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### BOARD OF DIRECTORS

(As on 10.12.2015)

Chairman-cum-Managing Director	:	Shri Avijit Ghosh
Director (Production)	:	Shri Kushal Saha
Director (Marketing)	:	Shri A. V. Krishna
Director (Finance)	:	Shri S. K. Pattanayak
Director	:	Shri Vishvajit Sahay
	:	Shri Shyam Sunder Dubey
	:	Shri Rana Som
	:	Smt. Bulbul Sen
Company Secretary	:	Shri Abhay Kumar Kanth
Auditors	:	M/s R. Bansal & Associates Chartered Accountants
Bankers	:	State Bank of India
Registered Office	:	Plant Plaza Road, Dhurwa Ranchi - 834004 (Jharkhand)



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given to the Shareholders of Heavy Engineering Corporation Limited that 56th Annual General Meeting of the Company will be held on Thursday, the 10th December, 2015 at 10:00 AM at its Registered Office located at Plant Plaza Road, Dhurwa, Ranchi to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Directors' Report to the Shareholders for the financial year ended 31st March 2015.
2. To receiver, consider and adopt the audited Profit & Loss Account for the financial year ended 31st March, 2015 and Balance Sheet as on that date along with the Auditors Report thereon and our replies thereto.
3. Appointment of Auditor under Section 139 of the Companies Act, 2013 for the financial year 2015-16 and authorize Board of Directors to fix remuneration of the Statutory Auditor for the Financial year 2015-16.

By order of Board of Directors

(A. K. Kanth)  
Co. Secretary

Date : 07.11.2015

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



## DIRECTORS' REPORT

**To**

**The Shareholders**

**Heavy Engineering Corporation Limited**

Ladies and Gentlemen,

Heavy Engineering Corporation has completed its 56<sup>th</sup> years of service to the nation and the Directors of the Company have the pleasure to present the 56<sup>th</sup> Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2015.

### 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 badly affected the performance of the company and gross turnover during the year has been Rs. 391.50 crore only against Rs.411.67crore 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 crore)

	2014-15		2013-14	
	MOU	Actual	MOU	Actual
Gross Turnover	907.36	391.50	1001.00	411.67
Production	852.20	319.58	940.46	447.71

### 3. FINANCIAL RESULTS

Abrupt fall in production and sales resulted in operating loss.

(Rs. in crore)

Particulars	2014-2015		2013-2014	
	MOU	Actual	MOU	Actual
Gross Margin *	44.97	-164.42	66.07	-133.31
Interest	13.50	22.98	19.75	12.58
Depreciation	6.85	9.14	5.61	5.87
Exceptional Items Exp.(+)/ Income(-)	0.00	44.54	0.00	0.01
Extra ordinary items Exp.(+)/ Income(-)	0.00	0.00	0.00	-550.08
Profit before Tax	24.62	-241.69	40.71	398.32
Tax	0.00	0.00	0.00	99.01
Net Profit	24.62	-241.69	40.71	299.31
Cash Profit	31.67	-231.95	46.32	-145.87

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

Paid up Equity Capital of the Company on 31.03.2015 stands to be Rs. 606.07crore and net worth stands to be Rs.(-) 105.80 crore.

During the year your Company contributed Rs.54.11 crores to Central and State Exchequers as compared to Rs. 165.51 crores (including Rs.113 crore as Capital gain Tax) in the prev. year.

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

	Gross Turnover (Rs. Crore)	Production (Rs. Crore)	Turnover per employee (Rs.Lakhs)	Net Profit (Rs. Crore)
2005-06	178.18	165.63	5.20	-86.89
20 06-07	303.9	280.81	9.10	2.86
2007-08	412.92	382.86	13.80	4.17
2008-09	453.87	419.47	15.80	18.37
2009-10	528.13	537.72	18.40	44.27
2010-11	681.21	700.55	24.60	38.14
2011-12	725.23	687.74	30.20	8.58
2012-13	740.47	676.77	31.00	20.38
2013-14	411.67	447.71	20.24	299.31
2014-15	391.50	319.58	22.29	(-)241.69

### 4. MARKETING ACTIVITIES

#### ORDERS BOOKED & ORDER BOOK POSITION :

Continued Economic slowdown especially in capital goods sector in the country resulted in deferment of investment decision by major customers and much of the efforts of the company could not materialize in firm orders. However, there has been marginal improvement over previous year.

The Company accomplished order booking of Rs 304.49 Crores which is 11% higher than the previous year. The Order book position of the company stood at Rs 1335.41 Crores as on 31<sup>st</sup> March'15.

Highlights of the order received during the are :

- Prestigious order of 4 nos. of 10 cum Shovels from Mahanadi Coalfields Ltd.(MCL). The order of this product has been secured after more than five (5) years.
- Three nos. of 5 cum Shovel equipment from different subsidiaries of Coal India Ltd
- Order of Wagon Tippler and Wagon Pusher from Vishakhapatnam Steel Plant.

- Order for conversion of 720 nos. Rolls for Cold Rolling Mills (CRM) received from VISL, Bhadravati
- Orders worth Rs.80 crore of spares from various customers
- Order of CNC Centre Lathe LC 100/5m from BSP, Bhilai
- In addition, HEC has obtained order of CHP Tetulmari of BCCL.

#### Execution of major orders

Walking Dragline 24/96, at Amlohri site of Northern Coalfields Ltd.(NCL), Singrauli was successfully commissioned. The machine was dedicated to the nation on 26th May, 2014 and is now under successful operation contributing to the production of coal.

#### Project Activities

**New OBBP (Pkg.090)/RSP** : The Plant has been commissioned and under Commercial operation. The Plant was handed over to the Nation by our Honourable Prime Minister Shri Narendra Modi on 1<sup>st</sup> April 2015.

**OHP (Pkg. 060)/BSP** : Preliminary Acceptance Certificate (PAC) for the major portion of the plant received on 27/08/2014. Since then plant is in commercial operation from new Wagon Tippler to existing yard.

**New CHP (Pkg. 062)/BSP** : A part of the plant named Priority Route is under commercial operation since November' 2014, which includes Stacker cum Reclaimer and 10 Nos. of new Conveyors.

#### Status of projects under execution by HEC up to March' 15

The EPC projects being executed at HEC and their respective status is indicated as follows:-

Sl. No.	Name of Project	Contract Value (Rs Crores)	Physical Progress (In %)
1	New Ore Bedding and Blending Plant & Base Blending Pkg-090, RSP	393.71	99
2	Ore Handling Plant Part-A, Pkg-060, Bhilai Steel Plant	201.93	97
3	New Coal Handling Plant, Pkg-062,BSP	492.52	80
4	Crushing Plant, RMD, SAIL, Meghahataburu	32.35	30
5	Krishnashila Coal Handling Plant, NCL	175.95	40
6	Madhuband Coal Washery, BCCL	262.99	25

#### New Business Initiatives:-

Company signed MoU with a Russian firm, CHETRA, which is leading manufacturer and supplier of Dozers. MoU has been signed for assembly and production of Dozers and Pipe-layers.

Company has approached CNIITMASH, Russia for technological support in development of Nuclear and Thermal Power Plant items and setting up Centres of Excellence.

MOU has been signed with OKBM, a pioneer Russian Company in the field of nuclear energy.

MOU has been signed with KIROW Cranes, Germany which manufactures Railway Cranes.

In addition, Company has signed MOU with NBCC which will look after the civil work in EPC Project order.

#### 5. BIFR AND REVIVAL PACKAGE

Consequent upon winding up order of BIFR and subsequent appeal to AAIFR and Hon'ble High Court of Jharkhand, issue of revival of HEC was referred to BRPSE which recommended revival package for HEC on 7.10.2005. Govt. of India approved the package in Dec-2005. Continued efforts were made to settle the various issues pertaining to land, buildings, waiver of dues and fund to be provided by Govt. of Jharkhand. Govt. of Jharkhand (GOJ) in April 2009 agreed to waive outstanding electricity dues plus DPS on it and water dues; provide grant of Rs.275.51 crore out of which HEC would pay Rs.25.51 crore to Commercial Tax Dept. to settle the outstanding Commercial Tax Liabilities. HEC will transfer non-residential/residential buildings, which were given on rent to GOJ, and 2342 acres of land (including 85 acres of appurtenant land with buildings) to State Govt. Govt. In addition, GOJ agreed for transfer of 158 acres of land by HEC to CISF to settle their dues. Accordingly affidavits were filed by HEC, DHI and Govt. of Jharkhand based on which Hon'ble Jharkhand High Court approved the revival package on 13.11.2009.

Company has transferred 158 acres of Land to CISF. Govt. Jharkhand had taken possession of 1148 residential quarters, 17 non-residential buildings with 85.11 acres appurtenant land and 1902.64 acres of vacant land which in turn had released Rs.164.21 crore out of Rs.275.51 crore agreed earlier. In addition it had waived electricity dues upto 31.3.2006 and Delayed Payment Surcharge (DPS) upto 31.8.08.

Continued efforts were being made for the reliefs like



waiver of DPS for the period 1.9.2008 to 31.3.2010 and water dues and receipt of balance amount of grant of Rs.111.30 crore, settlement of commercial tax dues upto 31.03.2007 under the revival package approved by Hon'ble Jharkhand High Court. Company has been able to get Rs.36 crore out of Rs.111.30 crore in June 2015. Efforts are being made to settle the remaining issues.

Govt. of India had provided Grant for payment of Capital Gain Tax arised against reliefs/assistance approved by Govt. of Jharkhand under which are linked with assets like land and buildings to be provided to GOJ by HEC. Company had paid advance tax of Rs.113.00 crore against reliefs/assistance already received from Govt. of Jharkhand.

#### **6. SAFETY, ENVIRONMENT AND POLLUTION CONTROL**

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

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

Compliance with all statutory requirements laid down under Air (Prevention and Control of Pollution) Act, Water (Prevention and Control of Pollution) Act and Environment (Protection) Act.

Obtaining running consent from the State Pollution Control Board and compliance with the stipulated conditions.

Testing of water effluent samples regularly for pollutants, based on which consent for discharge of water to inland body is granted.

Ambient air test is carried out regularly to ascertain limit of pollution gases before giving consent for air emission.

Regular tree plantation activities are being carried out with the help of forest department to keep the HEC areas green and reduce the pollution.

Company received OHSAS 18001-2007 in respect of Health and Safety Standard

#### **7. MANPOWER POSITION**

The manpower of the Company as on 31.03.2015 stood at 1756 as against 2034 and 2389 as on 31.03.2014 and 31.3.2013 respectively. Fast depletion in manpower resulting in loss of skill is a matter of great concern and recruitment has been initiated.

#### **8. INDUSTRIAL RELATIONS**

During the period under review, the industrial relation climate, in general remained normal. However, gate meetings and general meetings organized by different trade unions to press their demands mainly related to restarting of LTL, regularization of contract workers, timely payment, minimization of training period of technical workers from four years to two years and for making policy for promotion of workers after every four years.

The year 2014-15 saw recruitment of total 30 persons which are all in Executives cadre.

#### **9. EMPLOYEE WELFARE**

The company has its own Township, Plant Hospital and dispensaries for the regular employees. Contract workers are extended medical benefit under ESI Scheme for which subscription amount is paid by the Company to the respective contractors. Superannuated employees are extended free indoor & outdoor medical facility in HEC Plant Hospital.

#### **10. HUMAN RESOURCE DEVELOPMENT**

Your company gives immense importance to human resource development. Thrust are on competency development through programmes on soft skills viz. attitudinal development, emotional quotient, transactional analysis, enthusing team building, leadership quality development, developing supervisory skill, subordinate development essential for bringing in improvement in performance.

The company is running two schools for the wards of employees & others in the neighboring areas.

#### **11. STATUS OF SCHEDULED CASTES AND SCHEDULED TRIBES**

- i). Number of SC & ST employees as on 31.03.2015 stood at 329 and 366 respectively
- ii). Percentage of SC & ST employees w.r.t total employees stood as 18.64% and 20.74% respectively against 17.21% and 20.30% respectively during 2013-14.

iii). Out of 30 recruitments made during the year 2014-2015, 07nos. of SC candidates have joined.

### 12. PROGRESSIVE USE OF HINDI

Rajbhasha Vibhag promotes the usage of Rajbhasha Hindi through out your 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. The typists and stenographers of English have been given training for typing and stenography in Hindi.
- ii. Employees are being motivated and trained to become conversant with Hindi as a workable language.
- iii. The Official Language Implementation Committee organized its quarterly meetings regularly during the year.
- iv. Various checkpoints have been made to ensure successful implementation of Raj Bhasha Policy and attention of the Heads of Departments/Plants were attracted towards deficiencies found, if any. Directives were also issued to follow the rules rigidly.
- v. Raj Bhasha Fortnight was organized and various competitions such as Essay writings, Speech, Poetries, Noting, Drafting, Typing as well as for Raj Bhasha Shield and excellent work in Hindi were held. The winners were given prizes. Two Hindi workshops were organized for the benefits of employees up to date their working knowledge in Hindi.

