

एच. ई. सी.



वार्षिक प्रतिवेदन ANNUAL REPORT

2018-19

उत्पादकता हेतु प्रतिबद्धता
Committed to Productivity



CHANDRAYAAN 2

हेवी इंजीनियरिंग कॉर्पोरेशन लिमिटेड

(भारत सरकार का उद्यम)

HEAVY ENGINEERING CORPORATION LIMITED

(A Govt. of India Enterprise)

गुणवत्ता नीति

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

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Quality Policy

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

हेवी इंजीनियरिंग कॉर्पोरेशन लिमिटेड
HEAVY ENGINEERING CORPORATION LTD.

BOARD OF DIRECTORS

(as on 27.09.2019)



Mradul Kumar Saxena
Chairman-cum-Managing Director (Addl. Charge)
& Director (Personnel)



Arundati Panda
Director (Finance)



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



Pravin L. Agarwal
Director



Neelam S Kumar
Director



A. S. Sarangi
Director



H. N. Ramakrishna
Director



Taran Kumari Roy
Director



Abhay Kumar Kanth
Company Secretary



Memorandum of Understanding Between HEC and MSTC



Meeting with the Russian delegation at the Indo Russian Inter Governmental Committee at Goa

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BOARD OF DIRECTORS

(As on 27.09.2019)

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the Shareholders of Heavy Engineering Corporation Limited, Ranchi that 60th Annual General Meeting of the Company will be held on Friday, the 27th September, 2019 at 11.30 AM at its Registered Office located at Plant Plaza Road, Dhurwa, Ranchi - 834004 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Report of the Board of Directors to the Shareholders for the financial year ended 31st March, 2019.
2. To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2019.
3. Appointment of Statutory Auditor under Section 139 of the Companies Act, 2013 for the financial year 2019-20 and fix the remuneration of Statutory Auditor under section 142 of the Companies Act, 2013.

By order of the Board of Directors



(A. K. Kanth)
Co. Secretary

Date : 17.08.2019

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



Bucket of Walking Dragline being despatched to Northern Coalfields Limited



Inauguration of Walking Dragline, 24/88, "AGNI" at Northern Coalfields Limited



Swachhta Abhiyaan being observed in HEC



Anti Terrorism Day being observed in HEC



To

The Shareholders

Heavy Engineering Corporation Limited

Ladies and Gentlemen,

Heavy Engineering Corporation has completed its 60 years of service to the nation and the Directors of the Company have the pleasure to present the 60th Annual Report of the Company together with Audited Accounts for the financial year ended 31st March, 2019.

1. PERFORMANCE HIGHLIGHTS

The core business segment of the company viz. Steel and Mining sectors did not have major requirement of product in the manufacturing range of HEC, thus affecting major order booking from these sectors. However, few orders from ISRO, Railways and Nuclear sectors added to the order book position. The long pending upgradation / modernization plan as well as dried-up working capital scenario adversely impacted the performance of the company. Despite these factors, the company achieved Rs 356.21 Cr. turnover against Rs 399.02 Cr. during the previous year.

2. PRODUCTION & SALES

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

(Rs. in Cr)

Particulars	2018-19		2017-18	
	MOU	Actual	MOU	Actual
Turnover	618.01	356.21	695.00	399.02
Production	628.20	340.22	704.15	393.37

3. FINANCIAL RESULTS

Achievement against target and previous year is detailed below:

(Rs. in crore)

Particulars	2018-2019		2017-2018	
	MOU	Actual	MOU	Actual
Gross Margin ❶	-41.99	-220.36	2.69	-63.95
Interest	28.48	27.72	26.72	26.70
Depreciation	7.92	6.87	8.10	7.03
Exceptional Items Exp. (+)/ Income(-)	0.00	1.29	0.00	14.26
Profit before Extra-ordinary items	-78.39	-256.24	-32.12	-111.94
Extra ordinary items Income (+) / Exp. (-)	0.00	162.57	0.00	621.02
Profit before Tax	-78.39	-93.67	-32.12	509.09
Tax	0.00		0.00	63.09
Net Profit	-78.39	-93.67	-32.12	446.00
Cash Profit (before extra-ordinary items)	-70.47	-249.37	-24.03	438.97

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

Paid up Equity Capital of the Company on 31.03.2019 stands at Rs. 606.07 Cr, while net worth is poised at Rs. 10.38 Cr.

