



वार्षिक प्रतिवेदन ANNUAL REPORT 2020-21



*HEC Builds Machines
That Build the Nation*

हेवी इंजीनियरिंग कॉर्पोरेशन लिमिटेड
(भारत सरकार का उद्यम)

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

एच. ई. सी.



गुणवत्ता नीति

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

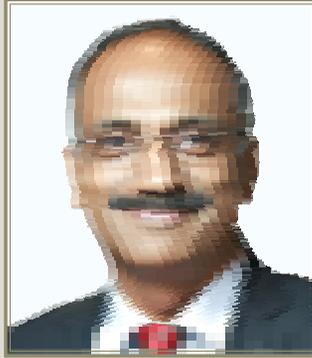
Quality Policy

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

हेवी इंजीनियरिंग कॉर्पोरेशन लिमिटेड
HEAVY ENGINEERING CORPORATION LTD.

BOARD OF DIRECTORS

(as on 15.12.2021)



Dr. Nalin Shinghal
Chairman-cum-Managing Director



Arundati Panda
Director (Finance)



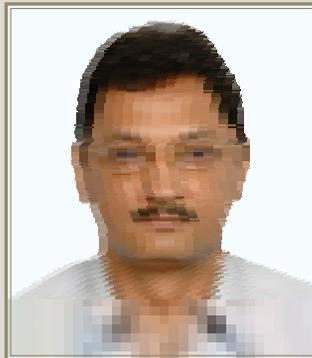
Mradul Kumar Saxena
Director (Personnel)



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



Jeetendra Singh
JS/MHI & Director (HEC)



Rajesh Kumar
CCA/MHI & Director (HEC)



Prabha Dubey
Director



Kamal Kishore Naik
Director



Ravindra Gole
Director



Abhay Kumar Kanth
Company Secretary



Guard of Honor to Sri Arun Goel, Secretary Ministry of Heavy Industries,
Government of India at HEC.



Tree Plantation at HEC Headquarter by Sri Arun Goel, Secretary Ministry of Heavy Industries,
Government of India.



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BOARD OF DIRECTORS

(As on 15.12.2021)

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



NOTICE OF ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given to the Shareholders of Heavy Engineering Corporation Limited, Ranchi that 62nd Annual General Meeting of the Company will be held at a shorter notice on Wednesday, December 15th, 2021 at 03.00 PM through Video Conferencing (VC) / Other Audio Visual Means (OAVM) facility at its Registered Office located at Plant Plaza Road, Dhurwa, Ranchi - 834004 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2021 together with the reports of the Board of Directors & Auditors thereon and the comments of Comptroller & Auditor General of India (C&AG).
2. Appointment of Statutory Auditor under Section 139 of the Companies Act, 2013 for the financial year-2021-22 and fix the remuneration of Statutory Auditor under section 142 of the Companies Act, 2013.

SPECIAL BUSINESS

1. To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2021-22 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013.

Explanatory Statement pursuant to Sec.102 of the Companies Act, 2013

The Company is required to have the audit of its cost records conducted by a cost accountant in practice under Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules").

The Board has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2021-22.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in agenda note for ratification of the remuneration payable to the Cost Auditors.

None of the Directors, Key Managerial Personnel and their relatives are in any way interested in this resolution.

The directors recommended the aforesaid Resolution for the approval of the members as ordinary resolution.

By order of the Board of Directors

(A. K. Kanth)
Co. Secretary

Date : 30.11.2021

NOTE :

- (i) In view of the Covid-19 pandemic, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and also vide General Circular No. 02/2021 dated 13th January, 2021 (collectively referred to as "MCA Circulars") has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) till 31st December, 2021.

In compliance with the provisions of the Companies Act, 2013 ("Act") and MCA Circulars, the AGM of the Company will be held through VC / OAVM. Members may attend the meeting through VC / OAVM. The web-link of the meeting shall be provided separately.

- (ii) According to the above MCA Circulars, there is no requirement of appointment of proxies, and accordingly the facility for appointment of proxy has not been made for this meeting.



DIRECTORS' REPORT

To
The Shareholders
Heavy Engineering Corporation Limited
Ladies and Gentlemen,

Heavy Engineering Corporation has completed its 62 years of service to the nation and the Directors of the Company have the pleasure to present the 62nd Annual Report of the Company together with Audited Accounts for the financial year ended 31st March, 2021.

1. PERFORMANCE HIGHLIGHTS

In FY 20-21, the Company bagged record orders totaling to around Rs 1421 Cr. The orders mainly comprise of Special Forgings for Aakanksha, Fabricated Steel for Thermal Power Plants, high-value orders for Coal Handling Plants and Heavy fabrications for ISRO.

However, on the other hand, the pending up-gradation / modernization as well as severe stress of working capital and impact of COVID-19 adversely affected the financial performance of the company and it could achieve a marginal improvement in turnover of Rs. 202.76 Cr. against Rs 132.68 Cr. during the previous year. Frequent breakdown of the ageing machinery has affected the execution of orders while also indirectly affecting the cash flow cycle. The company has made efforts to upkeep few critical machinery, the effects of which shall be seen in the future years.

2. PRODUCTION & SALES

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

(Rs. in Cr)

Particulars	2020-21		2019-20	
	MOU	Actual	MOU	Actual
Turnover	404.51	202.76	600.02	132.68
Production	409.79	252.43	559.32	158.29

3. FINANCIAL RESULTS

Achievement against target and previous year is detailed below:

(Rs. in crore)

Particulars	2020-21		2019-20	
	MOU	Actual	MOU	Actual
Gross Margin	-128.98	-193.72	-19.92	-363.89
Interest	25.79	27.49	24.11	24.24
Depreciation	7.86	6.06	8.28	7.34
Exceptional Items Exp.(+)/ Income(-)	0.00	-2.52	0.00	9.90
Profit before Extra-ordinary items	-162.63	-224.75	-52.30	-405.37
Extra ordinary items Income (+) / Exp. (-)	0.00	48.97	0.00	0.00

Profit before Tax	-162.63	-175.78	-52.30	-405.37
Tax	0.00	0.00	0.00	0.00
Net Profit	-162.63	-175.78	-52.30	-405.37
Cash Profit (before extra-ordinary items)	-162.63	-224.75	-52.30	-405.37

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

Paid up Equity Capital of the Company as on 31.03.2021 stands at Rs.606.07 Cr. while net worth is Rs. (-) 582.25 Cr.

During the year your Company contributed 4.03 Cr to Central and State Exchequers as compared to Rs. 18.59 Cr in the prev. year.

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

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

Non-Declaration of Dividend :

Profit after Tax (PAT) during FY2020-21 is Rs. (-) 175.78 Cr. and Net worth is Rs. (-) 582.25 Cr. As per guidelines issued by DIPAM, Ministry of Finance vide OM No.5/2/2016-Policy dated 27-05-2016, CPSE has to pay dividend as 30% of PAT or 5% of Net worth whichever is higher. However, Company is not liable to declare dividend in view of Section 123 (in respect of declaration of dividend) of Companies Act 2013.

4. MARKETING ACTIVITIES

HEC achieved record order booking worth Rs 1421 Cr. against its annual target of Rs 436 Cr.

Leveraging its capability to execute EPC projects, HEC could secure order for three nos. of Coal Handling Plants from NCL, SECL and CCL. The details of major Orders received during the year are as follows:-

- Coal Handling Plant (4.5 MTPA incremental) for Block-B OCP, Northern Coalfields Limited (NCL)
- Coal Handling Plant project at Gevra, South-Eastern Coalfields Limited (SECL); an expansion project of SECL which shall enhance its capacity from 35 MTPA to 70 MTPA



- Coal Handling Plant of 20 MTPA capacity for Magadh OCP, Central Coalfields Limited (CCL)

HEC secured prestigious orders for Heavy Machine Tools in Defence sector. This includes order for Horizontal Boring machine (BH100HD), CNC Heavy Duty Lathe (LC 140N/HD) and reconditioning of Lathe (LC 125). The Order for Turret Castings used in Main Battle Tanks was also bagged in this financial year.

In Space sector, HEC bagged another order for Mobile Launch Pedestal which is part of the Augmentation of Second Launch Pad project of ISRO, which shall be used in ambitious space missions such as Gaganyaan 2022. With an approximate weight of 800T, it requires close control of tolerances during fabrication.

In addition to spares orders for the HEC supplied equipment in Steel & Mining sector, HEC also secured orders for import-substitute items such as Bell & Hopper and Hollow Shaft, for which only HEC possesses the engineering and manufacturing capability.

Orders in Hand

Outstanding Order book as on 31.03.2021 stands at Rs. 2142.37 Cr.

Business Development initiatives :-

HEC entered into MoU in diverse areas:

- M/s OZPV for indigenizing manufacture of Cast Rolls in a phased manner.
- M/s Shladot, Israel for manufacture of Armoured Vehicle.

5. PROJECT ACTIVITIES

• INSTALLATION OF NEW COAL HANDLING PLANT (PKG.-062), BSP

Performance Guarantee (PG) test conducted in Sept'20 and PG certificate has been received from BSP, Bhilai Steel Plant on 16.01.21 marking completion of the Project.

• INSTALLATION OF TERTIARY CRUSHING SYSTEM AT MEGHAHATUBURU (SAIL)

Preliminary Acceptance Certificate for the Project has been received on 17.10.2020. Commissioning Certificate for the Project has been received on 16.03.2021 and the Plant is under commercial operation.

Performance Guarantee Test of the plant was delayed due to COVID-19 restrictions. PG Test is expected in 2021-22.

• COAL HANDLING PLANT 4.0 MTPA KRISHNASHILA PROJECT NCL

Preliminary Acceptance Certificate of the Project has been received on 31.03.2021. Plant is under commercial operation.

• MADHUBAND COAL WASHERY PROJECT, BCCL

COVID and other reasons hindered the progress of the work. Project has been rescheduled to be completed in 2021-22.

• COAL HANDLING PLANT (4.5 MTPA) AT BLOCK- B OCP NORTHERN COALFIELDS LTD. SINGRAULI

Order received on 05.01.2021

• COAL HANDLING PLANT AT GEVRA (SECL)

Order received on 05.02.2021

• COAL HANDLING PLANT AT MAGADH (CCL)

Letter of award received on 07.01.2021

Sales Turnover during the year 2020-21 given below :-

Sl. No.	Name of Project	Value (Rs. in Lakhs)
1	New OBBP, Pkg-090,RSP	2870.98
2	New CHP, Pkg -062, BSP	3485.52
3	MIOM, SAIL	195.36
4	KSL,CHP,NCL	1930.39
5	Madhuband Washery, BCCL	1075.55

6. PROCUREMENT FROM MSME

The company emphasizes on the procurement from MSME, NSIC & SSI firms. The procurement from MSME, NSIC & SSI firms during the year is **Rs. 33.30 Cr.**

7. SAFETY, ENVIRONMENT AND POLLUTION CONTROL

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

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

- Daily Safety inspection of shop floors to identify Safety Leading Indicators (Hazards Identification, unsafe condition & near misses) & Safety Lagging Indicators (like violation of uses of PPEs while working, equipment safety).
- Imparted class room training as well as at shop floor on several topics such as:-



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

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

Health and Environment:-

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

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

8. MANPOWER POSITION

The manpower of the Company as on 31.03.2021 stood at 1374 as against 1421 on 31.03.2020. The year 2020-21 saw no recruitment.

9. INDUSTRIAL RELATIONS

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

10. EMPLOYEE WELFARE

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

11. HUMAN RESOURCE DEVELOPMENT

The company gives immense importance to Human Resource Development. Due to COVID-19 pandemic, as per Govt of India Guidelines, the Company's meetings/training sessions are conducted virtually. Thrusts were on competency development by organizing Management Development programmes viz., Work service procedures, Heat Treatment (HT), CDA Rules 1981, New Labour code related training programmes, Vigilance awareness, Gender Equality at Workplace, etc.

HEC Technical Institute (HTI) is run by the Company where students are imparted 2 years education/training related to Technical Course and ITI/Diploma/Degree holders are given Apprenticeship training of one year. The Company is also running a GNM course at HEC Wellness Center for the local/ tribal girl students.

12. COMPLIANCE OF APPRENTICES ACT

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

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

In the above schemes, Degree, Diploma, ITI and Matric qualified candidates are imparted classroom / workshop / in-Plant training in different disciplines / trades. The no. of seats under these schemes are:

Group	Approved strength trainees seats in nos.	Trainees during 2020-21 in nos.
CTS	164	160
ATS	183	76
NATS	169	125



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

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

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

- i. **No. of SC & ST** employees as on **31.03.2021** stood at **301 & 309** respectively.
- ii. **Percentage of SC & ST** employee's w.r.t. total employees stood as **21.90% and 22.48%** respectively.

