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BOARD OF DIRECTORS

(As on 07.09.2018)

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the Shareholders of Heavy Engineering Corporation Limited, Ranchi that 59th Annual General Meeting of the Company will be held on Friday, the 7th September, 2018 at 11.00 AM 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 Report of the Board of Directors to the Shareholders for the financial year ended 31st March, 2018.
2. To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2018.
3. Appointment of Statutory Auditor under Section 139 of the Companies Act, 2013 for the financial year 2018-19 and fix the remuneration of Statutory Auditor under section 142 of the Companies Act, 2013.

By order of the Board of Directors



(A. K. Kanth)
Co. Secretary

Date : 23.07.2018

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



To
The Shareholders
Heavy Engineering Corporation Limited

Ladies and Gentlemen,

Heavy Engineering Corporation has completed its 59 years of service to the nation and the Directors of the Company have the pleasure to present the 59th Annual Report of the Company together with Audited Accounts for the financial year ended 31st March, 2018.

1. PERFORMANCE HIGHLIGHTS

Severe economic recession has affected the performance of industries operating in capital goods sector. In addition, acute working capital problem coupled with old machines have badly affected the performance of the company due to which turnover during the year has remained below the target. However, close monitoring helped in improving sales of the company by during the year, which reached Rs. 399.02 Cr only against Rs.390.11 Cr during the previous year.

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	2017-18		2016-17	
	MOU	Actual	MOU	Actual
Turnover	695.00	399.02	604.01	390.11
Production	704.15	393.37	610.01	364.84

3. FINANCIAL RESULTS

Achievement against target and previous year is detailed below:

(Rs. in crore)

Particulars	2017-2018		2016-2017	
	MOU	Actual	MOU	Actual
Gross Margin ❶	2.69	-63.95	-53.92	-43.83
Interest	26.72	26.70	31.94	32.44
Depreciation	8.10	7.03	7.68	6.47
Exceptional Items Exp.(+)/ Income(-)	0.00	14.26	0.00	-0.47
Profit before Extra-ordinary items	-32.12	-111.94	-93.54	-82.27
Extra ordinary items Income (+) / Exp. (-)	0.00	621.02	0.00	0.00
Profit before Tax	-32.12	509.09	-93.54	-82.27
Tax	0.00	63.09	0.00	0.00
Net Profit	-32.12	446.00	-93.54	-82.27
Cash Profit (after extra-ordinary items)	-24.03	438.97	-85.86	-75.80

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

Paid up Equity Capital of the Company on 31.03.2018 stands at Rs. 606.07 Cr, while net worth is poised at Rs.109.80 Cr.

During the year your Company contributed Rs. 93.13 Cr to Central and State Exchequers as compared to Rs.65.93 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

Non-Declaration of Dividend:

Profit after Tax (PAT) during FY 2017-18 is Rs.446.00 Cr and Net worth is Rs.109.80 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

ORDERS BOOKED & ORDER BOOK POSITION

The capital goods sector showing sluggish demand, the order scenario for products to core sector remained feeble due to which Company could secure orders worth Rs.158.77 Cr only during 2017-18 against Rs.245.83 Cr secured during 2016-17. However, in the coming year, tender for 6 nos. of Draglines is expected and similarly in the other core sectors also, the demand for heavy equipment may materialize in the form of tenders.

Company has been making efforts to add new business areas as a result of which Company received orders worth Rs.17 Cr for Utility Vehicles, a product in the segment of Railway Track maintenance equipment. Being the first such order, HEC is poised for its successful execution, in association with



M/s Cascade Technologies, Russia. Apart from this, Company received order worth Rs.66 Cr from Railway sector. for refurbishment of CBC Couplers for 500 coaches at Lalagudam, Harnaut and Gorakhpur railway workshops.

Company has recently successfully executed the orders of special forgings and the customer has shown their satisfaction in terms of quality and delivery of the product. Company expects further order for similar products.

Orders in Hand

Orders as on 31.3.2018 stands at Rs. 994.88 Cr

Business Development initiatives:-

The company has emphasised on nuclear and strategic sector. Efforts have been in other potential areas where HEC's facilities can be used for indigenisation in line with 'Make in India' programme.

HEC achieved initial milestones in the nuclear sector as it entered into dialogues and finalized agreements with two Russian firms, CNIITMASH and OKBM which will support in manufacture of Nuclear power plant components and equipment respectively.

Earlier company had initiated steps for enhancing design strength of the organization aided by industry – institute interface

In defence sector, HEC is in discussions with M/s Mazagon Dock Ltd., and is jointly exploring to indigenise manufacture of propeller shafts for warships of Indian Navy. Company has also initiated dialogues with M/s. Baltic Shipyard in this regard

❖ Status of Projects under execution by HEC

Sl. No.	Project	% Progress	Remarks
1.	Krishnashila Coal Handling Plant Project/ NCL	83%	
2.	5 MTPA Madhuband NLW Coal Washery Project/ BCCL	61%	
3.	TCS, MIOM Project/ RMD/ SAIL	80%	
4.	Ore Handling Plant Pkg-060/ BSP/SAIL	98%	PG Certificate obtained in November'17. Applied for FAC in February'18.
5.	New Coal Handling Plant Project Pkg-062/ BSP/SAIL	85%	Part PAC III for SCR 5 & 6 with 43 Nos. New Conveyors obtained in March'18.

Research and Product Development Activities:

Based on the customer requirement, tender enquires & orders bagged by the Company, development work are made on existing product focusing on the future market. The developmental work carried out during the period, 2017-18 are as under:

- Special forgings for strategic sector
- Modification of operator cabin for EOT crane capacity (40+40)Tons, 30.5 mtrs span is being executed for RSP Rourkela, where the cabin located/ assembled at the middle of girder of the crane as per customer's requirement.
- Cradle designed for load testing of 450Ton load for 450+100/20Ton and 450+100/16Ton ladle crane at Bokaro Steel Limited.
- Main trolley of 120+50Ton & 120+50/25Ton cranes was newly modified for proper rope falling to achieve required hook approach and successfully completed at BSP, Bhilai.
- Boom head pulley of 20/90 model Dragline designed changed from cast design to fabricated one in order to reduce manufacturing time & successfully completed, manufactured, supplied to NCL.
- In house designed, developed of new model Hydraulic Excavator (front shovel) of 5 cubic capacities power by diesel engine of 400kw and under executing prototype model of the excavator to cater the future market demand.
- Initiating the scheme to develop the individual track drive for the propel drive system of 10 Cubic meter rope shovels as per customer future requirement.

5. INITIATIVES FOR SUSTAINABLE GROWTH

Modernisation Plan and business restructuring:

Modernisation Plan prepared with the help of a Consultant and modified by Expert Committee includes new facilities, refurbishment of existing facilities, installation of monitoring and control tools. The plan as such envisages enhancement of prime strength in casting, forging, fabrication and machining, dedicated machine/facilities that in turn will help to get business in Defence and other strategic sectors which have been identified as key business area in addition to increasing its share in business of material handling equipment / project and mining equipments and steel Sector. Proposal for restructuring is under consideration. However, in the meantime refurbishment of CNC UTB, conversion of 2 Nos. of Heating Furnaces into LPG, repairing of roof structure etc. have been done from internal resources of the Company.



6. Procurement from MSME

Procurement from MSME, NSIC & SSI firms have been above 24% in last four years.

7. Promotion of Digital Payment

For the success of Government initiative for promotion of digital payment, BHIM QR code is implemented and also printed static of Bharat QR code is prominently displayed at the payment receipt counter to enable customer to scan and pay. PoS machine has been installed for enabling payment receipt.

8. SAFETY, ENVIRONMENT AND POLLUTION CONTROL

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

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

- Compliance with all statutory requirements laid down under Air (Prevention and Control of Pollution) Act, Water (Prevention and Control of Pollution) Act and Environment (Protection) Act.
- Obtaining running consent from the State Pollution Control Board and compliance with the stipulated conditions.
- Testing of water effluent samples regularly for pollutants, based on which consent for discharge of water to inland body is granted.
- Ambient air test is carried out regularly to ascertain limit of pollution gases before giving consent for air emission.
- Regular tree plantation activities are being carried out with the help of forest department to keep the HEC areas green and reduce the pollution.
- Company received OHSAS 18001-2007 in respect of Health and Safety Standard

9. MANPOWER POSITION

The manpower of the Company as on 31.03.2018 stood at 1388 as against 1455 as on 31.03.2017. The year 2017-18 saw recruitment of total 56 no. of Executives.

10. INDUSTRIAL RELATIONS

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

11. EMPLOYEE WELFARE

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

12. HUMAN RESOURCE DEVELOPMENT

The company gives immense importance to Human Resource Development. Thrusts were on competency development through organizing Management Development programmes viz Chanakya Business Simulation by AIMA, Six Sigma, Quality Circle, Attitude Development, Leadership Quality Development, Developing Supervisory Skill, Subordinate Development, Emerging Technologies in Foundry Forge Technology etc. Besides, the workmen were imparted training for their multi skilling.

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

13. CEFC Pratham Foundation

HEC has tied up with CNIITMASH, which is a State Research Organization of the Russian Federation, to support CEFC Pratham Foundation for developing and imparting various application oriented training courses in the Capital Goods sector, for manufacturing of critical components and equipment for Heavy Engineering Industries for Defence, Nuclear, Power, Steel, Aerospace and other key applications in India.

CEFC Pratham Foundation offers modular courses that are specifically designed for Engineers and Executives from the industry with a view to address the skill gap in the Indian Capital Goods sector:

- Steel Melting & Secondary Refining for manufacturing purposes.
- Steel Ingot Casting Technology and Equipment.
- Blank Forging & Stamping Technology and Equipment.
- Foundry Technology for Production of Cast Products.



- Heat Treatment Technology and Selection of appropriate heat-treatment cycle for steel.
- Electro-Slag Re-melting Technology and Equipment.
- Welding Technology and Equipment.
- Quality Assessment Technology and Criteria for Destructive and Non-Destructive Quality Control.
- Design and Manufacturing Technology of Gear Trains.

These courses offered by CEFC Pratham Foundation have been developed by the scientists and experts of CNIITMASH, supported by highly experienced domain experts from Indian industry as well as faculty of premier institutes of India like, Indian Institute of Technology, Kharagpur & National Institute of Foundry & Forge Technology, Ranchi.

The scientists and experts of CNIITMASH will be the lead trainers for these courses.

The first training course on "Welding Technology and Equipment" has been launched on the 6th of Jun'18. NIFFT, Ranchi has supported CEFC Pratham Foundation in this initiative by providing the class room & allied facilities for organizing this training course.

14. 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 :

CTS	: 109
ATS	: 183
NATS	: <u>169</u>
	<u>461</u>

These training programmes are being conducted in HEC Training Institute.

The above number complies with the requirement of the said Act. However, any promotion in the provisions of the Act / Schemes will always be implemented fully by us.

Apart from the above other training programmes (including on-the-job training) are being conducted with the inspiration from Skill Development Mission of Govt. of India.

15. STATUS OF SCHEDULE CASTES & SCHEDULE TRIBES

- i. No. of **SC & ST** employees as on **31.03.2018** stood at **305 & 286** respectively.
- ii. **Percentage of SC & ST** employee's w.r.t. total employees stood as **21.97% and 20.60%** respectively.
- iii. Out of 56 recruitments made during 2017-2018, 13 nos. of **SC** candidates & 2 nos. of **ST** candidates have joined.

16. PROGRESSIVE USE OF HINDI

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

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

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

Raj Bhasha Fortnight was organized and various competitions such as Essay writing, Speech, Poetries, Noting, Drafting, Typing as well as Raj Bhasha Shield for excellent work in Hindi were held. The winners were given attractive prizes.

17. HEC DAY CELEBRATION

HEC Day was celebrated with full fanfare on 15th November. A "March for Repositioning of HEC" was organized from Shaheed Maidan to the Friendship Avenue which was led by CMD/HEC and attended by large number of employees, ex-employees, spouse, family, contract workers, members of Mahila Samiti, Union Leaders of HEC, school children and staffs of schools within HEC premises. Later, in the evening a cultural programme was organized wherein Hon'ble Minister of State, HI & PE, Shri Babul Supriyo graced the occasion. A bust of Sardar Vallabh Bhai Patel was unveiled by the Hon'ble Minister. He also inaugurated "KILKARI SMART CHILDREN PARK" in HEC.

18. PUBLIC SECTOR WEEK

With a view to portray the Public Sector's contribution to India's economic and social growth, Standing Conference



of Public Enterprises (SCOPE) has instituted the Public Sector day on April 10, every year. Based on the same objectives, in the year 2017 the Public Sector Day [10th April] and Public Sector Week [10th to 15th April 2017] was held in HEC & different activities were organized.