During the year your Company contributed Rs. 21.26 Cr to Central and State Exchequers as compared to Rs.93.13 Cr in the prev. year.

The Turnover, Production, employee productivity and profitability since 2008-09 are tabled below:

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

Non-Declaration of Dividend :

Profit after Tax (PAT) during FY 2018-19 is Rs. **-93.67** Cr and Net worth is Rs. 10.38 Cr. As per guidelines issued by DIPAM, Ministry of Finance vide OM No.5/2/2016-Policy dated 27-05-2016, CPSE has to pay dividend as 30% of PAT or 5% of Net worth whichever is higher. However, Company is not liable to declare dividend in view of Section 123 (in respect of declaration of dividend) of Companies Act 2013.

4. MARKETING ACTIVITIES

HEC bagged the following orders of equipment and components in the FY 18-19 :-

- Folding Platforms and Horizontal Sliding Doors from ISRO for its PSLV Integration Facility (PIF) project
- Trial order for 6 Nos. of Worksite Tampers for Indian Railway
- Low Alloy Steel Plates from Aakanksha
- 40T EOT Crane from RSP
- 31 nos. of Slag Cups from BSP, DSP & ISP
- Forged Rolls from VSP
- Spares worth Rs 75 Cr. for Steel Plant and Mining equipment

The Erection of Walking Dragline, HMB-15 has been completed and the equipment has been handed over to



Northern Coalfields Limited (NCL). It was inaugurated by Chairman, Coal India Limited on 28.03.2019. The equipment has been christened as "Agni" by NCL and it is working satisfactorily in Amlohri Project of NCL.

HEC has also dispatched 13 out of 15 nos. of Dragline Bucket in association with M/s SIMCO, Australia for which the order worth Rs 102 Cr. had been received against global competition. The order has been fulfilled ahead of schedule.

Orders in Hand

Orders as on 31.3.2019 stands at Rs. **642.43** Cr

Business Development initiatives :-

Efforts are being made to identify other potential areas where HEC's facilities can be used for indigenization in line with 'Make in India' programme.

HEC achieved initial milestones in the nuclear sector as it entered into dialogues and finalized agreement with OKBM, Russia which will support in manufacture of Nuclear power plant components and equipment.

HEC has entered into a MoU with M/s Mazagon Dock Limited (MDL) for indigenisation of Propulsion system for warships of Indian Navy. MDL and HEC are firming the modalities with M/s Rosoboronexport, Russia for technology transfer of propulsion system. HEC and M/s Rosoboronexport have entered into a MoU and Confidentiality agreement, in this regards.

To raise the footprints in mining sector, HEC has entered into a MoU with BEML for joint manufacturing of Walking Draglines and higher capacity shovels. Together, HEC and BEML are committed towards increasing indigenous supplies and reduction in imports.

HEC is also in discussions with CASCADE Technologies, Russia for finalizing the contract agreement for railway track maintenance equipment.

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

5. Procurement from MSME

The company emphasizes on the procurement from MSME, NSIC & SSI firms. The procurement from MSME, NSIC & SSI firms is 5370.77 Lakh during the year.

6. Promotion of Digital Payment

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

7. 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.

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

1. Daily Safety inspection of shop floor to identify Safety Lending Indicators (Hazards Identification, unsafe condition & near misses) & Safety Lagging Indicators (like violation of uses of PPEs while working, equipment safety).
2. Imparted class room training as well as on shop floor under training within TWI & Tool Box Talk on several topics are:-

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

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

Health and Environment:-

- (a) For health preservation of workers, conducting Eye test and health examination, this is also a statutory provision as per Factory Act.
- (b) Monitoring of quality of ambient air and stack.
- (c) Monitoring of discharge water quality through drains A, B & C on a daily basis.