14. **PROGRESSIVE USE OF HINDI**

Raj Bhasha Vibhag promotes the usage of Hindi throughout the Company as an essential effort for wider implementation under the directives of Govt. of India. During the year the Company promoted progressive use of Hindi as official language. 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.

15. **Celebrations of International Women's Day (IWD)**

In HEC, International Women's Day is celebrated on 08th March of every year. This year International Women's Day was celebrated under the Chairpersonship of Director (Finance) Smt. Arundati Panda where large numbers of employees had participated. The theme of the year was "**Choose to Challenge**"

16. **HEC DAY CELEBRATION**

HEC Day was celebrated with full vigour on 15 November 2020.

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

As per guidelines of Ministry of AYUSH this year the International Yoga Day was observed in non-Congregative way by encouraging the employees to visit AYUSH Ministry's Social media platforms (i.e. Youtube, Facebook, Twitter, etc.) and partnering TV channels to learn the Common Yoga Protocol (CYP) and to propagate it with their family members and to inspire others about this programme.

18. **SWACHH BHARAT MISSION**

In order to improve health and cleanliness in HEC, the cleanliness drive was being taken up periodically and emphasis was laid on this mission by observing Swachhta Pakhwada from 16.08.2020 to 31.08.2020 at different Plants/Divisions of HEC and in HEC Township and in nearby villages involving all employees/

contract workers/ students/ general public. Under this activity following measures were taken in different units of HEC:-

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

19. **FREE MEDICAL HEALTH CAMP & EYE CAMP**

Free medical health camp and EYE camp are being organized by Wellness Center periodically in HEC as well as in nearby areas from time to time in order to improve health among the nearby villagers and the needy persons.

20. **TREE PLANTATION**

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

21. **ONLINE ANNUAL PERFORMANCE REPORT**

In order to make offices paperless online Annual Performance Reports & Annual Property Returns are being used.

22. **PRECAUTIONARY STEPS TAKEN TO FIGHT COVID-19 PANDEMIC**



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

23. USES OF ELECTRICAL VEHICLE

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

24. 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.

25. CORPORATE SOCIAL RESPONSIBILITY

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

Under Community health awareness program "Hospital at your door step" was carried out. Under this Programme, a team of Nursing students with a senior Nursing Staff and a doctor made door-to-door visit of the Satellite Villages of HEC Township and gave health awareness tips to the villagers, especially ladies and provided them with available drugs, if need be. The villages visited were : Jagannathpur, Kute, Tiril, Nayasarai, Pundag, Sitheo, Hatia, Tupudana, Dungri, Tonko, Satranji, Balsring, Bermad & Jojosring (14 Villages).

26. VIGILANCE ACTIVITIES

Vigilance organization of HEC Ltd., at Headquarters operated under the overall administrative and functional control of Chief Vigilance Officer /HEC. Preventive vigilance initiatives continued to be the thrust area through periodic and surprise inspections by the Vigilance Department to enhance transparency & accountability in the system. Vigilance Department

has organized training programme/workshops on CDA Rules, Medical Attendant Rules, Preventive Vigilance measures, training on procurement and CVC guidelines during the year.

Vigilance Awareness Week -2020 (VAW-2020) was observed in HEC, Ranchi from 27th October, 2020 to 02nd November, 2020 with the theme "Satark Bharat, Samriddh Bharat (Vigilant India, Prosperous India)" as per the directive of the Central Vigilance Commission(CVC). Various activities were conducted in a week – long programme within HEC with great zeal and enthusiasm with an endeavour to promote integrity, probity, transparency and accountability in public life. Special Focus was given to spell out the three pillars of vigilance awareness - Participative, Vigilance, Preventive Vigilance and Punitive Vigilance.

In-house Vigilance magazine "Chingari-IX" was released in the Valedictory function of VAW-2020. The Internal (housekeeping) activities, as suggested by CVC were taken up with the management as part of the VAW- 2020.

27. DISPOSAL OF REQUEST/APPEAL UNDER RTI ACT

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

28. SAFEGUARD OF WOMEN AT WORKPLACE - ICC

The Internal Complaints Committee (ICC) was reconstituted in May, 2019 for Prevention of Sexual Harassment of Women at Workplace and redressal of complaints of sexual harassment in line with guidelines of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

29. QUALITY ASSURANCE

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

30. ENERGY AUDIT

Federation of Indian Chambers of Commerce & Industry (FICCI) through EESL has done energy audit of HEC in the year 2019. The energy audit covered electricity as well as thermal energy consumption of the plant and utilities of FFP, HMBP, HMTP, HEC, Ranchi with a focus mainly on proposals and recommendations on energy conservation.

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

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

32. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

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

33. CORPORATE GOVERNANCE

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

34. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

35. STATUTORY AUDITOR

The Comptroller & Auditor General of India (CAG) has appointed M/s Lodha Patel Wadhwa & Co., Chartered Accountants as the Statutory Auditor of the company for the financial year 2021-22.

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

The comments of C&AG under Section 143(6) of the Companies Act, 2013 on the Annual Accounts of the Company for the year ended 31.03.2021 along with the Review of Accounts of your Company by C&AG and Statutory Auditors' observations along with Management's replies thereto is furnished at **Annexure-'D'**.

37. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form No. MGT -9 as required under section 92 of the Companies Act, 2013 for the financial year ending 31st March, 2021 is placed at **Annexure -'E'**.

38. BOARD OF DIRECTORS

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

As on 31st March, 2021, the Board of HEC Ltd. consists of Six Directors who have been classified in two classes viz., (i) Functional Directors (Whole Time Directors) and (ii) Government Nominee Official Directors. The Board includes (a) Chairman-cum-Managing Director (CMD), Addl. Charge & Three Functional Directors i.e. Director (Finance), Director (Personnel) and Director (Marketing), (b) Two Government of India Nominee Official Director.

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

During the year, Shri Amit Varadan, JS/DHI appointed as Govt. Nominee Director of HEC and also relinquished the post of directorship in HEC. Further, Smt Sujata Sharma, Sr. EA/DHI had been appointed as Government Nominee Official Director on the Board of HEC. Presently, there is no independent director on the Board of HEC Ltd.

39. AUDIT COMMITTEE

As there is no independent director on the Board, so presently, there is no audit Committee functioning in the Company.



40. **ACKNOWLEDGEMENT**

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

The Board is particularly grateful to the Ministry of Heavy Industries for their continued support in the functioning of the Company.

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

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

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

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

For and on behalf of Board of Directors

A handwritten signature in black ink, appearing to read 'Nalin Shinghal'.

(Dr. Nalin Shinghal)

Chairman-cum-Managing Director





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

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

- The product concept of Hydraulic Excavator which was conceived during 2016-17 was given shape after various customer and market survey. The basic engineering design for the product done in 2017-18. Integration of kinematics, hydraulics and automation done to give the product distinctive features that sharpens commercial edge of the product during 2018-19. The prototype Hydraulic Excavator (front shovel model Earth 5.0) has successfully tested and inaugurated on 18th September 2019. Furthermore elevation of technical performance of Shovel in line with Industry 4.0 framework is under progress.
- HEC developed in-house 3D modeling - detailing of structure and new technology interaction in Hydraulic System.
- Final Design was prepared incorporating unique features such as electronic control hydraulics using Controlled-Metered – Automated (CMA) Valves having in-built-in place of traditional pilot control main valves. CMA valve bank allows operation even when some valves fail for individual operation.

II. IMPORT SUBSTITUTION ITEMS MANUFACTURED AND SUPPLIED DURING THE YEAR

- HEC has manufactured the Headgear pulley of 5.8 m diameter for Cage & skip hoisting of New Circular shaft being installed for movement of personnel inside the Mine. Special testing infrastructure has been development for In-house load testing for such a large diameter pulley in line with IS: 9239.
- After completion of this project, HEC will established itself as a potential Indian manufacturer of an import substitute for Headgear pulleys for Mining Industries in line with "Make in India" mission. Earlier this size of pulley has been imported from Czech Republic or China.
- This large size of Pulley for such critical application is being manufactured in India for the first time, under the approval of Directorate General of Mines Safety (DGMS). HEC has take up this prestigious project as a challenge to cater the demands of mining industries

III. Energy Conservation

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

- Implementation of energy efficiency measures based on deemed energy saving ESCO model got done through EESL under which energy efficient appliances have been installed in place of conventional appliances.
- Decentralization of compressed air system has been done.
- Daily Monitoring of condenser banks got done for maintaining APF (average power factor) as high as possible.
- Counseling of individuals regarding energy conservation consciousness.



REPORT ON CORPORATE GOVERNANCE

1.0 Company's Corporate Governance Philosophy:

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

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

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

2.0 Board of Directors:

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

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

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

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

As on 31st March, 2021, the Board of HEC Ltd. consists of six Directors who have been classified in two classes viz., (i) Functional Directors (Whole Time Directors) and (ii) Government Nominee Official Directors. The Board includes (a) Chairman-cum-Managing Director (CMD), Addl. Charge & Three Functional Directors i.e. Director (Finance), Director (Personnel) and Director (Marketing), (b) Two Government of India Nominee Official Directors.

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

During the year, Shri Amit Varadan, JS/DHI appointed as Govt. Nominee Director of HEC and also relinquished the post of directorship in HEC. Further, Smt Sujata Sharma, Sr. EA/DHI has been appointed as Government Nominee Official Director on the Board of HEC. Presently, there is no independent director on the Board of HEC Ltd. As on March 31, 2021 four vacancies of Part-time Non-official Directors (Independent Directors), one vacancy of Chairman-cum-Managing Director and one vacancy of Director (Production) exist on the Board of Company. The matter of filling up of these vacancies is under consideration of Ministry of Heavy Industries, Government of India.

2.1 Chairman-cum-Managing Director:

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

2.2 Functional Directors:

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

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

- i) Smt. Neelam Sudhir Kumar, CCA/DHI
 ii) Shri Amit Varadan, JS/DHI (appointed on 03.09.2020 & relinquished on 12.10.2020)
 iii) Smt. Sujata Sharma, Sr. EA/DHI (w.e.f. 12.10.2020)

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

Presently, there is no non- official director/ independent director on the Board of Company.

**III.0 Meeting of the Board :**

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

3.1 Number of Board Meetings:

During the year 2020-21, Three (3) Meetings were held, the details of which are given below:-

Sl.No.	Date	Board Strength	No. of Directors present
1.	12.05.2020	05	04
2.	04.11.2020	06	05
3.	21.12.2020	06	06

3.2 Attendance of each Director at Board Meetings:

Name of the Directors	Period	No. of Board Meetings held	No. of Board Meetings Attended	No. of Directorship in other Board
a) Executive Directors (Whole-time Functional Directors)				
1. Dr. Nalin Shinghal	01.04.2020 to 31.03.2021	03	03	01
2. Smt. Arundati Panda Director (Finance)	01.04.2020 to 31.03.2021	03	03	00
3. Sri Mradul Kumar Saxena, Director (Personnel)	01.04.2020 to 31.03.2021	03	03	01
4. Dr. Rana Subhasis Chakravarty, Director. (Mktg) & Prodn. (Addl. Charge)	01.04.2020 to 31.03.2021	03	03	00
b) Govt. of India Nominee Part-time Official Director				
1. Smt Sujata Sharma (Appointed on 12.10.2020)	12.10.2020 to 31.03.2021	02	02	00
2. Smt. Neelam S Kumar	01.04.2020 to 31.03.2021	03	01	00

4.0 Audit Committee:

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

Since presently there is no non- Official Director/ Independent Director on the Board of Company, the Board level Audit Committee is not functioning in the Company.

5.0 Annual General Meeting :

Time, Date & Venue of last Four AGMs:

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

6.0 Code of Conduct :

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

7.0 Disclosures :

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



Form No. MR-3

SECRETARIAL AUDIT REPORT**(FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021)**

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

To,

The Members,

HEAVY ENGINEERING CORPORATION LIMITED

H.E.C Administrative Building

Plant Plaza Road

Ranchi, Jharkhand-834004

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

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March 2021, complied the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- (v) Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India (DPE);
- (vi) Other laws to the extent applicable to the Company as per representation made by the Company including the following.
 1. The Factories Act 1948;
 2. The Environment (Protection) Act, 1986;
 3. Hazardous Wastes (Management Handling and Trans- Boundary Movement) Rules, 2008;
 4. The Water (Prevention and Control of Pollution) Act, 1974;
 5. The Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the :

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

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

The Heavy Engineering Corporation Ltd. is a Schedule A, Central Public Sector Enterprises under the Ministry of Heavy Industries, Government of India, registered as a Private Limited Company under the Companies Act, 1956 with 100%



shareholding of the Government of India represented by four shareholders. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above with the following observations:

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

- (i) Accordingly, the Board of Directors of the Company is classified in three categories viz., Full time Functional Directors (Whole Time Directors) consisting of Chairman cum Managing Director and four Functional Directors; Government Directors consisting of two Government Nominee official Directors; and Non- Official part-time Directors consisting of four independent Directors. At the end of reporting period on 31.03.2021 Company has four functional Director; Chairman-cum-Managing Director (CMD), and three other Functional Directors i.e, Director (Finance), Director (Personnel), and Director (Marketing); two Government of India Nominee Official Directors. During the reporting period there were no Non-Official part-time Director.
- (ii) All decisions at the Board meeting were taken unanimously, the Board meetings were convened in compliance with the provisions, notice with detail agenda were sent before seven days of the meeting, however, two meetings were convened on short notice.