### 13. 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.

### 14. CORPORATE SOCIAL RESPONSIBILITY

In spite of operating loss of Rs.151.74 crore during 2013-14 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 are as under:

- Free Blind relief camps where 151 patients out of 190 admitted were operated against 150 during 2013-14.
- Organisation of Blood Donation Camp on regular interval.
- Bi-monthly free consultation services to employees retired under VRS.
- Medical Camp for Pensioners - Medical Team visited SBI in connection with a medical check-up for the bank pensioners and provided them with medical advice for taking corrective/curative actions in June 2015.
- Free Physiotherapy Camp in association with Ayush Foundation, Ranchi was organized in December 2014 where total 40 patients attended the camp.
- Two days Free Dental Camp was held in the HEC Hospital where 170 patients attended. While 25 extractions had been done, 26 fillings and 10 scaling had been done.
- Awareness Program 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)
- Immunization programs on regular basis.
- Expenditure incurred on these activities are as under :

Value in Rs. Crore

	HTI	Nursing School	Medical Camps
2013-14	0.17	0.18	0.10
2014-15	0.18	0.19	0.08

### 15. VIGILANCE ACTIVITIES

Vigilance organization of the company operated under the overall administrative and functional control of Chief Vigilance Officer, Sri Ravindra Verma, IRPF.

Major activities of Vigilance Department during the year 2014-15 have been as under:-

- 05 Nos. of CVC Complaints and 47 nos. of Local



Complaints were enquired into leading to registration of 07 nos. of Vigilance Cases and recommendations for Departmental Action against 06 nos. of Officers/Employees.

- 17 nos. of Periodic and 20 nos. of Surprise Inspections were carried out by the Vigilance Department.
- 35 nos. of Investigation Reports were submitted by CVO to the Management recommending System improvements/Disciplinary action etc.
- 481 nos. of Annual Property Returns of the officers of HEC Ltd. were scrutinized.
- 07 nos. of Training Courses were organized by Vigilance Department to sensitize the Executives about various guidelines/procedures of CVC, Disciplinary enquiry proceedings, Transparency in Public Procurement etc.
- "Vigilance Awareness Week, 2014" has been observed as per the guidelines of CVC. Employees were sensitized through vigorous interactive sessions.
- A Journal "SPARK – III" containing latest CVC Guidelines and other Vigilance related articles has been prepared and distributed among all Officers of the Corporation on the occasion of Vigilance Awareness Week, 2014.
- Regular structured meeting and Quarterly review between CMD & top management and CVO on vigilance matters was held.
- Prompt submission of all returns i.e. Monthly returns, Quarterly returns, Annual returns, Annual action plan, foreign visits were ensured.

In addition, Vigilance department provided suggestions/recommendations pertaining to Retention of Officers/employees, leave rules, suspension of Business dealings with suppliers/Contractors, engagement of workmen on contract, statutory guidelines in recruitment, adoption of integrity pact and various other activities related to finance and personnel.

#### 16. DISPOSAL OF REQUEST/APEAL UNDER RTI ACT :

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

#### 17. 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.

#### 18. 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.

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

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

#### 20. 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.

## 21. FOREIGN EXCHANGE

The foreign exchange outgo during the year was Rs. 27.99 crore.

## 22. CORPORATE GOVERNANCE

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

## 23 STATUTORY AUDITOR

The Comptroller & Auditor General of India (CAG) has appointed M/s R. Bansal & Associates Chartered Accounts (ERO297) 2nd floor, shop No. N, Katchery Road Ranchi-834001 as statutory Auditor of the company of the financial year - 2015-2016.

## 24. SECRETARIAL AUDIT REPORT

Secretarial Audit report is placed at Annexure -'C'

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

The comments of C&AG under Section 139 of the Companies Act, 2013 on the Accounts of the Company for the year ended 31.03.2015 along with the Review of Accounts of your Company by C&AG and Statutory Auditors' observations along with Management's replies there to is placed at **ANNEXURE-'D'**.

## 26. BOARD OF DIRECTORS

During the year, there were two part time Official Directors and two part time non official Directors on the Board of HEC, in addition to the CMD, Director (Production), Director (Personnel), Director (Marketing) and Director (Finance).

Shri Avijit Ghosh assumed charge of Chairman-cum-Managing Director w.e.f. 01.01.2015 (F/N).

During the year, Shri R. Misra relinquished the position of CMD/HEC Ltd. w.e.f. 31.12.2014.

Shri Vishvajit Sahay JS/DHI holding Additional Charge of CMD relinquished the position of CMD/HEC Ltd. w.e.f.

05-11-2014. He assumed the position of part time official Director on Board of HEC Ltd. w.e.f. 26-12-2014.

Shri Rajesh Kumar Singh, Joint Secretary, DHI assumed the position of part time official Director on the Board of HEC Ltd. w.e.f. 04-12-2014 and relinquished the position w.e.f. 26-12-2014.

## 27. AUDIT COMMITTEE

On induction of independent Directors in HEC Board, the Audit Committee was reconstituted in April-2014. Smt. Bulbul Sen, Independent Director is the Chairperson of the Audit Committee while Shri S.K. Bahri, part time Official Director and Shri Rana Som, Independent Director are the other members of the Audit Committee. Director (Finance) of the Company is the permanent invitee to the Meetings of the Audit Committee.

## 28. ACKNOWLEDGEMENT

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

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

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

The company wishes to place on record its appreciation of the continued co-operation received from all its stake holders including the State Bank of India, suppliers, financial institutions, the Comptroller and Auditor General of India and Statutory Auditor.

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

For and on behalf of Board of Directors

  
(Avijit Ghosh)

Chairman-cum-Managing Director





## ANNEXURE-A

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

### **I. RESEARCH & DEVELOPMENT ACTIVITIES**

Most of the products are tailor made as such R&D activities of the company are limited to product development based on orders received and customers' requirement. Adverse economic scenario in Capital Goods Sector affected the order inflow and Company could not receive orders for new products / product with additional features requiring development activities. As such, no specific R&D activities were carried during the year barring design development of (i) Horizontal Borer of Spindle dia 100 with AC spindle motor, infinitely variable feed drive in two ranges for X, Y & Z Axis, and Hydraulic clamping of Axes (ii) incorporation of accuracy measuring facilities in Horizontal Borer BH 100 for GCF, Jabalpur,

### **II. Import Substitution Efforts**

Continued efforts were indigenization and manufacture of import substitution items. During the year Company manufactured and supplied following import substitution items during 2014-15 :

Centre Lathe for FGK, Kanpur

Vertical Borer for MDNL

Horizontal Borer for GCF, Jabalpur

Vertical Borer for NBBPL, Mannavaram

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

1. Low Alloy Steel forgings for Reactor Pressure Vessel for Aakanksha Project
2. Turret Casting for T72 tank from Heavy Vehicle Factory, Avadi.
3. Guide Roller from BSP, Bhilai

### **III. Energy Conservation**

Foundry Forge unit of the company is the most energy

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

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

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

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

## REPORT ON CORPORATE GOVERNANCE

**(As on 31.03.2015)**

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 nine 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), four Functional Directors i.e. Director (Production), Director (Personnel), Director (Marketing) and Director (Finance) (b) Two Government of India Nominee Official Directors and two Non-Official Director from Ministry of Heavy Industry. 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**

- |    |  |   |
|----|--|---|
| a) | Shri Vishvajit Sahay : Additional charge of Secretary/DHI) | CMD w.e.f (Joint<br>11.02.2014 (A/N) till<br>05.11.2014 (A/N) |
| b) | Shri R.Misra   | : CMD w.e.f 06.11.2014<br>till 31.12.2014                     |
| c) | Shri Avijit Ghosh  | : CMD w.e.f. 01.01.2015                                       |

### **Functional Directors**

- |    |                      |   |
|----|----------------------|---|
| a) | Shri Kushal Saha     | : Director (Production)                   |
| b) | Shri Subhra Banerjee | : Director (Personnel)<br>till 25.07.2014 |
| c) | Shri A.V.Krishna     | : Director (Marketing)                    |
| d) | Shri S.K. Pattanayak | : Director (Finance)                      |

### **Govt. of India Nominee Part-time Official Directors**

- |    |   |
|----|---|
| a) | Sri S. K. Bahri, AS & FA/DHI                                      |
| b) | Sri Rajesh Kumar Singh, JS/DHI w.e.f. 04.12.2014 to<br>26.12.2014 |
| c) | Shri Vishvajit Sahay, JS/DHI w.e.f. 26.12.2014                    |

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

- |    |                 |
|----|-----------------|
| a) | Shri Rana Som   |
| b) | Smt. Bulbul Sen |

### **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 2014-15, Four (4) Meetings were held, the details of which are given below :-

Sl.No.	Date	Board Strength	No. of Directors present
1.	20.06.2014	08	08
2.	25.07.2014	08	08
3.	29.12.2014	08	05
4.	10.02.2015	08	07

**Attendance of each Director at Board Meetings**

Name of the Directors	Period	No. of Board Meetings held	No. of Board Meetings Attended	No. of Directorship in other Board
<b>(a) Executive Directors (Whole-time Functional Directors.</b>				
1. a) Shri Vishvajit Sahay, JS, DHI, Additional charge of CMD	01.04.2014 to 05.11.2014	02	02	02
b) Shri R.Misra, CMD	06.11.2014 to 31.12.2014	01	01	
c) Shri Avijit Ghosh	01.01.2015 to 31.03.2015	01	01	
2. Shri Kushal Saha Director (Production)	01.04.2014 to 31.03.2015	04	04	
3. Shri Subhra Banerjee Director (Personnel)	01.04.2014 to 25.07.2014	02	02	
4. Shri A.V.Krishna Director (Marketing)	01.04.2014 to 31.03.2015	04	03	
5. Shri S.K.Pattanayak Director (Finance)	01.04.2014 to 31.03.2015	04	04	
<b>(b) Govt. of India Nominee Part-time Official Director</b>				
1. Sri S. K. Bahri	01.04.2014 to 31.03.2015	04	03	02
2. Sri Rajesh Kumar Singh	04.12.2014 to 26.12.2014	01	0	02
3. Shri Vishvajit Sahay	26.12.2014 to 31.03.2015	02	01	
<b>(c) Part-time Non-Official Director</b>				
1. Shri Rana Som	01.04.2014 to 31.03.2015	04	03	09
1. Smt. Bulbul Sen	01.04.2014 to 31.03.2015	04	04	03

**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 2014-15, Two (2) Meetings were held, the details of which are given below :-

Sl.No.	Date	Strength	No. of Members present
1.	25.07.2014	03	03
2.	25.12.2014	03	03

**Attendance of each Member at Audit Committee Meetings**

Name of the Members	Period	No. of Meetings held	No. of Meetings Attended
Smt. Bulbul Sen	01.04.2014 to 31.03.2015	02	02
Sri S. K. Bahri	01.04.2014 to 31.03.2015	02	02
Shri Rana Som	01.04.2014 to 31.03.2015	02	02

**Corporate Social Responsibility (CSR) Meeting**

Board level Committee consisting of Mrs. Bulbul Sen, Shri Rana Som and Shri S. Banerjee for Corporate Social Responsibility.

CSR meeting was held on 25.07.2014 at New Delhi.



## Annexure 'C'

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2015

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

To,

**The Members,**

HEAVY ENGINEERING CORPORATION LIMITED.

DHURWA, RANCHI-834004.

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

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Heavy Engineering Corporation Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India;
- (iii) As per the information provided by the Company it has devised proper system and ensured compliance of the provisions of the specific laws applicable to it (list of Applicable laws attached herewith as Annexure I).
- (iv) Notification of Ministry of Heavy Industries, Govt. of India for constitution of Board.

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Company is registered as Private Limited Company, and is a wholly owned Government Company with 04(Four) Members/ Shareholders viz. The President of India, Joint Secretary, Department of Heavy Industries, GOI, Under Secretary of Department of Heavy Industries, GOI and Chairman & Managing Director of Heavy Engineering Corporation Limited.

Company is a Government Company under Section 2(45) of the Companies Act, 2013 and hence all the provisions of a Government Company are applicable.

**We further report that:**

- (a) The Board is constituted as per the notification of Ministry of Heavy Industries, Government of India and the Memorandum and Articles of Association;
- (b) During the period under review there were two Independent Directors appointed on the Board of the Company.
- (c) Audit Committee is constituted with two independent directors and one part time official director as its

members.

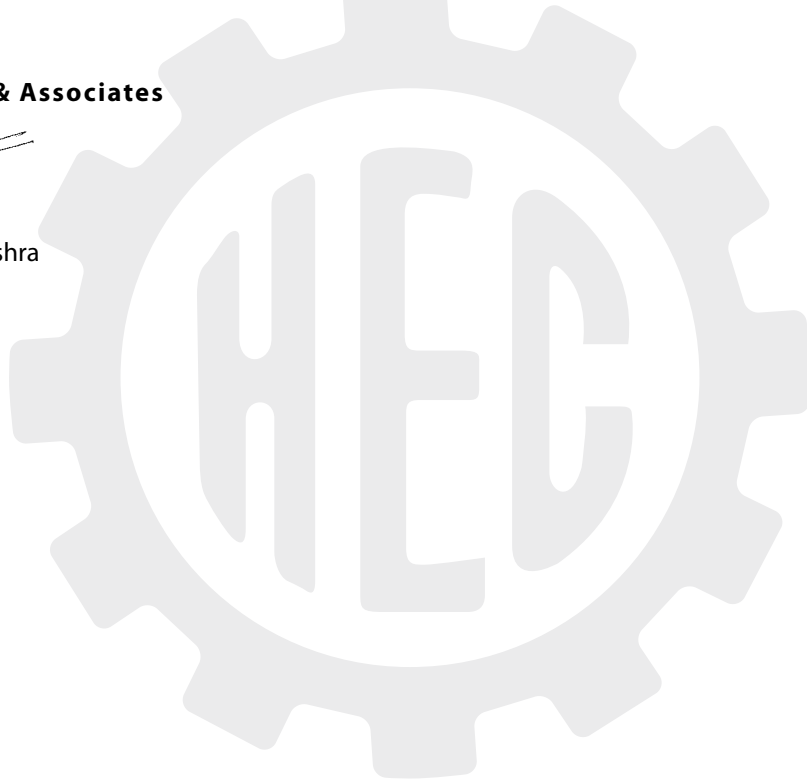
- (d) Adequate notice is given to all the Directors to schedule the Board Meetings Agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (e) During the period under audit, Company has conducted following Board Meetings:
  - (i) 304<sup>th</sup> Meeting of the Board of Directors were held on 20/06/2014;
  - (ii) 305<sup>th</sup> Meeting of the Board of Directors were held on 25/07/2014;
  - (iii) 306<sup>th</sup> Meeting of the Board of Directors were held on 29/12/2014;
  - (iv) 307<sup>th</sup> Meeting of the Board of Directors were held on 10/02/2015.