- (d) Regular tree plantation activities are being carried out with the help of forest department to keep the HEC areas green and reduce the pollution.
- (e) Several Health & Environment activities are being covered under Swachh Bharat Mission programmes.
- (f) To implement the condition given by JSPCB for the prevention & control of Air & water pollution
- (g) Testing of water effluent samples regularly for pollutants, based on which consent for discharge of water to inland body is granted.

Combined Effluent Treatment Plant (CEPT) has been installed in FFP to refine the phenol water and other liquid effluent coming out from our Producer gas plant to address the pollution issues arising out of discharge of this water outside the plant through exist drains. At the same time the plant will facilitate the generation of fresh water out of those contaminated water which can be further utilized.

8. **MANPOWER POSITION**

The manpower of the Company as on 31.03.2019 stood at 1502 as against 1388 on 31.03.2018. The year 2018-19 saw recruitment of total 9 no. of Executives and 196 no of Regular Workmen (Technical).

9. **INDUSTRIAL RELATIONS**

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

10. **EMPLOYEE WELFARE**

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

11. **HUMAN RESOURCE DEVELOPMENT**

The company gives immense importance to Human Resource Development. Thrusts were on competency development through organizing Management Development programmes viz 5S Training, Attitude Development, Reservation Policy, Steel making through secondary route, Material Composition Heat Treatment Technology and selection of Appropriate Heat Treatment Cycle for Steel, Leadership Quality Development, Developing Supervisory Skill, Subordinate Development, Emerging Technologies in Foundry Forge Technology etc. Besides, the workmen were imparted training for their multi skilling & executive were imparted Training programme organized by DPE i.e. Build competencies for Personal

Excellence, Corporate Governance, Finance for Non-Finance Executive, Contract Management & Negotiation Skills & Strategies, Risk Management, Communication & Presentation skills, Financial Management, Marketing Management, Corporate Social Responsibilities, Vigilance awareness/preventive Vig. Practice, Internal financial controls under Companies Act 2013 & Gender Equality at Workplace.

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

12. **CEFC Pratham Foundation**

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

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

- Steel Melting & Secondary Refining for manufacturing purposes.
- Steel Ingot Casting Technology and Equipment.
- Blank Forging & Stamping Technology and Equipment.
- Foundry Technology for Production of Cast Products.
- Heat Treatment Technology and Selection of appropriate heat-treatment cycle for steel.
- Electro-Slag Re-melting Technology and Equipment.
- Welding Technology and Equipment.
- Quality Assessment Technology and Criteria for Destructive and Non-Destructive Quality Control.
- Design and Manufacturing Technology of Gear Trains.

These courses offered by CEFC Pratham Foundation have been developed by the scientists and experts of CNIITMASH, supported by highly experienced

domain experts from Indian industry as well as faculty of premier institutes of India like, Indian Institute of Technology, Kharagpur & National Institute of Foundry & Forge Technology, Ranchi. The smart class rooms are being constructed for providing training in CEFC.

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

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

Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises has approved the transfer of Common Engineering Facility Center to HEC Ltd from CEFC Pratham Foundation after transferring all assets and liabilities to HEC.

13. COMPLIANCE OF APPRENTICES ACT

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

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

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

CTS	:	116
ATS	:	183
NATS	:	169
		468

These training programmes are being conducted in HEC Training Institute.

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

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

14. STATUS OF SCHEDULE CASTES & SCHEDULE TRIBES

- i. No. of **SC & ST** employees as on **31.03.2019** stood at **328 & 335** respectively.
- ii. **Percentage of SC & ST** employee's w.r.t. total employees stood as **21.83% and 20.30%** respectively.

