ceiling as per the Act				

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
		K. K. Singh	A. S. Sarangi	H. N. Ramakrishna	Taran Kumari Roy	
	Independent Directors					
	Fee for attending board committee meetings					
	·Commission					
	·Others, please specify – Sitting Fees	80000	20000	20000	10000	130000
	Total(1)	80000	20000	20000	10000	130000

Other Non-Executive Directors ·Fee for attending board committee meetings ·Commission ·Others, please specify						
Total (2)	0	0	0	0	0	0
Total (B) = (1+2)	80000	20000	20000	10000	130000	
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			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			NIL	
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as% of profit - others, specify...				
5.	Others, please specify				
6.	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				NIL	
Punishment					
Compounding					
C. Other Officers In Default					
Penalty					
Punishment					
Compounding					

BALANCE SHEET AS AT 31ST MARCH, 2017

₹ in Lakh

	Note No.	As at 31.03.17	As at 31.03.16
I. EQUITY & LIABILITIES			
(1) SHAREHOLDER'S FUND			
(a) Share Capital	2	60607.88	60607.88
(b) Reserves & Surplus	3	(94276.35)	(86133.60)
(2) SHARE APPLICATION MONEY			
PENDING ALLOTMENT		0.01	0.01
(3) NON-CURRENT LIABILITIES			
(a) Long Term Borrowing	4	1915.60	2873.40
(b) Other Long Term Liabilities	5	1467.69	2576.51
(c) Long Term Provisions	6	7076.98	7400.12
(4) CURRENT LIABILITIES			
(a) Short Term Borrowings	7	13878.74	20951.30
(b) Trade Payables	8	25782.51	33015.43
(c) Other Current Liabilities	9	52358.47	32813.39
(d) Short Term Provisions	10	4466.93	4824.05
TOTAL		73278.46	78928.49
II. ASSETS			
(1) Non-Current Assets			
(a) <u>Fixed Assets</u>			
(i) Tangible Assets	11	7087.39	7368.46
(ii) Intangible Assets	12	0.00	0.00
(iii) Capital Work in Progress	13	226.41	748.65
(b) Non-Current Investments	14	0.36	0.36
(c) Long Term Loans & Advances	15	16.13	16.32
(d) Other Non-Current Assets	16	22077.66	20038.64
(2) Current Assets			
(a) Inventories	17	12818.35	16323.48
(b) Trade Receivables	18	18261.12	19912.23
(c) Cash & Cash Equivalents	19	9458.72	9786.21
(d) Short Term Loans & Advances	20	3298.98	4654.16
(e) Other Current Assets	21	33.34	79.98
TOTAL		73278.46	78928.49

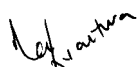
Significant Accounting Policies 1

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 (Finance)



R. C. Sen
Director (Finance)



Avijit Ghosh
Chairman cum Managing Director

In terms of our report at HEC level

For V. K. Jindal & Co
Chartered Accountants



(CA R. S. Agarwal)
Partner, M. No. 076081

Place : Ranchi

Date : 30.06.2017



**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2017**

₹ in Lakh

	Note No.	2016-17	2015-16
I. Revenue from Operation	22	39834.69	38024.37
II. Other Income	23	3015.93	6438.94
III. TOTAL REVENUE		<u>42850.62</u>	<u>44463.31</u>
IV. EXPENSES:			
(a) Cost of Material Consumed	24	13035.00	23741.05
(b) Changes in Inventories of FG & WIP	25	3351.11	3956.71
(c) Employees Benefits Expenses	26	11386.11	11615.13
(d) Finance Costs	27	3244.32	2967.63
(e) Depreciation & Amortization Expenses	28	695.45	705.76
(f) Research & Development Expenditure	29	63.17	62.07
(g) Other Expenses	30	19349.29	19481.00
TOTAL EXPENSES		<u>51124.45</u>	<u>62529.35</u>
Profit / (Loss) before Prior Period, Exceptional & Extraordinary Items		(8273.83)	(18066.04)
Prior Period Adjustment (Net)	31	47.17	(11.41)
V. Profit/(Loss) before Exceptional & Extraordinary Items & Tax		(8226.66)	(18077.45)
VI. Exceptional Items		—	—
VII. Profit/(Loss) before Extraordinary Items & Tax (V-VI)		<u>(8226.65)</u>	<u>(18077.45)</u>
VIII. Extraordinary Items	32	<u>0.00</u>	<u>3600.00</u>
IX Profit (Loss) before Tax (VII-VIII)		<u>(8226.66)</u>	<u>(14477.45)</u>
X Tax Expenses			
(i) Current Tax		0.00	0.00
(ii) Deferred Tax		<u>0.00</u>	<u>0.00</u>
XI Profit (Loss) for the period from Continuing Operation (IX-X)		<u>(8226.66)</u>	<u>(14477.45)</u>
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)		<u>(8226.66)</u>	<u>(14477.45)</u>
Earning per share (Face value ₹1000)	(1) Basic in Rupees	(135.74)	(238.87)
	(2) Diluted in Rupees	(135.74)	(238.87)

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 (Finance)

R. C. Sen

Director (Finance)

Avijit Ghosh

Chairman cum Managing Director

In terms of our report at HEC level

For V. K. Jindal & Co

Chartered Accountants

(CA R. S. Agarwal)

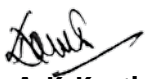
Partner, M. No. 076081

Place : Ranchi
Date : 30.06.2017

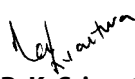
CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD APRIL 2016 - MARCH 2017