We further report that based on the information received and records maintained by the company there are adequate system and processes in the company commensurate with the size and operation of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

For **Kant Sanat & Associates**



Sanat Kumar Mishra  
**Partner**  
C.P No. 8705





## **INDEPENDENT AUDITOR'S REPORTS**

**TO THE MEMBERS OF,**

**HEAVY ENGINEERING CORPORATION LIMITED,**

### **Report on the Financial Statements**

Our Audit Report supersedes the previous audit Report as per the direction of Principal Director of Commercial Audit. We have audited the accompanying financial statement of HEAVY ENGINEERING CORPORATION LIMITED, which comprise the Balance Sheet as at 31, March 2015, the Statement of Profit and Loss, the 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 in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flows of the company in accordance with the Accounting 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 the maintenance of adequate accounting records in accordance with the Provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent and design, implementation and maintenance of internal financial control, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provision of the Act, the accounting and auditing Standards and matters which are required to be included in the audit report under the provision 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 ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

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 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 the reasonableness of the accounting estimates made by Company's Directors 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 for 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Balance Sheet, of the state of affairs of the Company as a March 31, 2015.
- b) In the case of the statement of Profit and Loss, of the cash flows for the year ended on that date.

**Emphasis of Matters**

We draw attention to the following matters in the Notice to the financial statement.

Sl. No.	Auditor's Report	Reply
1.	<p><b>Capital Work in Progress</b></p> <p>Company is in practice to move provision on capital work in progress on project temporarily suspended beyond three year, cause huge provision year by year, effecting profit of the company.</p> <p>Total Provision on capital work in progress is Rs. 948.09 lakhs out of total expenditure Rs. 1695.97 lakh. Refer to note No. 13 of the Financial Statement.</p>	<p>Since the project has not been completed due to paucity of funds and the same has been temporarily suspended and the benefit from the expenditure as on date is NIL and also there is no fixed plan for further investment and completion of the suspended project within a definite period of time, equivalent amount has ben provided. In Accounts for the suspended project. This is consistently being followed.</p>
2.	<p><b>Provision for Sick leave of employee</b></p> <p>Provision for sick leave made by actuary should not be provided since it is not retirement benefit payable by employer. Refer to note No. 10 of the Financial Statement.</p> <p>Our opinion is not qualified in respect of these matters.</p>	<p>Since no sick leave benefit is given on retirement, it will be reviewed in future in consultation with CAG Auditor and appropriate action will be taken accordingly in the next financial year.</p>
3.	<p><b>Other matters</b></p> <p><b>We draw further attention to the following matters:</b></p> <p>a) Un-realized sundry debtors beyond 3 years mostly due to non compliance of certain contractual obligation or non preparation of completion certificate. The management should send balance confirmation letter to debtor to verify the balances.</p> <p>b) Rs. 34,12,500 (IISCO, Burnpur) lying with Foundry Forge Plant under Miscellaneous Receivable since long time &amp; provision for the same has been made but we couldn't get any explanation regarding such amount standing under the head.</p> <p>c) Rs. 22,129 were deposited to Embassy of India, Moscow but no records found for same. Efforts should be made for recovery.</p> <p>d) Contingent liabilities has been taken as stated by management. In our opinion a legal case against HEC 15/98 by Ranchi Gaushalla Nyas, a proper provision by HEC is required as per order of honourable Court, where as provision of Rs. 3.25 crores has been taken as contingent liability instead of Rs. 2.47 crores Awarded + Interest @15% from 01/01/1998 that works out to be Rs. 6.39 crores.</p> <p>e) Board of Director's Meeting held on 04/11/2015 has passed the revised fAccounts of the Company to incorporate the Audit observation of Principal Director of Commercial Audit &amp; consequent to the Revised Audit Report prepared.</p>	<p>Balance confirmation letter is issued by the Company every year. But in maximum cases, no reply is received. This has been mentioned in Sl. No. 8 in Note No. 31 (Notes on Accounts).</p> <p>HEC has received Mobilization Advance of Rs. 1,61,26,197.00 from SAIL, Kolkata against LOI/DGM(SS)/69/HT/04-05 dt. 08.03.05 for HEAT TREATMENT of Bulb Bar. Against pending Mobilization Advance of Rs. 34,12,500.00 SAIL KOLKATA has recovered twice as below:-</p> <ol style="list-style-type: none"> <li>1. ISP Burnpur - Rs. 3412500.00</li> <li>2. RSP, Rourkela - Rs. 3412500.00</li> </ol> <p>As such Rs. 3412500.00 is lying in FFP A/c as Miscellaneous Receivable, which is under process for early realization from SAIL.</p> <p>Sinceno document as on date is available in HMBP Finance as to the deposit in embassy of India, MOSCOW; it may not be possible to recover this amount instantly. Hence, equivalent amount has been provided in Accounts.</p> <p>As per the information provided by our empanelled Advocate, execution of Case No. - 15 of 1998 and W.P(c) No. - 207 of 2012 are pending before Competent Court. Hence the same has been shown as contingent liability.</p> <p>In compliance with the audit observations, the Annual Accounts for the year 2014-15 have been revised &amp; was placed before 311th Board of Directors Meeting and the same was approved on 4.11.2015. Accordingly the loss of the Company has been increased from Rs. 23472.46 lakhs to Rs. 24160.61 lakhs.</p>





### Report on other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of Sub-Section(11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure-I as statement on the matters specified in paragraphs 3 and 4 of the order
- 2) As required by Section 143(5) of the Companies Act 2013, we give in the Annexure II a statement on the Matters specified in the direction and sub direction of Comptroller and Auditor General of India and there is no impact of the direction and Sub-direction on accounts and Financial Statement of the Company.
- 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 purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2015, from being appointed as a Director in terms of Section 164(2) of the Act.
  - f) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Sl.No. 7 of Note 34.3 to the financial statement.
    - ii. The Company did not have any long term contracts including derivate contracts for which there were any material foreseeable losses.
    - iii. There is no applicability for transferring amount to the investor Education and Protection Fund by the Company.

#### For R Bansal & Associates

Chartered Accountants

Firm Registration Number: 06511C

*Kanchan Maheshwari*

**CA Kanchan Maheshwari**

Partner

Membership No. 514941

*S K Chakraborty*

**(S K Chakraborty)**

General Manager (Finance)

Date: 6th November, 2015

Place: Ranchi

**ANNEXURE I TO THE AUDITOR'S REPORT  
REFERRED TO IN OUR REPORT OF EVEN DATE**

Sl. No.	Auditor's Report	Reply
1.	<p><b>Fixed Assets</b></p> <p>a) The company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.</p> <p>b) As explained to us the fixed assets are physically verified by the Internal Auditor during the year. However, this has been done on test check basis, although the size of the company and the nature of its business calls for a stronger procedure of physical verification.</p> <p>c) Fixed Assets Coading has not been done on individual assets, thereby inconvenient to verify them.</p> <p>d) On physical verification of fixed assets at the plant site, the scrapped assets were dumped at plant's Shop with regular assets.</p>	<p style="text-align: center;">Reply</p> <p style="text-align: center;">Noted</p> <p style="text-align: center;">Noted</p> <p>Fixed Assets are properly coded in HEC having inventory number and items No. to Identify the individual assets.</p> <p>The scrapped assets have been identified and are being disposed off on lots through auction sale.</p>
2.	<p><b>Inventories</b></p> <p>a) As explained to us, the inventory was physically verified during the year by the Internal auditor. The procedure and frequency of physical verification of raw material needs to be strengthened considering the size and nature of the business.</p> <p>b) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of inventory as compared to the book records there were noi material discrepancies and have been properly dealt with in the books of account.</p> <p>c) Inventories worth Rs. 2675.33 lakhs (refer to note no. 17 of the financial statement) ar enot in use from last three years and lying idle blocking the capital</p>	<p style="text-align: center;">Noted for future guidance</p> <p style="text-align: center;">Noted</p> <p>Proper action is being taken to utilize the old inventory wherever possible. In case the inventory is not usable, action is being taken for its disposal</p>
3.	<p><b>Loans</b></p> <p>The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintainted under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii), (iii) (a) and (iii) (b) of the said order are not applicable to the Company.</p>	No comments



4.	<p><b>Internal Controls</b></p> <p>In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. But in certain areas, the system of internal controls in operation needs to be strengthened as follows:</p> <p><b>a) "Goods received but Under Inspection"</b> are kept in Goods in Transit head, till the preparation of certified receipt voucher is not prepared from last 3 years or more, such material may have been consumed or still lying in stocks is difficult to identify. This is due to lack of co-ordination between finance, stores and purchase department.</p> <p><b>b) "Goods received for rectification"</b> Equipment of Rs. 32,55,000 were supplied to L&amp;T in 2011 but such goods were rejected and brought back to Foundry Forge Plant for rectification but no step has been taken for such rectification till date. This is due to the lack of co-ordination between Marketing, Stores and Plant division.</p>	<p>Noted</p> <p>Noted for Follow up and compliance</p> <p>Rectification work has been taken up at concerned shop level i.e. shop No. 05 to meet the customer's requirement. Since material has been brought to FFP for rectification, suitable provision against debtors has been made in the accounts in previous year.</p>
5.	<p><b>Acceptance of Deposits from Public</b></p> <p>The Company has not accepted any deposits from Public within the meaning of Sections 73,74,75 and 76 of the Act and the Rules framed there under to the extent notified.</p>	<p>Noted</p>
6.	<p><b>Cost records</b></p> <p>As explained to us by the Mangement, the Cost records prescribed by Central Government under Section 148 of the Company's Act, 2013 for the products of the Company has been outsourced to a Cost Accountant firm.</p>	<p>Outside Cost Accountant Firm has been engaged for preparation of cost records as required under Cost Accounting records Rules, 2011.</p>

<p>7.</p>	<p><b>Statutory Dues</b></p> <p>A. According to the records of the Company examined by us and information and explanations given to the Company is regular in depositing undisputed statutory dues including investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Cess and other applicable statutory dues with the appropriate authorities.</p> <table border="1" data-bbox="256 591 772 785"> <thead> <tr> <th>Name of the Act</th> <th>Amount</th> <th>Period</th> </tr> </thead> <tbody> <tr> <td>Municipal Taxes</td> <td>43.50 lacs</td> <td>July 2000 to December 20905</td> </tr> <tr> <td>Water dues</td> <td>2672.42 lacs</td> <td>April 2007 to March 2015</td> </tr> </tbody> </table> <p>The Company is paying Rs. 50,000.00 per quarter and Rs. 5,00,000.00 per month to clear the dues.</p> <p>B) According to the information and explanations given to us and records of the Company examined by us, particulars of dues of sales Taxm, Cutoms Duty, Excise Duty and Cess which have not been deposited on account of disputes are as under:-</p> <table border="1" data-bbox="256 1157 772 1330"> <thead> <tr> <th>Name of the Act</th> <th>Tribunal (Rs.)</th> <th>Total (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Provident Fund Act</td> <td>9501.54 lakhs</td> <td>9501.54 lakhs</td> </tr> <tr> <td>Sales Tax</td> <td>328.11 lakhs</td> <td>328.11 lakhs</td> </tr> <tr> <td>Water dues</td> <td>1094.42 lakhs</td> <td>1094.42 lakhs</td> </tr> </tbody> </table> <p>C. There is no applicability for tranferring amount to investor education and protection fund by the company.</p>	Name of the Act	Amount	Period	Municipal Taxes	43.50 lacs	July 2000 to December 20905	Water dues	2672.42 lacs	April 2007 to March 2015	Name of the Act	Tribunal (Rs.)	Total (Rs.)	Provident Fund Act	9501.54 lakhs	9501.54 lakhs	Sales Tax	328.11 lakhs	328.11 lakhs	Water dues	1094.42 lakhs	1094.42 lakhs	<p>Municipal tax dues are on 31.3.2015 was from July, 2000 to December, 2005 as Rs. 50,000/- per quarter has already been paid.</p> <p>For Drinking water Rs. 5.00 lakhs per month is being paid.</p> <p style="text-align: center;">Noted</p> <p style="text-align: center;">Noted</p>
Name of the Act	Amount	Period																					
Municipal Taxes	43.50 lacs	July 2000 to December 20905																					
Water dues	2672.42 lacs	April 2007 to March 2015																					
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Sales Tax	328.11 lakhs	328.11 lakhs																					
Water dues	1094.42 lakhs	1094.42 lakhs																					
<p>8.</p>	<p><b>Cash Losses</b></p> <p>The company has accumulated losses of Rs. 816.61 crore on paid up capital of Rs. 606.08 crore as at the end of the financial year ending 31st March, 2015 and also incurred cash losses of Rs. 1.53 crore from operating activities in the financial year ended as on that date.</p>	<p style="text-align: center;">The Cash Loss for the year is Rs. 231.98 crores.</p>																					
<p>9.</p>	<p>Based on the records examined by us and according to the information and explanations given to us. The Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.</p>	<p style="text-align: center;">No comments</p>																					