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

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

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

For Kant Sanat & Associates
Company Secretaries


(CS Sanat Kumar Mishra)
Partner

ACS No: 17836, CoP No.: 8705
UDIN A017836C001733968

Place : Ranchi

Date : 11.12.2021



ANNEXURE I

To,
The Members

Heavy Engineering Corporation Ltd.

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

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

For Kant Sanat & Associates
Company Secretaries

(CS Sanat Kumar Mishra)

Partner

ACS No: 17836, CoP No.: 8705

UDIN A017836C001733968

Place : Ranchi

Date : 11.12.2021



MANAGEMENT DISCUSSION AND ANALYSIS

Overview :

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

Despite the slower pace of economy, HEC has bagged the order booking worth Rs 1421 Cr. during the FY 2020-21.

1.0 SWOT Analysis: STRENGTH AND WEAKNESSES, OPPORTUNITIES AND THREATS

1.1 Strengths

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

1.2 Weaknesses :

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

1.3 Opportunities:

- (i) "Make in India" and 'Atmanirbhar Bharat' initiative of the Government to boost domestic manufacturing.
- (ii) Massive demand potential in sectors like Mining, Defence, Space and Nuclear
- (iii) Most of the potential market of HEC comprise of either import substitute, single manufacture base or where the existing manufacturer are unable to meet the demand which ensures the future availability of orders.



- (iv) The average age of the Human Resources is around 45 years with a good number of young talents from diverse fields. Their capabilities are being groomed and enhanced.
- (v) HEC possesses the capacity to work as a complete research oriented prototype manufacturer especially in metallurgical development, mining equipments and machineries.

1.4 Threats:

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





AUDITOR'S REPORT

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

Opinion

We have audited the accompanying Standalone Financial Statements of **Heavy Engineering Corporation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information, hereinafter referred to as the Standalone Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, ("AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its Loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Company Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Company Act, 2013 and the Rules made there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

Sl. No.	Auditors Report	Management Reply
(a)	Refer Note No. 1(3), 1(4), 1(5) of "Significant Accounting Policies", Refer Note No. 17 - of "Inventories", Note No. 33. 12(a) of "Other Notes of Financial Statements", the revenue in 2020-21 from four undergoing turnkey projects executed by project division of the company is Rs 6,679.58 lacs (Previous year-Rs. 2,312.34 lacs. The company further recognized revenue of Rs 2870.98 lacs from escalation in other completed project. The cost incurred on all these undergoing 4 projects till 31.03.2021 is Rs. 91,583.26 lacs against which revenue recognized by company is Rs. 86,055.18 lacs only. The company has not recognized contract work in progress of projects in its books of accounts. This accounting policy and practice being adopted by the company year after year does not properly reflect revenue of the company against the cost already incurred to generate that revenue. The accounting policy and practice adopted by the Company can result in adverse outcomes in a particular year where there is no cost outgo but recognition of revenue is done against the cost incurred in previous years where those costs were not shown as work in progress and incurring of those cost lead to reflection of losses in those previous financial years. Thus the profit/loss of the company is over / understated to the extent the adjustment of value of WIP not recognized in the books of accounts by the Company.	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. Contract work-in-progress As per AS-7 - A contractor may incur costs that relate to future activity in a contract. Such costs are recognized as an asset if it is probable that they will be recovered. Billing/Revenue recognition has been done for all activities and corresponding expenditure as per terms & contract. Hence nothing is considered in WIP. However in the case, cost that relates to future activity in a contract and releasable in future as per billing, WIP will be considered.
(b)	Refer Note No. 15 - forming part of the standalone financial statements which shows that provisioning has been done against long term loans and advances which includes deposits/security deposits, advances to suppliers etc. A high level of judgment is required in estimating the level of provisioning. The company's assessment is not supported by the facts of matter but past practice adopted consistently in earlier years. Accordingly, unexpected adverse outcomes may significantly impact the company's reported loss and net assets. We observed that as a practice being followed consistently, the company is making provision of almost 100% against all long-term advances/security deposit given which are continuing in the books of accounts for more than 3 years. The company has made provision against.	Noted, Company has practice of making 100% provision against long term loans and advances which includes deposits/security deposits, advances to supplier etc. and which are continuing in the books of accounts for more than 3 years. This is being reviewed and necessary adjustments are being done accordingly. This is a continuous process.



	<p>(i) the deposits made under protest to various tax authorities and the partial demand paid under protest against dues payable to various State/Central Government Departments where the amount is disputed and final demand is yet to be quantified - Total Provision Made Rs 51.46 lacs.</p> <p>(ii) the amount paid as long-term advances to various parties including State/Central Government Units /PSUs/Departments - Total Provision Made Rs 747.92 lacs.</p> <p>(iii) the claim receivable comprising of Bank Guarantee invoked - Total Provision made Rs. 4488.38 lacs</p> <p>(iv) others - Total provision Rs. 179.40 lacs</p> <p>The company could not produce any supporting documents with regards to basis of provisioning except the submission of statement that the same practice is being followed. There is no accounting policy with regards to this provision being done by the company years after years. The practice being followed by company, without proper basis of provisioning has resulted in over statement of loss to the tune of Rs 5467.16 lacs and understatement of assets of the Company to the tune of Rs 5467.16 lacs.</p>	
(c)	<p>Refer Note No. 8 - forming part of the standalone financial statements- "Trade payables -as shown in s.no. 4(b) of Balance Sheet- Rs. 14082.51 lacs- out of which item no. 4B(i), Outstanding dues of Micro Enterprises and Small Enterprises amounts to Rs. 751.04 lacs, dues to Medium Enterprises amounts to Rs. 433.00 lacs and dues to Others - amounts to Rs. 12,898.47 which has been included as liability.</p> <p>The company has reported in Note 33. 14 - "Other Notes to Financial Statement" that in addition to the amount of principal liability overdue, further liability of interest is Rs. 2,280.11 lacs and this has not been shown as liability in the books and or as contingent liability but shown under Other Notes to the Standalone financial Statement. The analysis of these dues further reflects that the dues of MSME enterprises up to 45 days is Rs. 517.27lacs (43.69%), up to 180 days is Rs. 214.17 Lacs (18.09%), between 181 days to 360 days is Rs 31.62 lacs (2.67%) and more than 360 days is Rs. 420.97 lacs (35.55%). The company could not produce the year wise break up for interest amount payable against dues to MSME sector. Further, the company could not produce any correspondence or any document to substantiate its efforts made towards discharging this liability to MSME sector. The liabilities of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation including adjustment of interest payable, if any, there on.</p>	<p>Note No. 8 - As per Section 22 of the MSME Act purchaser who buys goods or avail services from the MSMEs has to mandatorily disclose in additional information in respect of the principal amount and the interest due thereon remaining unpaid to the MSMEs in its annual statement of accounts in the prescribed format. HEC complied this in Note No. 33.16 - "Other Notes to Financial Statement.</p> <p>Till date out of Rs. 1184.04 lacs Rs 672.82 lacs have been paid/adjusted. Review for the remaining amount is going on and payments will be made accordingly.</p>
(d)	<p>Refer Note No. 18 - "Trade Receivables" - Rs. 12,900.09 Lacs (provision made Rs 1353.76 lacs) - Note No. 21 - "Rent & Other Receivables" under Other Current Assets Rs. 5,611.30 Lacs (provision made Rs 1306.67 lacs) and Note No. 16- "Long Term Trade Receivables" under Other Non-Current Assets - Rs. 40, 183.03 Lacs (provision made Rs. 28254.32 lacs) - all these three Notes forming part of the standalone financial statement - The balances shown are subject to confirmation from the parties and consequential adjustment on reconciliation, if any. Further, the amount not realized over and above 3 years are fully provided as per accounting policy of the Company, although there are receivables due from Govt. / Govt. Agencies also which are normally not doubtful and normally are being recovered but are provided at 100%. The provisions are frequently written back on recovery of the said receivables. These asset heads of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation.</p>	<p>Letter for confirmation of balance in respect of Trade receivable has been sent, but confirmation is still not received.</p> <p>However, the balances in trade receivable are in accordance with information and documents.</p>



(e)	Refer Note No. 8 - forming part of the standalone financial statements - "Trade payables - as shown in s.no. 4(b) of Balance Sheet - Rs. 14082.51 lacs- the balances shown are subject to confirmation from the parties and consequential adjustment on reconciliation, if any. The liabilities of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation.	Noted
(f)	Refer Note No. 33.1 - S.No.1 - Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 5387.47 lacs (Previous Year - Rs 15089.37 lacs)- this year, the company has not included capital commitments of contracts being executed by one unit for other unit/units of the Company.	Noted
(g)	The company working is based on outsourced contracts also and any uncertainty in their operations will have adverse impact on Company's working and revenue booking. Further seeing the quantum and nature of contingent liability, the exceptional litigation and regulatory actions in future cannot be ruled out.	Noted

Our opinion is not qualified with regards to above.

Other Information

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

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

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

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

For Lodha Patel Wadhwa & Co.

Chartered Accountants
FRN 006271C


CA S.K. Wadhwa

Partner

M. No. 074749

UDIN : 20174749AAAACE5125



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

Date : 02.11.2021

Place : Ranchi



MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

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

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

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

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

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

We also:

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

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



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

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

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

Report on Other legal and Regulatory Requirements

1. As required under section 143(5) of the Companies Act 2013. We give in "Annexure I" a statement on the Directions issued by the Comptroller and Auditor General of India after complying the suggested methodology of Audit, action taken thereon and Impact on the accounts and the standalone financial statements of the Company .
2. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 2" a statement on the matters specified in paragraph 3 and 4 of the Order.
3. As required by Section 143(3) of the Act. based on our audit we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books or account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss including and the Statement of Cash Flow dealt with by this Report are in agreement with the books or account.
 - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting standards prescribed under section 133 of the Act.
 - e) on the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors. none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 3". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules. 2014. as amended, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts .
 - iii. As per representation received from the management there were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

Place: Ranchi

Date: 02nd November 2021

For Lodha Patel Wadhwa & Co.

Chartered Accountants

FRN 006271C

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CA S.K. Wadhwa

Partner

M. No. 074749

UDIN : 21074749AAAACE5125



ANNEXURE - 1 TO THE INDEPENDENT AUDITOR'S REPORT

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

Annexure-A

Directions under section 143(5) of the Companies Act 2013 applicable for the financial year 2020-21 account's audit

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

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

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

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

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

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

For Lodha Patel Wadhwa & Co.

Chartered Accountants
FRN 006271C

CA S.K. Wadhwa

Partner

M. No. 074749

UDIN: 21074749AAAACE5125

Place : Ranchi

Date : 02nd November 2021

**ANNEXURE '2' TO THE INDEPENDENT AUDITOR'S REPORT**

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

- i. In respect of the Company's fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets of the company have been physically verified by the internal auditor during the year. However, it has been done on test check basis which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- ii. In respect of Inventories:
- According to information and explanation given to us, the company has maintained proper records of its inventories and the management has deputed internal auditor to physically verify inventory at year end. As reported to us the discrepancies noticed on physical verification have been properly dealt in books of accounts. The company has not recognized contract work in progress at the year end.
- iii. According to the information and explanations given to us, the Company has not granted any loans; secured or unsecured, to bodies corporate, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and therefore, the provisions of this clause 3(iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of this clause 3(v) of the Order are not applicable to the Company.
- vi. According to the information and explanations given to us, the maintenance of cost records has been specified by the central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company and such records have been maintained by the Company but cost audit has not been done for the financial year 2020-21.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they become payable, except given below with appropriate authorities.