	2016-17	2015-16
₹ in Lakhs		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(8226.66)	(14477.45)
Adjustments for:		
Depreciation	705.04	702.30
Interest Expenses	3244.32	2967.63
Extra Ordinary Items	0.00	(3600.00)
Amortization Expenses	0.00	10.73
Lease Income	(518.16)	(469.88)
Interest Earned	(113.38)	(72.71)
Incremental Provisions	<u>(680.26)</u>	<u>(4955.03)</u>
Operating Profit before Working Capital Changes	2637.56	(5416.96)
Adjustments for:	(5589.10)	(19894.41)
Trade and Other Receivables	(341.27)	(5714.79)
Inventories	3505.13	7287.35
Trade Payables	11203.34	14504.65
Loans & Advances	<u>1355.37</u>	<u>(986.16)</u>
Cash Generated from Operations	15722.57	15091.05
Income Tax Paid	10133.47	(4803.36)
Net Cash from Operating Activities	0.00	0.00
	10133.47	(4803.36)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(432.01)	(660.28)
Sale/Adjustment of Fixed Assets	122.31	20.24
Adjustment in Accumulated Depreciation	(114.27)	(18.56)
Adjustment in Capital Work-in-Progress	522.24	(0.77)
Interest Earned	113.38	72.71
Lease income	518.16	469.88
Net Cash from Investing Activities	729.81	(116.78)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Payment	(3244.32)	(2967.63)
Extra Ordinary Items	0.00	3600.00
Short Term Loans	(7072.56)	7060.74
Long Term Borrowings	(957.80)	(957.80)
Change in Reserves & Surplus	83.91	(468.68)
Net cash from in financing activities	(11190.77)	6266.63
Net increase /(Decrease) in cash and cash equivalents	<u>(327.49)</u>	<u>1346.49</u>
Opening Balance of Cash and Cash Equivalents	9786.21	8439.72
Closing Balance of Cash and Cash Equivalents	9458.72	9786.21
	<u>(327.49)</u>	<u>1346.49</u>

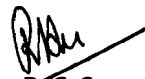
Note :- The above Cash Flow statement has been prepared under the Indirect method as set out in Accounting Standard 3.



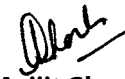
A. K. Kanth
Company Secretary



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Director (Finance)



Avijit Ghosh
Chairman cum Managing Director

In terms of our report at HEC level
For V. K. Jindal & Co
Chartered Accountants



(CA R. S. Agarwal)
Partner, M. No. 076081
FRN 001468C

Place : Ranchi
Date : 30.06.2017

CORPORATE INFORMATION

HEAVY ENGINEERING CORPORATION LTD. (HEC) IS 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 211(3C) of the Companies Act, 1956[Companies (Accounting Standards) Rules, 2006, as amended] 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 of 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) By 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 bills have been raised are accounted for at contract price or provisional price. In case of dispatches for which challans and gate passes have been issued but bills are not raised, sales are accounted for at contract or provisional prices as unbilled sales.
 - 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.
 - iii) For when there is provision in contract or evidence of acceptance by the customer.
 - iv) Sales are accounted for inclusive of excise duty but exclusive of sales tax.
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. 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 Traveling 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 prorata 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 and also value of dispatches which are unbilled 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) RECOVERED BY CLIENTS FROM HEC BILLS :-

(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 after expiry of three years of recovery.

(iii) 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 analysed 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.



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

₹ in Lakh

	As at <u>31.03.17</u>		As at <u>31.03.16</u>	
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	
Details of Shares held by shareholders holding more than 5% shares at the end of year :-	No of Shares	% of holding	No of Shares	% of holding
President of India (POI) alongwith nominees	6060788	100%	6060788	100%
Face Value Per Share (Rupees)		1000.00		1000.00
NOTE NO. - 3	RESERVE & SURPLUS			
Capital Reserve				
Opening Balance	10004.49		10473.17	
Addition during the year	602.07		1.20	
	10606.56		10474.37	
Deduction during the year	518.16	10088.40	469.88	10004.49
Surplus				
Opening Balance	(96138.09)		(81660.64)	
Addition during the year	(8226.66)	(104364.75)	(14477.45)	(96138.09)
TOTAL	(94276.35)		(86133.60)	
NOTE NO. - 4	LONG TERM BORROWINGS			
Term Loan				
From Govt. of India				
Non Plan loan		1915.60		2873.40
TOTAL		1915.60		2873.40
NOTE NO. - 5	OTHER LONG TERM LIABILITIES			
(a) Trade Payables				
Sundry Creditors		0.00		0.00
(b) Others				
Securities & Other Deposits from Contractors	33.48		234.80	
Securities & Other Deposits from Employees (As per Contra Note-15)	0.76		0.76	
Other Liabilities	1203.11		2120.34	
Miscellaneous	230.34	1467.69	220.61	2576.51
TOTAL		1467.69		2576.51



NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	<u>As at 31.03.17</u>	<u>As at 31.03.16</u>
NOTE NO. - 6	<u>LONG TERM PROVISIONS</u>	
(a) Provision for Employee Benefits		
Provision for Gratuity	4334.72	4513.62
Provision for Leave Encashment	1852.65	2009.27
Provision for RTA	48.12	48.69
Provision for LTA	<u>30.53</u>	<u>0.00</u>
(b) Others		
Provision for Impaired Assets	82.28	100.64
Provision for Warranty Expenses	<u>728.68</u>	<u>727.90</u>
TOTAL	<u>7076.98</u>	<u>7400.12</u>
NOTE NO. - 7	<u>SHORT TERM BORROWINGS</u>	
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)	13878.74	20951.30
TOTAL	<u>13878.74</u>	<u>20951.30</u>
NOTE NO. - 8	<u>TRADE PAYABLES</u>	
Sundry Creditors	15069.18	17103.63
Dues to SME	2018.61	2120.04
Advance from Customers	<u>8694.72</u>	<u>13791.76</u>
TOTAL	<u>25782.51</u>	<u>33015.43</u>
NOTE NO. - 9	<u>OTHER CURRENT LIABILITIES</u>	
Employees Liabilities	12485.07	11420.60
VRS Liabilities	1.88	1.88
Loan from Govt. of India*	2873.40	1915.60
Add: Interest Accrued but not due on Govt. Loan	<u>1840.72</u>	<u>1015.44</u>
Government Grant [Unutilised]		
Received from GOI for payment of Tax	18243.00	18243.00
Less : Charged against capital gain Tax	9245.61	9245.61
Less : Balance Advance Tax	2054.39	2054.39
Add : Interest Income	<u>1669.50</u>	<u>1113.66</u>
Securities & Other Deposits from Contractors	3447.20	2635.57
Book Overdraft with Scheduled Bank	77.74	69.51
Electricity Dues	2546.73	455.13
Water Dues	3130.58	2905.94
Advance received from GOJ (Land)	10000.00	0.00
Other liabilities	1394.46	1538.06
Miscellaneous	<u>5948.19</u>	<u>2799.00</u>
TOTAL	<u>52358.47</u>	<u>32813.39</u>
* Part of Govt. Loan matured for payment		
NOTE NO. - 10	<u>SHORT TERM PROVISIONS</u>	
(a) Provision for Employee Benefits		
Provision for Gratuity	820.44	1053.15
Provision for Leave Encashment	807.21	934.89
Provision for RTA	3.83	5.55
Provision for Sick Leave	0.00	0.00
Provision for LTA	170.18	212.14
Provision for Revision of Pay Scale for Employees	<u>2470.20</u>	<u>2470.20</u>
(b) Others		
Provision for Warranty Expenses	195.07	148.12
TOTAL	<u>4466.93</u>	<u>4824.05</u>



NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.17	As at 31.03.16
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NOTE NO. - 11

TANGIBLE ASSETS

Type of Assets	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.16	Addition/ Adjustment	(Deduction)/ Adjustment	Cost as on 31.3.17	Upto 31.03.16	for the year	Addition/ (Deduction)	upto 31.03.17	As on 31.03.17	As on 31.03.16
1	2	3	4	5	6	7	8	9	10	11
OTHER TANGIBLE ASSETS										
Land (including Development of land)	253.33	0.00	0.00	253.33	0.00	0.00	0.00	0.00	253.33	253.33
Buildings	5833.15	0.00	0.00	5833.15	5125.93	48.60	0.00	5174.53	658.62	707.22
Roads	266.16	0.00	0.00	266.16	252.90	0.01	0.00	252.91	13.25	13.26
Plant and Machinery	26930.14	425.59	245.59	27601.32	21255.59	620.33	235.24	22111.16	5490.16	5674.55
Furniture and Fittings	116.51	0.00	0.00	116.51	103.76	1.53	0.00	105.29	11.22	12.75
Motor Vehicles	140.98	0.00	0.00	140.98	133.32	0.62	0.00	133.94	7.04	7.66
Railway Sidings	469.39	0.00	0.00	469.39	425.97	3.19	0.00	429.16	40.23	43.42
Office Equipment	174.40	0.40	0.00	174.80	159.87	3.08	0.00	162.95	11.85	14.53
Computers & Data Processing Units	494.61	4.43	0.00	499.04	456.43	7.46	0.00	463.89	35.15	38.18
Electrical Installations and Equipment	737.12	1.29	0.00	738.41	585.48	18.07	0.00	603.55	134.86	151.64
Pipelines and Sluices	605.13	0.30	0.00	605.43	551.84	2.15	0.00	553.99	51.44	53.29
SUB - TOTAL OTHER ASSETS (A)	36020.92	432.01	245.59	36698.52	29051.09	705.04	235.24	29991.37	6707.15	6969.83
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 (B)	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 31.03.16)	1780.36	0.00	0.00	1780.36	1679.70	0.00	0.00	1679.70	100.66	100.66
Plant & Machinery (During 2016-17)	0.00	0.00	(367.90)	(367.90)	0.00	0.00	(349.51)	(349.51)	(18.39)	0.00
SUB - TOTAL IMPAIRED ASSETS (C)	1780.36	0.00	(367.90)	1412.46	1679.70	0.00	(349.51)	1330.19	82.27	100.66
GRAND - TOTAL TANGIBLE FIXED ASSETS (A+B+C)	38630.68	432.01	(122.31)	38940.38	31262.22	705.04	(114.27)	31852.99	7087.39	7368.46
PREVIOUS YEAR FIGURES	37990.64	660.28	20.24	38671.16	30578.48	702.30	18.56	31299.34	7368.46	

Current period depreciation	699.47
Prior period depreciation	5.57
Total Depreciation	705.04

Note: Status of Land	Acres
a) Land Transferred to GOJ	2035.14
b) Land Transferred to CISF	158.00
c) Encroched Land	379.91
d) Land given on lease	309.62
e) Land for own use	4316.84
Total land as per original deed	7199.51

NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	<u>As at 31.03.17</u>	<u>As at 31.03.16</u>
NOTE NO. - 12	<u>INTANGIBLE ASSETS</u>	
Technical Know How fees		
Opening Balance	265.52	265.52
Addition during the Year	0.00	0.00
TOTAL (A)	265.52	265.52
Less : Amortisation up to Previous Year	265.52	254.79
Less : Amortisation during Current Year	0.00	10.73
TOTAL (B)	265.52	265.52
TOTAL (A-B)	0.00	0.00
NOTE NO. - 13	<u>CAPITAL WORK IN PROGRESS</u>	
Capital Work in Progress		
Plant & Machinery	1283.64	1715.92
Less: Provisions	1057.23	967.27
TOTAL	226.41	748.65
NOTE NO. - 14	<u>NON-CURRENT INVESTMENTS</u>	
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.

NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.17		As at 31.03.16	
NOTE NO. - 15	LONG TERM LOANS & ADVANCES			
(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]	Gross Amount	Provision	Net Amount	Gross Amount
				Provision
				Net Amount
Doubtful	459.47	459.47	0.00	528.48
				528.48
				0.00
(b) Security Deposits				
Private Parties	1.80	0.20	1.60	1.90
Government Authorities	197.13	187.27	9.86	193.94
Employees (As per contra in Note -5)	0.76	0.00	0.76	0.76
				0.00
				0.76
(c) Others				
Advances to Employees	3.03	3.03	0.00	6.55
Claims Receivable	267.33	263.42	3.91	177.46
Income Tax deducted at source	7.40	7.40	0.00	7.40
				7.40
				0.00
Total	936.92	920.79	16.13	916.49
				900.17
				16.32
<u>Particulars of Long Term Loans & Advances</u>				
Secured, Considered Good			0.91	0.91
Unsecured ,Considered Good			15.22	15.41
Doubtful			920.79	900.17
Total			936.92	916.49
Amount due from				
Directors			0.00	0.00
Officers			0.00	0.00
NOTE NO. - 16	OTHER NON-CURRENT ASSETS			
Long Term Trade Receivables				
(A) Public Sector & Govt. Deptt.				
Un-Secured, Considered Good		18483.72		16493.63
Doubtful		7607.15		6761.11
TOTAL (A)		26090.87		23254.74
(B) Others				
Un-Secured, Considered Good		470.61		729.64
Doubtful		149.96		59.28
TOTAL (B)		620.57		788.92
SUB TOTAL (A+B)		26711.44		24043.66
Less: Provision for Doubtful debts		5981.24		5037.97
Provision against LD deducted & charged		1775.88	18954.32	1782.43
				17223.26
Rent Receivables				
(A) Public Sector & Govt. Deptt.				
Unsecured, Considered Good		2711.88		2490.51
Doubtful		158.72		90.26
TOTAL (A)		2870.60		2580.77
(B) Others				
Unsecured, Considered Good		411.46		324.87
Doubtful		354.45		391.15
TOTAL (B)		765.91		716.02
SUB TOTAL (A+B)		3636.51		3296.79
Less: Provision for Doubtful Realisation		513.17	3123.34	481.41
				2815.38
GRAND TOTAL			22077.66	20038.64

Notes:

- Long Term Trade Receivables includes unbilled despatches ₹ 0.00 Lakh (Previous Year ₹ 418.50 L)
- Long Term Trade Receivables also include not due ₹ 15617.29 Lakh (Previous Year ₹ 15598.19 L) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.

NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.17		As at 31.03.16	
NOTE NO. - 17	<u>INVENTORIES</u>			
(As certified by the Management)				
Raw Materials & Components	6353.51		5873.21	
Less : Provision / Stock Adjustment	2275.26	4078.25	2015.33	3857.88
Stores, Spares & Components including Construction Materials	977.80		1143.46	
Less : Provision / Stock Adjustment	328.44	649.36	359.86	783.60
Goods-in-Transit/ Under inspection	623.38		1174.00	
Less : Provision	178.64	444.74	355.46	818.54
Loose Tools, Drawing Instruments etc.	1176.03		1208.66	
Less : Provision	68.46	1107.57	66.35	1142.31
Stock of Finished Products	3619.68		1475.22	
Less : Provision	30.16	3589.52	44.25	1430.97
Work-In-Progress	2534.13		8059.61	
Less : Provision	103.81	2430.32	258.11	7801.50
Work-In-Progress (Turnkey Project)	518.59		488.68	
Less : Provision	0.00	518.59	0.00	488.68
Discarded Assets	3.48		3.48	
Less : Provision	3.48	0.00	3.48	0.00
Total Inventory	15806.60		19426.32	
Less : Provision / Stock Adjustment	2988.25		3102.84	
TOTAL		12818.35		16323.48

Notes:

1. Finished Stock & WIP includes items worth ₹ 79.63 Lakh (Previous Year ₹ 114.67 L) 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 ₹ 2803.15 Lakh (Previous Year ₹ 1185.65 L). The existing provision is considered adequate.
3. Goods In Transit includes CV Duty ₹ 18.12 Lakh (Previous Year ₹ 7.93 L)
4. Raw Materials & Components including scrap at shop floor ₹ 93.50 Lakh (Previous Year ₹ 45.57 L)
5. FG include lying at depot ₹ 9.76 Lakh (Previous Year ₹ 9.76 Lakh)

NOTE NO. - 18**TRADE RECEIVABLES**

	Over Six Months	Other Debts	Total	Over Six Months	Other Debts	Total
Short Term Trade Receivables						
(A) Public Sector & Govt. Deptt.						
Un-Secured, Considered Good	8542.66	9551.72	18094.38	4309.51	15326.93	19636.44
Doubtful	646.51	869.38	1515.89	53.82	48.92	102.74
SUB TOTAL (A)	9189.17	10421.10	19610.27	4363.33	15375.85	19739.18
(B) Others						
Un-Secured, Considered Good	166.74	0.00	166.74	122.25	153.54	275.79
Doubtful	36.48	0.00	36.48	0.00	0.00	0.00
SUB TOTAL (B)	203.22	0.00	203.22	122.25	153.54	275.79
TOTAL (A+B)			19813.49			20014.97
Less : Provision for Doubtful debts			155.21			0.00
Less: Provision against LD deducted & charged			1397.16			102.74
NET TOTAL			18261.12			19912.23

Notes:

1. Short Term Trade Receivables includes unbilled despatches ₹ 4339.76 Lakh (Previous Year ₹ 7247.89 L)
2. Short Term Trade Receivables also include not due ₹ 3428.99 Lakh (Previous Year ₹ 7726.52 L) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.

NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.17	As at 31.03.16
NOTE NO. - 19	<u>CASH & CASH EQUIVALENTS</u>	
(a) Balance with Schedule Bank Current Account	819.01	1698.02
(b) Cheques and Draft in Transit	0.00	0.00
(c) Cash in hand	3.99	<u>6.27</u>
(d) Others (Earmarked balances with Banks)		1704.29
Short Term Deposit with Schedule Bank *	8437.37	7891.91
Short Term Deposit with Other Bank **	<u>198.35</u>	<u>190.01</u>
TOTAL	<u>9458.72</u>	<u>9786.21</u>
* Unutilised Govt. Grant for payment of Capital Gain Tax		
** Term deposit as per Court Order with original maturity of more than three months		
NOTE NO. - 20	<u>SHORT TERM LOANS & ADVANCES</u>	
(a) Loans and Advances		
Unsecured, Considered Good	270.45	1150.69
(b) Security Deposits		
Private Parties	2.34	1.00
Government Authorities	957.26	869.34
(C) Others		
Advance to Employees	51.42	69.47
Prepaid Expenses	76.89	77.71
Claims Receivable	1010.63	1224.08
Income Tax deducted at source #	<u>983.10</u>	<u>1324.76</u>
SUB TOTAL	<u>3352.09</u>	<u>4717.05</u>
Less: Provision for bad & doubtful Advances	53.11	<u>62.89</u>
TOTAL	<u>3298.98</u>	<u>4654.16</u>
# Includes ₹ 175.13 Lakhs payable to GOI against Interest earned from unutilised portion of Govt. Grant deposited in SBI		
Particulars of Short Term Loans & Advances		
Secured, Considered Good	1494.04	2232.22
Unsecured, Considered Good	1804.94	2421.94
Doubtful	<u>53.11</u>	<u>62.89</u>
Total	<u>3352.09</u>	<u>4717.05</u>
Amount due from		
Directors	0.00	0.00
Officers	0.00	0.00
NOTE NO. - 21	<u>OTHER CURRENT ASSETS</u>	
<u>Rent and Other Receivables</u>		
(a) Rent		
Unsecured, Considered Good	31.82	45.90
Doubtful	<u>0.00</u>	<u>31.76</u>
TOTAL	<u>31.82</u>	<u>77.66</u>
(b) Interest Accrued but not Due	<u>1.52</u>	<u>2.32</u>
TOTAL (a + b)	<u>33.34</u>	<u>79.98</u>