10.	In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions during the year.	No comments
11.	Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were obtained.	No comments
12.	During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the Management.	No comments

**For R Bansal & Associates**

Chartered Accountants  
Firm Registration No. 06511C  
Ranchi

*Kanchan Maheshwari*

**CA Kanchan Maheshwari**

Partner  
(Membership No. 514941)  
Date: 6th November, 2015  
Place: Ranchi

*(S K Chakraborty)*

**(S K Chakraborty)**  
General Manager (Finance)

## ANNEXURE-D

### **COMMENTS OF THE COMPTROLLER AND AUITOR AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of financial statemtns of Heavy Engineering Corporation Limited for the year ended 31 March 2015 in accordance with the financial reporting framwork prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The sttutory auditors apooointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on these financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 06 November 2015, which supersedes their Audit Report dated 06 August 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2015. 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. The Company revised the financial statements to give effect to some of our audit observations highlighted during supplementary audit and submitted the revised financial statements on 16 November 2015 after the approval of the Board of Directors of the Company. I would like to highlight the following significant matters under Section 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

Sl. No.	Comments	Reply
A.	<p>Comments on Profitability</p> <p>(a) This includes Rs. 1,458.03 lakh being the amount awarded by the Appellate Authority in November 1999 in favour of the Company for the claim relating to contract for supply of equipments etc. relating to Bina Coal Handling Plant of Northern Coalfields Limited, which could not be realized even after a lapse of more than fifteen years and NCL had taken up the matter with the Hon'ble Supreme Court of India, which is pending for decision. In view of this, a provision should have been made in the accounts to recognize receivables becoming doubtful of recovery. Non-provision has resulted in overstatement of trade receivable and understatement of loss before tax by Rs. 1458.03 lakh.</p>	<p>(a) 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 the Hon'ble High Court, New Delhi, but the same was rejected. As such, there is no uncertainty regarding realization of the3 above amount. The matter is now being contested on NCL's appeal in Hon'ble Supreme Court of India, and the same is being actively pursued from HEC's end. Since it is an advanced stage of hearing, final judgement on the point of dispute is likely to come out during the year. Therefore, no provision at this stage is considered necessary despite the fact that the matter is pending for a period of more than 15 (fifteen) years.</p>
	<p>(b) This has been overstated by Rs. 98.02 lakh and loss is understated due to non-provision for doubtful realizationof claim of the company towards service tax and excise duty which has been disallowed by BSP on delay in completion of job relating to Ore Handling Plant and New Coal Handling Plant of BSP.</p>	<p>(b) The delay in completion of job relating to OHP &amp; new CHP of BSP is due to non availability of work fronts and also other technical and non-technical reasons from BSP's end. As per Clause 14.6.1., if the reasons of delay are attributable to BSP, the claim against Service tax as well as Excise duty applicable for the delay period would be payable by them.</p>



		As such, claim for re-imbursement of Service tax as well as Excise duty has already been raised from our end and the same would be resolved after completion of the contract. Since these are statutory payments, and the realization of the same is certain due to the reasons mentioned above, there seems to be no overstatement of Income or understatement of loss.
	<p>(ii) Other Current Liabilities - Rs. 31,123.26 lakh (Note No. 9)</p> <p>Section 7(3A) of the Payment of Gratuity Act, 1972 provides for payment of interest on the amount of gratuity which remained unpaid for more than one month. Since the Company could not pay gratuity of Rs. 2401.74 lakh to its retired employees, it is liable to pay interest of Rs. 254.07 lakh as on 31.03.2015 on the unpaid gratuity. Non-provision of interest has resulted in understatement of liabilities and understatement of loss before tax by Rs. 25.07 lakh.</p>	(ii) Presently, Company is suffering from severe cash crunch and not in a position to disburse the gratuity liability as per schedule time on a concurrent basis. Company is trying to liquidate this liability by way of giving extra effort in collection from the old Debtors. As of now, interest on gratuity is neither paid by the Corporation nor demanded by ex-employees. As such, no further liability for interest due to delayed payment of gratuity has been provided.
B.	Comments on Disclosure	
	<p>(i) Contingent Liabilities (Note No. 34.3)</p> <p>Disputed claims of seven parties amounting to Rs. 432.83 lakh on HEC are pending before arbitrator which was not disclosed as contingent liabilities in the accounts of the Company.</p>	<p>(i) Contingent liability has been shown in the books of Accounts based on the adjudication from the Court of Law.</p> <p>Since Arbitration cases as pointed out by the Audit is not adjudicated by any Court of Law till date, they are not shown in the list of contingent liability.</p>
	Other Comments	
	<p>Long Term Trade Receivables - Rs. 12847.29 lakh (Note No. 16)</p> <p>Short Term Trade Receivables - Rs. 18,490.30 lakh (Note No. 18)</p> <p>These receivables are not supported by any security, thus, should be classified as unsecured to the extent considered good.</p>	In Trade Receivables (Long term and Short term both) the amount is claimed from customers against the equipment supplied or the services rendered based on valid purchase orders/workorder. Since materials were supplied based on valid purchase order and agreement with the customer coupled with due inspection clearance and receipted challan issued by customer, in regard to the materials received at customer premises, the trade receivables can not be classified as unsecured and therefore these debtors are obviously secured.

(Sushil Kumar Jaiswal)

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

(Avijit Ghosh)

Chairman-cum-Managing Director

Place : Ranchi

Dated : 9th December 2015

**FORM NO. MGT-9**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2015

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

**REGISTRATION AND OTHER DETAILS:**

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

**1. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**2. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

**3. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)***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	
Promoter									
Indian									
Individual/ HUF									
Central Govt	0	6060788	6060788	100		6060788	6060788	100	0
State Govt(s)									





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	
Bodies Corp									
Banks / FI									
Any Other									
Sub-total(A)(1):-									
Foreign									
NRIs-Individuals									
Other-Individuals									
Bodies Corp.									
Banks / FI									
Any Other....									
Sub-total(A)(2):-	0	6060788	6060788	100		6060788	6060788	100	0
Public Shareholding									
Institutions									
Mutual Funds									
Banks / FI									
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance Companies									
FIs									
Foreign Venture Capital Funds									
Others (specify)									
Sub-total(B)(1)									
2. Non Institutions									
Bodies Corp. (i) Indian (ii) Overseas									

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	
Individuals (i) Individual shareholders holding nominal share capital upto Rs.1 lakh  (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
Others(Specify)									
Sub-total(B)(2)									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	0	6060788	6060788	100		6060788	6060788	100	0

**i. Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of 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	% change in share holding during the year
1	G.O.I	6060788	100	0	6060788	100	0	0
	<b>TOTAL</b>	<b>6060788</b>	<b>100</b>	<b>0</b>	<b>6060788</b>	<b>100</b>	<b>0</b>	<b>0</b>

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

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	6060788	100	6060788	100
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
3.	At the End of the year	6060788	100	6060788	100

**INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
<b>i)</b> Principal Amount				
<b>ii)</b> Interest due but not paid	14018.21	00.00	--	14018.21
<b>iii)</b> Interest accrued but not	--	--	--	--
	--	--	--	--
Total(i+ii+iii)	14018.21	00.00	--	14018.21
Change in Indebtedness during the financial year				
- Addition	--	4789.00	--	4789.00
- Reduction	127.68	--	--	127.68
Net Change	-127.68	4789.00	--	4661.32
Indebtedness at the end of the financial year				
<b>i)</b> Principal Amount				
<b>ii)</b> Interest due but not paid	13890.56	4789.00	--	18679.56
<b>iii)</b> Interest accrued but not due	--	--	--	--
	--	308.20	--	308.20
Total (i+ii+iii)	13890.56	5097.20	--	18987.76

**2. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
		Avijit Ghosh	Ramaballava Misra	Kushal Saha	S. Banerjee	AV Krishna	S. K. Pattanayak	
	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.16	12.33	21.78	13.05	23.86	21.76	98.94
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961							
	(c) Profits in lieu of salary under section 17(3) Income- tax Act,1961							
	Stock Option							
	Sweat Equity							
	Commission - as % of profit - Others, specify...							
	Others, please specify							
	<b>Total (A)</b>	<b>6.16</b>	<b>12.33</b>	<b>21.78</b>	<b>13.05</b>	<b>23.86</b>	<b>21.76</b>	<b>98.94</b>
	Ceiling as per the Act							

**Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
	Independent Directors	Rana Som	Bulbul Sen			
	-Fee for attending board committee meetings					
	-Commission					
	-Others, please specify – Sitting Fees	0.58	0.65			1.23
	Total(1)	0.58	0.65			1.23
	Other Non-Executive Directors					
	-Fee for attending board committee meetings					
	-Commission					
	-Others, please specify					
	Total(2)	0	0	0	0	0
	Total(B)=(1+2)	0.58	0.65			1.23
	Total Managerial Remuneration					100.17
	Overall Ceiling as per the Act					

**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)
Company					
Penalty					
Punishment					
Compounding					
Directors					
Penalty					
Punishment					
Compounding					
Other Officers In Default					
Penalty					
Punishment					
Compounding					




## BALANCE SHEET AS AT 31ST MARCH, 2015

₹ in Lakh

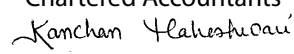
	Note No.	As at 31.03.15	As at 31.03.14
<b>I. EQUITY &amp; LIABILITIES</b>			
(1) SHAREHOLDER'S FUND			
(a) Share Capital	2	60607.88	60607.88
(b) Reserves & Surplus	3	(71187.47)	(46550.22)
(2) SHARE APPLICATION MONEY			
PENDING ALLOTMENT		0.01	0.01
(3) NON-CURRENT LIABILITIES			
(a) Long Term Borrowing	4	3831.20	0.00
(b) Other Long Term Liabilities	5	1853.14	1197.85
(c) Long Term Provisions	6	11606.45	12630.51
(4) CURRENT LIABILITIES			
(a) Short Term Borrowings	7	13890.56	14018.21
(b) Trade Payables	8	20924.28	21410.60
(c) Other Current Liabilities	9	31123.26	30531.70
(d) Short Term Provisions	10	5572.75	6230.06
<b>TOTAL</b>		<b>78222.06</b>	<b>100076.60</b>
<b>II. ASSETS</b>			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	7412.16	7630.61
(ii) Intangible Assets	12	10.73	45.20
(iii) Capital Work in Progress	13	747.88	554.86
(b) Non-Current Investments	14	0.36	0.36
(c) Long Term Loans & Advances	15	19.12	20.15
(d) Other Non-Current Assets	16	15797.64	13192.26
(2) Current Assets			
(a) Inventories	17	23610.83	29213.02
(b) Trade Receivables	18	18490.30	36799.03
(c) Cash & Cash Equivalents	19	8439.72	8084.05
(d) Short Term Loans & Advances	20	3665.20	4522.26
(e) Other Current Assets	21	28.12	14.80
<b>TOTAL</b>		<b>78222.06</b>	<b>100076.60</b>
Significant Accounting Policies	1		
Other Notes to Financial statements	34		
Notes No 1 to 21 , 34 & Cash Flow Statement form an integral part of the Financial Statement.			

  
 A.K. Kanth  
 Company Secretary

  
 S.K. Chakraborty  
 General Manager (Finance)

  
 S.K. Pattanayak  
 Director (Finance)

  
 Avijit Ghosh  
 Chairman cum Managing Director

In terms of our report at HEC level  
 For R. Bansal & Associates  
 Chartered Accountants  
  
 (Kanchan Maheshwari)  
 Partner, M. No. 514941

Place : Ranchi  
Date : 06.11.2015

**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31ST MARCH, 2015**

₹ in Lakh

	Note No.	2014-15	2013-14
I. Revenue from Operation	22	37010.64	39209.85
II. Other Income	23	3607.13	3330.12
III. TOTAL REVENUE		<u>40617.77</u>	<u>42539.97</u>
IV. EXPENSES:			
(a) Cost of Material Consumed	24	20182.00	23981.13
(b) Changes in Inventories of FG & WIP	25	5052.68	(5561.16)
(c) Employees Benefits Expenses	26	13293.98	13730.32
(d) Finance Costs	27	2298.26	1258.44
(e) Depreciation & Amortization Expenses	28	1005.02	653.83
(f) Research & Development Expenditure	29	76.32	82.09
(g) Other Expenses	30	18474.84	23568.98
<b>TOTAL EXPENSES</b>		<b><u>60383.10</u></b>	<b><u>57713.63</u></b>
Profit / (Loss) before Prior Period, Exceptional & Extraordinary Items		(19765.33)	(15173.66)
Prior Period Adjustment (Net)	31	(4403.28)	(0.75)
V. Profit/(Loss) before Exceptional & Extraordinary Items & Tax		(24168.61)	(15174.41)
VI. Exceptional Items	32	0.00	0.00
VII. Profit/(Loss) before Extraordinary Items & Tax ( V-VI )		<u>(24168.61)</u>	<u>(15174.41)</u>
VIII. Extraordinary Items	33	0.00	55007.56
IX Profit (Loss) before Tax ( VII-VIII )		<u>(24168.61)</u>	<u>39833.15</u>
X Tax Expenses			
(i) Current Tax		0.00	9901.84
(ii) Deferred Tax		<u>0.00</u>	<u>0.00</u>
XI Profit (Loss) for the period from Continuing Operation ( IX-X )		<u>(24168.61)</u>	<u>29931.31</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
<b>PROFIT (LOSS) FOR THE PERIOD (XI+XIV)</b>		<b><u>(24168.61)</u></b>	<b><u>29931.31</u></b>
Earning per share ( Face value ` 1000)			
(1) Basic in Rupees		(398.77)	493.85
(2) Diluted in Rupees		(398.77)	493.85

Significant Accounting Policies

Other Notes to Financial statements

Notes No 1, 22 to 34 & Cash Flow Statement form an integral part of the Financial Statement.