Name of Act/Statutory Dues	Amount (Outstanding) Rs. in Lakhs
Water Dues	4282.48
Municipal Taxes	112.48

- Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax, Goods and Service Tax, Customs duty, Excise duty, Cess and Other material dues which have not been deposited as at March 31, 2021 on account of dispute are given in Annexure - 2 A



- viii. According to the information and explanations given to us, the Company has taken loans or borrowings from banks and government but has not issued any debentures. The loan received from Govt. of India and interest as well as penal interest payable thereon (Rs. 10678.34 lacs) have not been paid by the company Further there is no default in borrowings from bank.
- ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during by the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals by the provisions of section 197 read with schedule V to the Act.
- xii. In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order and is not applicable to the Company.
- xiii. In our opinion and according to the information where and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transaction with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has not mode hence any preferential under allotment or private placement of shores or to fully or partly paid Company Convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act. 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the-Reserve Bank of India Act, 1934.

Place : Ranchi

Date : 02nd November 2021

For Lodha Patel Wadhwa & Co.

Chartered Accountants

FRN 006271C

CA S.K. Wadhwa

Partner

M. No. 074749

UDIN: 21074749AAAACE5125



ANNEXURE “3” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of Heavy engineering Corporation Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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



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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, subject to our observations in this regard.

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

Our opinion is not qualified with regards to above.

Place : Ranchi

Date : 02nd November 2021

For Lodha Patel Wadhwa & Co.

Chartered Accountants

FRN 006271C



CA S.K. Wadhwa

Partner

M. No. 074749

UDIN: 21074749AAAACE5125



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

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

Nature of the Statute	Forum where Dispute is Pending	Pending Period to which the Amount Relates	Amount (in Lakhs)	Amount (in Lakhs)	Total (in Lakhs)
Value Added Tax Act, 2005 (VAT) Central Sales Tax (CST)			VAT	CST	Total
	Commissioner of Commercial Taxes, Ranchi	2008-2009	10.78	10.35	21.13
	Commissioner of Commercial Taxes, Ranchi	2009-2010	19.63	57.76	77.39
	Commissioner of Commercial Taxes, Ranchi	2010-2011	92.41	137.18	229.59
	Commissioner of Commercial Taxes, Ranchi	2011-2012	79.18	794.55	873.73
	Commissioner of Commercial Taxes, Ranchi	2012-2013	25.80	17.44	43.24
	Commissioner of Commercial Taxes, Ranchi	2013-2014	397.75	19.02	416.77
	Commissioner of Commercial Taxes, Ranchi	2014-2015	904.90	19.75	924.65
	Commissioner of Commercial Taxes, Ranchi	2015-2016	124.91	57.88	182.79
	Commissioner of Commercial Taxes, Ranchi	2016-2017	25.80	1804.57	1830.37
	Commissioner of Commercial Taxes, Ranchi	2017-2018	18.87	97.30	116.17
	Total		1700.03	3015.80	4715.83

Service Tax Act			Service Tax Act
	CESTAT, Kolkata	Oct-2006 to Mar-2007	Rs. 926.94 Lakhs
	CESTAT, Kolkata	Oct-2007 to Mar-2010	Rs. 1224.09 Lakhs
	Commissioner Appeal, Ranchi	2012-13 & 2013-14	Rs. 221.05 Lakhs

Central Excise Act			Excise Duty
	CESTAT, Kolkata	2010-11 to 2014-15	Rs. 3540.54 Lakhs
	CESTAT, Kolkata	2015-16 to 2016-17	Rs. 1217.72 Lakhs

The Employees provident fund & Miscellaneous Provision Act, 1952			PF Dues
	High Court of Jharkhand	Mar-1976 to Sep-1999	Rs. 9501.54 Lakhs

Jharkhand Municipal Act, 2011			Municipal Tax Dues
	High Court of Jharkhand dismissed the case and directed to file the appeal before appropriate Authority. A petition has been filed on 04.08.2021 before Director, State Urban Development Authority, Ranchi	2016-2017	Rs. 1233.43 Lakhs

PHED Govt. of Jharkhand			
	Before Secretary Industries Govt. of Jharkhand for settlement	upto 2011-12	Rs. 989.82 Lakhs

**Annexure -D****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section J 43 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 2 November 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2021 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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


(Faisal Imam)

Principal Director of Audit (Steel)
Ranchi

Place : Ranchi
Date : 10-12-2021

**ANNEXURE-E****FORM NO. MGT 9**

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2021

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

1. REGISTRATION & OTHER DETAILS:

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

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

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

3. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

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

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

i. Category – wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt.	0	6060788	6060788	100	0	6060788	6060788	100	0
c) State Govt(s)									
d) Bodies Corporates									
e) Bank/FI									
f) Any other									
SUB TOTAL : (A) (1)	0	6060788	6060788	100	0	6060788	6060788	100	0



(2) Foreign									
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
SUB TOTAL : (A) (2)									
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	6060788	6060788	100	0	6060788	6060788	100	0

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

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



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

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

5. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment				
(Amt in Lakh)				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	15209.33	4789.00		19998.33
ii) Interest due but not paid		4299.37		4299.37
iii) Interest accrued but not due		513.21		513.21
Total (i+ii+iii)	15209.33	9601.58		24810.91
Change in Indebtedness during the financial year				
Additions				
Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	20398.08	4789.00		25187.08
ii) Interest due but not paid		5376.13		5376.13
iii) Interest accrued but not due		513.21		513.21
Total (i+ii+iii)	20398.08	10678.34		31076.42

6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL				
A. Remuneration to Managing Director, Whole time director and/or Manager:				
SI.No	Particulars of Remuneration	Total Amount (Rs. Lakh)		
1	Gross salary	Arundati Panda	M.K.Saxena	Rana S. Chakravarty
	(a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	34.40	30.83	30.55
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		1.89	1.87
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			



2	Stock Option			
3	Sweat Equity			
4	Commission -as % of profit -Other, Specify			
5	Others, please specify-			
6	Total (A)	34.40	32.72	32.42
7	Ceiling As per the Act			

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

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD					
Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total (Rs. Lakh)
		CEO	Company Secretary	CF0	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		13.85		
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	others, specify				
5	Others, please specify				
	Total				

**7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

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



Hon'ble President of India administring oath on the occasion of Samvidhan Diwas on 26.11.2021.



A Journal Spark - 10 was released on the occasion of Vigilance Awareness Week- 2021 in HEC.



Gandhi Jayanti & Shastri Jayanti being observed in HEC



Manufacturing work inside the plant



Heavy Engineering Corporation Limited
BALANCE SHEET AS AT 31ST MARCH, 2021

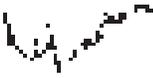
		As at 31.03.2021	As at 31.03.2020
₹ in Lakh			
I. EQUITY & LIABILITIES			
(1) SHAREHOLDER'S FUND			
(a) Share Capital	2	60607.88	60607.88
(b) Reserves & Surplus	3	(118833.05)	(100680.82)
(2) SHARE APPLICATION MONEY PENDING ALLOTMENT		0.01	0.01
(3) NON-CURRENT LIABILITIES			
(a) Long Term Borrowings	4	0.00	0.00
(b) Other Long Term Liabilities	5	15.48	37.67
(c) Long Term Provisions	6	8866.90	8858.43
(4) CURRENT LIABILITIES			
(a) Short Term Borrowings	7	20398.08	15209.33
(b) Trade Payables			
(i) Total Outstanding dues of Micro Enterprises and Small Enterprises		751.04	792.97
(ii) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	8	13331.47	10921.94
(c) Other Current Liabilities	9	72997.66	59483.01
(d) Short Term Provisions	10	2116.68	1799.74
TOTAL		60252.15	57030.16
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Property, Plant and Equipment	11	4895.30	5659.23
(ii) Intangible Assets under development	12	0.00	0.00
(iii) Capital Work in Progress	13	568.51	1619.19
(b) Non-Current Investments	14	0.36	0.36
(c) Long Term Loans & Advances	15	9.60	9.60
(d) Other Non-Current Assets	16	11928.71	12598.46
(2) CURRENT ASSETS			
(a) Inventories	17	14482.53	11751.36
(b) Trade Receivables	18	11546.33	6929.47
(c) Cash & Cash Equivalents	19	5425.50	4279.48
(d) Short Term Loans & Advances	20	7090.68	6469.70
(e) Other Current Assets	21	4304.63	7713.31
TOTAL		60252.15	57030.16

Significant Accounting Policies 1

Other Notes to Financial statements 33

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


A.K. Kanth
 Company Secretary


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


Arundati Panda
 Director (Finance)


Dr. Nalin Shinghal
 Chairman cum Managing Director

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

(CA S. K Wadhwa)

Partner

M No. 074749

FRN 006271C

UDIN: 21074749AAAAACE5125

Place : Ranchi

Date : 02.11.2022



Heavy Engineering Corporation Limited
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in Lakh

	Note No.	As at 2020-21	As at 2019-20
I. Revenue from Operation	22	21341.88	13975.18
II. Other Income	23	3459.17	3110.31
III. TOTAL REVENUE		24801.05	17085.49
IV. EXPENSES :			
(a) Cost of Material Consumed	24	10348.74	11662.91
(b) Changes in Inventories of FG & WIP	25	(3901.12)	(1854.04)
(c) Employees Benefits Expenses	26	12242.13	13539.19
(d) Finance Costs	27	2749.47	2423.89
(e) Depreciation & Amortization Expenses	28	606.10	733.22
(f) Research & Development Expenditure	29	65.27	79.06
(g) Other Expenses			
(i) Manufacturing Service Cost	30 (I)	4661.63	4581.93
(ii) Manufacturing & Other Operating Expenses	30 (II)	9341.23	8331.93
(iii) Administration, Selling & Distribution Expenses	30(III)	6845.99	6006.14
(iv) Other Provisions / Expenses Written Off	30(IV)	4569.09	11128.35
TOTAL EXPENSES		47528.53	56632.58
Profit / (Loss) before Prior Period, Exceptional & Extraordinary Items		(22727.48)	(39547.09)
Prior Period Adjustment (Net)	31	252.11	(989.51)
V. Profit/(Loss) before Exceptional & Extraordinary Items & Tax		(22475.37)	(40536.60)
VI. Exceptional Items		0.00	0.00
VII. Profit/(Loss) before Extraordinary Items & Tax (V-VI)		(22475.37)	(40536.60)
VIII. Extraordinary Items	32	4897.47	0.00
IX. Profit (Loss) before Tax (VII-VIII)		(17577.90)	(40536.60)
X. Tax Expenses			
(i) Current Tax		0.00	0.00
(ii) Deferred Tax		0.00	0.00
XI. Profit (Loss) for the period from Continuing Operation (IX-X)		(17577.90)	(40536.60)
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)		(17577.90)	(40536.60)

Earning per share (Face value ₹1000)

(1) Basic in Rupees

(290.03)

(668.83)

(2) Diluted in Rupees

(290.03)

(668.83)

Significant Accounting Policies

1

Other Notes to Financial statements

33

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

A.K. Kanth

Company Secretary

R. K. Srivastava

Sr. DGM I/C(A&B)

Arundati Panda

Director (Finance)

Dr. Nalin Shinghal

Chairman cum Managing Director

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

(CA S. K Wadhwa)

Partner

M No. 074749

FRN 006271C

UDIN: 21074749AAAACE5125

Place : Ranchi

Date : 02.11.2021



Heavy Engineering Corporation Limited

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET

For the period April 2020 - March 2021

			₹ in Lakhs	
	2020-21		2019-20	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax	(22475.37)		(40536.89)	
Extra Ordinary Items	4897.47	(17577.90)	0.00	(40536.89)
Adjustments for:				
Depreciation	606.10		734.23	
Interest Expenses	2749.47		2423.89	
Extra Ordinary Items	(4897.47)		0.00	
Lease Income	(574.33)		(574.33)	
Interest Earned	(261.74)		(66.08)	
Incremental Provisions	325.41	(2052.56)	(96.82)	2420.89
Operating Profit before Working Capital Changes		(19630.46)		(38116.00)
Adjustments for:				
Trade and Other Receivables	(538.43)		19428.48	
Inventories	(2731.17)		(3194.37)	
Trade Payables	15860.06		14577.08	
Loans & Advances	(620.98)	11969.48	(891.33)	29919.86
Cash Generated from Operations		(7660.98)		(8196.14)
Income Tax Paid		0.00		0.00
Net Cash from Operating Activities		(7660.98)		(8196.14)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(97.10)		(315.78)	
Sale/Adjustment of Fixed Assets	500.00		77.40	
Adjustment in Accumulated Depreciation	(245.07)		(21.76)	
Adjustment in Capital Work-in-Progress	1050.68		65.67	
Interest Earned	261.74		66.08	
Lease income	574.33		574.33	
Net Cash from Investing Activities		2044.58		445.94
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest Payment	(2749.47)		(2423.89)	
Extra Ordinary Items	4897.47		0.00	
Short Term Loans	5188.75		8524.86	
Change in Reserves & Surplus	(574.33)		(574.33)	
Net cash from in financing activities		6762.42		5526.64
Net increase /(Decrease) in cash and cash equivalents		1146.02		(2223.56)
Opening Balance of Cash and Cash Equivalents		4279.48		6503.04
Closing Balance of Cash and Cash Equivalents		5425.50		4279.48
		1146.02		(2223.56)