- iii. Out of 205 recruitments made during 2018-2019, 38 nos. of **SC** candidates & 61 nos. of **ST** candidates have joined.

15. PROGRESSIVE USE OF HINDI

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

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

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

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

16. HEC DAY CELEBRATION

HEC Day was celebrated with full fanfare on 15th November. A "March for Repositioning of HEC" was organized from Shaheed Maidan to the Friendship Avenue which was led by CMD/HEC and attended by large number of employees, ex-employees, spouse, family, contract workers, members of Mahila Samiti, Union Leaders of HEC, school children and staffs of schools within HEC premises.

17. PUBLIC SECTOR WEEK

With a view to portray the Public Sector's contribution to India's economic and social growth, Standing Conference of Public Enterprises (SCOPE) has instituted the Public Sector day on April 10, every year. Based on the same objectives, in the year 2018 the Public Sector Day [10th April] was held in HEC.

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

18. CELEBRATION OF WORLD ENVIRONMENT DAY

On the occasion of 44th World Environment Day on 5th June, 2018 tree Plantation drives were taken up in HMBP, FFP, HMTP, HEC Training Institute, HEC Plant Hospital and Township where CMD, Plant Heads and other employees planted tree saplings adding to already greener environment of HEC.

19. OBSERVANCE OF INTERNATIONAL YOGA DAY/WEEK

The International Yoga Day had been observed on



21st June 2018 in HQ. Lawn. Further, a Yoga week has also been observed in HEC from 23.06.2018 to 30.06.2018. A large number of employees and their family members participated & benefitted from this program. The Trainer for the above said programme was Dr. Ramdeo Prasad Gupta, Sr. Yoga Trainer, Patanjali Yoga Samiti, Ranchi.

20. IMPLEMENTATION OF 5S

- I. 5S system has been implemented in the shops and offices with emphasis on Sorting, Segregation, Effective housekeeping of items, cleaning and self-discipline.
- II. Training & workshops were organized in each of the Plants & Headquarter.

21. SWACHH BHARAT MISSION

In order to improve health and cleanliness in HEC, the cleanliness drive was being taken up from time to time i.e. 13.07.2018 to 12.08.2018 (Swachhta Month), 15.09.2018 to 02.10.2018 (Swachhta Hi Sewa) & 16.12.2018 to 31.12.2018 (Swachhta Pakhwada) in different Plants/Divisions of HEC and around HEC Township, schools & nearby villages involving all employees/contract workers/students/ general people. Under this activity following measures were taken by HEC:-

- i. Oath of Swachh Bharat was taken by all employees/contracts workers. All of them are themselves cleaning their working places and adjoining areas.
- ii. In the plant level Inter-shop/Deptt. Competition on Best shop for maintenance of Cleanliness was organized in each Plant. Awards have been given on Independence Day & Republic Day functions by CMD.
- iii. Action for identification and disposal of obsolete/unserviceable items lying in Plants and other Divisions has taken place.
- iv. Drives were taken to put name boards on the materials/items in the plants.
- v. Disposal/waste bins has been placed in the shops, Headquarters and Plant Hospital has been cleaned. In every Shop Headquarters and Plant Hospital two types of waste bins one for biodegradable and the other for non-degradable have been placed with proper colour and instructions written on it.
- vi. In this Abhiyan, a vehicle fitted with Public Address System and banners had moved in and around HEC Township through which message regarding Swachhta has been given to public

at large. Nukkad natak were also performed by the employees for developing awareness towards cleanliness amongst the employees and the residents of Township and adjoining villages/bustees. Also the employees in the Factories (Plants), Divisions and children in the School were mobilized to clean their workplace, surroundings of the shops and premises of their buildings.

- vii. Swachhta Daud & Cycle Yatra had also been organized.