  
**A.K.Kanth**

Company Secretary

  
**S.K. Chakraborty**

General Manager ( Finance )

  
**S.K. Pattanayak**

Director ( Finance )

  
**Avijit Ghosh**

Chairman Cum Managing Director

In terms of our report at HEC level  
For R. Bansal & Associates  
Chartered Accountants

  
**(Kanchan Maheshwari)**

Partner, M No. 514941

Place : Ranchi

Date : 06-11-2015





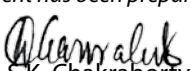
## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD APRIL 2014 - MARCH 2015

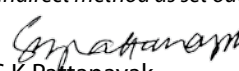
₹ in Lakhs

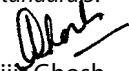
	2014-15	2013-14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(24168.61)	39833.15
Adjustments for:		
Depreciation	974.10	586.91
Interest Expenses	2298.26	1258.44
Extra Ordinary Items	0.00	(55007.56)
Amortization Expenses	34.47	53.11
Lease Income	(468.64)	(485.34)
Interest Earned	(52.16)	(99.56)
Incremental Provisions	<u>(1681.37)</u>	<u>(2468.86)</u>
Operating Profit before Working Capital Changes	1104.66	(56162.86)
Operating Profit after Working Capital Changes	<u>(23063.95)</u>	<u>(16329.71)</u>
Adjustments for:		
Trade and Other Receivables	15690.03	8180.34
Inventories	5602.19	(3827.88)
Trade Payables	760.53	(32925.83)
Loans & Advances	<u>858.09</u>	<u>(1163.69)</u>
Cash Generated from Operations	22910.84	(29737.06)
Income Tax Paid	(153.11)	(46066.77)
Net Cash from Operating Activities	0.00	9901.84
	<u>(153.11)</u>	<u>(55968.61)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(755.70)	(248.62)
Sale/Adjustment of Fixed Assets	0.47	926.43
Adjustment in Accumulated Depreciation	(0.42)	(330.68)
Adjustment in Capital Work-in-Progress	(193.02)	(354.77)
Interest Earned	52.16	99.56
Lease income	468.64	485.34
Net Cash from Investing Activities	(427.87)	577.26
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Payment	(2298.26)	(1258.44)
Extra Ordinary Items	0.00	55007.56
Short Term Loans	(127.65)	9514.99
Long Term Borrowings	3831.20	0.00
Change in Reserves & Surplus	(468.64)	(418.21)
Net cash from in financing activities	936.65	62845.90
Net increase /(Decrease) in cash and cash equivalents	<u>355.67</u>	<u>7454.55</u>
Opening Balance of Cash and Cash Equivalents	8084.05	629.50
Closing Balance of Cash and Cash Equivalents	<u>8439.72</u>	<u>8084.05</u>
	<u>355.67</u>	<u>7454.55</u>

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

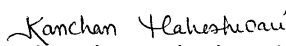
  
A.K. Kanth  
Company Secretary

  
S.K. Chakraborty  
General Manager ( Fin.)

  
S.K. Pattanayak  
Director ( Fin.)

  
Avijit Ghosh  
Chairman Cum Managing Director

In terms of our report at HEC level  
For R. Bansal & Associates, Chartered Accountants

  
(Kanchan Maheshwari)  
Partner, M No. 514941

**NOTE NO - 1****SIGNIFICANT ACCOUNTING POLICIES**

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.

**A. 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.

**B. Inventory Valuation:-**

- i) Inventory is valued at actual / estimated cost or net realisable value, whichever is lower.
- ii) Finished goods and work in progress are valued at actual /estimated factory cost or net realisable value whichever is lower.
- iii) Raw material, components, loose tools, stores & spares are valued at weighted average cost.
- iv) Items that are not ordinarily interchangeable and goods or services produced & segregated for specific projects- By specific identification of individual cost.
- v) Rejection and scrap/used as raw material for production is valued at closing book rate.
- vi) Bye products are valued at market price.
- vii) The percentage of completion of work in progress is taken as certified by Shop management on technical assessment.
- viii) Loose tools, Drawing instruments, etc. issued to shops are carried to inventory after writing off in 4 years in case of ordinary tools, in 10 years in case of special tools, in 2 years in case of Moulds and on estimated life in case of other items. Patterns are charged out in the year of issue itself. Only quantitative records are maintained in respect of these items in

shops floor, wherever practicable.

**C 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.

**D. 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.

**E. 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.

**F. 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.

**G. 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.

**H. SUNDRY DEBTORS**

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.

**I. 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.

**J. 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.

**K. 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.

**L. 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.

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

1. 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.
2. Liquidated damages recovered are recognized as income after expiry of three years of recovery.

3. 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.

**N. 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.

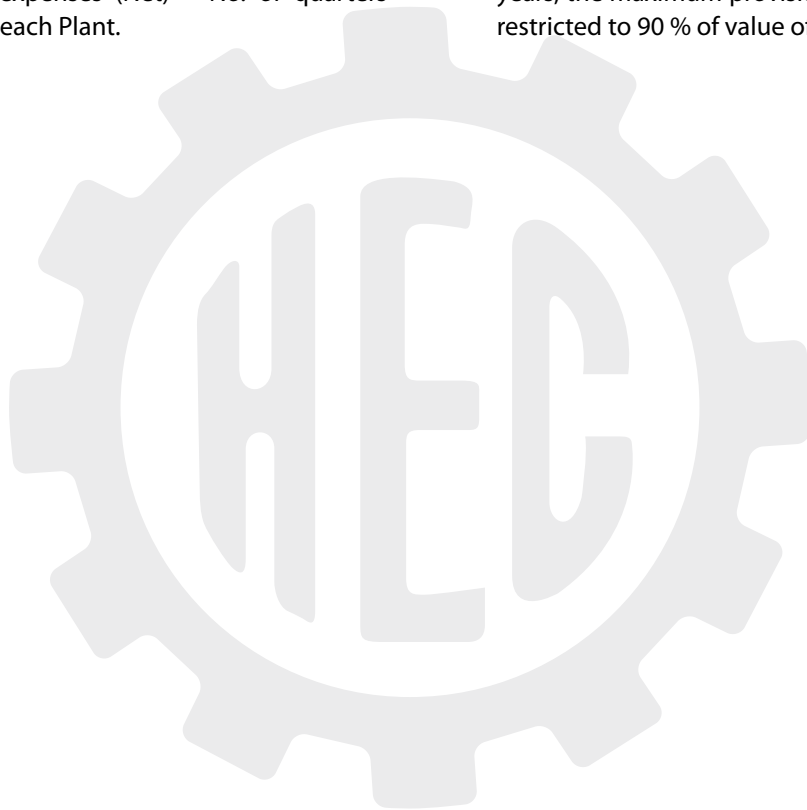
(c) Interest - Actual cash utilization by each plant in the preceding year.

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

**O. 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 31.03.15		As at 31.03.14	
<b>NOTE NO. - 2</b>	<b>SHARE CAPITAL</b>			
<b>Authorised Capital</b>				
1,00,00,000 (Previous Year 1,00,00,000 ) Equity Shares of ₹ 1000/- each	100000.00		100000.00	
<b>Issued &amp; Subscribed &amp; Paid up Capital</b>				
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	
<b>Net Balance</b>	<b>60607.88</b>		<b>60607.88</b>	
Details of Shares held by shareholders holding more than 5% shares at the end of year :-	No of Shares	% of holding	No of Shares	% of holding
President of India ( POI ) alongwith nominees	6060788	100%	6060788	100%
Face Value Per Share ( Rupees )		1000.00		1000.00
<b>NOTE NO. - 3</b>	<b>RESERVE &amp; SURPLUS</b>			
<b>Capital Reserve</b>				
Opening Balance	10941.81		11360.02	
Addition during the year	0.00		67.13	
	10941.81		11427.15	
Deduction during the year	468.64	10473.17	485.34	10941.81
<b>Surplus</b>				
Opening Balance	(57492.03)		(87423.34)	
Addition during the year	(24168.61)	(81660.64)	29931.31	(57492.03)
<b>TOTAL</b>	<b>(71187.47)</b>		<b>(46550.22)</b>	
<b>NOTE NO. - 4</b>	<b>LONG TERM BORROWINGS</b>			
<u>Term Loan</u>				
From Govt. of India				
Non Plan loan	3831.20		0.00	
<b>TOTAL</b>	<b>3831.20</b>		<b>0.00</b>	

## NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.15	As at 31.03.14
<b>NOTE NO. - 5</b>	<b><u>OTHER LONG TERM LIABILITIES</u></b>	
<b>(a) Trade Payables</b>		
Sundry Creditors	316.34	456.73
<b>(b) Others</b>		
Securities & Other Deposits from Contractors	235.19	137.54
Securities & Other Deposits from Employees (As per Contra Note-15)	0.86	0.86
Other Liabilities	1089.33	403.51
Miscellaneous	211.42	199.21
	1536.80	741.12
<b>TOTAL</b>	<b>1853.14</b>	<b>1197.85</b>
<b>NOTE NO. - 6</b>	<b><u>LONG TERM PROVISIONS</u></b>	
<b>(a) Provision for Employee Benefits</b>		
Provision for Gratuity	5003.34	5609.73
Provision for Leave Encashment	2364.34	2513.01
Provision for RTA	54.19	58.12
Provision for Sick Leave	255.99	489.20
Provision for LTA	3175.34	3123.60
	10853.20	11793.66
<b>(b) Others</b>		
Provision for Impaired Assets	101.65	101.65
Provision for Warranty Expenses	651.60	735.20
	753.25	836.85
<b>TOTAL</b>	<b>11606.45</b>	<b>12630.51</b>
<b>NOTE NO. - 7</b>	<b><u>SHORT TERM BORROWINGS</u></b>	
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)	13890.56	14018.21
<b>TOTAL</b>	<b>13890.56</b>	<b>14018.21</b>
<b>NOTE NO. - 8</b>	<b><u>TRADE PAYABLES</u></b>	
Sundry Creditors	9769.52	14560.20
Dues to SME	1737.86	734.28
Advance from Customers	9416.90	6116.12
<b>TOTAL</b>	<b>20924.28</b>	<b>21410.60</b>

## NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.15	As at 31.03.14
<b>NOTE NO. - 9</b>	<b><u>OTHER CURRENT LIABILITIES</u></b>	
Employees Liabilities	8482.94	9836.58
VRS Liabilities	1.88	1.88
Loan from Govt. of India*	957.80	0.00
Add: Interest Accrued but not due on Govt. Loan	308.20	0.00
Government Grant [ Unutilised ]		
Received from GOI for payment of Tax	18243.00	18243.00
Less : Charged against capital gain Tax	9245.61	9901.84
Less : Balance Advance Tax	2054.39	1398.16
Add : Interest Accrued	<u>499.34</u>	<u>0.00</u>
	7442.34	6943.00
Securities & Other Deposits from Contractors	2645.89	2577.21
Book Overdraft with Scheduled Bank	83.04	299.68
Electricity Dues	207.72	253.54
Water Dues	2672.42	2087.55
Other liabilities	6029.27	6590.07
Miscellaneous	<u>2291.76</u>	<u>1942.19</u>
<b>TOTAL</b>	<b><u>31123.26</u></b>	<b><u>30531.70</u></b>

\* ₹ 1604.31 Lakhs payable within one year Previous year Rs. NIL

**NOTE NO. - 10****SHORT TERM PROVISIONS****(a) Provision for Employee Benefits**

Provision for Gratuity	1635.41	1992.88
Provision for Leave Encashment	1232.76	1434.60
Provision for RTA	9.32	12.83
Provision for Sick Leave	70.12	148.05
Provision for Revision of Pay Scale for Employees	<u>2470.20</u>	<u>2470.20</u>
	5417.81	6058.56

**(b) Others**

Provision for Warranty Expenses	<u>154.94</u>	<u>171.50</u>	171.50
<b>TOTAL</b>	<b><u>5572.75</u></b>	<b><u>6230.06</u></b>	