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

A.K. Kanth
Company Secretary

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

Arundati Panda
Director (Finance)

Dr. Nalin Shinghal
Chairman cum Managing Director

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

(CA S. K Wadhwa)

Partner

M No. 074749

FRN 006271C

UDIN: 21074749AAAACE5125

Place : Ranchi

Date : 02.11.2021



CORPORATE INFORMATION

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

NOTE NO -1 SIGNIFICANT ACCOUNTING POLICIES

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



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

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

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

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

8. DEPRECIATION

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

9. SUNDRY DEBTORS

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

10. GRANT-IN-AID

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

11. INVESTMENT

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

12. RESEARCH & DEVELOPMENT

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

13. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

15. INTER PLANT COST ALLOCATION

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

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

16. INVENTORY

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

17. PRIOR PERIOD ADJUSTMENTS

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



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

₹ in Lakh

As at 31.03.21

As at 31.03.20

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 :-
President of India (POI) alongwith nominees

No of Shares

% of holding

No of Shares

% of holding

6060788

100%

6060788

100%

Face Value Per Share (Rupees)

1000.00

1000.00

NOTE NO. - 3

RESERVE & SURPLUS

Capital Reserve

Opening Balance

8987.97

9562.30

Addition during the year

0.00

0.00

8987.97

9562.30

Deduction during the year
Surplus

574.33

8413.64

574.33

8987.97

Opening Balance

(109668.79)

(69131.90)

Addition during the year

(17577.90)

(127246.69)

(40536.89)

(109668.79)

TOTAL

(118833.05)

(100680.82)

NOTE NO. - 4

LONG TERM BORROWINGS

Term Loan

From Govt. of India

Non Plan loan

0.00

0.00

TOTAL

0.00

0.00

NOTE NO. - 5

OTHER LONG TERM LIABILITIES

Securities & Other Deposits from Contractors

1.80

2.20

Other Liabilities

13.68

35.47

TOTAL

15.48

37.67



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

₹ in Lakh

	As at 31.03.21	As at 31.03.20
NOTE NO. - 6	LONG TERM PROVISIONS	
(a) Provision for Employee Benefits		
Provision for Gratuity	5944.50	5952.21
Provision for Leave Encashment	2698.12	2561.98
Provision for RTA	54.14	49.80
	<u>8696.76</u>	<u>8563.99</u>
(b) Others		
Provision for Impaired Assets	62.40	62.40
Provision for Warranty Expenses	107.74	232.04
	<u>170.14</u>	<u>294.44</u>
TOTAL	<u>8866.90</u>	<u>8858.43</u>
NOTE NO. - 7	SHORT TERM BORROWINGS	
Secured Loans		
Working Capital Loan from Bank (Secured by Hypothecation of raw materials, finished Goods, Work-in-Progress, Stores and Spare parts and Book Debts) Interest (April '20 to June '20) @ 2.35% & (July '20 to March '21) @ 3.10% above MCLR	20398.08	15209.33
TOTAL	<u>20398.08</u>	<u>15209.33</u>
NOTE NO. - 8	TRADE PAYABLES	
Total Outstanding dues of Creditors other than Micro Small and Medium Enterprises	12898.47	10231.17
Total Outstanding dues of Medium Enterprises	433.00	690.77
TOTAL	<u>13331.47</u>	<u>10921.94</u>
NOTE NO. - 9	OTHER CURRENT LIABILITIES	
Employees Liabilities *	10404.37	8797.37
VRS Liabilities	1.88	1.88
Loan from Govt. of India**	4789.00	4789.00
Add: Interest Accrued and due on Govt. Loan	5889.34	4812.78
Government Grant [Unutilised]		
Received from GOI for payment of Tax	18243.00	18243.00
Less : Charged against Capital gain Tax(13-14)	9245.61	9245.61
Less : Charged against Capital gain Tax(17-18)	6200.00	6200.00
Less: Balance Advance Tax	2054.39	2246.39
Add: Interest Income	2423.15	2315.17
Grant-in-Aid received from DHI under (Common Engineering Facility Centre)	130.00	130.00
Securities & Other Deposits from Contractors	3789.44	3386.20
Book Overdraft with Scheduled Bank	0.00	16.59
Amt. received from Govt. Grant	500.00	500.00
CISF Dues Including Interest	8924.78	6362.06
Electricity Dues	11846.64	8956.20
Water Dues	4447.90	4153.75
Advance from Customers	13624.46	10120.43
Other Liability	1353.25	1229.29
Liabilities for Security Expenses	325.03	337.31
Taxes Payable	875.55	289.38
Miscellaneous	2929.87	2734.60
TOTAL	<u>72997.66</u>	<u>59483.01</u>
* It includes interest on Gratuity overdues Rs.464.41 Lakhs		
** Govt. Loan matured for payment		
NOTE NO. - 10	SHORT TERM PROVISIONS	
(a) Provision for Employee Benefits		
Provision for Gratuity	687.33	615.76
Provision for Leave Encashment	917.94	844.08
Provision for RTA	3.79	2.88
Provision for LTA	171.93	157.35
Provision for Revision of Pay Scale for Employees	124.36	124.89
	<u>1905.35</u>	<u>1744.96</u>
(b) Others		
Provision for Warranty Expenses	211.33	54.78
TOTAL	<u>2116.68</u>	<u>1799.74</u>



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

₹ in Lakh

NOTE NO. - 11

Property, Plant and Equipment

Type of Assets	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.20	Addition/ Adjustment	(Deduction)/ Adjustment	Cost as on 31.3.21	Upto 31.03.20	for the year	Addition/ (Deduction)	upto 31.03.21	As on 31.03.21	As on 31.03.20
1	2	3	4	5	6	7	8	9	10	11
Land (including Development of land)	219.82	0.00	0.00	219.82	0.00	0.00	0.00	0.00	219.82	219.82
Buildings	5838.91	0.00	0.00	5838.91	5318.24	45.14	0.00	5363.38	475.53	520.67
Roads	266.17	0.00	0.00	266.17	252.90	0.00	0.00	252.90	13.27	13.27
Plant and Machinery	28239.04	10.20	500.00	27749.24	24055.01	493.07	245.07	24303.01	3446.23	4184.03
Furniture and Fittings	161.96	3.79	0.00	165.75	115.33	2.56	0.00	117.89	47.86	46.63
Motor Vehicles	147.73	0.00	0.00	147.73	134.75	0.80	0.00	135.55	12.18	12.98
Railway Sidings	469.39	0.00	0.00	469.39	438.76	3.20	0.00	441.96	27.43	30.63
Office Equipments	229.31	2.43	0.00	231.74	178.60	14.19	0.00	192.79	38.95	50.71
Computers & Data Processing Units	581.80	12.42	0.00	594.22	517.46	23.59	0.00	541.05	53.17	64.34
Electrical Installations and Equipments	772.48	68.26	0.00	840.74	661.76	21.39	0.00	683.15	157.59	110.72
Pipelines and Sluices	605.55	0.00	0.00	605.55	560.47	2.16	0.00	562.63	42.92	45.08
SUB - TOTAL OTHER ASSETS (A)	37532.16	97.10	500.00	37129.26	32233.28	606.10	245.07	32594.31	4534.95	5298.88
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 31.03.20)	1015.03	0.00	0.00	1015.03	952.65	0.00	0.00	952.65	62.38	62.38
Plant & Machinery (During 2020-21)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB - TOTAL IMPAIRED ASSETS (C)	1015.03	0.00	0.00	1015.03	952.65	0.00	0.00	952.65	62.38	62.38
GRAND - TOTAL TANGIBLE FIXED ASSETS (A+B+C)	39376.59	97.10	500.00	38973.69	33717.36	606.10	245.07	34078.39	4895.30	5659.21
PREVIOUS YEAR FIGURES	39138.21	315.78	77.40	39376.59	33004.89	734.23	21.76	33717.36	5659.23	

Current period depreciation 851.17

Prior period depreciation (245.07)

Total Depreciation 606.10

Provision for Impaired Assets 0.00

A sum of ₹500.00 Lakhs was received as infrastructure augmentation under from our customer i.e Akanksha for capital goods and capitalized between F.Y. 2014-15 to F.Y. 2015-16 at full value. Now the same is being adjusted in this financial year and accordingly accumulated depreciation of ₹ 245.07 Lakhs has been written back and shown under prior period.

Note : Status of Land	Acres
a) Land Transferred to GOJ	2035.14
b) Land Transferred to CISF	158.00
c) Land Transfer to GOJ for Smart City	647.08
d) Encroched Land	379.91
e) Land given on lease	313.31
f) Land for own use	3666.07
Total land as per original deed	7199.51



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

₹ in Lakh

	As at 31.03.21	As at 31.03.20
NOTE NO. - 12	Intangible Assets under development	
TOTAL (A-B)	0.00	0.00
NOTE NO. - 13	CAPITAL WORK IN PROGRESS	
Capital Work in Progress		
Plant & Machinery	2496.62	2401.64
Less: Provisions	1928.11	782.45
TOTAL	568.51	1619.19
NOTE NO. - 14	NON-CURRENT INVESTMENTS	
Investments in Equity Instruments		
(Other than trade investment), Unquoted 3575 (Prev.Year 3575) Equity Share of ₹10/- each of Engineering (Projects) India Limited.	0.36	0.36
TOTAL	0.36	0.36

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

** As per Financial status as on 31.03.2020, the value of share is ₹ 2.00 Lakhs



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

₹ in Lakh

	As at 31.03.21			As at 31.03.20		
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	568.88	568.88	0.00	643.78	643.78	0.00
(b) Deposits With						
Private Parties	0.87	0.32	0.55	0.90	0.35	0.55
Government Authorities	202.71	193.75	8.96	155.56	146.60	8.96
(c) Security Deposit	38.14	38.14	0.00	44.95	44.95	0.00
(d) Others						
Advances to Employees	0.18	0.18	0.00	7.50	7.50	0.00
Claims Receivable	4665.98	4665.89	0.09	4666.34	4666.25	0.09
Income Tax deducted at source	0.00	0.00	0.00	7.40	7.40	0.00
Total	5476.76	5467.16	9.60	5526.43	5516.83	9.60

Particulars of Long Term Loans & Advances

Secured, Considered Good	0.00	0.00
Unsecured, Considered Good	9.60	9.60
Doubtful	5467.16	5516.83
Total	5476.76	5526.43

NOTE NO. - 16

Long Term Trade Receivables

(A) Public Sector & Govt. Deptt.

Un Secured, Considered Good	11928.71	12461.35
Doubtful	27463.33	23741.81
TOTAL (A)	39392.04	36203.16

(B) Others

Un Secured, Considered Good	0.00	137.11
Doubtful	790.99	660.88
TOTAL (B)	790.99	797.99

SUB TOTAL (A+B)

40183.03

37001.15

Less: Provision for Doubtful debts

21461.49

18921.70

Provision against LD deducted & charged

6792.83

11928.71

5480.99

12598.46

GRAND TOTAL

11928.71

12598.46

Notes:

1: Long Term Trade Receivables also include not due ₹ 9251.45 Lakh (Previous Year ₹ 9802.39 L) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.



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

₹ in Lakh

NOTE NO. - 17 (As certified by the Management)	As at 31.03.21		As at 31.03.20	
	INVENTORIES			
Raw Materials & Components	6083.01		6922.70	
Less: Provision / Stock Adjustment	2925.45	3157.56	2757.68	4165.02
Stores, Spares & Components including Construction Materials	1275.16		1544.60	
Less: Provision / Stock Adjustment	236.13	1039.03	331.62	1212.98
Goods-in-Transit/ Under inspection	363.96		553.83	
Less: Provision	232.03	131.93	248.90	304.93
Loose Tools, Drawing Instruments etc.	1267.94		1098.34	
Less: Provision	55.36	1212.58	55.85	1042.49
Stock of Finished Products	761.90		821.99	
Less: Provision	74.07	687.83	25.50	796.49
Work-In-Progress	8297.39		4336.17	
Less: Provision	43.79	8253.60	106.72	4229.45
Total Inventory	18049.36		15277.63	
Less: Provision / Stock Adjustment	3566.83		3526.27	
TOTAL		14482.53		11751.36

Notes:

- 1: Finished Stock & WIP includes items worth ₹143.89 Lakh (Previous Year ₹130.43 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 ₹3451.66 Lakh (Previous Year ₹3386.22 L). The existing provision is considered adequate.
- 3: Raw Materials & Components including scrap at shop floor ₹76.26 Lakh (Previous Year ₹159.87L)

NOTE NO. - 18**TRADE RECEIVABLES****Short Term Trade Receivables**

	Over Six Months	Other Debts	Total	Over Six Months	Other Debts	Total
(A) Public Sector & Govt. Deptt.						
Un Secured, Considered Good	881.63	10664.70	11546.33	3133.71	3795.76	6929.47
Doubtful	130.14	1223.62	1353.76	1893.17	80.87	1974.04
SUB TOTAL (A)	1011.77	11888.32	12900.09	5026.88	3876.63	8903.51
(B) Others						
Un Secured, Considered Good	0.00	0.00	0.00	0.00	0.00	0.00
Doubtful	0.00	0.00	0.00	0.00	0.00	0.00
SUB TOTAL (B)	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL (A+B)			12900.09			8903.51
Less: Provision for Doubtful debts			1124.28			846.11
Less: Provision against LD deducted & charged			229.48			1127.93
NET TOTAL			11546.33			6929.47

Notes:

- 1: Short Term Trade Receivables also include not due ₹189.78 Lakh (Previous Year ₹104.25 L) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.