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

Mobile Vacuum Cleaner Machine for Industrial/Road cleaning purpose has been procured under the funding scheme from DHI against "**Swachh Action Plan (SAP)**". The cost of the machine is to the tune of Rs. 56 Lakh. The machine has already been received at our store and is to be launched shortly. It is to be used to avoid massive manual collection of sand, to clean and collect sludge, liquids, thick mud & mulch and also the chips generated out of machining.

22. OBSERVANCE OF NATIONAL PRODUCTIVITY WEEK.

The National Productivity Week had been observed from 12th to 18th Feb, 2019. During the same Productivity Improvement Committee had been set-up at Plant level to formulate a Plan of Action for the year (2019-20).

Further, during this week debates, essay, painting and slogan competitions had been organized in different Plants/Divn. The winners were awarded by CMD during the valedictory function on 20.02.2019.

23. CELEBRATION OF INTERNATIONAL WOMEN'S DAY

The International Women's Day had been observed on 8th March, 2018 involving all employees/ contract workers. On this date a debate/speech competition on the subject "Better the Balance, Better the World # Balance for Better" had been organized.

24. FREE MEDICAL HEALTH CAMP & EYE CAMP

Free medical health camp and EYE camp are being organized by Plant Hospital periodically in and around the HEC from time to time in order to improve health among the nearby villagers and the needy persons.

25. TREE PLANTATION

Tree Plantation drives were taken up in HMBP, FFP, HMTP, HEC Training Institute, HEC Plant Hospital, HEC Wellness Center and Township where CMD, Directors,

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

26. ONLINE ANNUAL PERFORMANCE REPORT

In order to make offices paperless online Annual Performance Reports & Annual Property Returns have been developed.

27. USES OF ELECTRICAL VEHICLE

An agreement has been signed between EESL & HEC for use of Electric Cars.

28. 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.

29. CORPORATE SOCIAL RESPONSIBILITY

In spite of poor financial condition & constant loss, company continued CSR activities like (i) running Nursing School, (ii) running Industrial Training Institute and (iii) Arranging medical camps with the help of its Wellness Center. Details of activities carried out by HEC Hospital during 2018-19 are as under:

- Free Blind relief camps, where, surgery of 55 patients was done out of more than 300 screened patients. Majority of the patients were from BPL families.
- Organisation of Blood Donation Camp on regular interval.
- Immunization Programmes at regular interval
- Under Community health awareness program "Hospital at your door step" was carried out. Under this Programme, a team of Nursing students with a senior Nursing Staff and a doctor made door-to-door visit of the Satellite Villages of HEC Township and gave health awareness tips to the villagers, especially ladies and provided them with available drugs, if need be. The villages visited were : Jagannathpur, Kute, Tiril, Nayasarai, Pundag, Sitheo, Hatia, Tupudana, Dungri, Tonko, Satranji, Balsring, Bermad & Jojosring (14 Villages)

30. VIGILANCE ACTIVITIES

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

Preventive vigilance continued to be the thrust area through periodic and surprise inspections by the Vigilance Department. Awareness amongst employees is generated by organizing training programs on various guidelines/procedures of CVC, disciplinary enquiry proceedings, their role in combating corruption etc. and need for transparent and fair working.

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

Structured meeting and quarterly review between CMD and CVO on vigilance matter was held on 15.09.2018.

A Journal "SPARK - "VII" containing latest CVC Guidelines and other Vigilance related articles has been prepared and circulated among all Officers of the Corporation on the occasion of Vigilance Awareness Week, 2018. Vigilance Portal in Company's website is being updated regularly.

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

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

31. DISPOSAL OF REQUEST/APEAL UNDER RTI ACT

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

32. 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 & ISO 9001:2015.

33. 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 will be carried out in phases and replacement of MG Set of Machine Tools will be done by thruster rectifier.

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

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

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

35. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that :

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors 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.

36. FOREIGN EXCHANGE

The foreign exchange outgo during the year was Rs. 5.67 crore.

37. CORPORATE GOVERNANCE

The company is committed to maintain the highest standards of Corporate Governance and adhere to the

Corporate Governance requirements set out by the Companies Act. The report on Corporate Governance is placed at **Annexure-B**.