Employees/contract workers participated in Debate/ Speech, Essay & Quiz competitions. They were awarded by CMD.

19. CELEBRATION OF WORLD ENVIRONMENT DAY

On the occasion of 43rd World Environment Day on 5th June, 2017 tree Plantation drives were taken up in HMBP, FFP, HMTP, HEC Training Institute, HEC Plant Hospital and Township where CMD, Plant Heads and other employees planted tree saplings adding to already greener environment of HEC.

20. OBSERVANCE OF INTERNATIONAL YOGA DAY/WEEK

The International Yoga Day had been observed on 21st June 2017 in Plant and in JN Club Sector-3, Dhurwa. A large number of employees and their family members participated & benefitted from this programme.

21. SWACHH BHARAT MISSION

In order to improve health and cleanliness in HEC, the cleanliness drive was being taken up from 15.09.2017 to 02.10.2017 (Swachhta Hi Sewa) & 16.12.2017 to 31.12.2017 (Swachhta Pakhwada) in different Plants/ Divisions of HEC and around HEC Township, schools & nearby villages involving all employees/contract workers/ students/ general people. Under this activity following measures were taken by HEC:-

- i. Oath of Swachh Bharat was taken by all employees/contracts workers. All of them are themselves cleaning their working places and adjoining areas.
- ii. In the plant level Inter-shop/Deptt. Competition on Best shop for maintenance of Cleanliness was organized in each Plant. Awards have been given on Republic Day functions by CMD.
- iii. 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. Nukkad natak were also performed by the employees for developing awareness towards cleanliness amongst the employees and the residents of Township and adjoining villages/ bustees. Also the employees in the Factories (Plants), Divisions and children in the School were mobilized to clean their workplace, surroundings of the shops and premises of their buildings.
- iv. Swachhta Daud had also been organized.

Employees/contract workers and school children participated in Skits, poems, slogans and Painting competitions and those doing exemplary work under swachhata mission were awarded by CMD on Gandhi Jayanti & Republic Day-2018.

22. OBSERVANCE OF NATIONAL PRODUCTIVITY WEEK.

The National Productivity Week had been observed from 12th to 18th Feb, 2018. During the same Productivity Improvement Committee had been set-up at Plant level to formulate a Plan of Action for the year (2018-19).

Further, during this week debates, essay, painting and slogan competitions had been organized in different Plants/Divn. The winners were awarded by CMD during the valedictory function on 17.02.2018.

23. CELEBRATION OF INTERNATIONAL WOMEN'S DAY

The International Women's Day had been observed on 8th March, 2018 involving all employees/ contract workers. On this date a debate/speech competition on the subject "The Role of Women in the advancement of Industry and Society" had been organized.

24. TREE PLANTATION

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

25. HEC SPORTS MEGA EVENT

In order to develop sporting talent amongst the employees, on 22nd January, 2018 a Mega Sports Event was organized in J N Stadium, Sector-III. Employees/contract workers and school children participated in different Sports competitions. They were awarded by CMD.

26. 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.

27. 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 Hospital. Details of activities carried out by HEC Hospital during 2017-18 are as under:



- Free Blind relief camps, where, 150 patients out of 659 admitted, were operated. Majority of the patients were from BPL families.
- Organisation of Blood Donation Camp on regular interval.
- Free Physiotherapy Camp in association with Ayush Foundation, Ranchi was organized in December 2017 where total 40 patients attended the camp.
- Immunization Programmes at regular interval
- Under Community health awareness program "Hospital at your door step" was carried out. Under this Programme, a team of Nursing students with a senior Nursing Staff and a doctor made door-to-door visit of the Satellite Villages of HEC Township and gave health awareness tips to the villagers, especially ladies and provided them with available drugs, if need be. The villages visited were : Jagannathpur, Kute, Tiril, Nayasarai, Pundag, Sitheo, Hatia, Tupudana, Dungri, Tonko, Satranji, Balsring, Bermad & Jojosring (14 Villages)
- Free orthopedic Camp where 105 patients were registered and treated. Majority of them were from BPL families.

28. VIGILANCE ACTIVITIES

Vigilance organization of HEC Ltd. at Headquarters operated under the overall administrative and functional control of a regular Chief Vigilance Officer. Preventive vigilance continued to be the thrust area through periodic and surprise inspections by the Vigilance Department. Awareness amongst employees is generated by organizing training programs on various guidelines/procedures of CVC, disciplinary enquiry proceedings, their role in combating corruption etc. and need for transparent and fair working.

Regular interactions by CVO/Vigilance Officers with senior executives/ employees of HEC were organized to develop a positive approach among them towards corruption free efficient and transparent working. Efforts had been on timely disposal of complaints and enquiries - various complaints received were enquired and necessary actions were recommended. In addition, Annual Property Returns filed by officers were scrutinized.

Regular structured meeting and quarterly review between CMD and CVO on vigilance matter was held.

A Journal "SPARK - V" containing latest CVC Guidelines and other Vigilance related articles has been prepared and circulated among all Officers of the Corporation on the occasion of Vigilance Awareness Week, 2017. Vigilance Portal in Company's website is being updated regularly.

Vigilance awareness week was observed as per CVC's guidelines. Essay/quiz competitions were organized to enhance vigilance awareness among the employees.

Vigilance department also suggested system improvement measures based on the complaints and enquiries done.

29. DISPOSAL OF REQUEST/APEAL UNDER RTI ACT

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

30. QUALITY ASSURANCE

Your company never compromises on quality of the products manufactured. The company takes all measures to maintain the quality of its products and services to the utmost satisfaction of its customers, keeping this in view Quality assurance department has been centralized for three plants. The standards of Quality of products and services are being maintained as per relevant Indian standards and ISO 14001-2004.

31. ENERGY AUDIT

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

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

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

32. 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'**.

33. DIRECTORS' RESPONSIBILITY STATEMENT

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made



judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

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

34. FOREIGN EXCHANGE

The foreign exchange outgo during the year was Rs. 32.40 crore.

35. CORPORATE GOVERNANCE

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

36. STATUTORY AUDITOR

The Comptroller & Auditor General of India (CAG) has appointed M/s V. K. Jindal & Co. Chartered Accountants as the Statutory Auditor of the company for the financial year 2018-19.

37. 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 31.03.2018 along with the Review of Accounts of your Company by C&AG and Statutory Auditors' observations along with Management's replies thereto are furnished in **ANNEXURE-'C'**.

38. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form No. MGT-9 as required u/s 92 of the Companies Act, 2013 for the financial year ending 31st March 2018 is placed at **Annexure -'D'**.

39. BOARD OF DIRECTORS

During the year, there were three functional Directors, two Govt. Nominee Directors and Four Part time Non-Official Directors on the Board of HEC Ltd., in addition to the CMD.

Smt. Arundati Panda, Director (Finance) and Shri Maradul Kumar Saxena, Director (Personnel) appointed

on 27.12.2017 and Shri Rana Subhasis Chakravarty, Director (Marketing) appointed on 17.01.2018.

Shri R.C.Sen, additional charge of Director (Finance) ceased to be a directorship of HEC Ltd. on 27.12.2017.

40. AUDIT COMMITTEE

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

41. BUSINESS DEVELOPMENT COMMITTEE

Board in its 318th Meeting held on 6th February, 2017 formed a Board level Committee to look into the new business avenues which HEC can venture into. The Committee comprises Shri H.N. Ramakrishna as the Chairman of the Committee w.e.f. 30th June 2017 with Shri Ardhendu Shekhar Sarangi, and Shri Avijit Ghosh, as its members. Shri K. Sutradhar, Chief of Corporate Marketing was nominated as Member Secretary.

42. 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 Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises for their continued support in the revival of this Company.

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

The 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 in bringing this Company to another year of profitability and growth.

For and on behalf of Board of Directors


(Avijit Ghosh)

Chairman-cum-Managing Director

ANNEXURE-A**RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION AND ENERGY CONSERVATION****I. RESEARCH & DEVELOPMENT ACTIVITIES**

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

- Trolley modification of Semi portal crane of capacity 65 + 65 Ton, 14 mtr span is being done in order to reduce the overall height of the crane by 350mm.
- Cradle designed for load testing of 300 ton ladle crane at Bhilai Steel Plant.
- Auxiliary trolley festoon arrangement designed to suit site requirement for 150+30T Crane having span of 23.775 mtrs for new slag yard DSP crane.
- Reduction in machine time and cost reduction was achieved by developing the following equipments:
 - Intermediate shaft, a component for dragline for Northern Coalfields Limited. Earlier the cycle time for teeth cutting was 285 hrs which has been reduced to 112 hrs, due to which the cost reduction of Rs.5,40,000/- could be achieved.
 - Main Gear Wheel, a component for dragline for Northern Coalfields Limited. Earlier the cycle time for teeth cutting was 676 hrs which has been reduced to 233 hrs, due to which the cost reduction of Rs.9,49,349/- could be achieved.

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

II. Import Substitution Efforts

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

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

III. Energy Conservation

Foundry Forge unit of the company is the most energy intensive unit which consumes more than 75% of total electrical energy and 100% of Coal.

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

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

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

REPORT ON CORPORATE GOVERNANCE (AS ON 31.03.2018)

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

MAIN OBJECTIVE OF CORPORATE GOVERNANCE

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

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

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

Board of Directors :

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

In accordance to the provisions of the Articles of Association, the number of Directors of the Company shall neither be less than two nor more than fifteen. The Directors are not required to hold any qualification shares.

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

During the year Smt. Arundati Panda, Director (Finance), Sri Mradul Kumar Saxena, Director (Personnel) and Shri

Rana Subhasis Chakravarty, Director (Marketing) has been appointed as functional Director.

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

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

Chairman-cum-Managing Director

i) Shri Avijit Ghosh : CMD

Functional Directors

- i) Shri R.C.Sen : Addl. charge of Director (Finance) till 26.12.2017
- ii) Smt. Arundati Panda : Director (Finance) from 27.12.2017
- iii) Sri Mradul Kumar Saxena : Director (Personnel) from 27.12.2017
- iv) Shri Rana Subhasis Chakravarty : Director (Marketing) from 17.01.2018

Govt. of India Nominee Part-time Official Directors

- i) Shri Vishvajit Sahay, JS/DHI
- ii) Shri Siya Sharan, CCA/DHI

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

- i) Shri Krishna Kumar Singh
- ii) Shri Ardhendu Shekhar Sarangi
- iii) Dr. (Smt.) Taran Kumari Roy
- iv) Shri H.N.Ramkrishna

Meeting of the Board

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

Number of Board Meetings :-

During the year 2017-18, Five (5) Meetings were held, the details of which are given below :-

Sl.No.	Date	Board Strength	No. of Directors present
1.	30.06.2017	08	08
2.	04.08.2017	08	08
3.	30.08.2017	08	08
4.	15.12.2017	08	08
5.	05.03.2018	10	10

Attendance of each Director at Board Meetings

Name of the Directors	Period	No. of Board Meetings held	No. of Board Meetings Attended	No. of Directorship in other Board
(a) Executive Directors (Whole-time Functional Directors)				
1) Shri Avijit Ghosh	01.04.2017 to 31.03.2018	05	05	01
2. Shri R. C. Sen, Addl. Charge of Director (Finance)	01.04.2017 to 15.12.2017	04	04	
3. Smt. Arundati Panda Director (Finance)	27.12.2017 to 31.03.2018	01	01	
4. Sri Mradul Kumar Saxena, Director (P)	27.12.2017 to 31.03.2018	01	01	
5. Shri Rana Subhasis Chakravarty, Director.(Mktg.)	17.01.2018 to 31.03.2018	01	01	
(b) Govt. of India Nominee Part-time Official Director				
1. Shri Vishvajit Sahay	01.04.2017 to 31.03.2018	05	05	05
2. Shri Siya Sharan, CCA/DHI	01.04.2017 to 31.03.2018	05	05	02
(c) Part-time Non-Official Director				
1. Shri K. K. Singh	01.04.2017 to 31.03.2018	05	05	
2. Shri A. S. Sarangi	01.04.2017 to 31.03.2018	05	05	
3. Dr. (Smt.) Taran Kumari Roy	01.04.2017 to 31.03.2018	05	05	
4. Shri H. N. Ramakrishna	01.04.2017 to 31.03.2018	05	05	

Board Agenda and Material :-

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

Audit Committee

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

Number of Audit Committee Meetings :-

During the year 2017-18, Four (4) Meetings were held, the details of which are given below :-

Sl.No.	Date	Strength	No. of Members present
1.	30.06.2017	04	04
2.	30.08.2017	04	04
3.	15.12.2017	04	04
4..	05.03.2018	04	04

Attendance of each Member at Audit Committee Meetings

Name of the Members	Period	No. of Meetings held	No. of Meetings Attended
1. Shri Ardhendu Shekhar Sarangi	01.04.2017 to 31.03.2018	04	04
2. Shri Siya Sharan	01.04.2017 to 31.03.2018	04	04
3. Shri K.K.Singh	01.04.2017 to 31.03.2018	04	04
4. Dr. (Smt.) Taran Kumari Roy	01.04.2017 to 31.03.2018	04	04



INDEPENDENT AUDITORS' REPORT

To,

The Members of

HEAVY ENGINEERING CORPORATION LIMITED,

Ranchi

Report on the Financial Statements

We have audited the accompanying standalone Financial Statements of HEAVY ENGINEERING CORPORATION LIMITED, ("the Company"), which comprises the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers Internal financial control relevant to the company's preparation and fair presentation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018 and its profit and cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the notes to the financial statements.