**NOTES FORMING PART OF BALANCE SHEET**

₹ in Lakh

	As at 31.03.15				As at 31.03.14					
NOTE NO. - 11	TANGIBLE ASSETS									
Type of Assets	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.14	Addition/ Adjustment	(Deduction)/ Adjustment	Cost as on 31.3.15	Upto 31.03.14	for the year	Addition/ (Deduction)	upto 31.03.15	As on 31.03.15	As on 31.03.14
1	2	3	4	5	6	7	8	9	10	11
<b>OTHER TANGIBLE ASSETS</b>										
Land (including Development of land)	253.32	0.01	0.00	253.33	0.00	0.00	0.00	0.00	253.33	253.32
Buildings	5758.94	4.07	0.00	5763.01	4988.24	89.98	0.00	5078.22	684.79	770.70
Roads	266.16	0.01	0.00	266.17	115.23	137.66	0.00	252.89	13.28	150.93
Plant and Machinery	25742.23	669.50	0.00	26411.73	20051.34	606.34	0.00	20657.68	5754.05	5690.89
Furniture and Fittings	114.94	0.65	0.00	115.59	100.84	1.51	0.00	102.35	13.24	14.10
Motor Vehicles	140.98	0.00	0.00	140.98	123.23	7.32	0.00	130.55	10.43	17.75
Railway Sidings	469.39	0.00	0.00	469.39	419.58	3.20	0.00	422.78	46.61	49.81
Office Equipment	171.52	0.00	0.00	171.52	138.98	11.72	0.00	150.70	20.82	32.54
Computers & Data Processing Units	477.71	5.70	(0.47)	482.94	398.13	43.29	(0.42)	441.00	41.94	79.58
Electrical Installations and Equipment	634.67	46.89	0.00	681.56	546.23	21.45	0.00	567.68	113.88	88.44
Pipelines and Sluices	576.25	28.87	0.00	605.12	536.22	8.72	0.00	544.94	60.18	40.03
SUB - TOTAL OTHER ASSETS (A)	34606.11	755.70	(0.47)	35361.34	27418.02	931.19	(0.42)	28348.79	7012.55	7188.09
<b>ASSETS GIVEN ON LEASE</b>										
Land (including Development of land)	22.32	0.00	0.00	22.32	0.00	0.00	0.00	0.00	22.32	22.32
Buildings	807.08	0.00	0.00	807.08	488.52	42.91	0.00	531.43	275.65	318.56
SUB - TOTAL OTHER ASSETS (B)	829.40	0.00	0.00	829.40	488.52	42.91	0.00	531.43	297.97	340.88
<b>IMPAIRED ASSETS</b>										
Plant & Machinery (As on 31.03.14)	1799.90	0.00	0.00	1799.90	1698.26	0.00	0.00	1698.26	101.64	101.64
Plant & Machinery (During 2014-15)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB - TOTAL IMPAIRED ASSETS (C)	1799.90	0.00	0.00	1799.90	1698.26	0.00	0.00	1698.26	101.64	101.64
GRAND - TOTAL TANGIBLE FIXED ASSETS (A+B+C)	37235.41	755.70	(0.47)	37990.64	29604.80	974.10	(0.42)	30578.48	7412.16	7630.61
PREVIOUS YEAR FIGURES	37913.23	248.62	926.43	37235.42	29348.58	586.91	(330.68)	29604.81	7630.61	
Current period depreciation				970.55						
Prior period depreciation				3.55						
Total Depreciation				<b>974.10</b>						

Note: Status of Land Acres

a) Land Transferred to GOJ	2035.14
b) Land Transferred to CISF	158.00
c) Encroched Land	456.86
d) Land given on lease	303.89
e) Land for own use	4245.62
Total land as per original deed	<u>7199.51</u>



## NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.15	As at 31.03.14				
<b>NOTE NO. - 12</b>	<b><u>INTANGIBLE ASSETS</u></b>					
Technical Know How fees						
Opening Balance	265.52	265.52				
Addition during the Year	0.00	0.00				
<b>TOTAL (A)</b>	<b>265.52</b>	<b>265.52</b>				
Less : Amortisation up to Previous Year	220.32	167.21				
Less : Amortisation during Current Year	34.47	53.11				
<b>TOTAL (B)</b>	<b>254.79</b>	<b>220.32</b>				
<b>TOTAL (A-B)</b>	<b>10.73</b>	<b>45.20</b>				
<b>NOTE NO. - 13</b>	<b><u>CAPITAL WORK IN PROGRESS</u></b>					
<b>Capital Work in Progress</b>						
Plant & Machinery	1695.97	1489.44				
Less: Provisions	948.09	934.58				
<b>TOTAL</b>	<b>747.88</b>	<b>554.86</b>				
<b>NOTE NO. - 14</b>	<b><u>NON-CURRENT INVESTMENTS</u></b>					
<b>Investments in Equity Instruments</b>						
(Other than trade investment), Unquoted 3575 (Prev.Year 3575) Equity Share of ₹ 10/- each of Engineering (Projects) India Limited.	0.36	0.36				
<b>TOTAL</b>	<b>0.36</b>	<b>0.36</b>				
* 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.						
<b>NOTE NO. - 15</b>	<b><u>LONG TERM LOANS &amp; ADVANCES</u></b>					
<b>(a) Loans &amp; Advances</b>	[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	591.63	591.63	0.00	663.94	663.94	0.00
<b>(b) Security Deposits</b>						
Private Parties	1.90	0.20	1.70	1.90	0.20	1.70
Government Authorities	194.33	181.41	12.92	131.00	118.08	12.92
Employees (As per contra in Note -5)	0.86	0.00	0.86	0.86	0.20	0.66
<b>(c) Others</b>						
Advances to Employees	14.72	14.72	0.00	2.73	1.86	0.87
Claims Receivable	212.31	208.67	3.64	306.38	302.38	4.00
Income Tax deducted at source	7.21	7.21	0.00	7.21	7.21	0.00
<b>Total</b>	<b>1022.96</b>	<b>1003.84</b>	<b>19.12</b>	<b>1114.02</b>	<b>1093.87</b>	<b>20.15</b>

## NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.15	As at 31.03.14
<u>Particulars of Long Term Loans &amp; Advances</u>		
Secured, Considered Good	1.01	0.81
Unsecured ,Considered Good	18.11	19.34
Doubtful	1003.84	1093.87
<b>Total</b>	<b>1022.96</b>	<b>1114.02</b>
 Amount due from		
Directors	0.00	0.00
Officers	0.00	0.00
 <b>NOTE NO. - 16</b>		
<b><u>OTHER NON-CURRENT ASSETS</u></b>		
 <b><u>Long Term Trade Receivables</u></b>		
<b>(A) Public Sector &amp; Govt. Deptt.</b>		
Secured, Considered Good	12775.04	10078.43
Doubtful	6162.50	4993.47
<b>TOTAL (A)</b>	<b>18937.54</b>	<b>15071.90</b>
 <b>(B) Others</b>		
Secured, Considered Good	72.25	0.00
Doubtful	86.38	86.16
<b>TOTAL (B)</b>	<b>158.63</b>	<b>86.16</b>
<b>SUB TOTAL (A+B)</b>	<b>19096.17</b>	<b>15158.06</b>
Less: Provision for Doubtful debts	4891.50	4574.03
Provision against LD deducted & charged	1357.38	505.60
	12847.29	10078.43
 <b><u>Rent Receivables</u></b>		
<b>(A) Public Sector &amp; Govt. Deptt.</b>		
Unsecured, Considered Good	2553.68	2771.05
Doubtful	66.43	86.82
<b>TOTAL (A)</b>	<b>2620.11</b>	<b>2857.87</b>
 <b>(B) Others</b>		
Unsecured, Considered Good	396.67	342.78
Doubtful	394.50	367.82
<b>TOTAL (B)</b>	<b>791.17</b>	<b>710.60</b>
<b>SUB TOTAL (A+B)</b>	<b>3411.28</b>	<b>3568.47</b>
Less: Provision for Doubtful Realisation	460.93	454.64
	2950.35	3113.83
<b>GRAND TOTAL</b>	<b>15797.64</b>	<b>13192.26</b>

**Notes:**

1. Long Term Trade Receivables includes unbilled despatches `427.38.00 Lakh (Previous Year ₹ 411.00 L)
2. Long Term Trade Receivables also include not due ₹ 11663.46 Lakh (Previous Year ₹ 7600.55 L) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.



## NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.15	As at 31.03.14
<b>NOTE NO. - 17</b>	<b><u>INVENTORIES</u></b>	
<b>(As certified by the Management)</b>		
Raw Materials & Components	8010.76	8264.88
Less : Provision / Stock Adjustment	<u>1867.57</u>	<u>1953.74</u>
Stores, Spares & Components including Construction Materials	1259.78	1356.68
Less : Provision / Stock Adjustment	<u>288.50</u>	<u>335.09</u>
Goods-in-Transit/ Under inspection	1569.84	1828.32
Less : Provision	<u>364.86</u>	<u>289.27</u>
Loose Tools, Drawing Instruments etc.	1462.08	1520.78
Less : Provision	<u>58.93</u>	<u>48.76</u>
Stock of Finished Products	4867.54	7226.25
Less : Provision	<u>45.62</u>	<u>40.87</u>
Work-In-Progress	8558.23	10433.62
Less : Provision	<u>46.37</u>	<u>122.81</u>
Work-In-Progress (Turnkey Project)	554.45	1373.03
Less : Provision	<u>0.00</u>	<u>0.00</u>
Discarded Assets	3.48	3.52
Less : Provision	<u>3.48</u>	<u>3.52</u>
Total Inventory	26286.16	32007.08
Less : Provision / Stock Adjustment	<u>2675.33</u>	<u>2794.06</u>
<b>TOTAL</b>	<b><u>23610.83</u></b>	<b><u>29213.02</u></b>

**Notes:**

1. Finished Stock & WIP includes items worth ₹ 54.17 Lakh (Previous Year ₹ 70.90 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 ₹ 2164.67 Lakh (Previous Year ₹ 2219.07 L). The existing provision is considered adequate.
3. Goods In Transit includes CV Duty ₹ 64.83 Lakh (Previous Year ₹ 53.36 L)
4. Raw Materials & Components including scrap at shop floor ₹ 49.55 Lakh (Previous Year ₹ 64.05 L)

**NOTE NO. - 18****TRADE RECEIVABLES**

	Over Six Months	Other Debts	Total	Over Six Months	Other Debts	Total
<b>Short Term Trade Receivables</b>						
<b>(A) Public Sector &amp; Govt. Deptt.</b>						
Secured, Considered Good	3697.34	14055.33	17752.67	24755.72	10837.07	35592.79
Doubtful	28.25	92.26	120.51	939.74	77.45	1017.19
<b>SUB TOTAL (A)</b>	<b><u>3725.59</u></b>	<b><u>14147.59</u></b>	<b><u>17873.18</u></b>	<b><u>25695.46</u></b>	<b><u>10914.52</u></b>	<b><u>36609.98</u></b>
<b>(B) Others</b>						
Secured, Considered Good	151.84	585.79	737.63	366.04	840.20	1206.24
Doubtful	16.27	0.00	16.27	74.39	0.00	74.39
<b>SUB TOTAL (B)</b>	<b><u>168.11</u></b>	<b><u>585.79</u></b>	<b><u>753.90</u></b>	<b><u>440.43</u></b>	<b><u>840.20</u></b>	<b><u>1280.63</u></b>
<b>TOTAL (A+B)</b>			<b><u>18627.08</u></b>			<b><u>37890.61</u></b>
Less: Provision against LD deducted & charged			136.78			1091.58
<b>NET TOTAL</b>			<b><u>18490.30</u></b>			<b><u>36799.03</u></b>

**Notes:**

1. Short Term Trade Receivables includes unbilled despatches ₹ 3988.22 Lakh (Previous Year ₹ 14095.20 L)
2. Short Term Trade Receivables also include not due ₹ 4238.35 Lakh (Previous Year ₹ 7649.03 L) relating to equipment and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.

## NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.15	As at 31.03.14
<b>NOTE NO. - 19</b>	<b><u>CASH &amp; CASH EQUIVALENTS</u></b>	
(a) Balance with Schedule Bank Current Account	881.11	828.00
(b) Cheques and Draft in Transit	0.00	130.32
(c) Cash in hand	<u>8.65</u>	14.51
(d) Others	889.76	972.83
(Earmarked balances with Banks)		
Short Term Deposit with Schedule Bank *	7380.74	6943.00
Short Term Deposit with Other Bank **	<u>169.22</u>	<u>168.22</u>
<b>TOTAL</b>	<b><u>8439.72</u></b>	<b><u>8084.05</u></b>
* Unutilised Govt. Grant for payment of Capital Gain Tax		
** Term deposit as per Court Order with original maturity of more than three months		
<b>NOTE NO. - 20</b>	<b><u>SHORT TERM LOANS &amp; ADVANCES</u></b>	
<b>(a) Loans and Advances</b>		
Secured, Considered Good	239.77	809.33
Unsecured, Considered Good	164.09	273.65
<b>(b) Security Deposits</b>		
Private Parties	0.80	0.84
Government Authorities	<u>767.42</u>	<u>1134.36</u>
<b>(c) Others</b>		
Advance to Employees	88.72	93.45
Prepaid Expenses	95.41	68.32
Claims Receivable	1205.15	1301.42
Income Tax deducted at source #	<u>1153.07</u>	<u>890.12</u>
<b>SUB TOTAL</b>	<b><u>3714.43</u></b>	<b><u>4571.49</u></b>
Less: Provision for bad & doubtful Advances	<u>49.23</u>	<u>49.23</u>
<b>TOTAL</b>	<b><u>3665.20</u></b>	<b><u>4522.26</u></b>
# Includes ₹ 45.30 Lakhs payable to GOI against Interest earned from unutilised portion of Govt. Grant deposited in SBI		
<b>Particulars of Short Term Loans &amp; Advances</b>		
Secured, Considered Good	3500.08	4246.63
Unsecured, Considered Good	165.12	275.63
Doubtful	<u>49.23</u>	<u>49.23</u>
<b>Total</b>	<b><u>3714.43</u></b>	<b><u>4571.49</u></b>
Amount due from		
Directors	0.00	0.00
Officers	<u>0.00</u>	<u>0.00</u>
<b>NOTE NO. - 21</b>	<b><u>OTHER CURRENT ASSETS</u></b>	
<u>Rent and Other Receivables</u>		
(a) Rent		
Unsecured, Considered Good	16.91	14.80
(b) Interest Accrued but not Due	<u>11.21</u>	<u>0.00</u>
<b>TOTAL</b>	<b><u>28.12</u></b>	<b><u>14.80</u></b>