38. STATUTORY AUDITOR

The Comptroller & Auditor General of India (CAG) has appointed M/S Wadhwa Patel & Co., Chartered Accountants as the Statutory Auditor of the company for the financial year 2019-20.

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

The comments of C & AG under Section 143(6) of the Companies Act, 2013 on the Annual Accounts of the Company for the year ended 31.03.2019 along with the Review of Accounts of your Company by C & AG and Statutory Auditors' observations along with Management's replies thereto are furnished in **ANNEXURE-'C'**.

40. EXTRACT OF ANNUAL RETURN (MGT - 9)

The extract of Annual Return in Form No. MGT-9 as Annual Return (MGT-9) required under section 92 of the Companies Act, 2013 for the financial year ending 31st March, 2019 is placed at **ANNEXURE-D**.

41. BOARD OF DIRECTORS

The Board of HEC Ltd. consists of Eight Directors who have been classified in three classes viz., (i) Functional Directors (Whole Time) (ii) Government Nominee Official Directors and (iii) Non-Official Directors. The Board includes (a) Chairman-cum-Managing Director (CMD), Addl. Charge, Three Functional Directors i.e. Director (Finance), Director (Personnel) and Director (Marketing) & Director (Production), (Addl. Charge) (b) Two Government of India Nominee Official Directors and Four Non-Official Director from Ministry of Heavy Industries & Public Enterprises. Sri Mradul Kumar Saxena, Director (Personnel) also holding the Addl. Charge of Chairman-cum-Managing Director (CMD).

During the year Shri Siya Sharan, CCA/DHI & Shri Vishvajit Sahay, JS/DHI has relinquished the directorship and Smt. Neelam S Kumar, CCA/DHI & Shri Pravin L Agrawal, JS/DHI has been appointed as Government of India Nominee Official Director.

42. AUDIT COMMITTEE

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

Shri Siya Sharan ceased to be director of the company w.e.f. 07.08.2018 and in effect of the relinquishment of his directorship, one post as a member in Audit Committee was vacant.

Director (Finance) of the Company is the permanent invitee to the Meetings of the Audit Committee.

43. BUSINESS DEVELOPMENT COMMITTEE

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

Shri Avijit Ghosh has been released from the services of company on 31.12.2018 consequent upon his superannuation & in that effect one post as a member in Business Development Committee was vacant.

44. ACKNOWLEDGEMENT

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

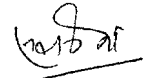
The Board is particularly grateful to the Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises for their continued support in the revival of this Company.

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

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

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

For and on behalf of Board of Directors



(Mradul Kumar Saxena)

Chairman-cum-Managing Director

ANNEXURE-A

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

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

- The product concept of Hydraulic Excavator which was conceived during 2016-17 was given shape after various customer and market survey. The basic engineering design for the product done in 2017-18. Integration of kinematics, hydraulics and automation done to give the product distinctive features that sharpens commercial edge of the product during 2018-19. At the same time manufacturing process finalized for economic production. This involved design and manufacture of various jigs and fixtures, welding process sheet, machining norms etc. Fabrication and machining of major components completed and assembly work started to give a shape of the product.
- HEC bagged order for Bombshell of 450 kg category. A number of experimental efforts made for making the castings and establish the process. The product needs stringent chemical composition and mechanical properties. The chemical composition achieved successfully. However, except one of the mechanical properties (elongation) all other properties and conditions could be achieved. Meticulous analysis has been done with each experiment and accordingly corrected the process parameters. The elongation property in the last experiment showed near to the acceptable limit. The manufacturing process is being fine-tuned for flaw less and mass production.
- HEC accepted second lot of order for development of components for Darjeeling Himalayan Railway's (DHR) loco components. The locomotives introduced in 1886 are still kept in operation however; required spares are not available from OEM. HEC re-designed the components and developed manufacturing drawings. The items has been successfully manufactured and supplied.