Sl. No.	Auditor Report	Reply
1.	Trade Receivables (Note No,18) No provision has been made for Rs. 1458.03 lacs lying unrealised since November 1999 from Northern Coalfield Limited as matter is subjudice before arbitration (Refer Note No. 33.8)	The original award was passed by Sole Arbitrator appointed by Secretary, Deptt Of Public Enterprises. The award was confirmed by Additional Secretary, Deptt Of Law and Justice and Company Affairs, Govt. Of India. Hence, the award is not disputed. Further, NCL filed an appeal in Hon'ble High Court, New Delhi, but the same was rejected. As such, there is no uncertainty on the realization of the above amount. Subsequent to the matter was being further contested through appeal by NCL in Hon'ble Supreme Court of India, a sole arbitrator has been appointed on 13th July 2016 on the order of Hon'ble Supreme Court of India. Since, the case is now being actively pursued and no such adverse judgement has yet been awarded, till date no provision at this stage is considered necessary despite the fact that the matter is pending for a period of more than 20 (Twenty) years. However the matter is disclosed in other notes to Financial statement at SI.No. 33.8.
2.	Other Current Liabilities (Note No. 9) No provision of interest on unpaid gratuity of Rs.1243.25 lakh payable to retired employees has been made (Refer Note No. 33.15)	Company was suffering from severe cash crunch due to which it was not in position to disburse the gratuity liability as per schedule time on a concurrent basis. Company has already started disbursing Gratuity liability with amount received against monetization of corporation land as per approval of Government of India. Moreover, interest on gratuity is neither paid by the Corporation nor liability for interest due to delayed payment of gratuity has been provided. The same has been disclosed on other Note to financial statement at S.No. 33.15
3.	Revenue from operation includes escalation bill of Rs. 2521.34 lacs for which confirmation is pending (Refer Note No. 33.16 (C))	BSP has approved a delay of 1392 days from 8.4.2010 to 28.1.2014 without levy of LD on their part vide letter dated 19.3.2018, According escalation bill of Rs. 2521.34 for the above period was submitted on 23.3.2018. The said bill is under consideration in commercial deptt/BSP which is expected to be realized soon. The same has been-disclosed at Notes to financial statement at SI.No, 33.16(C).
4.	Contingent Liabilities (Note No. 33.1.7) No provision has been made for legal case no. 15/98 of land acquisition (enhance land acquisition compensation case) of Ranchi Gaushalla Nyas. Honourable Court has ordered to HEC to pay Rs. 247 lacs along with interest @ 15% per annum from 01.01.1998 to Ranchi Gaushalla Nyas (calculated on simple interest rate). HEC is liable to pay interest of Rs. 750.05 lacs up to 31.03.2018 on the unpaid amount along with award Rs. 247 lacs total Rs. 997.05 lacs (Refer Note No, 33.17 (C)).	As per the information provided by our empanelled Advocate, the 157.42 acres of land belonging to Ranchi gaushala was acquired by the then Govt. of Bihar in the year fifties @ compensation of Rs. 3500/- per acre for public purpose for establishment of HEC and its ancillary and allied purposes. Compensation paid and possession was handed over to HEC. Later on in 1971 being LA Case No, 22/1971 was filled by the Ranchi Gaushala for enhancement of compensation which was enhanced by judgement dated 12.01.1998 and award dated 19.01.1998. The LD court published the award enhancing compensation @Rs. 20000/- per acre in addition to prilatium @ 30% interest @ 9% per annum for one year (17.10.1958 to 16.10.1959) and @15% per annum from 17.10.1959 till realization of amount. Thus after adjustment of compensation Rs. 468029.19 already paid, the amount of compensation to be paid to Ranchi Gaushala arrived at Rs. 24721749.81 as on 31.12.1997 inclusive of prilatium and interest. Being aggrieved by the award, M/s HEC Ltd. filled an appeal in the Hon'ble High Court being FA No. 43/98 for setting aside the award and Ranchi Gaushala has filed case No. Ex.15/1998 for implementation of the award in the Civil Court, Ranchi. Both cases are pending in the respective Court. In view of the above, contingent liability shown in both of A/c seems to be reasonable.

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

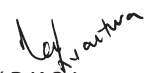


(R.S. Agarwal)

Partner

M.No.076081

ICAI Firm Regn. No 001468C



(R K Srivastava)

SDGM (I/c) Finance / HQrs,



Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (II) of Section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(5) of the Act, the Comptroller and Auditor General of India issued Directions and sub-directions. We give our comments thereon vide Annexure - B
3. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper Books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the cash flow statement dealt with by this report are in agreement with the Books of accounts.
 - (d) In our opinion, the aforesaid standalone financial Statements comply with the Accounting Standards specified under 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure C,
 - (g) The company has not made adequate disclosure in respect of information for the Micro, Small and Medium Enterprises Act, 2006 (MSMED), and
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules 2014 and to the best of our information and according to the explanations given to us:
 - I. The Company does not have any pending litigations which would materially impact its financial position.
 - II. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : RANCHI
Dated : 30.06.2018

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

(R.S. Agarwal)

Partner

M.No.076081

ICAI Firm Regn. No 001468C

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR 2017-18

Referred to in paragraph 1 of our report of even date

Sl. No.	Auditor Report	Reply												
i.)	a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets	Noted												
	b) The fixed assets of the company have been physically verified by the Internal Auditor during the year. However this has been done on test check basis although the size of the company & the nature of its fixed assets calls for a stronger procedure of physical verification. Fixed Assets coding has not been done on individual assets, thereby inconvenient to verify them	Fixed Assets are properly coded in HEC having inventory number and item No to identify the individual assets.												
	c) The conveyance deeds of immovable property are held in the name of the company.	Noted												
ii)	a) The inventories have been physically verified by the Internal Auditor at the end of the year.	No comments												
	b) In our opinion and according to the information and explanations given to us, the procedures and frequency for physical verification of inventories followed by the management needs to be strengthened considering the size and nature of its inventory.	Noted for review												
	c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory. However, there is weakness in respect of recording of issue of stores. Material discrepancies noticed on physical verification have been properly dealt in books of account.	Noted to strengthen in the system of recording of issue of stores												
iii)	The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act and hence clause (a) to (b) is not applicable to the company for the year under audit.	No Comments												
iv)	In our opinion and according to information and explanations given to us, the Company has not given any loans and guarantees and not made any investment in respect of section 185 and 186 of the Companies Act, 2013.	No Comments												
v)	In our opinion and according to the information and explanations given to us, the company has not accepted any deposits; hence, clause (v) is not applicable to the company. Accordingly, directives issued by the Reserve Bank of India and provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable	No Comments												
vi)	As explained by the management, the cost record prescribed by the central Govt. U/S 148 of the Companies Act, 2013, have been maintained by the company.	Cost records are being maintained by the Company itself under Cost Accounts Record Rules 2011.												
vii)	According to the information and explanations given to us in respect of statutory and other dues:													
	(a) The company has generally been regular in depositing undisputed statutory dues in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax/VAT, Wealth Tax, Service Tax, Customs Duty, Excise duty, Cess and other material statutory dues as applicable, with the appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable,, except given below with the appropriate authorities.	Due to cash crunch situation, the Company is not in a position to liquidate the above dues. However utmost effort is being made to realize the amount from debtors for liquidating of the above dues at the earliest. No bills in respect of municipal tax was received in 2017-18. Company is paying Rs. 5 lakh monthly against water dues.												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name of Act the Amount (outstanding)</th> <th style="text-align: center;">Amount (outstanding)</th> <th style="text-align: center;">Period</th> </tr> </thead> <tbody> <tr> <td>Municipal Taxes</td> <td style="text-align: right;">39.50 Lakhs</td> <td>Oct. 2000 to Dec 2005</td> </tr> <tr> <td></td> <td style="text-align: right;">4.00 Lakhs</td> <td>April, 2017 to Sept, 2017</td> </tr> <tr> <td>Water Dues</td> <td style="text-align: right;">3130.58 Lakhs</td> <td>Oct.2007to Mar 2018</td> </tr> </tbody> </table>		Name of Act the Amount (outstanding)	Amount (outstanding)	Period	Municipal Taxes	39.50 Lakhs	Oct. 2000 to Dec 2005		4.00 Lakhs	April, 2017 to Sept, 2017	Water Dues	3130.58 Lakhs	Oct.2007to Mar 2018
Name of Act the Amount (outstanding)	Amount (outstanding)		Period											
Municipal Taxes	39.50 Lakhs		Oct. 2000 to Dec 2005											
	4.00 Lakhs	April, 2017 to Sept, 2017												
Water Dues	3130.58 Lakhs	Oct.2007to Mar 2018												



	b) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as at 31st March 2017, is given herein below:				
	Name of the Statute	Period to which relates	Forum	Amount (Net of Paid, in lakhs)	Appeal has already been filed before respective appellate authority. The same has also been shown in contingent liability.
	Value Added Tax Act , 2005 (VAT)	2008-2009	Commissioner of Commercial Taxes, Ranchi	10,78	
		2009-10	Commissioner of Commercial Taxes, Ranchi	19.63	
		2010-11	Commissioner of Commercial Taxes, Ranchi	92.41	
		2011-12	Commissioner of Commercial Taxes, Ranchi	79.18	
	Central Sales Tax (CST)	2008-2009	Commissioner of Commercial Taxes, Ranchi	10.35	
		2009-10	Commissioner of Commercial Taxes, Ranchi	57.76	
		2010-11	Commissioner of Commercial Taxes, Ranchi	137.18	
		2011-12	Commissioner of Commercial Taxes, Ranchi	794.55	
	Service Tax Act	Oct 2005- March 2007	CESTAT, Kolkata	617.96	
		Oct 2007- March 2010	CESTAT, Kolkata	816.05	
		2013-2014 & 2014-2015	Commissioner (Appeal), Ranchi	221.05	
	Central Excise Act	2010-11 to 2014-15	CESTAT, Kolkata	1180.18	
		Feb, 2009-Dec.2009	Commissioner (Appeal), Ranchi	4.84	
viii)	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks.			No comments	
ix)	The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.			No comments	
x)	As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.			No comments	
xi)	According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with schedule V of the Act.			No comments	
xii)	In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, this clause is not applicable to the Company			No Comments	
xiii)	According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the, Act where ever applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.			No comments	
xiv)	According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.			No comments	
XV)	According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, this clause is not applicable to the Company.			No Comments	
xvi)	The Company is not required to be registered under section 45— IA of the Reserve Bank of India Act 1934.			No Comments	

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

(R.S. Agarwal)
Partner

M.No.076081

ICAI Firm Regn. No 001468C

(R K Srivastava)

SDGM (I/c) Finance / HQrs,



ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR 2017-18

Directions under section 143 (5) of Companies Act, 2013 Referred to in paragraph 2 of our report		
Sl. No	Question	Reply
1.	Examine the title/lease deeds fro freehold and leasehold land and report of freehold and leasehold land for which title deeds are not available, in dispute, and under encroachment.	The conveyance deed of the Freehold land is available with the Company. As informed 379.91 acres of land is encroached.
2.	Please report whether there are any cases of waiver/write off debts/loans/interest etc., if yes, the reason therefore and the amount involved.	No cases come to our notice of waiver/write off of Book debts/ loans and interest.
3.	Whether proper records are maintained for inventories lying with third parties and asset received as gift from Govt. or other authorities.	Proper records are maintained for inventory lying with third parties. The company has not received any gift from government or other authorities during the year.

Sub-Directions under section 143(5) of Companies Act, 2013

Referred to in paragraph 2 of our report

Sl. No	Question	Reply
1.	Review the sundry debtors remain unrealized beyond the authorized credit period including confirmation / realisability of escalation bills and LD recovered / adjusted by the debtors and -assess the realisability and adequacy of provision for doubtful realisability.	We have examined the sundry debtors remain unrealized beyond the authorized credit period and found that balances are unconfirmed .How ever, adequate provision for doubtful debts has been made as per accounting policies followed by the company.
2.	Examine the percentage escalation in salary assumed by management for computation of actuarial liability against gratuity and employee benefits and report whether the same are reasonable, and source data provided by the company to the actuaries for actuarial valuation where complete, correct and valid.	We have examined the percentage of escalation in salary assumed by the Company, in respect of actuarial liability against gratuity and other employee benefits and found reasonable. We further report that source data provided by the company for actuarial valuation were correct, complete and valid.