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

₹ in Lakh

	As at 31.03.21	As at 31.03.20
NOTE NO. - 19	CASH & CASH EQUIVALENTS	
(a) Balance with Schedule Bank Current Account	889.64	1368.47
(b) Cash in hand	2.18	2.17
Less : Provision *	0.28	0.28
(c) Others		
(Earmarked balances with Banks)		
Short Term Deposit with Schedule Bank **	4533.96	2909.12
TOTAL	5425.50	4279.48
* Mutilated notes and coins not in circulation		
** (It includes unutilised Govt. Grant kept aside for payment of Capital Gain Tax Rs. 2991.20 Lakhs)		
NOTE NO. - 20	SHORT TERM LOANS & ADVANCES	
(a) <u>Loans and Advances</u>		
Un Secured, Considered Good	251.05	355.74
(b) <u>Deposits with</u>		
Private Parties	4.59	41.10
Government Authorities	893.77	694.12
(c) <u>Security Deposit</u>	972.98	894.05
(d) <u>Others</u>		
Advance to Employees	50.09	92.21
Prepaid Expenses	156.18	148.34
Claims Receivable	3795.58	3030.60
Income Tax deducted at source	975.67	1280.40
SUB TOTAL	7099.91	6536.56
Less: Provision for bad & doubtful Advances	9.23	66.86
TOTAL	7090.68	6469.70
Particulars of Short Term Loans & Advances		
Secured, Considered Good	6839.63	6113.96
Unsecured ,Considered Good	251.05	355.74
Doubtful	9.23	66.86
Total	7099.91	6536.56
NOTE NO. - 21	OTHER CURRENT ASSETS	
Rent and Other Receivables		
(A) Public Sector & Govt. Deptt.		
Secured Considered Good (GOJ)	1262.32	4236.00
Secured Considered Good	2518.73	2936.68
Doubtful	919.97	372.06
(B) Rent		
Unsecured, Considered Good	523.58	540.63
Doubtful	386.70	832.58
Total (A + B)	5611.30	8917.95
Less: Provision for Doubtful Receivables	1306.67	1204.64
Net Amount	4304.63	7713.31



Heavy Engineering Corporation Limited

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

	2020-21		2019-20	
NOTE NO. - 22	REVENUE FROM OPERATION			
Sales & Services				
Sale of Products	19756.87		12656.50	
Sale of Services	519.40	20276.27	611.62	13268.12
Other Operating Revenue				
Job Done for Internal Use	1065.61		707.06	
Add: Inter Plant Transfers	0.00	1065.61	0.00	707.06
TOTAL		21341.88		13975.18
NOTE NO. - 23	OTHER INCOME			
Interest		261.74		66.08
Rent		1559.40		1444.01
Sale of Stores		294.87		26.17
Miscellaneous Income		495.89		171.84
Receipt from HTI		29.91		36.18
Profit on Sale of Asset		0.00		29.54
Excess provision written back		519.42		1012.70
Water & Electricity Charges		297.94		323.79
TOTAL		3459.17		3110.31
NOTE NO. - 24	COST OF MATERIALS CONSUMED			
Consumption of Raw materials & Components	6625.85		8511.05	
Less: Interplant Transfer	1388.14	5237.71	2577.70	5933.35
Consumption of Stores & Spares	5192.79		5825.81	
Less: Interplant Transfer	81.76	5111.03	96.25	5729.56
TOTAL		10348.74		11662.91
NOTE NO. - 25	CHANGES IN INVENTORIES OF FG & WIP			
Decretion/(Accretion) to value of FG & WIP				
Work-In-Progress				
Opening Stock	4336.17		2914.50	
Closing Stock	8297.38	(3961.21)	4336.17	(1421.67)
Finished Stock				
Opening Stock	821.99		389.62	
Closing Stock	761.90	60.09	821.99	(432.37)
Total		(3901.12)		(1854.04)



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

₹ in Lakh

	2020-21	2019-20
NOTE NO. - 26	EMPLOYEES BENEFIT EXPENSES	
Salaries, Wages & Bonus	9250.64	8916.01
Corporation Contribution to Provident Fund and Employee's Pension Fund	997.56	971.15
Workmen and Staff Welfare Expenses	691.15	872.36
Leave Encashment	683.78	1027.15
Gratuity *	684.27	1831.58
	SUB TOTAL	13618.25
Less: Transferred to Research & Development Exp.	65.27	79.06
	TOTAL	13539.19
* It includes interest on Gratuity overdues ₹ 59.75 Lakhs (Previous Year ₹ 404.66 Lakhs)		
NOTE NO. - 27	FINANCE COST	
Interest on Bank Credit	1672.90	1370.68
Interest on Govt. loan	1076.57	1053.21
	TOTAL	2423.89
NOTE NO. - 28	DEPRECIATION & AMORTIZATION EXPENSES	
Depreciation as per Note No.-11	606.10	734.23
Depletion Expenses		
Impairment Loss as per Note No.-11	0.00	(1.01)
	TOTAL	733.22
NOTE NO. - 29	RESEARCH & DEVELOPMENT EXPENSES	
Research & Development Expenses		
Salary & Allowances	65.27	79.06
	TOTAL	79.06



Heavy Engineering Corporation Limited

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

	₹ in Lakh	
	2020-21	2019-20
NOTE NO. - 30		
(I) Manufacturing Service Cost		
Water, Power & Fuel	4120.68	3950.33
Repairs & Maintenance		
Plant & Machinery	227.93	249.27
Buildings	39.49	63.12
Others	133.48	105.71
Insurance	140.05	213.50
SUB TOTAL (I)	4661.63	4581.93
(II) Manufacturing & Other Operating Expenses		
Machining & Assembly charges	236.85	475.63
Loose Tools Charged off	924.28	794.63
Job Done by outside Agencies	4146.96	4522.98
Turnkey Project Expenses	2965.27	2054.51
Other Charges For Production	1140.45	1019.69
Less: Interplant Transfer (Services)	72.58	535.51
SUB TOTAL (II)	9341.23	8331.93
(III) Administration, Selling & Distribution Expenses		
Rent	37.59	30.88
Electricity & Drinking Water Expenses	939.69	1037.02
Safety & Security Expenses	2687.68	2289.74
Interest on CISF DUES	706.11	563.53
Travelling & Conveyance Expenses	57.17	176.50
Bank Charges	1023.38	387.21
Telephone & Postage Expenses	27.39	34.90
Printing & Stationery Expenses	25.49	35.07
Miscellaneous Expenses	222.41	251.64
Interest on Delay Remittances	266.24	166.18
Demand settled under SVLDRS Government Scheme	0.00	95.23
Motor Vehicle Running Expenses	157.77	206.55
Consultancy and Legal Expenses	91.64	236.79
Municipal Tax/Charges	39.67	10.59
LD Deducted and Charged	413.41	338.47
Selling & Distribution Expenses	144.48	137.11
Auditor's Remuneration		
Statutory Audit Fees	2.25	2.25
Tax Audit Fees	0.38	0.38
Internal Audit Fees	1.27	1.90
Reimbursement Expenses	0.15	0.13
Training Expenses	1.82	4.07
SUB TOTAL (III)	6845.99	6006.14
(IV) Other Provisions / Expenses Written Off		
Provision for Bad & Doubtful Debts	3047.24	6194.05
Provision for Bad & Doubtful Advances	1.01	0.00
Provision for Warranty Expenses	87.03	66.25
Provision for Foreign Exchange difference	(37.54)	91.88
Provision for Receivable	0.00	4488.38
Provision for inventory / stock adjustment	287.12	134.51
Provision for CWIP	1145.65	0.00
Miscellaneous Provisions	38.58	14.92
Miscellaneous Losses Written Off	0.00	138.36
SUB TOTAL (IV)	4569.09	11128.35
GRAND TOTAL (I+II+III+IV)	25417.94	30048.35



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

₹ in Lakh

	2020-21		2019-20	
NOTE NO. - 31	PRIOR PERIOD ADJUSTMENT			
Income				
Sales (including services)	0.00		(2.73)	
Previous year expenses written back	64.62		0.00	
Misc Income	0.00	64.62	(0.56)	(3.29)
Less : Expenses				
Raw Materials Consumed	(5.40)		0.00	
Payment to & Provision for Employees	0.00		(357.77)	
Interest on CISF dues	0.00		1311.73	
Depreciation	(245.07)		0.00	
Prior Period Municipal Tax	89.98		0.00	
Misc. expenses(net)	(27.00)	(187.49)	32.26	986.22
Prior Period Adjustment (Net)		252.11		(989.51)
NOTE NO. - 32	EXTRAORDINARY ITEMS			
Income				
Grant from Government of Jharkhand		4897.47		0.00
Net		4897.47		0.00



NOTE NO 33 – “OTHER NOTES TO FINANCIAL STATEMENT”