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

	2016-17		2015-16	
NOTE NO. - 22	REVENUE FROM OPERATION			
Sales & Services				
Sale of Products	42252.76		40051.60	
Sale of Services	956.49		676.75	
SUB TOTAL	43209.25		40728.35	
Less: Excise Duty	4198.42	39010.83	3280.53	37447.82
Other Operating Revenue				
Job Done for Internal Use	823.86		576.55	
Add: Inter Plant Transfers	0.00	823.86	0.00	576.55
TOTAL	39834.69		38024.37	
NOTE NO. - 23	OTHER INCOME			
Interest	113.38		72.71	
Rent	1158.89		1125.63	
Sale of Stores	34.72		29.98	
Miscellaneous Income	401.20		445.34	
Income from HTI	35.00		36.35	
Profit on Sale of Asset	111.90		68.50	
Excess provision written back	836.45		4153.70	
Water & Electricity Charges	324.39		506.73	
TOTAL	3015.93		6438.94	
NOTE NO. - 24	COST OF MATERIALS CONSUMED			
Consumption of Raw materials & Components	11993.85		20467.08	
Less: Interplant Transfer	2725.57	9268.28	3893.05	16574.03
Consumption of Stores & Spares	4290.62		7639.91	
Less: Interplant Transfer	523.90	3766.72	472.89	7167.02
TOTAL	13035.00		23741.05	
NOTE NO. - 25	CHANGES IN INVENTORIES OF FG & WIP			
Decretion/(Accretion) to value of FG & WIP				
Work-In-Progress				
Opening Stock	8548.29		9112.68	
Closing Stock	3052.72	5495.57	8548.29	564.39
Finished Stock				
Opening Stock	1475.22		4867.54	
Closing Stock	3619.68	(2144.46)	1475.22	3392.32
TOTAL	3351.11		3956.71	

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

	₹ in Lakh	
	2016-17	2015-16
NOTE NO. - 26	<u>EMPLOYEES BENEFIT EXPENSES</u>	
Salaries, Wages & Bonus	8506.89	8777.89
Corporation Contribution to Provident Fund and Employee's Pension Fund	938.19	985.29
Workmen and Staff Welfare Expenses	513.19	532.48
Leave Encashment	738.74	651.86
Gratuity	752.27	729.68
	SUB TOTAL	11449.28
Less: Transferred to Research & Development Exp.	63.17	62.07
	TOTAL	11386.11
NOTE NO. - 27	<u>FINANCE COST</u>	
Interest on Bank Credit	1786.53	2024.12
Interest on Govt. loan	825.28	707.24
Interest on Other loan	632.51	236.27
	TOTAL	3244.32
NOTE NO. - 28	<u>DEPRECIATION & AMORTIZATION EXPENSES</u>	
Depreciation as per Note No.-11	699.47	695.06
<u>Depletion Expenses</u>		
Impairment Loss as per Note No.-11	(4.02)	(0.05)
<u>Amortization Expenses</u>		
Amortization of Technical Know How	0.00	10.75
	TOTAL	705.76
NOTE NO. - 29	<u>RESEARCH & DEVELOPMENT EXPENSES</u>	
<u>Research & Development Expenses</u>		
Salary & Allowances	63.17	62.07
	TOTAL	63.17

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

	2016-17	2015-16
NOTE NO. - 30		
(A) Manufacturing Service Cost		
Water, Power & Fuel	2155.76	2166.34
Repairs & Maintenance		
Plant & Machinery	226.66	316.13
Buildings	48.80	64.69
Others	<u>154.52</u>	<u>104.94</u>
Insurance	110.84	92.82
Excise Duty	441.12	<u>(405.56)</u>
SUB TOTAL (A)	<u>3137.70</u>	<u>2339.36</u>
(B) Manufacturing & Other Operating Expenses		
Machining & Assembly charges	2158.89	1315.69
Loose Tools Charged off	940.31	856.49
Job Done by outside Agencies	4459.14	4297.18
Turnkey Project Expenses	1615.21	4497.04
Other Charges For Production	<u>1357.47</u>	<u>742.21</u>
Less: Interplant Transfer (Services)	10531.02	11708.61
	<u>2248.46</u>	<u>1389.49</u>
SUB TOTAL (B)	<u>8282.56</u>	<u>10319.12</u>
(C) Administration, Selling & Distribution Expenses		
Rent	24.71	23.94
Electricity & Drinking Water Expenses	587.21	603.39
Safety & Security Expenses	2273.73	2031.67
Travelling & Conveyance Expenses	266.13	258.17
Bank Charges	139.45	93.73
Telephone & Postage Expenses	54.71	51.23
Printing & Stationery Expenses	21.79	39.33
Books & Periodicals	5.63	11.36
Miscellaneous Expenses	352.83	519.07
CEFC Expenditure	111.75	0.00
Motor Vehicle Running Expenses	185.66	181.36
Wealth Tax	0.00	0.21
Consultancy and Legal Expenses	212.78	256.14
Municipal Tax/Charges	10.70	10.72
LD Deducted and Charged	1392.62	700.52
After sales services Expenses	0.45	1.58
Sales Promotion	317.59	256.25
Auditor's Remuneration		
Audit Fees	1.80	1.80
Tax Audit Fees	0.31	0.31
Reimbursement Expenses	<u>0.00</u>	<u>0.32</u>
Training Expenses	2.11	2.43
	14.67	3.36
SUB TOTAL (C)	<u>5974.52</u>	<u>5044.46</u>
(D) Other Provisions / Expenses Written Off		
Provision for Bad & Doubtful Debts	1090.57	470.89
Provision for Raw Material	0.00	31.92
Provision for Bad & Doubtful Advances	0.83	0.52
Provision for Stock Verification Difference	11.31	62.68
Provision for Warranty Expenses	216.05	286.80
Provision for Foreign Exchange difference	0.00	15.13
Miscellaneous Provisions	568.77	579.70
Miscellaneous Losses Written Off	<u>66.98</u>	<u>330.42</u>
SUB TOTAL (D)	<u>1954.51</u>	<u>1778.06</u>
GRAND TOTAL (A+B+C+D)	<u>19349.29</u>	<u>19481.00</u>