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


(R. S. Agarwal)

Partner,

M.No. 076081

ICAI Firm Regn No 001468C


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



ANNEXURE "C" TO THE INDEPENDENT AUDITORS' REPORT OF HEAVY ENGINEERING CORPORATION LIMITED

FOR THE YEAR 2017-18

Report on the Internal Financial controls under Clause (i) of subsection 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, Ranchi ("The Company") as of 31st March 2018 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 company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated, in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountant of India" ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the. Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the standards on Auditing, issued by ICAI and deemed to be prescribe under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial control and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that We comply with ethical requirements and plan and perform the audit to obtain 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 exist, 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

Qualified Opinion

According to the information and explanations given to us and based on our audit the following material weakness has been identified in the Company's internal financial control over financial reporting as at 31st March, 2018.

The Company did not have an appropriate internal control system for inventory in regard to issue for production and physical verification.

In our opinion, to the best of our information and according to the explanations given to us, except for the effects/possible effects of the material weaknesses describe above on the achievement of control criteria, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests apply in our audit of financial statements of the company for the year ended march 31st, 2018, the material weakness does not affect our opinion on the said financial statement of the company.

Place : RANCHI
Dated : 30.06.2018

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

(R.S. Agarwal)

Partner

M.No.076081

ICAI Firm Regn. No 001468C

Annexure -C**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2018**

The preparation of financial statements of Heavy Engineering Corporation Limited for the year ended 31st March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statement under Section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 June 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statement of Heavy Engineering Corporation Limited for the year ended 31st March 2018 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


(Indu Agrawal)

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

Place : Ranchi

Date : 27 August 2018

FORM NO. MGT 9
ANNEXURE-D
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[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 COMPANYY
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	13878.74	4789.00		18667.74
ii) Interest due but not paid		1420.42		1420.42
iii) Interest accrued but not due		420.30		420.30
Total (i+ii+iii)	13878.74	6629.72		20508.46
Change in Indebtedness during the financial year				
Additions				
Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	18706.22	4789.00		23495.22
ii) Interest due but not paid		2638.53		2638.53
iii) Interest accrued but not due		123.28		123.28
Total (i+ii+iii)	18706.22	7550.81		26257.03



6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Total Amount (Rs. Lakh)			
		Avijit Ghosh	Arundati Panda	M. K. Saxena	Rana S. Chakravarty
1	Gross salary				
	(a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	30.30	7.15	5.64	4.83
	(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 -Other, Specify				
5	Others, please specify-				
6	Total (A)				
7	Ceiling As per the Act	30.30	7.15	5.64	4.83

B. Remuneration to other Directors:

Sl.No	Particulars of Remuneration	Name of Director				Total Amount (Amt in Rs.)
	Independent Directors	K. K. Singh	A. S. Sarangi	H. N. Ramakrishna	Taran Kumari Roy	
	(a) Fee for attending board committee meetings	90000	120000	80000	90000	380000
	(b) Commission (c)Others, please specify- Sitting Fees					
	Total(i)	90000	120000	80000	90000	380000
	Other Non Executive Directors					
	(a) Fee for attending board committee meetings (b) Commission (c)Others, please specify- Sitting Fees					
	Total(ii)	90000	120000	80000	90000	380000
	Total B = (i+ii)	90000	120000	80000	90000	380000
	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. in Lakh
		CEO	Company Secretary	CFO	Total	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		9.57			9.57
	(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		9.57			9.57

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					

BALANCE SHEET AS AT 31ST MARCH, 2018

₹ in Lakh

	Note No.	As at 31.03.18	As at 31.03.17
I. EQUITY & LIABILITIES			
(1) SHAREHOLDER'S FUND			
(a) Share Capital	2	60607.88	60607.88
(b) Reserves & Surplus	3	(49628.24)	(94276.35)
(2) SHARE APPLICATION MONEY PENDING ALLOTMENT		0.01	0.01
(3) NON-CURRENT LIABILITIES			
(a) Long Term Borrowing	4	957.80	1915.60
(b) Other Long Term Liabilities	5	1011.81	1467.69
(c) Long Term Provisions	6	7817.36	7076.98
(4) CURRENT LIABILITIES			
(a) Short Term Borrowings	7	18706.22	13878.74
(b) Trade Payables	8	15499.94	25782.51
(c) Other Current Liabilities	9	28756.98	52358.47
(d) Short Term Provisions	10	4518.31	4466.93
TOTAL		88248.08	73278.46
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	6656.05	7087.39
(ii) Intangible Assets	12	0.00	0.00
(iii) Capital Work in Progress	13	922.40	226.41
(b) Non-Current Investments	14	0.36	0.36
(c) Long Term Loans & Advances	15	15.02	16.13
(d) Other Non-Current Assets	16	19912.61	20412.35
(2) Current Assets			
(a) Inventories	17	10510.89	12818.35
(b) Trade Receivables	18	26019.83	16803.09
(c) Cash & Cash Equivalents	19	4511.30	9458.72
(d) Short Term Loans & Advances	20	3511.31	3298.98
(e) Other Current Assets	21	16188.31	3156.68
TOTAL		88248.08	73278.46
Significant Accounting Policies	1		
Other Notes to Financial statements	33		

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



A. K. Kanth
Company Secretary



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



Arundati Panda
Director (Finance)



Avijit Ghosh
Chairman cum Managing Director

In terms of our report at HEC level

For V. K. Jindal & Co
Chartered Accountants



(CA R. S. Agarwal)
Partner, M. No. 076081
FRN 00146BC

Place : Ranchi
Date : 30.06.2018



**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2018**

₹ in Lakh

	Note No.	2017-18	2016-17
I. Revenue from Operation	22	40343.11	39834.69
II. Other Income	23	3531.57	3015.93
III. TOTAL REVENUE		<u>43874.68</u>	<u>42850.62</u>
IV. EXPENSES:			
(a) Cost of Material Consumed	24	14809.92	13035.00
(b) Changes in Inventories of FG & WIP	25	1005.53	3351.11
(c) Employees Benefits Expenses	26	12572.56	11386.11
(d) Finance Costs	27	2669.66	3244.32
(e) Depreciation & Amortization Expenses	28	743.30	695.45
(f) Research & Development Expenditure	29	93.52	63.17
(g) Other Expenses	30	21748.23	19349.29
TOTAL EXPENSES		<u>53642.72</u>	<u>51124.45</u>
Profit / (Loss) before Prior Period, Exceptional & Extraordinary Items		(9768.04)	(8273.83)
Prior Period Adjustment (Net)	31	1425.60	47.17
V. Profit/(Loss) before Exceptional & Extraordinary Items & Tax		(11193.64)	(8226.66)
VI. Exceptional Items		—	—
VII. Profit/(Loss) before Extraordinary Items & Tax (V-VI)		<u>(11193.64)</u>	<u>(8226.66)</u>
VIII. Extraordinary Items	32	<u>62102.44</u>	<u>0.00</u>
IX Profit (Loss) before Tax (VII-VIII)		<u>50908.80</u>	<u>(8226.66)</u>
X Tax Expenses			
(i) Current Tax		6308.92	0.00
(ii) Deferred Tax		<u>0.00</u>	<u>0.00</u>
XI Profit (Loss) for the period from Continuing Operation (IX-X)		<u>44599.88</u>	<u>(8226.66)</u>
XII Profit (Loss) from Discontinuing Operation		0.00	0.00
XIII Tax Expenses of Discontinuing Operation		0.00	0.00
XIV Profit (loss) for the period from Discontinuing Operation (XII-XIII)		0.00	0.00
PROFIT (LOSS) FOR THE PERIOD (XI+XIV)		<u>44599.88</u>	<u>(8226.66)</u>
Earning per share (Face value ₹1000)	(1) Basic in Rupees	735.88	(135.74)
	(2) Diluted in Rupees	735.88	(135.74)

Significant Accounting Policies

1

Other Notes to Financial statements

33

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

A. K. Kanth

Company Secretary

R. K. Srivastava

Sr. DGM I/C (Finance)

Arundati Panda

Director (Finance)

Avijit Ghosh

Chairman cum Managing Director

In terms of our report at HEC level

For V. K. Jindal & Co

Chartered Accountants

(CA R. S. Agarwal)

Partner, M. No. 076081

Place : Ranchi

Date : 30.06.2018

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD APRIL 2017 - MARCH 2018

	2017-18		2016-17	
	₹ in Lakhs			
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		(11193.64)		(8226.66)
Extra Ordinary Items	62102.44	50908.80	0.00	0.00
Adjustments for:				
Depreciation		756.46		705.04
Interest Expenses		2669.66		3244.32
Extra Ordinary Items	(62102.44)			0.00
Amortization Expenses		0.00		0.00
Lease Income		(574.33)		(518.16)
Interest Earned		(27.23)		(113.38)
Incremental Provisions	791.76	(58486.12)	(680.26)	2637.56
Operating Profit before Working Capital Changes		(7577.32)		(5589.10)
Adjustments for:				
Trade and Other Receivables		(21748.63)		(341.27)
Inventories		2307.46		3505.13
Trade Payables	(34339.94)		11203.34	
Loans & Advances	(211.22)	(53992.33)	1355.37	15722.57
Cash Generated from Operations		(61569.65)		10133.47
Income Tax Paid		6308.92		0.00
Net Cash from Operating Activities		(67878.57)		10133.47
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(374.11)		(432.01)
Sale/Adjustment of Fixed Assets		289.24		122.31
Adjustment in Accumulated Depreciation		(240.24)		(114.27)
Adjustment in Capital Work-in-Progress		(695.99)		522.24
Interest Earned		27.33		113.38
Lease income		574.33		518.16
Net Cash from Investing Activities		(419.54)		729.81
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest Payment		(2669.66)		(3244.32)
Extra Ordinary Items		62102.44		0.00
Short Term Loans		4827.48		(7072.56)
Long Term Borrowings		(957.80)		(957.80)
Change in Reserves & Surplus		48.23		83.91
Net cash from in financing activities		63350.69		(11190.77)
Net increase /(Decrease) in cash and cash equivalents		(4947.42)		(327.49)
Opening Balance of Cash and Cash Equivalents		9458.72		9786.21
Closing Balance of Cash and Cash Equivalents		4511.30		9458.72
		(4947.42)		(327.49)

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 (Finance)



Arundati Panda
Director (Finance)



Avijit Ghosh
Chairman cum Managing Director

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



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

Place : Ranchi
Date : 30.06.2018



CORPORATE INFORMATION

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

NOTE NO - 1 : SIGNIFICANT ACCOUNTING POLICIES

1. The Financial statements have been prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 Companies (Accounting Standards) Rules, 2006, as amended) and other relevant provisions of the Companies Act, 2013.
2. **Fixed Assets**
Fixed assets (Other than land acquired free of cost from State Government) are carried at the cost of acquisition or construction less accumulated depreciation Land acquired free of cost from State Government is valued of Rs.1/- per acre.
3. **Inventory Valuation:-**
 - i) Inventory is valued at actual / estimated cost or net realisable value, whichever is lower.
 - ii) Finished goods and work in progress are valued at actual /estimated factory cost or net realisable value whichever is lower.
 - iii) Raw material, components, loose tools, stores & spares are valued at weighted average cost.
 - iv) Items that are not ordinarily interchangeable and goods or services produced & segregated for specific projects- By specific identification of individual cost.
 - v) Rejection and scrap/used as raw material for production is valued at closing book rate.
 - vi) By products are valued at market price.
 - vii) The percentage of completion of work in progress is taken as certified by Shop management on technical assessment.
 - viii) Loose tools, Drawing instruments, etc. issued to shops are carried to inventory after writing off in 4 years in case of ordinary tools, in 10 years in case of special tools, in 2 years in case of Moulds and on estimated life in case of other items. Patterns are charged out in the year of issue itself. Only quantitative records are maintained in respect of these items in shops floor, wherever practicable.
4. **REVENUE RECOGNITION :-**
 - i) Sales are recorded when significant risks and rewards of ownership are transferred to the customers. Part supplies against long term contracts for which bills have been raised are accounted for at contract price or provisional price. In case of dispatches for which challans and gate passes have been issued but bills are not raised, sales are accounted for at contract or provisional prices as unbilled sales.
 - ii) Escalations on contracts are accounted for as per the terms of relevant contract to the extent ascertained with reasonable certainty though these are subject to confirmation/acceptance by customers. 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 inclusive of excise duty but exclusive of sales tax.
5. **LONG TERM TURNKEY CONTRACTS :-**
 - i) **Revenue recognition :** Revenue is recognized on percentage completion method based on the percentage of actual cost incurred up to the reporting date to the total estimated cost of the contract.
Income from supply/ erection of equipment/system and civil works is recognized based on dispatches to customers and works done at Project Site.
 - ii) **Revenue recognition for incomplete / part executed / unmeasured work by client :** Works executed but not measured / part executed / incomplete work at the end of the year are accounted for based on certification both by HEC Engineers at Project Site and the customer for the purpose of recognition of Revenue.
 - iii) **Valuation of Work-in-progress :-** Expenditure incurred from year to year limited to the certified value of work done against the contract value including escalation less amount credited to sales against the respective contract, is accounted for as WIP.
 - iv) The necessary provision for losses, if any, on work to be done is made.
6. **PROVISION FOR WARRANTY :-**

A provision of 0.5% on sales is made for liabilities under contractual obligations/ warranties. Expenses on warranties/contractual obligation are accounted for against natural heads in the year of incurrence.
7. **EMPLOYEES BENEFITS :-**

Long term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render service namely sick leave and post retirement benefits namely gratuity, Retirement Traveling Assistance and Leave



Encashment are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuation and Leave Travel Allowance (for eligible employee) are accounted on estimated basis.