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

			₹ in Lakh																								
SI No	Particulars	2020-21	2019-20																								
1	Estimated amount of contracts, remaining to be executed on capital account and not provided for	5387.47	15089.37																								
2	Unexpired Letter of Credit	571.89	709.56																								
3	Unexpired Bank Guarantee	17229.71	14470.50																								
4	Holding Tax	1233.43	934.12																								
5	Water Dues	989.82	1094.42																								
6	<p>Damages towards PF dues</p> <p>(a) The prayer of HEC Limited to the chairman of central board of Trustees. Employees Provident Fund Organization, for waiver of damages amounting to ₹9501.54 lakh for the period from 03/76 to 09/99 levied by Regional Provident commissioner, Ranchi, has been rejected vide letter dated 12.11.2010. Company has again filed Civil Miscellaneous Petition (CMP) in company Petitions CMP 476 of 2010 before Hon'ble High Court of Jharkhand. Hon'able High Court of Jharkhand by order dt 14.10.2019 dismissed the petition no CMP 476 of 2010. Office of EPFO vide Letter No. JH/RQ/RNC/Recovery/1465/2019/ dt 23.12.2019 attached the bank account of HEC Ltd. A WP(C) No 62 of 2020 has been filed on 09.01.2020 before the Hon'able High Court against the orders of recovery officer, EPFO bearing no JH/RO/RNC/RECOVERY/1465/2019/1397/34379 & JH/RO/RNC/RECOVERY/1465/2019/1398/34380 dt 23.12.2019 issued to State Bank of India and Canara Bank. Hon'able High Court of Jharkhand in order dt 18.01.2020 has directed to stay the prohibitory/ attachment order dt 23.12.2019 against the petitioner M/s HEC Ltd till the next fixed.</p> <p>(b) Vide Letter no. JH/RAN/0001465/000/Enf502/Damages/3954/10947 dt. 28.07.2021/30.07.2021 RPFC Ranchi has issued a Summon to appear for hearing u/s 14B of the EPF and MP Act, 1952 (and order for payment of interest u/s 7Q) for belated remittance made during the period 01.04.1996 to 14.11.2019.</p> <p>(c) No notice for payment of the same has been received from Regional Provident Commissioner, Ranchi.</p>	9501.54	9501.54																								
7	<p>Legal Cases :- claim lodged against HEC not acknowledged as Debt.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Cases</th> <th style="text-align: right;">2020-21</th> <th style="text-align: right;">2019-20</th> </tr> </thead> <tbody> <tr> <td>(A) Enhance Land acquisition compensation case 15/98</td> <td style="text-align: right;">1108.45</td> <td style="text-align: right;">1071.15</td> </tr> <tr> <td>157.42 acres of land belonging to Ranchi Gaushala was acquired by the then Govt. of Bihar in the year fifties @ compensation of ₹ 3500/- per acre for public purpose for establishment of HEC and its ancillary and allied purposes. Compensation paid and possession was handed over to HEC. Later on in 1971 being LA Case No. 22/1971 was filed by the Ranchi Gaushala for enhancement for compensation which was enhanced by judgement dated 12.01.1998 and award dated 19.01.1998. The LD court published the award enhancing compensation @ ₹20000/- per acre in addition to prilatium @ 30% and interest @ 9% p.a. for one year (17.10.1958 to 16.10.1959) and 15% p.a. from 17.10.1959 till realization of amount. Thus after adjustment of compensation of ₹ 4.68 Lakh already paid, the amount of compensation to be paid to Ranchi Gaushala arrived at ₹247.22 Lakh as on 31.12.1997 inclusive of prilatium and interest. Being aggrieved by the award, M/s HEC Ltd. filed an appeal in the Hon'able High Court being FA No. 43/98 for setting aside the award and Ranchi Gaushala has filed case no. Ex. 15/1998 for implementation of the award in the Civil Court, Ranchi. Both cases are pending in the respective Court.</td> <td style="text-align: right; vertical-align: bottom;">23996.35</td> <td style="text-align: right; vertical-align: bottom;">18730.94</td> </tr> <tr> <td>(B) Arbitration:</td> <td></td> <td></td> </tr> <tr> <td>Rama Ferro Alloys and Finance Private Ltd.</td> <td style="text-align: right;">707.19</td> <td style="text-align: right;">695.67</td> </tr> <tr> <td>S. Banerjee</td> <td style="text-align: right;">246.64</td> <td style="text-align: right;">246.64</td> </tr> <tr> <td>Others (No. of cases – 5)</td> <td style="text-align: right;">55.57</td> <td style="text-align: right;">55.57</td> </tr> <tr> <td></td> <td style="text-align: right;">1009.40</td> <td style="text-align: right;">997.88</td> </tr> </tbody> </table>	Cases	2020-21	2019-20	(A) Enhance Land acquisition compensation case 15/98	1108.45	1071.15	157.42 acres of land belonging to Ranchi Gaushala was acquired by the then Govt. of Bihar in the year fifties @ compensation of ₹ 3500/- per acre for public purpose for establishment of HEC and its ancillary and allied purposes. Compensation paid and possession was handed over to HEC. Later on in 1971 being LA Case No. 22/1971 was filed by the Ranchi Gaushala for enhancement for compensation which was enhanced by judgement dated 12.01.1998 and award dated 19.01.1998. The LD court published the award enhancing compensation @ ₹20000/- per acre in addition to prilatium @ 30% and interest @ 9% p.a. for one year (17.10.1958 to 16.10.1959) and 15% p.a. from 17.10.1959 till realization of amount. Thus after adjustment of compensation of ₹ 4.68 Lakh already paid, the amount of compensation to be paid to Ranchi Gaushala arrived at ₹247.22 Lakh as on 31.12.1997 inclusive of prilatium and interest. Being aggrieved by the award, M/s HEC Ltd. filed an appeal in the Hon'able High Court being FA No. 43/98 for setting aside the award and Ranchi Gaushala has filed case no. Ex. 15/1998 for implementation of the award in the Civil Court, Ranchi. Both cases are pending in the respective Court.	23996.35	18730.94	(B) Arbitration:			Rama Ferro Alloys and Finance Private Ltd.	707.19	695.67	S. Banerjee	246.64	246.64	Others (No. of cases – 5)	55.57	55.57		1009.40	997.88		
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	1. Demand of service Tax for NCL Nigahi (Project Division) for the period October 2006 to March 2007 (Order No. 43/ST/Commr./2013 dt.28.03.2013,Appeal pending at CESTAT, Kolkata		926.94																																																		
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	3. Demand of service Tax on value of service portion of a contract for supply of Shovel.(Order No.V(65)34/HEC/Adjn/Ran-1/2015/8304 dt 23.09.2015). Appeal pending at Comm Appeal, Ranchi		221.05																																																		
10	Excise Duty:																																																				
	1. Demand of Excise Duty for Non Reversal of Cenvat Credit availed by us on inputs and capital goods for which certain provision has been made in our Financial statement for the period 2010-11 to 2014-15. (Order No. 05/Central Excise/Commr/2017 dt 24.03.2017). Appeal pending at CESTAT, Kolkata		3540.54																																																		
	2. Demand of Excise Duty for Non Reversal of Cenvat Credit availed by us on Inputs and capital goods for which certain provision has been made in our Financial statement for the period 2015-16 to 2016-17 . (Order No. 21/Central Excise/pr. Commr/2020 dt 31.07.2020). Appeal pending at CESTAT, Kolkata.		1217.72																																																		
				4758.26	3540.54																																																
	Total			71386.00	69255.85																																																

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'able High Court of Jharkhand for quashing/staying the winding up order. Hon'able 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'able Court. Thereafter a number of hearings were held between 9.9.2004 to 13.11.2009 and ultimately Hon'able 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'able 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'able High Court of Jharkhand the following Revival Packages had been approved by Govt. of India and Govt. of Jharkhand. The details of such proposals and present status of implementation are as follows:-

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

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

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

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

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

C. Status of Revival Package : Agreed to amongst DHI, GOI, Govt. of Jharkhand and HEC Ltd.

Revival Package approved by					
	Cabinet committee of economic affairs	As per Affidavit filed by Govt. of Jharkhand and approval of Hon'ble High Court of Jharkhand.	Amount to be Waived / Adjusted / Received	Amount Waived / Adjusted / Received	Balance Amount to be Waived / Adjusted / Received
1	Not specifically mentioned as to the waiver of electricity dues. But Jharkhand Govt's proposal for waiver of ₹50000.00 lakh against electricity dues was approved.	Waiver of electricity dues of ₹30637.42 lakh and delayed payment surcharge up to the date of Final settlement by JSEB after approval of Hon'able High Court of Jharkhand.	₹96984.68 lakh total amount to be waived / Adjusted.	Waived ₹85342.46 lakh (Electricity dues of ₹30637.42 lakh and DPS of ₹54705.04 lakh up to 31.08.2008)	₹11642.22 lakh against DPS from 01.09.2008 to 31.03.2010 yet to be waived.



2	Waiver of PHED dues of ₹3103.00 lakh	Waiver of PHED dues ₹3264.80 lakh as on 31.03.2007.	₹3264.80 lakh (Waiver)	₹3264.80 lakh (Waived)	NIL
3	Waiver of Sales Tax dues of ₹2551.00 lakh	The GOJ agreed that payment of ₹2551.00 lakh by HEC will be treated as full and final settlement of all commercial Tax liability up to 31.03.2007 including penalty / penal interest for delayed payment etc. to which the assessment of CT liability pertains to. Any liability separate from it and discovered subsequently will be treated as per relevant law/ guidelines.	1) ₹2551.00 lakh to be paid by GOJ	1) ₹2551.00 lakh received.	1) NIL
			2) The company is to deposit ₹2551.00 lakh with GOJ	2) ₹2551.00 lakh deposited by HEC towards Commercial Taxes.	2) NIL
			3) Order of waiver all Commercial tax liability up to 31.03.2007 is to be issued by GOJ.	3) Order not issued	3) Order for waiver of all dues up to 31.03.07 by Govt. of Jharkhand is still awaited.
4	To authorize HEC to receive ₹25000.00 lakh from Govt. of Jharkhand with no future commitment for transfer of any more land or building.	Grant of ₹27551.00 lakh including ₹2551.00 lakh mentioned in Sl.No. '3' above.	₹27551.00 lakh	Received ₹ 20021.00 Lakh. Adjusted ₹ 2633.00 Lakh against PMAY-U. Received ₹ 4897.47 Lakh (₹ 1439.80 Lakh on 25.06.2020, ₹ 3457.20 Lakh on 05.11.2020 & 0.47 Lakh on 11.01.2021).	NIL
5	To allow HEC to accept the proposal of Govt. of Jharkhand to transfer 2342 acres of land. This includes 85 acres of appurtenant land to the building.	HEC to surrender 2342 acres of land to Govt. of Jharkhand.	Possession of 2035.14 acres of land had been handed over to GOJ for which Deed of Conveyance is executed. Balance 306.86 acres of land is to be handed over after removal of encroachment. As per letter no 7- 05/02/2019-PE-5, MHI & PE DHI dt 21.10.2019 and as per the provision of the Pradhan Mantri Awas Yojana- Urban (PMAY-U), the Govt of Jharkhand will not be required to pay any money for 107.28 acres of land – out of the said 306.86 acres as the same will be utilized by the Govt for affordable housing project(s) under the PMAY-U for eligible slum dwellers. The remaining 199.58 acre will be used by the Govt of Jharkhand for urban development schemes other than PMAY – U for which it will be required to pay a proportionate amount of money.		
6	To allow HEC to accept transfer of 17 buildings and 1155 residential quarters along with land appurtenant there to valuing ₹ 14223.00 lakh to GOJ.	HEC to surrender 17 nos. Non residential Building and 1148 residential quarters to Govt. of Jharkhand.	17 Nos. of Non Residential Buildings, 1148 Nos. of Residential Buildings and 85.11 acres of appurtenant land were already under possession of GOJ on rent up to 31.03.2009 and had been handed over to Government of Jharkhand. Registration of Buildings are yet to be executed.		

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



Govt. of India has also granted the permission for utilization of unspent grant sanctioned earlier to meet the capital gain tax liability arising due to transfer of land to Govt. of Jharkhand. DHI has permitted to utilize the balance of amount received from GOJ towards working capital.

33.4 A Grant-in-aid of ₹500.00 Lakh (Previous year ₹500.00 Lakh) received till 31.03.2021 from DHI for the project on development of 5 Cubic Meter Hydraulic Excavator - HEX-400 and incurred ₹573.06 Lakhs till 31.03.2021. The incurred amount is shown as WIP and the Grant is shown as current liability under Note – 9 and to be adjusted after completion of the Project.

33.5 DHI approved the scheme on enhancement of competitiveness in the Indian Capital Goods Sector for setting up of common Engineering Facility Centre, a training institute in HEC Ltd Ranchi at a cost of ₹5000.00 lakh. Out of ₹5000.00 lakh, Govt grant will be limited to ₹3000.00 lakh and HEC contribution will be ₹ 2000.00 lakh.

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

An agreement between the HEC and CEFC Pratham Foundation was signed on 24/12/2016, HEC as a supervising company and CEFC pratham as an implementing company.

Up to 31.03.2020 Govt has given total grant of ₹1675 lakh under the scheme and the HEC contributed ₹737.89 lakh (F.Y. 18-19 ₹498.00 lakh, F.Y 2017-18 ₹128.14 lakh, F.Y. 2016-17 ₹ 111.75 Lakh) and shown as expenditure in the HEC account.

Further vide Letter no. F.No. 12/26/2015-HE & MT dt. 11.01.2019, It has been decided by DHI that necessary action is to be taken for the winding up the CEFC Pratham Foundation after transferring the available funds and other assets and liabilities to HEC. Action for transferring the assets and liabilities after completion of audit by CEFC Pratham Foundation to HEC Is In progress, hence assets and liabilities are not considered in the accounts. In F.Y. 2018-19, ₹130.00 Lakh received as Grant from DHI. However, in F.Y. 2019-20, ₹190.00 Lakh is received from CEFC Pratham Foundation in HEC-CEFC Escrow A/c. Also, ₹130.00 Lakh received from CEFC Pratham Foundation in F.Y. 2018-19 in HEC A/c is transferred to CEFC Escrow A/c as HEC contribution in F.Y. 2018-19. Amount lying in the HEC-CEFC ESCROW account for CEFC amounting to ₹450.38 Lakh is accounted as a liability in note no 9 "other liabilities".

33.6 Govt. of India has granted a Non-Plan loan of ₹4789.00 Lakh to discharge gratuity liability in the financial year 2014-15 and repayable in five yearly installment beginning from 2015-16. Due to financial crisis, the company is not able to pay any installment and interest due in time. A sum of ₹10678.34 Lakhs including interest / penal interest is outstanding as on 31.03.2021.

33.7 Out of ₹16357.06 Lakh received against long term lease from 1995–96 onwards, a sum of ₹574.33 Lakh (Previous Year ₹574.33 lakh) is amortized and considered as income during this year in proportion to the period of lease and adjust with Capital Reserve Note-3.

33.8 Inter plant transfer of ₹1542.48 Lakh (previous year ₹3209.46 Lakh) has been excluded from total Revenue from operation of the Company.

33.9 The Sales effected on or before 31.03.2021 and received at Customer premises latest by 26.04.2021 has been considered as revenue from operation.

33.10 In absence of any instructions pertaining to Pay Revision w.e.f 01.01.2017 from DHI, no provision has been made in the accounts.