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

			₹ in Lakh	
	2016-17		2015-16	
NOTE NO. - 31			<u>PRIOR PERIOD ADJUSTMENT</u>	
Income				
Sales (including services)	0.00		(29.06)	
Inter Plant Transfers	(37.78)		0.00	
Previous year expenses written back	0.00		38.83	
Misc Income	<u>102.81</u>	65.03	<u>(0.00)</u>	9.77
Less : Expenses				
Stores & spares parts consumed	0.00		13.53	
Payment to & Provision for Employees	(2.27)		0.00	
Headquarter Load	(0.24)		0.00	
Depreciation	5.57		7.24	
Misc. Expenses (net)	<u>14.80</u>	17.86	<u>0.41</u>	21.18
	Prior Period Adjustment (Net)		<u>47.17</u>	<u>(11.41)</u>
NOTE NO. - 32			<u>EXCEPTIONAL ITEMS</u>	
Impact of Revival Package				
Income				
Grant from Govt. of Jharkhand		0.00		3600.00
		<u>0.00</u>		<u>3600.00</u>
Net				

NOTE NO 33 -**"OTHER NOTES TO FINANCIAL STATEMENT"****33.1 Contingent Liabilities and commitments (To the extent not provided) :**

₹ in Lakh

SI No	Particular	2016-17	2015-16		
1	Estimated amount of contracts, remaining to be executed on capital account and not provided for	89.16	97.92		
2	Unexpired Letter of Credit	2400.16	1855.79		
3	Unexpired Bank Guarantee	15907.36	17682.78		
4	Delayed payment surcharge on Energy charges	11642.22	11642.22		
5	Water Dues	1094.42	1094.42		
6	Damages towards PF dues 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 lakhs 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 CP 05/2004 before Hon'bte High Court of Jharkhand. Against the aforesaid order Hon'ble High Court of Jharkhand has stayed recovery of damages till further order.	9501.54	9501.54		
7	Legal Cases:- claim lodged against HEC not acknowledged as Debt.	3256.96	1712.81		
	Cases			Amount	
	(A) Arbitration			360.04	
	(B) MSMED			708.08	
	(C) Other Legal cases	2188.84			
8	Commercial Taxes(VAT)	1472.10	1201.85		
	Year			Particulars	Amount
	2008-09			Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	10.78
	2009-10			Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	19.63
	2010-11			Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	92,41
	2011-12			Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	79.18
	Commercial Taxes (CST)				
	Year			Particulars	Amount
	2008-09			Demand as per Assessment Order, Appeal pending at commissioner. Ranchi	10.35
	2009-10			Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	57.76
	2010-11			Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	137,18
	2011-12			Demand as per Assessment Order. Appeal pending at commissioner, Ranchi.	1064.81

9	Service Tax		1655.06	1434.02
	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	617.96		
	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	816.05		
	3. Demand of service Tax on value of service portion of a contract for supply of Shovel. (Order No. V(65)34/HEC/Adjn/Rari-1/2015/8304 dt 23.09.2015). Appeal pending at Comm Appeal, Ranchi	221.05		
10	Excise Duty		1180.18	0.00
	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. Appeal pending at CESTAT, Kolkata	1180.18		
Total			48292.89	46223.35

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 lakhs 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 lakhs.	Implemented in March, 2006
c)	To provide ₹10200.00 lakhs, in the form of Non Plan loan of ₹ 9203.00 lakhs, plan loan of ₹ 498.50 lakhs which will be repaid by the company in three years and also ₹ 498.50 lakhs 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, mobilise resources (approx. ₹ 33000.00 lakhs) 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 lakhs from long term lease of Residential quarter
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B. Revival Scheme approved by Govt. of India in September - 2008

a) Conversion of Plan Loan (₹582.50 lakhs) and Non Plan Loan (₹ 10221.00 lakhs) 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 lakhs upto 18.9.2008 into Equity	Implemented in March, 2009
c) Enhancing the Govt. guarantee from ₹ 15000.00 lakhs to ₹ 25300.00 lakhs for meeting working capital	Implemented in March, 2009
d) To settle the liability of ₹ 7906.00 lakhs 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 lakhs. In addition, Waiver of the interest and penal interest on CISF dues amounting to ₹ 3790.62 lakhs 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 DHJ, 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 lakhs against electricity dues was approved.	Waivai of electricity dues of ₹.30637.42 lakhs delayed payment surcharge up to the date of Final settlement by JSEB after approval of Hon'ble High Court of Jharkhand.	₹ 96984.68 lakhs total amount to be waived / Adjusted	Waived ₹ 85342.46 lakhs (Electricity dues or ₹ 30637.42 lakhs and DPS of ₹54705.04 lakhs up to (31.08.2008)	₹ 11642.22 lakhs against DPS from 01 09 2008 to 31.03.2010 yet to be waived.
2.	Waiver of PHED dues of ₹3103.00 lakhs	Waival of PHED dues ₹3264.80 lakhs as on 31.03.2007.	₹3264.80 lakhs (Waiver)	₹3264.80 lakhs (Waived)	NIL
3.	Waiver of Sales Tax dues of ₹2551.00 lakhs	The GOJ agreed that payment of ₹ 2551.00 lakhs 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 certains to. Any liability separate from it and discovered subsequently will be treated as per relevant law/ guidelines	1) ₹ 2551.00 lakhs to be paid by GOJ	1) ₹ 2551.00 lakhs received.	1) NIL

			2) The company is to deposit ₹ 2551.00 lakhs with GOJ	2) ₹ 2551.00 lakhs 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 lakhs from Govt. of Jharkhand with no future commitment for transfer of any more land or building.	Grant of ₹ 27551.00 lakhs including ₹ 2551.00 lakhs mentioned in Sl. No. '3' above.	₹ 27551.00 lakhs	₹20021.00 lakhs	₹7530.00 lakhs
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.		
6	To allow HEC to accept transfer of 17 buildings and 1155 residential quarters along with land appurtenant there to valuing ₹14223.00 lakhs 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 Govt of India has approved monetization and transfer of 675.43 acres unused land of the corporation to Govt, of Jharkhand at the considerable amount of ₹ 74298.00 Lakhs. A sum of ₹ 10000.00 lakhs has already been received during the financial year 2016-17 from Govt. of Jharkhand for above said purpose and kept as advance under other-current liabilities-(Note No. 9).