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

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

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

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

8. DEPRECIATION :-

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

9. SUNDRY DEBTORS :-

(a) This includes items billed at provisional rates pending finalization of prices and receipt of formal orders from customers and also value of dispatches which are unbilled after adjustment on pro-rata basis of advances/progress payments received against the relevant contract.

(b) The Provision is made against debtors outstanding for more than 3 years from the due date.

10. GRANT-IN-AID :-

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

11. INVESTMENT :-

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

12. RESEARCH & DEVELOPMENT :-

Major expenditure relating to Research & Development is charged to profit & loss account in

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

13. FOREIGN CURRENCY TRANSACTIONS :-

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

14. CLAIM BY/AGAINST THE COMPANY / LIQUIDATED DAMAGES (LD) RECOVERED BY CLIENTS FROM HEC BILLS :-

(i) Liquidated damages (LD) would be accounted for as soon as it is deducted /recovered by clients from HEC bills and cases of specific damages and claims disputed by the company are provided for on reasonable estimate by the Company.

(ii) Liquidated damages recovered are recognized as income after expiry of three years of recovery.

(iii) Export incentives, Railways and Insurance claim sale of sundry disposable materials & certain scraps, refund of excise & custom duty and income from other similar items are accounted for on ascertainment of the amount and certainty of their realization / claim.

15. INTER PLANT COST ALLOCATION :-

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

(a) HQRS expenses (Net) –Budgeted production of each Plant.

(b) Township expenses (Net) – No. of quarters allotted to each Plant.

(c) Interest - Actual cash utilization by each plant in the preceding year.

(d) CISF expenses- No. of CISF personnel deployed in each Plant.

16. INVENTORY :-

Non moving items of stores are analysed from time to time. Materials found surplus on physical verification are either disposed off or reviewed to find out alternative uses for the same. Loss, if any, is accounted for when it is ascertained.

However non moving items for more than 3 years, the maximum provision, if required, is to be restricted to 90 % of value of inventory.



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

₹ in Lakh

	As at 31.03.18		As at 31.03.17	
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
Face Value Per Share (Rupees)	6060788	100%	6060788	100%
		1000.00		1000.00
NOTE NO. - 3	RESERVE & SURPLUS			
Capital Reserve				
Opening Balance	10088.40		10004.49	
Addition during the year	622.56		602.07	
	10710.96		10606.56	
Deduction during the year	574.33	10136.63	518.16	10088.40
Surplus				
Opening Balance	(104364.75)		(96138.09)	
Addition during the year	44599.88	(59764.87)	(8226.66)	(104364.75)
TOTAL	(49628.24)		(94276.35)	
NOTE NO. - 4	LONG TERM BORROWINGS			
Term Loan				
From Govt. of India				
Non Plan loan		957.80		1915.60
TOTAL		957.80		1915.60
NOTE NO. - 5	OTHER LONG TERM LIABILITIES			
(a) Trade Payables				
Sundry Creditors		0.00		0.00
(b) Others				
Securities & Other Deposits from Contractors	34.59		33.48	
Securities & Other Deposits from Employees (As per Contra Note-15)	0.76		0.76	
Other Liabilities	736.04		1203.11	
Miscellaneous	240.42	1011.81	230.34	1467.69
TOTAL		1011.81		1467.69



NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	<u>As at 31.03.18</u>		<u>As at 31.03.17</u>
NOTE NO. - 6	<u>LONG TERM PROVISIONS</u>		
(a) Provision for Employee Benefits			
Provision for Gratuity	5350.64		4334.72
Provision for Leave Encashment	1706.04		1852.65
Provision for RTA	39.80		48.12
Provision for LTA	<u>35.33</u>	7131.81	<u>30.53</u>
(b) Others			
Provision for Impaired Assets	69.12		82.28
Provision for Warranty Expenses	<u>616.43</u>	<u>685.55</u>	<u>728.68</u>
TOTAL		<u>7817.36</u>	<u>7076.98</u>
NOTE NO. - 7	<u>SHORT TERM BORROWINGS</u>		
Secured Loans			
Working Capital Loan from Bank (Secured by Hypothecation of raw materials, finished Goods, Work-in-Progress, Stores and Spare parts and Book Debts)		18706.22	13878.74
TOTAL		<u>18706.22</u>	<u>13878.74</u>
NOTE NO. - 8	<u>TRADE PAYABLES</u>		
Sundry Creditors		11228.34	15069.18
Dues to SME		1051.40	2018.61
Advance from Customers		<u>3220.20</u>	<u>8694.72</u>
TOTAL		<u>15499.94</u>	<u>25782.51</u>
NOTE NO. - 9	<u>OTHER CURRENT LIABILITIES</u>		
Employees Liabilities		4436.63	12485.07
VRS Liabilities		1.88	1.88
Loan from Govt. of India*	3831.20		2873.40
Add: Interest Accrued but not due on Govt. Loan	<u>2761.81</u>	6593.01	<u>1840.72</u>
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		0.00
Less : Balance Advance Tax	2054.39		2054.39
Add : Interest Income	<u>1948.97</u>	2691.97	<u>1669.50</u>
Securities & Other Deposits from Contractors		3217.16	3447.20
Book Overdraft with Scheduled Bank		269.84	77.74
Amt. : received from Govt. Grant		250.00	0.00
Amt. : received from Govt. Grant (Swachh Bharat)		55.00	0.00
Electricity Dues		2907.18	2546.73
Water Dues		3462.71	3130.58
Advance received from GOJ (Land)		0.00	10000.00
Other liabilities		1090.66	1394.46
Miscellaneous		<u>3780.94</u>	<u>5948.19</u>
TOTAL		<u>28756.98</u>	<u>52358.47</u>
<i>* Part of Govt. Loan matured for payment</i>			
NOTE NO. - 10	<u>SHORT TERM PROVISIONS</u>		
(a) Provision for Employee Benefits			
Provision for Gratuity	995.50		820.44
Provision for Leave Encashment	726.41		807.21
Provision for RTA	5.01		3.83
Provision for Sick Leave	0.00		0.00
Provision for LTA	174.52		170.18
Provision for Revision of Pay Scale for Employees	<u>2470.20</u>	4371.64	<u>2470.20</u>
(b) Others			
Provision for Warranty Expenses		<u>146.67</u>	<u>195.07</u>
TOTAL		<u>4518.31</u>	<u>4466.93</u>



NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.18	As at 31.03.17
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NOTE NO. - 11

TANGIBLE ASSETS

Type of Assets	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.17	Addition/ Adjustment	(Deduction)/ Adjustment	Cost as on 31.3.18	Upto 31.03.17	for the year	Addition/ (Deduction)	upto 31.03.18	As on 31.03.18	As on 31.03.17
1	2	3	4	5	6	7	8	9	10	11
OTHER TANGIBLE ASSETS										
Land (including Development of land)	253.33	0.00	0.00	253.33	0.00	0.00	0.00	0.00	253.33	253.33
Buildings	5833.15	2.85	0.00	5836.00	5174.52	48.61	0.00	5223.13	612.87	658.63
Roads	266.16	0.00	0.00	266.16	252.91	0.00	0.00	252.91	13.25	13.25
Plant and Machinery	27601.32	329.02	0.00	27930.34	22111.15	668.74	9.88	22789.77	5140.57	5490.17
Furniture and Fittings	116.51	7.67	0.00	124.18	105.29	1.79	0.00	107.08	17.10	11.22
Motor Vehicles	140.98	0.00	0.00	140.98	133.95	0.00	0.00	133.95	7.03	7.03
Railway Sidings	469.39	0.00	0.00	469.39	429.16	3.19	0.00	432.35	37.04	40.23
Office Equipment	174.80	1.27	0.00	176.07	162.95	1.33	0.00	164.28	11.79	11.85
Computers & Data Processing Units	499.04	30.59	0.00	529.63	463.88	11.58	0.00	475.46	54.17	35.16
Electrical Installations and Equipment	738.41	2.72	0.00	741.13	603.55	19.06	0.00	622.61	118.52	134.86
Pipelines and Sluices	605.43	0.00	0.00	605.43	553.99	2.16	0.00	556.15	49.28	51.44
SUB - TOTAL OTHER ASSETS (A)	36698.52	374.11	0.00	37072.63	29991.35	756.46	9.88	30757.69	6314.95	6707.17
ASSETS GIVEN ON LEASE										
Land (including Development of land)	22.32	0.00	25.96	(3.64)	0.00	0.00	0.00	0.00	(3.64)	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	25.96	803.44	531.43	0.00	0.00	531.43	272.01	297.97
IMPAIRED ASSETS										
Plant & Machinery (As on 31.03.17)	1412.46	0.00	0.00	1412.46	1330.19	0.00	0.00	1330.19	82.27	82.77
Plant & Machinery (During 2017-18)	0.00	0.00	(263.28)	(263.28)	0.00	0.00	(250.12)	(250.12)	(13.16)	0.00
SUB - TOTAL IMPAIRED ASSETS (C)	1412.46	0.00	(263.28)	1149.18	1330.19	0.00	(250.12)	1080.07	69.11	82.77
GRAND - TOTAL TANGIBLE FIXED ASSETS (A+B+C)	38940.38	374.11	(289.24)	39025.25	31852.97	756.46	(240.24)	32369.19	6656.05	7087.39
PREVIOUS YEAR FIGURES	38630.68	432.01	38.77	39101.46	31262.22	705.04	38.75	32006.01	7087.39	

Current period depreciation	756.46
Prior period depreciation	0.00
Total Depreciation	<u>756.46</u>
	(13.16)

Note: Status of Land	Acres
a) Land Transferred to GOJ	2035.14
b) Land Transferred to CISF	158.00
c) Land Transferred to GOJ for Smart City	508.44
d) Encroched Land	379.91
e) Land given on lease	316.19
(f) Land for own use	3801.83
Total land as per original deed	<u>7199.51</u>

NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.18	As at 31.03.17
NOTE NO. - 12	<u>INTANGIBLE ASSETS</u>	
TOTAL	0.00	0.00
NOTE NO. - 13	<u>CAPITAL WORK IN PROGRESS</u>	
<u>Capital Work in Progress</u>		
Plant & Machinery	1704.85	1283.64
Less: Provisions	782.45	1057.23
TOTAL	922.40	226.41
NOTE NO. - 14	<u>NON-CURRENT INVESTMENTS</u>	
<u>Investments in Equity Instruments</u>		
(Other than trade investment), Unquoted 3575 (Prev. Year 3575) Equity Share of ₹ 10/- each of Engineering (Projects) India Limited.	0.36	0.36
TOTAL	0.36	0.36

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



NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

As at 31.03.18

As at 31.03.17

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	526.90	526.90	0.00	459.47	459.47	0.00
(b) Security Deposits						
Private Parties	0.90	0.20	0.70	1.80	0.20	1.60
Government Authorities	197.12	187.26	9.86	197.13	187.27	9.86
Employees (As per contra in Note -5)	0.76	0.00	0.76	0.76	0.00	0.76
(c) Others						
Advances to Employees	16.03	16.03	0.00	3.03	3.03	0.00
Claims Receivable	180.18	176.48	3.70	267.33	263.42	3.91
Income Tax deducted at source	7.40	7.40	0.00	7.40	7.40	0.00
Total	929.29	914.27	15.02	936.92	920.79	16.13

Particulars of Long Term Loans & Advances

Secured, Considered Good			0.91			0.91
Unsecured ,Considered Good			14.11			15.22
Doubtful			914.27			920.79
Total			929.29			936.92
Amount due from						
Directors			0.00			0.00
Officers			0.00			0.00

NOTE NO. - 16

OTHER NON-CURRENT ASSETS

Long Term Trade Receivables

(A) Public Sector & Govt. Deptt.