II. IMPORT SUBSTITUTION ITEMS MANUFACTURED AND SUPPLIED DURING THE YEAR

- As a step towards indigenization and Make in India concept, HEC fabricated 12 numbers of Dragline Buckets during 2018-19 worth Rs. 43.2 cr.
- Low Alloy Steel Plates worth Rs 17 Cr. was supplied to Aakanksha
- 12 nos of Forged Rolls worth Rs. 1.73 cr. have been supplied to VSP and RSP during 20 18-19.
- Dragline components namely Pinion Shaft (22 Nos.), Walk Shaft (1 No.), Intermediate Gear Wheel (5 Nos.) and Main Gear Wheel (2 Nos.) which are import substitute items worth Rs 13 Cr. were manufactured and supplied to NCL

- Hollow Shaft (1 No.) worth Rs 90 Lakhs was manufactured and supplied to BokaroSteel Ltd. which is an import substitute item.

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.

To reduce expenditure on fuel and as well to avoid investment, the following initiative has been undertaken:

- (a) An agreement with M/s Energy Efficiency Services Limited (EESL) for conversion of heat treatment furnaces from the existing producer gas to LPG/CNG
- (b) Engagement of M/s Energy Efficiency Services Limited (EESL) carrying out energy feasibility assessment study for replacement of key production equipment's
- (c) An agreement has been signed between EESL & HEC for use of Electric Cars.

ANNEXURE – B

REPORT ON CORPORATE GOVERNANCE (AS ON 31.03.2019)

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., Shareholders, Customers, Suppliers, Ministry of Heavy Industries & Public Enterprises, Government of India as owners or any other capacity, various State Governments, other Governmental agencies/departments and the society at large. Essentially it involves practicing of good Corporate Governance policies and HEC believes honesty and integrity through transparency, accountability and attaining maximum level of enrichment of the enterprises. HEC also received global recognition by ensuring value addition to its domestic as also the International customers.

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

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

Board of Directors :

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

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

As on the date of reporting, the Board of HEC Ltd. consists of Eight Directors who have been classified in three classes viz., (i) Functional Directors (Whole Time) (ii) Government Nominee Official Directors and (iii) Non-Official Directors. The Board includes (a) Chairman-cum-Managing Director (CMD), Addl. Charge, Three Functional Directors i.e. Director (Finance), Director (Personnel) and Director (Marketing) & Director (Production), (Addl. Charge) (b) Two Government of India Nominee Official Directors and Three Non-Official Director from Ministry of Heavy Industries & Public Enterprises. Sri Mradul Kumar Saxena, Director (Personnel) also holding the Addl. Charge of Chairman-cum-Managing Director (CMD).

During the year Shri Siya Sharan, CCA/DHI & Shri Vishvajit Sahay, JS/DHI has relinquished the directorship and Smt. Neelam S Kumar, CCA/DHI & Shri Pravin L Agrawal, JS/DHI has been appointed as Government of India Nominee Official Director.

The terms, conditions and tenure of appointment of Directors including CMD are decided by Government of India, Ministry of Heavy Industries & Public Enterprises.

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

Chairman-cum-Managing Director

- i) Shri Avijit Ghosh : CMD w.e.f. 01.04.2018 to 31.12.2018
- ii) Shri Mradul Kumar Saxena : Addl. Charge w.e.f. 01.01.2019 Director (Personnel)

Functional Directors

- i) Smt. Arundati Panda : Director (Finance)
- ii) Sri Mradul Kumar Saxena : Director (Personnel)
- iii) Shri Rana Subhasis Chakravarty : Director (Marketing)

Govt. of India Nominee Part-time Official Directors

- i) Shri Siya Sharan, CCA/DHI : Ceased to be Director, w.e.f. 07.08.2018
- ii) Smt. Neelam Sudhir Kumar, CCA/DHI : Appointed as a Director, w.e.f. 14.11.2018
- iii) Shri Vishvajit Sahay, JS/DHI : Ceased to be Director, w.e.f. 22.03.2019
- iv) Shri Pravin L Agrawal, JS/DHI : Appointed as a Director, w.e.f. 22.03.2019

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

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

The term of office of Shri Krishna Kumar Singh, a non-official director/ independent director has been completed on 16.06.2019.