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

₹ in Lakh

	2014-15		2013-14		
<b>NOTE NO. - 22</b>	<b>REVENUE FROM OPERATION</b>				
<b>Sales &amp; Services</b>					
Sale of Products	38351.13		40493.68		
Sale of Services	799.12		673.56		
	<b>SUB TOTAL</b>		<b>41167.24</b>		
<b>Less:</b> Excise Duty	<u>2992.08</u>	36158.17	<u>2765.05</u>		38402.19
<b>Other Operating Revenue</b>					
Job Done for Internal Use	852.47		789.66		
<b>Add:</b> Inter Plant Transfers	<u>0.00</u>	852.47	<u>18.00</u>		807.66
	<b>TOTAL</b>		<b>37010.64</b>		<b>39209.85</b>
<b>NOTE NO. - 23</b>	<b>OTHER INCOME</b>				
Interest		52.16			99.56
Rent		1106.94			1233.99
Sale of Stores		113.86			131.24
Miscellaneous Income		418.26			592.88
Income from HTI		51.31			37.49
Excess provision written back		1522.90			765.32
Water & Electricity Charges		341.70			469.64
	<b>TOTAL</b>		<b>3607.13</b>		<b>3330.12</b>
<b>NOTE NO. - 24</b>	<b>COST OF MATERIALS CONSUMED</b>				
Consumption of Raw materials & Components	14300.81		17582.37		
<b>Less:</b> Interplant Transfer	<u>2803.35</u>	11497.46	<u>3595.81</u>		13986.56
Consumption of Stores & Spares	8684.54		10076.42		
<b>Less:</b> Interplant Transfer	<u>0.00</u>	8684.54	<u>81.85</u>		9994.57
	<b>TOTAL</b>		<b>20182.00</b>		<b>23981.13</b>
<b>NOTE NO. - 25</b>	<b>CHANGES IN INVENTORIES OF FG &amp; WIP</b>				
Decretion/(Accretion) to value of FG & WIP					
Work-In-Progress					
Opening Stock	11806.65		12569.03		
Closing Stock	<u>9112.68</u>	2693.97	<u>11806.65</u>		762.38
Finished Stock					
Opening Stock	7226.25		902.71		
Closing Stock	<u>4867.54</u>	2358.71	<u>7226.25</u>		(6323.54)
	<b>TOTAL</b>		<b>5052.68</b>		<b>(5561.16)</b>

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

₹ in Lakh

	2014-15	2013-14
<b>NOTE NO. - 26</b>	<b><u>EMPLOYEES BENEFIT EXPENSES</u></b>	
Salaries, Wages & Bonus	9537.82	9905.44
Corporation Contribution to Provident Fund and Employee's Pension Fund	1040.50	1098.90
Workmen and Staff Welfare Expenses	503.10	461.31
Leave Encashment	1033.18	1286.03
Gratuity	1255.70	1060.73
<b>SUB TOTAL</b>	<b>13370.30</b>	<b>13812.41</b>
Less: Transferred to Research & Development Exp.	76.32	82.09
<b>TOTAL</b>	<b>13293.98</b>	<b>13730.32</b>
<b>NOTE NO. - 27</b>	<b><u>FINANCE COST</u></b>	
Interest on Bank Credit	1990.06	1258.44
Interest on Govt. loan	308.20	0.00
<b>TOTAL</b>	<b>2298.26</b>	<b>1258.44</b>
<b>NOTE NO. - 28</b>	<b><u>DEPRECIATION &amp; AMORTIZATION EXPENSES</u></b>	
Depreciation as per Note No.-11	970.55	586.74
<u>Depletion Expenses</u>		
Impairment Loss as per Note No.-11	0.00	13.98
<u>Amortization Expenses</u>		
Amortization of Technical Know How	34.47	53.11
<b>TOTAL</b>	<b>1005.02</b>	<b>653.83</b>
<b>NOTE NO. - 29</b>	<b><u>RESEARCH &amp; DEVELOPMENT EXPENSES</u></b>	
<u>Add : Research &amp; Development Expenses</u>		
Salary & Allowances	76.32	82.09
<b>TOTAL</b>	<b>76.32</b>	<b>82.09</b>

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

	2014-15	2013-14
₹ in Lakh		
<b>NOTE NO. - 30</b>	<b><u>OTHER EXPENSES</u></b>	
<b>(A) Manufacturing Service Cost</b>		
Water, Power & Fuel	2499.80	2452.52
Repairs & Maintenance		
Plant & Machinery	341.12	262.38
Buildings	106.00	85.25
Others	<u>81.64</u>	<u>111.51</u>
Insurance	181.89	195.71
Excise Duty	(203.51)	777.66
<b>SUB TOTAL (A)</b>	<b><u>3006.94</u></b>	<b><u>3885.03</u></b>
<b>(B) Manufacturing &amp; Other Operating Expenses</b>		
Machining & Assembly charges	1438.92	952.42
Fabrication Charges	2.99	3.96
Loose Tools Charged off	957.94	853.99
Job Done by outside Agencies	3986.75	3776.65
Turnkey Project Expenses	3432.78	7706.72
Other Charges For Production	<u>904.02</u>	<u>545.41</u>
Less: Interplant Transfer (Services)	1516.59	894.75
<b>SUB TOTAL (B)</b>	<b><u>9206.81</u></b>	<b><u>12944.40</u></b>
<b>(C) Administration, Selling &amp; Distribution Expenses</b>		
Rent	24.38	23.65
Electricity & Drinking Water Expenses	701.54	758.26
Safety & Security Expenses	1732.90	1776.92
Travelling & Conveyance Expenses	226.62	237.10
Bank Charges	228.00	134.85
Telephone & Postage Expenses	50.26	46.80
Printing & Stationery Expenses	31.10	23.96
Books & Periodicals	8.45	17.33
Miscellaneous Expenses	432.26	405.01
Motor Vehicle Running Expenses	164.89	202.44
Wealth Tax	0.20	0.19
Consultancy and Legal Expenses	179.49	125.03
Municipal Tax/Charges	10.45	10.39

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

₹ in Lakh

	2014-15		2013-14	
			₹ in Lakh	
LD Deducted and Charged	444.53		1275.65	
After sales services Expenses	8.06		0.42	
Sales Promotion	225.32		165.09	
Auditor's Remuneration				
Audit Fees	1.44		1.44	
Tax Audit Fees	0.20		0.20	
Reimbursement Expenses	0.48	2.12	0.53	2.17
Training Expenses		5.30		3.28
<b>SUB TOTAL (C)</b>	<b>4475.87</b>		<b>5208.54</b>	
<b>(D) Other Provisions / Expenses Written Off</b>				
Provision for Bad & Doubtful Debts	445.67		191.93	
Provision for Raw Material	19.70		0.00	
Provision for Bad & Doubtful Advances	0.00		5.61	
Provision for Warranty Expenses	195.76		239.79	
Provision for Foreign Exchange difference	5.33		0.00	
Miscellaneous Provisions	456.37		888.76	
Miscellaneous Losses Written Off	662.39	1785.22	204.92	1531.01
<b>SUB TOTAL (D)</b>	<b>1785.22</b>		<b>1531.01</b>	
<b>GRAND TOTAL (A+B+C+D)</b>	<b>18474.84</b>		<b>23568.98</b>	

**NOTE NO. - 31**
**PRIOR PERIOD ADJUSTMENT**

<b>Income</b>				
Sales (including services)	(7314.13)		0.00	
Previous year expenses written back	2971.16		0.00	
Misc Income	(16.30)	(4359.27)	0.00	0.00
<b>Less : Expenses</b>				
Raw Materials Consumed	(0.42)		0.00	
Stores & spares parts consumed	18.93		0.00	
Depreciation	3.55		0.17	
Misc. Expenses (net)	21.95	44.01	0.58	0.75
<b>Prior Period Adjustment (Net)</b>	<b>(4403.28)</b>		<b>(0.75)</b>	



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

₹ in Lakh

₹ in Lakh

2014-15

2013-14

**NOTE NO. - 32****EXCEPTIONAL ITEMS**

Total	<u>0.00</u>	<u>0.00</u>
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**NOTE NO. - 33****EXTRAORDINARY ITEMS****Impact of Revival Package****Income**

Grant from Govt. of India [Utilised]	0.00	9901.84	
Grant from Govt. of Jharkhand	0.00	16421.00	
Electricity Dues Waived by GOJ	0.00	85342.46	
Water Dues Waived by GOJ	<u>0.00</u>	<u>3264.80</u>	114930.10

**Less : Expenses**

Net Asset Transferred to GOJ	0.00	515.56	
Accrual of Electricity Dues	0.00	57950.61	
Accrual of Water Dues	0.00	960.78	
Accrual of Commercial Taxes	<u>0.00</u>	<u>495.59</u>	59922.54

**Net****0.00****55007.56**

**NOTE NO 34**
**“OTHER NOTES TO FINANCIAL STATEMENT”**

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

**A. Status of Revival package approved by Govt. of India (Recommended by BRPSE on 7.10.2005 and approved by Govt. of India on 15.12.2005)**

<b>Assistance approved by Govt. of India</b>		<b>Status of Implementation</b>
a)	Conversion of plan loan of ₹ 15.27 Crores 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 ₹ 1101.02 Crores.	Implemented in March, 2006
c)	To provide non-plan loan of ₹ 102.00 Crores, in the form of Non Plan loan of ₹ 92.03 Crores, plan loan of ₹ 4.985 Crores which will be repaid by the company in three years and also ₹ 4.985 Crores 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. ₹ 330.00 Crores) 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 ₹ 85.44 Crores from long term lease of residential quarter

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

a)	Conversion of Plan Loan (₹ 5.825 Crores) and Non Plan Loan ( ₹ 102.21 Crores) into Equity.	Implemented in March, 2009
b)	Conversion of outstanding interest of ₹ 44.81 Crores up to 18.9.2008 into Equity	Implemented in March, 2009
c)	Enhancing the Govt. guarantee from ₹ 150 Crores to ₹ 253 Crores for meeting working capital.	Implemented in March, 2009
d)	To settle the liability of ₹ 79.06 Crores 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 ₹ 79.06 Crores. In addition, Waiver of the interest and penal interest on CISF dues amounting to ₹ 37.91 Crores and freezing of interest and penal interest amount after 31-7-2008 was approved by Govt. of India in Sept-08 and implemented

## OTHER NOTES TO FINANCIAL STATEMENT

C. Status of Revival Package : Agreed to amongst DHI,GOI, Govt. of Jharkhand and HEC Ltd.					
	Revival Package approved by		Rs. In Crore		
	CCEA	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 Rs. 500 Crores against electricity dues was approved.	Waival of electricity dues of ₹ 306.37 crores and delayed payment surcharge up to the date of Final settlement by JSEB after approval of Hon'ble High Court of Jharkhand.	₹ 969.85 Crores total amount to be waived / Adjusted.	Waived ₹ 853.42 Crores (Electricity dues of ₹ 306.37 Crores and DPS of ₹ 547.05 Crores up to 31.08.2008)	₹ 116.42 Crores against DPS from 01.09.2008 to 31.03.2010 yet to be waived.
2	Waiver of PHED dues of Rs.31.03 Crores	Waival of PHED dues ₹ 32.65 Crores as on 31.03.2007.	₹ 32.65 Crores (Waiver)	₹ 32.65 Crores (Waived )	NIL
3	Waiver of Sales Tax dues of ₹ 25.51 Crores	The GOJ agreed that payment of ₹ 25.51 Crores 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) ₹ 25.51 Crores to be paid by GOJ	1) ₹ 25.51 Crores	1) NIL
			2)The company is to deposit ₹ 25.51 Crores with GOJ	2) ₹ 25.51 Crores 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 ₹ 250 Crores from Govt. of Jharkhand with no future commitment for transfer of any more land or building.	Grant of ₹ 275.51 Crores including ₹ 25.51 Crores mentioned in Sl.No. '3' above.	₹ 275.51 Crores	₹ 200.21 Crores including Rs.36.00 Crores received on 29.05.2015.	₹ 75.30 Crores
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 ₹ 142.23 Crores 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.		



## OTHER NOTES TO FINANCIAL STATEMENT

34.2. The prayer of HEC Limited to the Chairman of Central Board of Trustees, Employees Provident Fund Organisation, for waiver of damages amounting to ₹. 95.02 Crore 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.

### 34.3 Contingent Liabilities :

SI No	Particulars	2014-15	2013-14
1	Estimated amount of contracts, remaining to be executed on capital account and not provided for	299.03	230.04
2	Unexpired Letter of Credit	911.28	783.68
3	Unexpired Bank Guarantee	18454.01	18644.20
4	Delayed payment surcharge on Energy charges	11642.22	11642.22
5	Water Dues	1094.42	1297.89
6	Damages towards PF dues	9501.54	9501.54
7	Legal Cases	1712.81	1621.11
8	Commercial Taxes	328.11	450.93
9	Post Dated Cheques	79.25	0.00
	<b>Total</b>	<b>44022.67</b>	<b>44171.61</b>

34.4 Out of ₹ **23,072.42 Lakhs** received towards Long Term Lease from 1995 – 96 onwards to 31.03.2015, a sum of ₹ **468.64 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 .