Un-Secured, Considered Good	19885.48	19941.75
Doubtful	9966.32	7531.40
TOTAL (A)	29851.80	27473.15

(B) Others

Un-Secured, Considered Good	27.13	470.61
Doubtful	608.60	149.96
TOTAL (B)	635.73	620.57

SUB TOTAL (A+B) 30487.53 28093.72

Less: Provision for Doubtful debts	7220.55	5905.49	
Provision against LD deducted & charged	3354.37	1775.88	20412.35
GRAND TOTAL	19912.61	20412.35	

Notes:

1. Long Term Trade Receivables also include not due ₹ 15829.49 Lakh (Previous Year ₹ 15617.29 L) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.



NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	<u>As at 31.03.18</u>		<u>As at 31.03.17</u>	
NOTE NO. - 17	<u>INVENTORIES</u>			
(As certified by the Management)				
Raw Materials & Components	5528.16		6353.51	
Less : Provision / Stock Adjustment	2468.27	3059.89	2275.26	4078.25
Stores, Spares & Components including Construction Materials	940.84		977.80	
Less : Provision / Stock Adjustment	250.94	689.90	328.44	649.36
Goods-in-Transit/ Under inspection	576.82		623.38	
Less : Provision	213.46	363.36	178.64	444.74
Loose Tools, Drawing Instruments etc.	917.57		1176.03	
Less : Provision	70.03	847.54	68.46	1107.57
Stock of Finished Products	2347.85		3619.68	
Less : Provision	25.50	2322.35	30.16	3589.52
Work-In-Progress	3125.08		2534.13	
Less : Provision	91.17	3033.91	103.81	2430.32
Work-In-Progress (Turnkey Project)	193.94		518.59	
Less : Provision	0.00	193.94	0.00	518.59
Discarded Assets	3.48		3.48	
Less : Provision	3.48	0.00	3.48	0.00
Total Inventory	13633.74		15806.60	
Less : Provision / Stock Adjustment	3122.85		2988.25	
TOTAL		10510.89		12818.35

Notes:

1. Finished Stock & WIP includes items worth ₹90.95 Lakh (Previous Year ₹79.63 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 ₹ 2900.66 Lakh (Previous Year ₹ 2803.15 L). The existing provision is considered adequate.
3. Goods In Transit includes CV Duty ₹5.34 Lakh (Previous Year ₹ 18.12 L)
4. Raw Materials & Components including scrap at shop floor ₹205.23 Lakh (Previous Year ₹ 93.50 L)
5. FG include lying at depot ₹9.76 Lakh (Previous Year ₹9.76 Lakh)

NOTE NO. - 18**TRADE RECEIVABLES**

	Over Six Months	Other Debts	Total	Over Six Months	Other Debts	Total
Short Term Trade Receivables						
(A) Public Sector & Govt. Deptt.						
Un-Secured, Considered Good	17793.02	8100.89	25893.91	7084.63	9551.72	16636.35
Doubtful	593.35	1704.94	2298.29	722.26	869.38	1591.64
SUB TOTAL (A)	18386.37	9805.83	28192.20	7806.89	10421.10	18227.99
(B) Others						
Un-Secured, Considered Good	121.74	4.18	125.92	166.74	0.00	166.74
Doubtful	0.50	2.32	2.82	36.48	0.00	36.48
SUB TOTAL (B)	122.24	6.50	128.74	203.22	0.00	203.22
TOTAL (A+B)			28320.94			18431.21
Less : Provision for Doubtful debts			572.78			230.96
Less: Provision against LD deducted & charged			1728.33			1397.16
NET TOTAL			26019.83			16803.09

Notes:

1. Short Term Trade Receivables includes unbilled despatches ₹ 0.00 Lakh (Previous Year ₹ 4339.76 L)
2. Short Term Trade Receivables also include not due ₹ 1924.57 Lakh (Previous Year ₹ 3428.99 L) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.

₹ in Lakh

NOTES FORMING PART OF BALANCE SHEET

	As at 31.03.18		As at 31.03.17	
NOTE NO. - 19	<u>CASH & CASH EQUIVALENTS</u>			
(a) Balance with Schedule Bank Current Account	1783.54		819.01	
(b) Cash in hand	2.57	1786.11	3.99	823.00
(c) Others (Earmarked balances with Banks)				
Short Term Deposit with Schedule Bank *	2516.84		8437.37	
Short Term Deposit with Other Bank **	208.35	2725.19	198.35	8635.72
TOTAL		4511.30		9458.72
* Unutilised Govt. Grant for payment of Capital Gain Tax				
** Term deposit as per Court Order with original maturity of more than three months				
NOTE NO. - 20	<u>SHORT TERM LOANS & ADVANCES</u>			
(a) Loans and Advances				
Unsecured, Considered Good		684.81		270.45
(b) Security Deposits				
Private Parties		3.40		2.34
Government Authorities		1259.39		957.26
(C) Others				
Advance to Employees		38.54		51.42
Prepaid Expenses		95.29		76.89
Claims Receivable		456.71		1010.63
Income Tax deducted at source #		1025.81		983.10
SUB TOTAL		3563.85		3352.09
Less: Provision for bad & doubtful Advances		52.54		53.11
TOTAL		3511.31		3298.98
# Includes ₹ 175.13 Lakhs payable to GOI against Interest earned from unutilised portion of Govt. Grant deposited in SBI				
Particulars of Short Term Loans & Advances				
Secured, Considered Good		1563.71		1494.04
Unsecured, Considered Good		1947.60		1804.94
Doubtful		52.54		53.11
Total		3563.85		3352.09
Amount due from				
Directors		0.00		0.00
Officers				0.00
NOTE NO. - 21	<u>OTHER CURRENT ASSETS</u>			
<u>Rent and Other Receivables</u>				
(A) Public Sector & Govt. Deptt.				
Unsecured, Considered Good (GOJ)		12971.40		0.00
Unsecured, Considered Good	2645.91		2711.88	
Doubtful	167.14	2813.05	158.72	2870.00
(B) Rent				
Unsecured, Considered Good	569.41		443.28	
Doubtful	307.86	877.27	354.45	797.73
(C) Interest Accrued but not Due		1.59		1.52
TOTAL (a + b + c)		16663.31		3669.85
Less : Provision for Doubtful Receivables		475.00		513.17
Net Amount		16188.31		3156.68

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

	2017-18		2016-17	
NOTE NO. - 22	REVENUE FROM OPERATION			
Sales & Services				
Sale of Products	39602.38		42252.76	
Sale of Services	602.27		956.49	
	SUB TOTAL	40204.65	43209.25	
Less: Excise Duty		302.21	4198.42	39010.83
		39902.44		
Other Operating Revenue				
Job Done for Internal Use	440.67		823.86	
Add: Inter Plant Transfers		0.00	0.00	823.86
		440.67		
	TOTAL	40343.11	39834.69	
NOTE NO. - 23	OTHER INCOME			
Interest	27.33		113.38	
Rent	1502.14		1158.89	
Sale of Stores	29.74		34.72	
Miscellaneous Income	494.38		401.20	
Income from HTI	25.73		35.00	
Profit on Sale of Asset	305.76		111.90	
Excess provision written back	841.55		836.45	
Water & Electricity Charges	305.04		324.39	
	TOTAL	3531.57	3015.93	
NOTE NO. - 24	COST OF MATERIALS CONSUMED			
Consumption of Raw materials & Components	12183.84		11993.85	
Less: Interplant Transfer	3375.58	8808.26	2725.57	9268.28
Consumption of Stores & Spares	6929.80		4290.62	
Less: Interplant Transfer	928.14	6001.66	523.90	3766.72
	TOTAL	14809.92	13035.00	
NOTE NO. - 25	CHANGES IN INVENTORIES OF FG & WIP			
Decretion/(Accretion) to value of FG & WIP				
Work-In-Progress				
Opening Stock	3052.72		8548.29	
Closing Stock	3319.02	(266.30)	3052.72	5495.57
Finished Stock				
Opening Stock	3619.68		1475.22	
Closing Stock	2347.85	1271.83	3619.68	(2144.46)
	TOTAL	1005.53	3351.11	

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

	₹ in Lakh	
	2017-18	2016-17
NOTE NO. - 26	<u>EMPLOYEES BENEFIT EXPENSES</u>	
Salaries, Wages & Bonus	8561.67	8506.89
Corporation Contribution to Provident Fund and Employee's Pension Fund	939.82	938.19
Workmen and Staff Welfare Expenses	560.77	513.19
Leave Encashment	550.92	738.74
Gratuity	2052.90	752.27
SUB TOTAL	12666.08	11449.28
Less: Transferred to Research & Development Exp.	93.52	63.17
TOTAL	12572.56	11386.11
NOTE NO. - 27	<u>FINANCE COST</u>	
Interest on Bank Credit	1358.79	1786.53
Interest on Govt. loan	921.10	825.28
Interest on Other loan	389.77	632.51
TOTAL	2669.66	3244.32
NOTE NO. - 28	<u>DEPRECIATION & AMORTIZATION EXPENSES</u>	
Depreciation as per Note No.-11	756.46	699.47
<u>Depletion Expenses</u>		
Impairment Loss as per Note No.-11	(13.16)	(4.02)
<u>Amortization Expenses</u>		
Amortization of Technical Know How	0.00	0.00
TOTAL	743.30	695.45
NOTE NO. - 29	<u>RESEARCH & DEVELOPMENT EXPENSES</u>	
<u>Research & Development Expenses</u>		
Salary & Allowances	93.52	63.17
TOTAL	93.52	63.17

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

	2017-18		2016-17	
NOTE NO. - 30	OTHER EXPENSES			
(A) Manufacturing Service Cost				
Water, Power & Fuel		2726.65		2155.76
Repairs & Maintenance				
Plant & Machinery	265.94		226.66	
Buildings	30.19		48.80	
Others	<u>251.09</u>	547.13	<u>154.52</u>	429.98
Insurance		168.30		110.84
Excise Duty		(490.51)		441.12
SUB TOTAL (A)		<u>2951.57</u>		<u>3137.70</u>
(B) Manufacturing & Other Operating Expenses				
Machining & Assembly charges	1198.52		2158.89	
Loose Tools Charged off	751.61		940.31	
Job Done by outside Agencies	4459.43		4459.14	
Turnkey Project Expenses	3529.02		1615.21	
Other Charges For Production	<u>892.52</u>	10831.10	<u>1357.47</u>	10531.02
Less: Interplant Transfer (Services)		<u>1279.46</u>		<u>2248.46</u>
SUB TOTAL (B)		<u>9551.64</u>		<u>8282.56</u>
(C) Administration, Selling & Distribution Expenses				
Rent		24.58		24.71
Electricity & Drinking Water Expenses		712.35		587.21
Safety & Security Expenses		2135.56		2273.73
Travelling & Conveyance Expenses		285.84		266.13
Bank Charges		170.51		139.45
Telephone & Postage Expenses		35.23		54.71
Printing & Stationery Expenses		28.22		21.79
Books & Periodicals		3.78		5.63
Miscellaneous Expenses		506.31		355.53
CEFC Expenditure		128.14		111.75
Motor Vehicle Running Expenses		213.53		185.66
Consultancy and Legal Expenses		226.39		212.78
Municipal Tax/Charges		8.00		8.00
LD Deducted and Charged		1892.80		1392.62
After sales services Expenses		0.00		0.45
Sales Promotion		340.56		317.59
Auditor's Remuneration				
Audit Fees	2.25		1.80	
Tax Audit Fees	0.38		0.31	
Reimbursement Expenses	<u>0.40</u>	3.03	<u>0.00</u>	2.11
Training Expenses		11.39		14.67
SUB TOTAL (C)		<u>6726.22</u>		<u>5974.52</u>
(D) Other Provisions / Expenses Written Off				
Provision for Bad & Doubtful Debts	1881.18		1090.57	
Provision for Bad & Doubtful Advances	67.93		0.83	
Provision for Stock Verification Difference	10.34		11.31	
Provision for Warranty Expenses	204.86		216.05	
Provision for Foreign Exchange difference	2.88		0.00	
Miscellaneous Provisions	330.99		568.77	
Miscellaneous Losses Written Off	<u>20.62</u>	<u>2518.80</u>	<u>66.98</u>	<u>1954.51</u>
SUB TOTAL (D)		<u>2518.80</u>		<u>1954.51</u>
GRAND TOTAL (A+B+C+D)		<u>21748.23</u>		<u>19349.29</u>