33.11 Due to financial crisis, company is not in position to disburse the gratuity liability amounting to ₹ 3233.79 Lakh on scheduled time and provision for interest on delay has been made.

33.12 (a) Revenue from operation includes ₹9550.56 Lakh in respect of turnkey contract executed by Project Division (previous year ₹2312.34 Lakh) valued on the basis of approved billing schedule and payment terms of the contract to the extent of works completed, inspected, dispatched / on delivery to the carrier and billed.

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



₹ in Lakh

	2020-21	2019-20
Contract revenue recognized during the year	9550.56	2312.34
In respect of Contract in progress as on 31.03.2021 :		
- Cost incurred and recognized profits (less recognized losses)	147895.24	138344.68
- Amount of advance received	135327.54	132565.01
- Amount of retentions (deferred debts)	0.00	0.00
In respect of dues from customers after appropriate netting off :		
- Gross amount due from customers for the contract work as an asset	12567.70	5779.67
- Gross amount due to customers for the contract work as a liability	10.33	10.33
- Contingencies	NIL	NIL

(b) The estimates of total costs and total revenue in respect of Construction Contracts entered on or after 1st April 2003 in accordance with Accounting Standard (AS)-7(Revised) Construction Contracts are reviewed and updated periodically during the year by the management and necessary adjustments are made in the current year's account.

33.13 Despite issuance of letter to Major Clients for confirmation of balances with Sundry Debtors, no confirmation from clients has been received till date. Regarding Loans & Advances, Deposits, Sundry Creditors etc., confirmation could not be obtained from the respective parties.

33.14 Interest on overdue amount relating to Micro and Small Enterprises has not been provided and the same has also been shown given below.

Micro, Small & Medium Development Act,2006		
	₹ in Lakh	
	2020-21	2019-20
Delayed payments due as at the end of each accounting year on account of		
Principle	666.78	1483.74
Interest	2280.11	2301.74
Total Interest Paid on all delayed payments during the year under the provisions of the Act	Nil	Nil
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act	Nil	Nil
Interest accrued but not due (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date.	Nil	Nil
Total Interest due but not paid-(Represent all interest amounts remaining due together with that from prior year(s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for Income Tax purpose)	Nil	Nil

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



33.16 PARTICULARS OF PROVISIONS:

₹ in Lakh

Sl No	PARTICULARS	Opening balance as on 01.04.2020	Add: Provision made during the period	Less: Provision utilized during the Period	Less: Unused provision reversed during the period	Closing Balance as on 31.03.2021
1	Provision for Bonus	145.64	131.17	145.64	0.00	131.17
2	Provision for Bad & Doubtful Debts	19767.81	2924.61	106.65	0.00	22585.77
3	Provision for Liquidated Damages recovered by Clients	6608.92	413.42	0.00	0.03	7022.31
4	Provision for Claims Recoverable	4666.34	0.00	0.45	0.00	4665.89
5	Provision for Doubtful Deposits with Others	191.90	48.02	7.71	0.00	232.21
6	Provision for Doubtful Advances to Suppliers/Sub-Contractors	702.89	8.43	133.21	0.00	578.11
7	Provision for Disputed Cases Stagnant jobs, EMD, SD advances, Output VAT, Receivables etc	0.20	0.00	0.20	0.00	0.00
8	Provision for Inventory	3526.27	277.40	146.02	90.82	3566.83
9	Provision for gratuity	6567.97	132.44	68.60	0.00	6631.81
10	Provision for leave encashment	3406.06	219.60	9.60	0.00	3616.06
11	Provision for RTA	52.68	5.25	0.00	0.00	57.93
12	Provision for LTC/LTA	157.35	37.74	17.70	5.46	171.93
13	Provision for Revision of pay Scale	124.89	0.00	0.53	0.00	124.36
14	Provision for Warranty Expenses	54.78	274.95	1.50	9.16	319.07

33.17 Nickel weighing 937.50 Kg and Ferroalloy weighing 491.00 Kg have been found missing from Main Store/FFP between 29.09.2020 to 12.10.2020 FIR was lodged on 16.10.2020. A sum of Rs. 15.18 Lakh has been provided against inventory during the year 2020-21 insurance claim has also been lodged on 13.10.2020 for ₹15.18 Lakh.

33.18 Non-Ferrous Casting items has been found missing from Container & Store/010 Shop/HMBP on 29.05.2021 amounting Rs. 42.00 Lakh. FIR was lodged on 09.06.2021 vide case no 102/21.

33.19 During the year there is addition in accounting policy for Prior Period Adjustments (Accounting Policy No. -17) and due to this change, there is no impact in the Books of Accounts for the year 2020-21.

33.20 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, 2021 in accordance with the revised Accounting Standard 15- Employee benefits issued by ICAI.

(b) Defined benefit plans - As per Actuarial valuation on March 31, 2021.

- 1) **Gratuity :-** Payable on separation @15 day salary for each completed year of service to eligible employees who render continuous service of 5 years or more, subject to a maximum limit of ₹ 20.00 Lakhs.
- 2) **Leave Encashment :-** payable on separation to eligible employees who have accumulated earned leave. Maximum limit of accumulation is 300 days. Encashment of accumulated earned leave is also allowed up to 30 days once in a calendar year.
- 3) **Provident Fund :-** 12% of Basic Pay & Dearness allowance contributed to the provident Fund Trust by the company.
- 4) **Post Retirement Settlement Benefits :-** payable to retiring employees for settlement up to their home town.
- 5) Company's contribution paid/payable during the year to the provident fund trust are recognized in the statement of profit & loss. The company's Provident Fund Trust is exempted under section 17 of employees' provident fund and miscellaneous provisions Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-a-vis statutory rate. The company has already made adequate provision in the accounts based on actual valuation of Provident Fund.



- 6) The defined benefit obligations, other than provident Fund, are unfunded.
 7) Other disclosure as required under Accounting Standard (AS)-15 (revised on Employees benefits) are:

₹ in Lakh

	GRATUITY	LEAVE ENCASHMENT	RETD. TRAVEL ALLOWANCE
Expense recognized in the statement of Profit & Loss for the year ended March 31,2021			
1. Current Service Cost	356.47	394.57	4.14
2. Past Service Cost	0.56	0.00	0.00
3. Interest Cost	436.46	226.14	1.50
4. Reduction in Obligation due to HPL	0.00	0.00	0.00
5. Net Actuarial(gain)/loss recognized during the year	(181.12)	(181.81)	0.91
TOTAL EXPENSES	612.17	439.10	8.75
Net Asset / (Liability) recognized in Balance Sheet			
1. Present value of the obligation (Current)	687.33	917.94	3.79
2. Present value of the obligation (Non Current)	5944.50	2698.12	54.14
3. Funded status [Surplus / (deficit)]	(6631.83)	(3616.06)	(57.93)
4. Net Asset / (Liability) recognized in the Balance Sheet	6631.83	3616.06	57.93
Change in the Present value of the Obligation during the year ended March 31,2021			
1. Present value of the obligation as at April 1,2020	6567.97	3406.05	52.69
2. Current Service Cost	356.48	394.57	4.34
3. Interest Cost	436.46	226.34	3.50
4. Past Service Cost	0.00	0.00	0.00
5. Benefits paid	(547.76)	(229.09)	(3.52)
6. Actuarial (Gain) / Loss on obligation	(181.32)	(181.81)	0.91
7. Present value of obligation as at March 31,2021	6631.83	3616.06	57.92
Actuarial Assumptions			
1. Discount rate	6.70%	6.70%	6.70%
2. Rate of Increase in Compensation	8.00%	8.00%	8.00%
3. Mortality rate LIC (2006-2008) Table			

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) 2020-2021					
₹ in Lakh					
	Foundry Forge Plant	Heavy Machine Building Plant	Heavy Machine Tool Plant	PROJECT (Turnkey)	Heavy Engineering Corporation
REVENUE					
External Sales	1119.48	9123.38	482.85	9550.56	20276.27
Inter-plant / Job done for own use	2212.36	280.09	115.64	0.00	2608.09
Total Revenue	3331.84	9403.47	598.49	9550.56	22884.36
Net Profit (Before Interest after tax)	(8300.23)	(6502.32)	(1100.51)	1074.63	(14828.43)
Interest	1154.78	1457.22	137.47	0.00	2749.47
Net Profit	(9455.01)	(7959.54)	(1237.98)	1074.63	(17577.90)
Extraordinary Items	1469.38	2791.82	636.27	0.00	4897.47
Prior Period Income	296.20	(35.90)	(8.19)	0.00	252.11
Net Profit from ordinary Activities after tax	(11220.59)	(10715.46)	(1866.06)	1074.63	(22727.48)
OTHER INFORMATION					
Segment Assets	14171.42	22647.24	2864.55	8578.19	48261.40
Addition during the year	(427.80)	14.82	0.53	2.03	(410.42)



Unallocated Assets					12401.16
Total Assets					60252.14
Segment Liabilities	32830.88	15694.46	2129.11	13488.67	64143.12
Unallocated Liabilities					54334.18
Total Liabilities					118477.30
Capital Expenditure	(996.50)	(566.88)	0.53	2.03	(1560.82)
Unallocated Capital Expenditure.					107.24
Total Capital Expenditure					(1453.58)
Depreciation	451.57	66.83	20.45	1.14	539.99
Unallocated Depreciation					66.12
Total Depreciation					606.111

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		
		(₹ in Lakh)		
	Key Management Personnel	Period	Remunerations	Terminal Benefits
1	Dr Nalin Shinghal, CMD Additional Charge	04/2020 - 03/2021	0.00	0.00
2	Mrs Arundati Panda Director (Finance)	04/2020 - 03/2021	34.40	3.58
3	Sri Mradul Kumar Saxena, Director (Personnel)	04/2020 - 03/2021	30.83	3.36
4	Sri Rana Subhasis Chakravarty Director (Marketing)	04/2020 - 03/2021	30.55	3.36
		Total	95.78	10.30

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

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 2020-21, 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 Net worth of the company as on 31-03-2021 is negative and also the company is not listed, hence Ind-AS is not applicable to the company for the F.Y. 2020-21.

33.26 In view of our claim on Kendriya Vidyalaya Sangathan (KVS) and claim of KVS ₹140.23 Lakhs is not acknowledged in absence of relevant documents, and accordingly no provision has been made.

33.27 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.

33.28 Additional Information

₹ in Lakh

	Current Year	Previous Year
A.1 Employees who were in receipt of or were entitled to receive emoluments (including benefits) of ₹60,00,000.00 or more for the year (and ₹ 5,00,000.00 or more per month when employed for a part of the year for current year).	Nil	Nil
A.2 Auditor's Expenses		
i Statutory Auditors Remuneration	2.25	2.25
ii Tax Audit Fees	0.38	0.38
iii Reimbursement of expenses	0.15	0.13

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

	(₹ in lakhs)			
	2020-21		2019-20	
	Value	%	Value	%
(a) Raw Materials				
(i) Imported*	701.31	10.58	1494.01	17.55
(ii) Indigenous	5924.54	89.42	7017.04	82.45
Total	6625.85	100.00	8511.05	100.00
(b) Stores & Spares				
(Including stores and spares used for repairs and Maintenance)				
(i) Imported	24.81	0.48	375.53	5.90
(ii) Indigenous	5192.79	99.52	5987.10	94.10
Total	5217.60	100.00	6362.63	100.00

Note: Exclusive of imports through canalised agencies.

C. Value of Imports on CIF Basis

Raw materials, Spare Parts, GIT				
Components	489.02	100.00	1343.00	100.00
Capital Goods				
Total	489.02	100.00	4816.95	100.00

In case of HMBP CIF value of Raw Material, Spare Parts include Cost of Material and 5.5% of cost of material for insurance and freight.

D. Expenditure in Foreign Currency
Directors & Officers Abroad

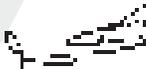
	0.00	5.48
Total	0.00	5.48

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


A. K. Kanth
Company Secretary


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


Arundati Panda
Director Finance


Dr. Nalin Shinghal
Chairman Cum Managing Director

Signed for identification
For Lodha Patel Wadhwa & Co
Chartered Accountants


(CA S.K. Wadhwa)

Partner

M. No. 074749

FRN 006271C

UDIN: 21074749AAAACE5125

Place : Ranchi

Date : 02-11-2021

कंपनी की कार्यक्षमता

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

CAPABILITIES OF THE COMPANY

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

फाउन्ड्री फोर्ज प्लांट

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

Foundry Forge Plant

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

हैवी मशीन बिल्डिंग प्लांट

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

HEAVY MACHINE BULDING PLANT

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

हैवी मशीन टूल्स प्लांट

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

HEAVY MACHINE TOOLS PLANT

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



एच. ई. सी.



HEAVY ENGINEERING CORPORATION LIMITED

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