- 34.5 (a) Revenue from operation includes unbilled sales including Excise duty, amounting to ₹. **3481.58 Lakhs** including escalation (previous year ₹.14506.20 Lakhs) due to part supply as per billing schedule under respective work order.
- (b) The Sales effected on or before 31.03.2015 has been considered to be received at Customer premises latest by 26.04.2015.
- (c) Interplant transfer of ₹ **4319.94 Lakhs** (previous year ₹ 4572.41( Lakhs) have been excluded from total Revenue from operation of the Company.

- 34.6 (a) Revenue from operation includes ₹ **8159.02 Lakhs** in respect of turnkey contract executed by Project Division ( previous year ₹ 13633.61 lakhs ) valued on the basis of as 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

	2014-15	2013-14
Contract revenue recognized during the year	<b>8159.02</b>	13633.61
In respect of Contract in progress as on 31.03.2015		
- Cost incurred and recognized profits (less recognized losses)	<b>99728.68</b>	92993.58
- Amount of advance received	<b>108043.92</b>	88459.72
- Amount of retentions (deferred debts)	<b>554.45</b>	1373.02

	<b>2014-15</b>	2013-14
<b>In respect of dues from customers after appropriate netting off</b>		
- Gross amount due from customers for the contract work as an asset	<b>3739.11</b>	12504.96
- Gross amount due to customers for the contract work as a liability	<b>2988.88</b>	6777.95
- Contingencies	<b>NIL</b>	NIL

- (b) The estimates of total costs and total revenue in respect of Construction Contracts entered on or after 1<sup>st</sup> 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 .
- 34.7 Depreciation is provided on straight line basis, based on the useful life of the assets prescribed in Schedule II to the companies Act 2013 and as a result the impact on the profitability comes to ₹. (-) 420.37 lakhs during 2014-15.
- 34.8 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.
- 34.9 Interest on overdue amount relating to Micro and Small Enterprises has not been provided and the same has also been shown given below.

<b>Micro, Small &amp; Medium Development Act,2006</b>		
	₹. in Lakhs	
	<b>2014-15</b>	2013-14
Delayed payments due as at the end of each accounting year on account of		
Principle	<b>1613.37</b>	734.28
Interest	<b>1202.66</b>	150.39
Total Interest Paid on all delayed payments during the year under the provisions of the Act	<b>Nil</b>	Nil
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act	<b>Nil</b>	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.	<b>Nil</b>	Nil
Total Interest due but not paid - ( Represent all interest amounts remaining due together with that from prior year(s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for Income Tax purpose)	<b>Nil</b>	Nil

- 34.10 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 realised.
- 34.11 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 31,2015 in accordance with the revised Accounting Standard 15- Employee benefits issued by ICAI.
- (b) Defined benefit plans - As per Actuarial valuation on March 31,2015.
- (c) Other disclosure as required under Accounting Standard (AS)-15 (revised on Employees benefits) are:-

₹. in Lakhs

	Gratuity	Leave Encashment	Retd.Travel Allowance	Sick Leave
<b>Expense recognized in the statement of Profit &amp; Loss for the year ended March 31,2015</b>				
1. Current Service Cost	317.22	253.56	5.01	36.53
2. Past Service Cost	0.00	0.00	0.00	0.00
3. Interest Cost	691.85	359.23	6.46	57.99
4. Reduction in Obligation due to HPL	0.00	0.00	0.00	(326.11)
5. Net Actuarial(gain)/loss recognized during the year	218.35	(187.30)	(16.60)	(79.56)
<b>TOTAL EXPENSES</b>	<b>1227.42</b>	<b>425.49</b>	<b>(5.13)</b>	<b>(311.15)</b>
<b>Net Asset / (Liability) recognised in Balance Sheet</b>				
1. Present value of the obligation (Current)	1635.41	1232.76	9.32	70.12
2. Present value of the obligation (Non Current)	5003.34	2364.34	54.19	255.99
3. Funded status [Surplus /(deficit)]	(6638.75)	(3597.10)	(63.51)	(326.11)
4. Net Asset / (Liability) recognized in the Balance Sheet	6638.75	3597.10	63.51	326.11
<b>Change in the Present value of the Obligation during the year ended March 31,2015</b>				
1 Present value of the obligation as at April 1,2014	7602.62	3947.62	70.95	637.26
2 Current Service Cost	317.22	253.56	5.01	36.53
3 Interest Cost	691.85	359.23	6.46	57.99
4 Past Service Cost	0.00	0.00	0.00	(326.11)
5 Benefits paid	(2191.29)	(776.01)	(2.31)	0.00
6 Actuarial (Gain) / Loss on obligation	218.35	(187.30)	(16.30)	(79.56)
7 Present value of obligation as at March 31,2015	6638.75	3597.10	63.51	326.11
<b>Actuarial Assumptions</b>				
1 Discount rate	7.80%	7.80%	7.80%	7.80%
2 Rate of Increase in Compensation	8.00%	8.00%	8.00%	8.00%
3 Mortality rate <b>LIC (2006-2008) Table</b>				

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

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

<b>Information about different business units (Segments) 2014-2015</b>					
	FFP	HMBP	HMTF	PROJECT	HEC
					₹ in Lakhs
<b>REVENUE</b>					
External Sales	1943.87	23902.78	2152.50	8159.02	<b>36158.17</b>
Inter-plant / Job done for own use	3913.68	280.21	978.52	0.00	<b>5172.41</b>
<b>Total Revenue</b>	<b>5857.55</b>	<b>24182.99</b>	<b>3131.02</b>	<b>8159.02</b>	<b>41330.58</b>
<b>RESULT</b>					
<b>Net Profit ( Before Interest )</b>	<b>(11145.78)</b>	<b>(4056.35)</b>	<b>(25.87)</b>	<b>(6642.35)</b>	<b>(21870.35)</b>

<b>Information about different business units (Segments) 2014-2015</b>					
					₹ in Lakhs
	<b>FFP</b>	<b>HMBP</b>	<b>HMTF</b>	<b>PROJECT</b>	<b>HEC</b>
Interest	597.54	1539.84	160.88	0.00	<b>2298.26</b>
<b>Net Profit</b>	<b>(11743.32)</b>	<b>(5596.19)</b>	<b>(186.75)</b>	<b>(6642.35)</b>	<b>(24168.61)</b>
Extraordinary Items	0.00	0.00	0.00	0.00	<b>0.00</b>
Prior Period Income	102.90	93.81	35.16	(4635.15)	<b>(4399.73)</b>
<b>Net Profit from ordinary Activities</b>	<b>(11846.22)</b>	<b>(5690.00)</b>	<b>(221.91)</b>	<b>(2007.20)</b>	<b>(19768.88)</b>
OTHER INFORMATION					
Segment Assets	10741.15	42885.21	4886.45	6177.40	<b>64690.21</b>
Addition during the year	654.00	54.49	38.05	1.27	<b>747.81</b>
Unallocated Assets					12784.04
Total Assets					78222.06
Segment Liabilities	10899.85	13100.02	2340.25	7760.73	<b>34100.85</b>
Unallocated Liabilities					33776.51
Total Liabilities					67877.36
Capital Expenditure	1810.48	130.40	108.40	1.27	<b>2050.55</b>
Unallocated Capital Expenditure.					7.42
Total Capital Expendt.					2057.97
Depreciation	563.37	125.22	35.39	10.76	<b>734.74</b>
Unallocated Depreciation					239.36
Total Depreciation					974.10

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

**Names of the Related Parties**
**Details of Transaction**

(₹ in lakhs)

	Key Management Personnel	Period	Remunerations	Terminal Benefits
1	Sri Avijit Ghosh CMD	01/2015- 03/2015	6.16	0.72
2	Sri R Mishra Ex CMD	04/2014- 12/2014	12.33	2.13
3	Sri Kushal Saha Director (Production)	04/2014-03/2015	21.78	2.59
4	Sri S. Banerjee Director ( Personnel.) Till 24.07.14)	04/2014-03/2015	13.05	2.40





5	Sri A.V.Krishna Director (Mktg)	04/2014-03/2015	23.86	2.51
6	Sri S.K.Pattnayak Director ( Finance)	04/2014-03/2015	21.76	2.51
		Total :	98.94	12.86

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

- 34.15 A theft of Nickel & Ferro Molybdenum amounting to ₹ 31.92 Lakhs was occurred on dt. 23.06.2015 & 24.06.2015 in (H) shed of production store/FFP as reported by store. Since this event had occurred after the Balance Sheet date i.e. after 31.03.2015 hence no provision has been made during the year 2014-15.
- 34.16 In Case deficit arises from Employee's Provident Fund Trust, it is to be borne by the Company. But in this Accounting year 2014-15, no deficit is noticed in Employee's Provident Fund Trust Account.
- 34.17 In certain areas like Transport and Hospital consumables like Spare Parts, Medicines and Stationary are treated as consumed during the year.
- 34.18 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.
- 34.19 The Note No.1 to 34 & Cash Flow Statement forms an integral part of these accounts.

**A. K. Kanth**  
Company Secretary

**S. K. Chakraborty**  
General Manager (Fin)

**S. K. Pattanayak**  
Director Finance

**Avijit Ghosh**  
Chairman Cum  
Managing Director

Signed for identification  
For R. Bansal & Associates  
Chartered Accountants

**(Kanchan Maheshwari)**  
Partner  
M.No. 514941

## ADDITIONAL INFORMATION

₹ in Lakh

	Current Year 2014-15	Previous Year 2013-14
A.1 Employees who were in receipt of or were entitled to receive emoluments (including benefits) of ₹ 24,00,000.00 or more for the year (and ₹ 2,00,000.00 or more per month when employed for apart of the year for current year).	NIL	NIL
<b>A.2 Auditors Expenses</b>		
i Statutory Auditors Remuneration	1.44	1.44
ii Tax Audit Fees	0.20	0.20
<b>B. Value of consumption of Raw Materials, Components, Stores &amp; Spare Parts (Including purchase of finished goods) and percentage thereof.</b>		

₹ in Lakh

	2014-15		2013-14	
	Value	%	Value	%
<b>(a) Raw Materials</b>				
(i) Imported*	2476.67	17.32	2936.20	16.70
(ii) Indigenous	11824.28	82.68	14646.17	83.30
<b>Total</b>	<b>14300.95</b>	<b>100.00</b>	<b>17582.37</b>	<b>100.00</b>
<b>(b) Stores &amp; Spares</b> (Including stores and spares used for repairs and Maintenance)				
(i) Imported	184.93	4.52	164.40	3.60
(ii) Indigenous	3910.63	95.48	4407.98	96.40
<b>Total</b>	<b>4095.56</b>	<b>100.00</b>	<b>4572.38</b>	<b>100.00</b>

Note : Exclusive of imports through canalised agencies.

### C Value of Imports on CIF Basis

Raw materials, Spare Parts, GIT

Components	2730.42	2846.51
Capital Goods	24.57	56.28
<b>Total</b>	<b>2754.99</b>	<b>2902.79</b>

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

### D. Expenditure in Foreign Currency

Technical know-how fee	0.00	0.00
Directors & Officers Abroad	43.62	2.97
<b>Total</b>	<b>43.62</b>	<b>2.97</b>

## ADDITIONAL INFORMATION

### Annexed to and forming part of the Account

₹ in Lakh

#### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**1. Registration Details**

Registration No.	State Code
0   0   0   6   3   0	0   3
Balance Sheet Date	
3   1   0   3   1   5	
Date            Month            Year	

**2. Capital Raised during the year**

Public Issue	Right Issue
N   I   L	N   I   L
Bonus issue	Private Placement
N   I   L	N   I   L

**3. Position of Mobilisation and Deployment of Funds.**

Total Liabilities	Total Assets
7   8   2   2   2	7   8   2   2   2
Sources of Funds :	
Paid - up Capital	Reserve & Surplus
6   0   6   0   8	1   0   4   7   3
Secured Loans	Unsecured Loans
1   3   8   9   1	3   8   3   1
Application of Funds :	
Net Fixed Assets	Investment
8   1   7   1	1
Net Current Assets	Misc. Expenditure
1   7   2   7   7	1   1
Accumulated Loss	
8   1   6   6   1	

**4. Performance of Company**

Turn Over	Total Expenditure
3   9   1   5   0	6   3   3   1   9
± Profit / Loss Before Tax	± Profit / Loss after Tax
-   2   4   1   6   9	-   2   4   1   6   9
Earning Per Share Diluted (in Rs.)	(Considering Extra Ordinary Items)
-   3   9   9	1   1
	Dividend Rate
	0

**5. Generic Names of three Principal**

Product / Service of the Company (as per monetary terms).

Item Code No. (ITC Code).

Product Description

S	T	E	E	L		P	L	A	N	T									
M	I	N	I	N	G		E	Q	U	I	P	M	E	N	T				

Item Code No. (ITC Code).

Product Description

S	T	E	E	L		C	A	S	T	I	N	G							
F	O	R	G	I	N	G	S		&		R	O	L	L					

Item Code No. (ITC Code).

Product Description

H	E	A	V	Y		M	A	C	H	I	N	E		T	O	O	L	S	
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