**(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)**

	2017-18		2016-17	
			₹ in Lakh	
NOTE NO. - 31	PRIOR PERIOD ADJUSTMENT			
Income				
Inter Plant Transfers	(23.53)		(37.78)	
Misc Income	<u>(56.39)</u>	(79.92)	<u>102.81</u>	65.03
Less : Expenses				
Raw Materials Consumed	1334.13		0.00	
Payment to & Provision for Employees	7.79		(2.27)	
Headquarter Load	0.00		(0.24)	
Depreciation	0.00		5.57	
Misc. Expenses (net)	<u>3.76</u>	<u>1345.68</u>	<u>14.80</u>	<u>17.86</u>
Prior Period Adjustment (Net)		<u>(1425.60)</u>		<u>47.17</u>
NOTE NO. - 32	EXTRAORDINARY ITEMS			
Income				
Grant from Govt. of India (against capital gain tax)	6200.00		0.00	
Sale consideration received from GOJ	<u>55928.40</u>	62128.40	<u>0.00</u>	0.00
Less : Expenses				
Cost of land transferred to GOJ		<u>25.96</u>		<u>0.00</u>
Net		<u>62102.44</u>		<u>0.00</u>

NOTE NO 33 -

"OTHER NOTES TO FINANCIAL STATEMENT"**33.1 Contingent Liabilities and commitments (To the extent not provided) :**

₹ in Lakh

SI No	Particular	2017-18	2016-17																														
1	Estimated amount of contracts, remaining to be executed on capital account and not provided for	7149.11	89.16																														
2	Unexpired Letter of Credit	1469.82	2400.16																														
3	Unexpired Bank Guarantee	15804.69	15907.36																														
4	Delayed payment surcharge on Energy charges (In meeting of the committee headed by Additional Chief Secretary Planning Cum finance, Jharkhand held on 16.05.2018, it is recommended by them to the State Government that the DPS amount of Rs. 11642.22 Lakh claimed in pursuance of revival package sanctioned by State Govt. will be paid/adjusted by State Govt. to JSEB. Hence this is no more contingent liability).	0.00	11642.22																														
5	Water Dues	1094.42	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 lakhs for the period from 03/76 to 09/99 levied by Regional Provident commissioner, Ranchi, has been rejected vide letter dated 12.11.2010. Company has again filed Civil Miscellaneous Petition (CMP) in company Petitions CP 05/2004 before Hon'ble High Court of Jharkhand. Against the aforesaid order Hon'ble High Court of Jharkhand has stayed recovery of damages till further order.</p> <p>(b) The above amount is exclusive of the payment of damages on defaulted CPF/EPF dues for the period from October' 99 to March 2005 as no notice for payment of the same has been received from Regional Provident Commissioner, Ranchi.</p>	9501.54	9501.54																														
7	<p>Legal Cases:- claim lodged against HEC not acknowledged as Debt.</p> <table border="1"> <thead> <tr> <th>Cases</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>(A) Arbitration</td> <td>360.04</td> </tr> <tr> <td>(B) MSMED</td> <td>657.12</td> </tr> <tr> <td>(C) Other Legal cases</td> <td>2225.89</td> </tr> </tbody> </table>	Cases	Amount	(A) Arbitration	360.04	(B) MSMED	657.12	(C) Other Legal cases	2225.89	3243.05	3256.96																						
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8	<p>Commercial Taxes(VAT)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>2008-09</td> <td>Demand as per Assessment Order. Appeal pending at commissioner, Ranchi</td> <td>10.78</td> </tr> <tr> <td>2009-10</td> <td>Demand as per Assessment Order. Appeal pending at commissioner, Ranchi</td> <td>19.63</td> </tr> <tr> <td>2010-11</td> <td>Demand as per Assessment Order. Appeal pending at commissioner, Ranchi</td> <td>92,41</td> </tr> <tr> <td>2011-12</td> <td>Demand as per Assessment Order. Appeal pending at commissioner, Ranchi</td> <td>79.18</td> </tr> </tbody> </table> <p>Commercial Taxes (CST)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>2008-09</td> <td>Demand as per Assessment Order, Appeal pending at commissioner. Ranchi</td> <td>10.35</td> </tr> <tr> <td>2009-10</td> <td>Demand as per Assessment Order. Appeal pending at commissioner, Ranchi</td> <td>57.76</td> </tr> <tr> <td>2010-11</td> <td>Demand as per Assessment Order. Appeal pending at commissioner, Ranchi</td> <td>137,18</td> </tr> <tr> <td>2011-12</td> <td>Demand as per Assessment Order. Appeal pending at commissioner, Ranchi.</td> <td>1064.81</td> </tr> </tbody> </table>	Year	Particulars	Amount	2008-09	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	10.78	2009-10	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	19.63	2010-11	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	92,41	2011-12	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	79.18	Year	Particulars	Amount	2008-09	Demand as per Assessment Order, Appeal pending at commissioner. Ranchi	10.35	2009-10	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	57.76	2010-11	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	137,18	2011-12	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi.	1064.81	1472.10	1472.10
Year	Particulars	Amount																															
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9	Service Tax		1655.06	1655.06
	Demand of service Tax for NCL Nigahi (Project Division) for the period October 2006 to March 2007(Order No. 43/ST/Commr./2013 dt.28.03.2013, Appeal pending at CESTAT, Kolkata	617.96		
	Demand of service Tax for NCL Nigahi (Project Division) for the period October 2007 to March 2010(Order No. 59/ST/Commr./2016 dt. 13.04.2016) Appeal pending at CESTAT .Kolkata	816.05		
	3. Demand of service Tax on value of service portion of a contract for supply of Shovel. (Order No. V(65)34/HEC/Adjn/Rari-1/2015/8304 dt 23.09.2015). Appeal pending at Comm Appeal, Ranchi	221.05		
10	Excise Duty		1185.02	1180.18
	1. Demand of Excise Duty for Non Reversal of Cenvat Credit availed by us on inputs and capital goods for which certain provision has been made in our Financial statement. Appeal pending at CESTAT, Kolkata	1185.02		
	2. Demand of Excise Duty for CENVAT Credit availed for the period Feb to Dec. 2009, Order No. 45/Addl. Comm/RAN 2017 dtd. 30.10.2017. Appeal pending at Commissioner Appeal.	4.84		
Total			42574.81	48292.89

33.2 Revival Packages

- 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.
- Against the aforesaid winding up order, the company filed a writ petition No. 4513/04 on 18.8.04 before the Hon'ble High Court of Jharkhand for quashing/staying the winding up order. Hon'ble High Court of Jharkhand gave opportunity to Govt. of India, Govt. of Jharkhand and HEC to submit proposals for revival of HEC through affidavits before the Hon'ble Court. Thereafter a number of hearings were held between 9.9.2004 to 13.11.2009 and ultimately Hon'ble High Court of Jharkhand vide order dated 13.11.2009 gave direction to the Govt. of India, Govt. of Jharkhand and the HEC Ltd. and other concerned parties to act in terms of Revival package approved by Hon'ble Court and dropped the winding up proceeding being CP No. 5 of 2004 with WP(c) No. 4513 of 2004 with hope and wish that past will not be repeated and HEC, the Nations pride and mother of industries would fulfill its object of serving the nation.

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

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

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

Assistance approved by Govt of India		Status of Implementation
a)	Conversion of plan loan of ₹ 1527.49 lakhs as on 31.3.2005 in to equity.	Implemented in March, 2006
b)	Waiver of non-plan loan and interest on plan and non-plan loan as on 31.3.2005 of ₹ 110101.96 lakhs.	Implemented in March, 2006
c)	To provide ₹10200.00 lakhs, in the form of Non Plan loan of ₹ 9203.00 lakhs, plan loan of ₹ 498.50 lakhs which will be repaid by the company in three years and also ₹ 498.50 lakhs as equity. (Sl. No. a,b,c was approved by Hon'ble High Court of Jharkhand on 13.7.2006)	Implemented in March, 2006

d) To, mobilise resources (approx. ₹ 33000.00 lakhs) by transferring residential and non-residential buildings already on rent with the state government to the Jharkhand Government, settlement of residences on long term lease with the occupant employees and ex-employees of the company, settlement of commercial and institutional areas and privatization of schools and hospital.	Company generated ₹8543.82 lakhs from long term lease of Residential quarter
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B. Revival Scheme approved by Govt. of India in September - 2008

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

C. Status of Revival Package : Agreed to amongst 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 lakhs against electricity dues was approved.	Waivai of electricity dues of ₹.30637.42 lakhs delayed payment surcharge up to the date of Final settlement by JSEB after approval of Hon'ble High Court of Jharkhand.	₹ 96984.68 lakhs total amount to be waived / Adjusted	Waived ₹ 85342.46 lakhs (Electricity dues or ₹ 30637.42 lakhs and DPS of ₹54705.04 lakhs up to (31.08.2008)	₹ 11642.22 lakhs against DPS from 01 09 2008 to 31.03.2010 yet to be waived.
2	Waiver of PHED dues of ₹3103.00 lakhs	Waival of PHED dues ₹3264.80 lakhs as on 31.03.2007.	₹3264.80 lakhs (Waiver)	₹3264.80 lakhs (Waived)	NIL
3.	Waiver of Sales Tax dues of ₹2551.00 lakhs	The GOJ agreed that payment of ₹ 2551.00 lakhs by HEC will be treated as full and final settlement of all commercial Tax liability up to 31.03.2007 including penalty / penal interest for delayed payment etc. to which the assessment of CT liability pertains to. Any liability separate from it and discovered subsequently will be treated as per relevant law/ guidelines	1) ₹ 2551.00 lakhs to be paid by GOJ	1) ₹ 2551.00 lakhs received.	1) NIL
			2) The company is to deposit ₹ 2551.00 lakhs with GOJ	2) ₹ 2551.00 lakhs deposited by HEC towards Commercial Taxes.	2) NIL
			3) Order of waiver all Commercial tax liability up to 31.03.2007 is to be issued by GOJ.	3) Order not issued	3) Order for waiver of all dues up to 31 03.07 by Govt. of Jharkhand is still awaited.

4	To authorize HEC to receive ₹25000.00 lakhs from Govt. of Jharkhand with no future commitment for transfer of any more land or building.	Grant of ₹ 27551.00 lakhs including ₹ 2551.00 lakhs mentioned in Sl. No. '3' above.	₹ 27551.00 lakhs	₹20021.00 lakhs	₹7530.00 lakhs
5.	To allow HEC to accept the proposal of Govt. of Jharkhand to transfer 2342 acres of land. This includes 85 acres of appurtenant land to the building.	HEC to surrender 2342 acres of land to Govt. of Jharkhand.	Possession of 2035.14 acres of land had been handed over to GOJ for which Deed of Conveyance is executed. Balance 306.86 acres of land is to be handed over after removal of encroachment.		
6	To allow HEC to accept transfer of 17 buildings and 1155 residential quarters along with land appurtenant there to valuing ₹14223.00 lakhs to GOJ.	HEC to surrender 17 nos. Non residential Building and 1148 residential quarters to Govt. of Jharkhand.	17 Nos. of Non Residential Buildings, 1148 Nos. of Residential Buildings and 85,11 acres of appurtenant land were already under possession of GOJ on rent up to 31.03.2009 and had been handed over to Government of Jharkhand. Registration of Buildings are yet to be executed.		

- 33.3 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 Lakhs 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 23/5/2018 for ₹ 55928.40 Lakh. And out of ₹ 55928.40 Lakh, ₹ 42957.00 Lakh received till 31.03.2018 and balance amount of ₹ 12971.40 Lakh shown as receivable from Government of Jharkhand in SCH—21.
- Govt. of India has also granted the permission for utilization of unspent grant sanctioned earlier to meet the capital gain tax liability arises due to transfer of HEC land to Govt. of Jharkhand.
- 33.4 During the year, HEC has received Grant-in-aid of ₹ 250.00 Lakh from DHI for the project on development of 5 Cubic Meter Hydraulic Excavator - HEX-400 and Utilized ₹ 86.71 Lakhs till 31.03.2018. The utilized amount is shown as WIP and the Grant is shown as current liability under SCH—9.
- 33.5 A Grant of ₹ 55.00 Lakh received from DHI in the year 2017-18 for Swacchtha Abhiyan and the unspent amount of ₹55.00 lakh is kept in separate bank account and shown as current liability under SCH—9.
- 33.6 During the year HEC has entered into an agreement with M/s Paras Healthcare (Ranchi) Pvt. Ltd. Gurgaon, Haryana to run the HEC Hospital on PPP model for 35 years which in further extendable for 10 years.
- 33.7 During the year, HEC has taken inter corporate loan from M/s NCL for one year and utilizing the said loan exclusively in manufacturing and supply of the spares against the order placed by M/s HCL. The interest on loan will be at the prevailing rate of government securities.
- 33.8 No Provision has been made for trade receivable pending for a period of more than 20 years to the tune of ₹ 1458.03 Lakhs from M/S NCL as the original award was passed by sole arbitrator appointed by Secretary Deptt of Public Enterprises In the favor of HEC. The award was confirmed by additional Secretary, Deptt of Law and Justice and Company Affairs, Govt of India. Further NCL filed an appeal in Hon'able High Court, New Delhi, but the same was rejected. As such .There is no uncertainty on the realisation of the above amount. On the appeal of NCL. Hon'ble Supreme Court of India has appointed sole arbitrator on 13th July 2016 and the case is now being actively pursued. The proceedings are in progress.
- 33.9 Govt. has granted a Non-Plan loan of ₹ 4789.00 Lakhs to discharge gratuity liability in the financial year 2014-15 and repayable in five yearly instalment beginning from 2015-16 Due to financial crisis, the company is not able to pay the instalment and interest due in time.
- 33.10 Out of ₹ 24298.26 Lakhs received towards Long Term Lease from 1995 - 96 onwards to 31.03.2018, a sum of ₹ 574.33 Lakhs has been amortised during this year in proportion to the period of lease irrespective of the date of agreement and the profitability for the year has been increased to that extent.