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

33.4 No Provision has been made for trade receivable pending for a period of more than 19 years to the tune of ₹ 1458.03 Lakhs from M/S NCL as the original award was passed by sole arbitrator appointed by Secretary Deptt of Public Enterprises In the favor of HEC. The award was confirmed by additional Secretary, Deptt of Law and Justice and Company Affairs, Govt of India. Further NCL filed an appeal in Hon'ble High Court, New Delhi, but the same was rejected. As such .There is no uncertainty on the realisation of the above amount. On the appeal of NCL. Hon'ble Supreme Court of India has appointed sole arbitrator on 13th July 2016 and the case is now being actively pursued, The proceedings are in progress.

33.5 Govt. has granted a Non-Plan loan of ₹ 4789.00 Lakhs to discharge gratuity liability in the financial year 2014-15 and repayable in five yearly instalment beginning from 2015-16 Due to financial crisis, the company is not able to pay the instalment and interest due in time.



- 33.6 Out of ₹ 23675,70 Lakhs received towards Long Term Lease from 1995 - 96 onwards to 31.03.2017, a sum of ₹ 518.16 Lakhs has been amortised during this year in proportion to the period of lease irrespective of the date of agreement and the profitability for the year has been increased to that extent.
- 33.7 Revenue from operation includes unbilled sales including Excise duty and escalation, amounting to ₹ 2567.72 Lakhs (previous year ₹ 5648.04 Lakhs).
- 33.8 Interplant transfer of ₹ 5497,43 lakhs (previous year ₹ 5755.43(Lakhs) have been excluded from revenue from operation of the Company.
- 33.9 The Sales effected on or before 31.03,2017 and received at Customer premises latest by 26.04.2017 has been considered as revenue from operation.
- 33.10 Suitable provision has been made towards debtors outstanding for more than 3 years from due date and impact during the year is ₹ 283.21 lakhs
- 33.11 In absence of any guideline / instruction pertaining to Pay Revision w.e.f 01.01.2017 from Govt. of India, no provision has been made during the year.
- 33.12 Due to financial crisis, company is not in position to disburse the gratuity liability as per schedule time on a concurrent basis and No further provision is required at this stage for consequential liability, if any.
- 33.13 (a) Revenue from operation includes ₹ 4195.85 Lakhs in respect of turnkey contract executed by Project Division (previous year ₹ 11104.08 lakhs) valued on the basis of approved billing schedule and payment terms of the contract to the extent 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 Lakhs

	2016-17	2015-16
Contract revenue recognized during the year	4195.85	11104.08
In respect of Contract in progress as on 31 .03.2017		
- Cost incurred and recognized profits (less recognized losses)	114147.29	109419.32
- Amount of advance received	117111.73	113653.28
- Amount of retentions (deferred debts)	518.59	488.68
in respect of dues from customers after appropriate netting off		
Gross amount due from customers for the contract work as an asset	3459.58	5622.97
- Gross amount due to customers for the contract work as a liability	3557.48	3268.93
- 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 (R) Construction Contracts are reviewed and updated periodically during the year by the management and necessary adjustments are made in the current year's account.
- 33.14 Despite issuance of letter to Major Clients for confirmation of Sundry Debtors balance, 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.
- 33.15 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 Lakhs

	2016-17	2015-16
Delayed payments due as at the end of each accounting year on account of		
Principle	2018.61	1307.45
Interest	1926.29	1596.40
Total Interest Paid on all delayed payments during the year	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 ail 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

33.16 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 there being virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realized.

33.17 PARTICULARS OF PROVISIONS:

₹ in Lakhs

SI No	PARTICULARS	Opening balance as on 01.04.2016	Add: Provision made during the period	Less: Provision utilised during the Period	Less: Unused provision reversed during the period	Closing Balance as on 31.03.2017
1	Provision for Bonus	192.96	145.31	189.34	0.00	148.93
2	Provision for Bad & Doubtful Debts	5519.38	1090.57	0.00	8.95	6601.00
3	Provision for Liquidated Damages recovered by Clients	1885.17	1392.60	0.00	87.88	3189.89
4	Provision for Claims Recoverable	222.55	91.87	0.00	10.50	303.92
5	Provision for Doubtful Deposits with Others	158.35	0.25	0.41	3.01	155.18
6	Provision for Doubtful Advances to Suppliers/Sub-Contractors	575.19	8.09	0.00	76.02	507.26
7	Provision for Disputed Cases Stagnant jobs, EMD, SD advances, Output VAT, Receivables etc	0.20	0.00	0.00	0.00	0.20
8	Provision for Inventory	3102.83	350.48	0.00	465.06	2988.25
9	Provision for gratuity	5566.77	(296.81)	114.80	0.00	5155.16
10	Provision for leave encashment	2944.17	(158.89)	125.42	0.00	2659.86
11	Provision for RTA	54.24	(1.78)	0.50	0.00	51.96
12	Provision for LTC/LTA	212.14	(5.40)	6.03	0.00	200.71
13	Provision for Sick leave	0.00	0.00	0.00	0.00	0.00
14	Provision for Revision of pay Scale	2470.20	0.00	0.00	0.00	2470.20



33.18 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, 2017 in accordance with the revised Accounting Standard 15- Employee benefits issued by ICAI.
- (b) Defined benefit plans - As per Actuarial valuation on March 31, 2017.
- 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 ₹ 10.00 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 actuarial 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 employee benefits) are :

₹ in Lakhs

	Gratuity	Leave Encashment	Retd. Travel Allowance
Expense recognized in the statement of Profit & Loss for the year ended March 31,2017			
1. Current Service Cost	290.20	325.47	7.79
2. Past Service Cost	0.00	0.00	0.00
3. Interest Cost	428.64	226.70	4.17
4. Reduction in Obligation due to HPL	0.00	0.00	0.00
5. Net Actuarial (gain)/ loss recognized during the year	44.30	(392.45)	(12.84)
TOTAL EXPENSES	763.14	(159.72)	(0.88)
Net Asset / (Liability) recognised in Balance Sheet			
1. Present value of the obligation (Current)	820.44	807.23	3.83
2. Present value of the obligation (Non Current)	4334.72	1852.65	48.12
3. Funded status [Surplus /(deficit)]	(5155.16)	(2659.86)	(51.95)
4. Net Asset / (Liability) recognized in the Balance Sheet	5155.16	2659.86	51.95
Change in the Present value of the Obligation during the year ended March 31,2017			
1. Present value of the obligation as at April 1, 2016	5566.75	2944.16	54.22
2. Current Service Cost	290.20	325.47	7.79
3. Interest Cost	428.64	226.70	4.17
4. Past Service Cost	0.00	0.00	0.00
5. Benefits paid	(1174.73)	(444.02)	(1.39)
6. Actuarial (Gain) / Loss on obligation	44.30	(392.45)	(12.84)
7. Present value of obligation as at March 31, 2017	5155.16	2659.86	51.95
Actuarial Assumptions			
1. Discount rate	7.20%	7.20%	7.20%
2. Rate of Increase in Compensation	8.00%	8.00%	8.00%
3. Mortality rate LIC (2006-2008) Table			

33.19 Contingent liability for damages excludes the payment of damages on defaulted CPF/EPF- dues for the period from October'99 to March '2005 as no notice for payment of the same has been received from Regional Provident Fund Commissioner, Ranchi.

33.20 Disclosure on specified Bank Notes (SBNs) during Demonetization :

in compliance of Notification No. G.S.R. 308(E) dated March 30,2017 issued by the Ministry of Corporate Affairs, Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December,30,2016 is given below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8-11-2016	1145000.00	96645.01	1241645.01
(+) Permitted receipts	450000.00	2737043.44	3187043.44
(-) Permitted payments	15000.00	738516.00	753516.00
(-) Amount deposited in Banks	1580000.00	1566500.00	3146500.00
Closing cash in hand as on 30-12-2016	0.00	528672.45	528672.45

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

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

Information about different business units (Segments) 2016-2017					
	Foundry Forge Plant	Heavy Machine Building Plant	Heavy Machine Tool Plant	Project (Turnkey)	Heavy Engineering Corporation
	₹ in Lakhs				
REVENUE					
External Sales	6584.53	26433.63	1794.82	4195.85	39010.83
inter-plant / Job done for own use	3749.32	771.57	1800.90	0.00	6321.79
Total Revenue	10333.85	27207.20	3595.72	4195.85	45332.62
Net Profit (Before Interest)	(3071.05)	(755.72)	(283.64)	(871.93)	(4982.34)
Interest	626.84	2486.89	130.59	000	3244,32
Net Profit	(3697.89)	(3242.61)	(414.23)	(871.93)	(8226.66)
Extraordinary items	0.00	0.00	0.00	0.00	0.00
Prior Period income	(37.73)	87.52	0.01	(2.63)	47.17
Net Profit from ordinary Activities	(3660.16)	(3330.13)	(414.24)	(869.30)	(8273.83)
OTHER INFORMATION					
Segment Assets	8886.66	40413.61	2394.19	7175.91	58870.37
Addition during the year	82.55	218.41	3.91	0.93	305.80
Unallocated Assets					14102.29
Total Assets					73278.46
Segment Liabilities	15652.17	25875.39	2542.17	12726.73	56796.46
Unallocated Liabilities					50150,46
Total Liabilities					106946.92
Capital Expenditure	(181.67)	(0.70)	(35.00)	0.93	(216.44)
Unallocated Capital Expenditure.					3.90
Total Capital Expendt.					(212.54)
Depreciation	530.50	99.81	19.43	2.31	652.05
Unallocated Depreciation					52.99
Total Depreciation					705.04

33.22 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		Rs. in laksh
	Key Management Personnel	Period	Remunerations	Terminal Benefits
1	Sri Avijit Ghosh CMD	04/2016-03/2017	26.83	3.19
2	Sri Kushal Saha Director (Production)	04/2016-06/2016	7.02	0.71
3	Sri S. Banerjee Director (Personnel.) Till 24.07.14)	04/2016-04/2016	0.87	0.00
4	Sri S.K.Pattnayak Director (Finance)	04/2016-03/2017	24.61	1.69
		Total :	59.33	5.59

In addition to the above they had been provided housing, car at concessional rate.

33.23 In Case deficit arises from Employee's Provident Fund Trust, it is to be borne by the Company. But in this Accounting year 2016-17, no deficit is noticed in Employee's Provident Fund Trust Account.

33.24 In certain areas like Transport and Hospital consumables like Spare Parts, Medicines and Stationary are treated as consumed during the year.

33.25 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.

33.26 Additional information

		(₹ in Lakhs)		
		Current Year		
A. 1	Employees who were in receipt of or were entitled to receive emoluments (including benefits) of ₹ 24,00,000.00 or more for the year (and ₹ 2,00,000.00 or more per month when employed for apart of the year for current year).	Nil	Nil	
A.2	Auditor's Expenses			
i.	Statutory Auditors Remuneration	1.80	1.80	
ii	Tax Audit Fees	0.31	0.31	
B.	Value of consumption of Raw Materials, Components, Stores & Spare Parts (including purchase of finished goods) and percentage thereof.			
			₹ in lakhs	
		2016-17	2016-17	
(a)	Raw Materials	Value	% Value	%
	(i) Imported	1819.73	15.17	5330.36
	(ii) Indigenous	10174.12	84.83	15136.70
	Total	11993.85	100.00	20467.06
				100.00
(b)	Stores & Spares			
	(Including stores and spares used for repairs and Maintenance)			
	(i) imported	64.52	2.87	49.38
	(ii) Indigenous	2179.79	97.13	3670.08
	Total	2244.31	100.00	3719.46
				100.00


Note: Exclusive of imports through canalised agencies.

C. Value of imports on CIF Basis		
Raw materials, Spare Parts, GIT		
Components	1085.33	3973.78
Capital Goods	0.00	0.00
Total	1085.33	3973.78
Incise of HMBP GIF 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	17.12	41.00
Total	17.12	41.00

33.27 The Note No.1 to 33 & Cash Flow Statement forms an integral part of these accounts.


A. K. Kanth
 Company Secretary


R. K. Srivastava
 Sr.DGM I/c (Finance)


R. C. Sen
 Director (Finance)


Avijit Ghosh
 Chairman and Managing Director

Signed for identification
For V. K. Jindai & Co.
 Chartered Accountants


(CA R. S. Agarwal)
 Partner
 M.No.076081
 FRN 001468C

Place : Ranchi
 Date : 30.06.2017