- 33.11 Revenue from operation includes unbilled sales including Excise duty and escalation, amounting to ₹ 0.00 Lakhs (previous year ₹ 2567.72 Lakhs).
- 33.12 Interplant transfer of ₹ 5583.18 lakhs (previous year ₹ 5497.43 Lakhs have been excluded from total Revenue from operation of the Company).
- 33.13 The Sales effected on or before 31.03,2018 and received at Customer premises latest by 26.04.2018 has been considered as revenue from operation.
- 33.14 In absence of any guideline / instruction pertaining to Pay Revision w.e.f 01.01.2017 from Govt. of India, no provision has been made during the year.
- 33.15 Due to financial crisis, company is not in position to disburse the gratuity liability amounting to Rs.1243.25 Lakhs as per schedule time on a non-current basis and no further provision is required at this stage for consequential liability, if any.
- 33.16 (a) Revenue from operation includes ₹ 10861.40 Lakhs in respect of turnkey contract executed by Project Division (previous year ₹ 4195.85 lakhs) valued on the basis of approved billing schedule and payment terms of the contract to the extent works completed, inspected, dispatched /on delivery to the carrier and billed.

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

	₹ in Lakhs	
	2017-18	2016-17
Contract revenue recognized during the year	10861.41	4195.85
In respect of Contract in progress as on 31 .03.2018		
- Cost incurred and recognized profits (less recognized losses)	126918.11	116056.70
- Amount of advance received	120250.20	110687.72
- Amount of retentions (deferred debts)	193.94	518.59
in respect of dues from customers after appropriate netting off		
Gross amount due from customers for the contract work as an asset	6667.91	3459.57
- Gross amount due to customers for the contract work as a liability	720.07	1564.43
- Contingencies	NIL	NIL

- b) The estimates of total costs and total revenue in respect of Construction Contracts entered on or after 1st April 2003 in accordance with Accounting Standard (AS) - 7 (R) Construction Contracts are reviewed and up dated periodically during the year by the management and necessary adjustments are made in the current year's account.
- c) The revenue towards escalation bill of Rs. 2521.34 Lakhs has been recognized during the year based on approved delay analysis for pkg 60 (Ore handling plant) of BSP. The bill was received by BSP on 23.03.2018 but confirmation of the same is awaited.
- 33.17 Despite issuance of letter to Major Clients for confirmation of Sundry Debtors balance, no confirmation from clients has been received till date. Regarding Loans & Advances, Deposits, Sundry Creditors etc., confirmation could not be obtained from the respective parties.
- 33.18 Interest on overdue amount relating to Micro and Small Enterprises has not been provided and the same has also been shown given below.

Micro, Small & Medium Development Act, 2006
₹ in Lakhs

	2017-18	2015-16
Delayed payments due as at the end of each accounting year on account of		
Principle	727.34	2018.61
Interest	2077.98	1926.29
Total Interest Paid on all delayed payments during the year	Nil	Nil
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act	Nil	Nil
Interest accrued but not due (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date.	Nil	Nil
Total Interest due but not paid - (Represent ail interest amounts remaining due together with that from prior year (s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for Income Tax purpose)	Nil	Nil

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

33.20 Current tax expenses of Rs. 6308.92 Lakhs relates to tax on extraordinary income.

33.21 PARTICULARS OF PROVISIONS :
₹ in Lakhs

SI No	PARTICULARS	Opening balance as on 01.04.2017	Add : Provision made during the period	Less : Provision utilised during the Period	Less : Unused provision reversed during the period	Closing Balance as on 31.03.2018
1	Provision for Bonus	148.93	142.06	146.48	2.45	142.06
2	Provision for Bad & Doubtful Debts	6601.00	1881.18	213.85	0.00	8268.33
3	Provision for Liquidated Damages recovered by Clients	3189.89	1892.81	0.00	0.00	5082.70
4	Provision for Claims Recoverable	303.92	0.00	100.52	3.49	199.91
5	Provision for Doubtful Deposits with Others	155.18	32.09	0.00	0.00	187.27
6	Provision for Doubtful Advances to Suppliers/Sub-Contractors	507.26	72.18	0.00	0.00	579.44
7	Provision for Disputed Cases Stagnant jobs, EMD, SD advances, Output VAT, Receivables etc	0.20	0.00	0.01	0.00	0.20
8	Provision for Inventory	2988.25	134.00	0.00	0.00	3122.85
9	Provision for gratuity	5155.16	1532.12	340.01	1.12	6346.15
10	Provision for leave encashment	2659.86	505.77	733.18	0.00	2432.45
11	Provision for RTA	51.96	0.00	6.80	0.36	44.80
12	Provision for LTC/LTA	200.71	37.94	22.23	6.57	209.85
13	Provision for Sick leave	0.00	0.00	0.00	0.00	0.00
14	Provision for Revision of pay Scale	2470.70	0.00	0.00	0.00	2470.20



33.22 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, 2018 in accordance with the revised Accounting Standard 15- Employee benefits issued by ICAI.
- (b) Defined benefit plans - As per Actuarial valuation on March 31, 2017.
- 1) **Gratuity** :- Payable on separation @15 day salary for each completed year of service to eligible employees who render continuous service of 5 years or more, subject to a maximum limit of ₹ 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 actuarial valuation of Provident Fund.
 - 6) The defined benefit obligations, other than provident Fund, are unfunded.
 - 7) Other disclosure as required under Accounting Standard (AS)-15 (revised on employee benefits) are :

₹ in Lakhs

	Gratuity	Leave Encashment	Retd. Travel Allowance
Expense recognized in the statement of Profit & Loss for the year ended March 31,2018			
1. Current Service Cost	173.34	142.53	2.91
2. Past Service Cost	1850.42	0.00	0.00
3. Interest Cost	370.91	191.37	3.74
4. Reduction in Obligation due to HPL	0.00	0.00	0.00
5. Net Actuarial (gain)/ loss recognized during the year	(372.39)	(228.04)	(12.96)
TOTAL EXPENSES	2022.38	105.86	-6.31
Net Asset / (Liability) recognised in Balance Sheet			
1. Present value of the obligation (Current)	995.51	726.43	5.01
2. Present value of the obligation (Non Current)	5350.64	1706.04	39.79
3. Funded status [Surplus /(deficit)]	(6346.15)	(2432.47)	(44.80)
4. Net Asset / (Liability) recognized in the Balance Sheet	6346.15	2432.47	44.80
Change in the Present value of the Obligation during the year ended March 31,2018			
1. Present value of the obligation as at April 1, 2016	5155.16	2659.86	51.96
2. Current Service Cost	173.34	142.53	2.91
3. Interest Cost	370.91	191.37	3.74
4. Past Service Cost	1850.42	0.00	0.00
5. Benefits paid	(831.30)	(333.25)	(0.85)
6. Actuarial (Gain) / Loss on obligation	(372.39)	(228.04)	(12.96)
7. Present value of obligation as at March 31, 2018	6346.15	2432.47	44.80
Actuarial Assumptions			
1. Discount rate	7.80%	7.80%	7.80%
2. Rate of Increase in Compensation	8.00%	8.00%	8.00%
3. Mortality rate LIC (2006-2008) Table			

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

Information about different business units (Segments) 2017-2018					
					₹ in Lakhs
	Foundry Forge Plant	Heavy Machine Building Plant	Heavy Machine Tool Plant	Project (Turnkey)	Heavy Engineering Corporation
REVENUE					
External Sales	5793.45	22699.44	548.14	10861.41	39902.44
inter-plant / Job done for own use	3918.29	1199.24	906.32	0.00	6023.85
Total Revenue	9711.74	23898.68	1454.46	10861.41	45926.29
Net Profit (Before Interest after tax)	11565.65	26274.34	7454.57	1974.98	47269.54
Interest	569.97	1985.69	114.00	0.00	2669.66
Net Profit	10995.68	24288.65	7340.57	1974.98	44599.88
Extraordinary items	16770.73	30187.32	8944.39	0.00	55902.44
Prior Period income	(25.49)	(1341.92)	0.00	(58.19)	(1425.60)
Net Profit from ordinary Activities after tax	(5716.88)	(4497.93)	(1586.40)	2033.17	(9768.04)
OTHER INFORMATION					
Segment Assets	13986.27	39581.51	1973.21	10954.63	66495.62
Addition during the year	137.23	363.17	108.98	0.53	609.91
Unallocated Assets					21142.55
Total Assets					88248.08
Segment Liabilities	11659.04	16908.70	1644.17	11191.56	41403.47
Unallocated Liabilities					35864.95
Total Liabilities					77268.42
Capital Expenditure	563.56	315.55	(100.30)	0.53	779.34
Unallocated Capital Expenditure.					1.52
Total Capital Expenditure					780.86
Depreciation	573.50	111.09	17.42	1.23	703.24
Unallocated Depreciation					53.22
Total Depreciation					756.46

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

Names of the Related Parties

Details of Transaction

Rs. in laksh

	Key Management Personnel	Period	Remunerations	Terminal Benefits
1	Sri Avijit Ghosh CMD	04/2017 - 03/2018	30.30	3.40
2	Mrs. Arundati Panda Director (Finance)	12/2017 - 03/2018	7.15	0.81
3	Sri Mradul Kumar Saxena Director (Personnel)	12/2017 - 03/2018	5.64	0.70
4	Sri Rana Subhashis Chakravarty Director (Marketing)	01/2018 - 03/2018	4.83	0.39
		Total :	47.92	5.30

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

- 33.25 In Case deficit arises from Employee's Provident Fund Trust, it is to be borne by the Company. But in this Accounting year 2017-18, no deficit is noticed in Employee's Provident Fund Trust Account.
- 33.26 In certain areas like Transport and Hospital consumables like Spare Parts, Medicines and Stationary are treated as consumed during the year.
- 33.27 Net worth of the company as on 31-03-2017 was negative and hence Ind-AS is not applicable to the company for the F.Y. 2017-18.
- 33.28 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.
- 33.29 Additional information

(₹ in Lakhs)

	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	1.80
ii. Tax Audit Fees	0.38	0.31
iii. Reimbursement of expenses	0.40	0.00
B. Value of consumption of Raw Materials, Components, Stores & Spare Parts (including purchase of finished goods) and percentage thereof.		

₹ in lakhs

(a) Raw Materials

- (i) Imported*
- (ii) Indigenous

	2017-18		2017-18	
	Value	% Value	% Value	%
(i) Imported*	3876.11	31.81	1819.73	15.17
(ii) Indigenous	8307.23	68.19	10174.12	84.83
Total	12183.84	100.00	11993.85	100.00

(b) Stores & Spares

(Including stores and spares used for repairs and Maintenance)

- (i) imported
- (ii) Indigenous

(i) imported	24.14	0.68	64.52	2.87
(ii) Indigenous	3520.11	99.32	2179.79	97.13
Total	3544.25	100.00	2244.31	100.00

Note : Exclusive of imports through canalised agencies.

**C. Value of imports on CIF Basis**

Raw materials, Spare Parts, GIT

Components	3240.78	1085.33
Capital Goods	0.00	0.00
Total	3240.78	1085.33

Incase of HMBP GIF value of Raw Material, Spare Parts include Cost of Material and 5.5% of cost of material for insurance and freight.

D. Expenditure in Foreign Currency

Directors & Officers Abroad	20.35	17.12
Total	20.35	17.12

33.30 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 (Finance)

Arundati Panda
Director (Finance)

Avijit Ghosh
Chairman and Managing Director

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

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

Place : Ranchi

Date : 30.06.2018