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 Management. The Company Secretary serves as Secretary to the Board.

Number of Board Meetings :-

During the year 2018-19, Six (6) Meetings were held, the details of which are given below :-

Sl. No.	Date	Board Strength	No. of Directors present
1.	15.05.2018	10	09
2.	30.06.2018	10	07
3.	12.09.2018	09	07
4.	02.11.2018	09	08
5.	10.12.2018	10	08
6.	26.03.2019	09	08

a) 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
Executive Directors (Whole-time Functional Directors)				
1. Shri Avijit Ghosh (Superannuated on 31.12.2018)	01.04.2018 to 31.12.2018	05	05	01
2. Smt. Arundati Panda Director (Finance)	01.04.2018 to 31.03.2019	06	06	
3. Sri Mradul Kumar Saxena, Director (P)	01.04.2018 to 31.03.2019	06	06	01
4. Shri Rana Subhasis Chakravarty, Director. (Mktg)	01.04.2018 to 31.03.2019	06	06	

b) Govt. of India Nominee Part-time Official Director

a) Shri Vishvajit Sahay (Relinquished on 22.03.2019)	01.04.2018 to 22.03.2019	05	03	05
b) Shri Siya Sharan, CCA/DHI (Relinquished on 07.08.2018)	01.04.2018 to 07.08.2018	02	01	02
c) Smt. Neelam S Kumar (Appointed on 14.11.2018)	14.11.2018 to 31.03.2019	02	00	
d) Shri Pravin L Agrawal (Appointed on 22.03.2019)	22.03.2019 to 31.03.2019	01	01	

c) Part-time Non-Official Director

a) Shri K. K. Singh	01.04.2018 to 31.03.2019	06	06	
b) Shri A.S.Saranghi	01.04.2018 to 31.03.2019	06	04	
c) Shri H. N. Ramakrishna	01.04.2018 to 31.03.2019	06	05	
d) Dr. (Smt.) Taran Kumari Roy	01.04.2018 to 31.03.2019	06	04	

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 Management.

Number of Audit Committee Meetings :-

During the year 2018-19, Four (4) Meetings were held, the details of which are given below :-

Sl. No.	Date	Strength	No. of Members present
1.	30.06.2018	04	02
2.	18.08.2018	03	03
3.	29.12.2018	03	03
4..	26.03.2019	03	03

Attendance of each Member at Audit Committee Meetings

Name of the Members	Period	No. of Meetings held	No. of Meetings Attended
1. Shri Ardhendu Shekhar Sarangi	01.04.2018 to 31.03.2019	04	04
2. Shri Siya Sharan (Relinquished on 07.08.2018)	01.04.2018 to 07.08.2018	01	00
3. Shri K. K. Singh	01.04.2018 to 31.03.2019	04	04
4. Dr. (Smt.) Taran Kumari Roy	01.04.2018 to 31.03.2019	04	03

Business Development Committee Meeting

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

Number of Business Development Committee Meetings:-

During the year 2018-19, Four (4) Meetings were held, the details of which are given below :-

Sl. No.	Date	Strength	No. of Members present
1.	10.04.2018	04	04
2.	18.08.2018	04	04
3.	29.12.2018	04	04
4..	26.03.2019	03	03

Attendance of each Member at Business Development Committee Meetings

Name of the Members	Period	No. of Meetings held	No. of Meetings Attended
1. Shri H.N. Ramakrishna	01.04.2018 to 31.03.2019	04	04
2. Shri Ardhendu Shekhar Sarangi	01.04.2018 to 31.03.2019	04	04
3. Shri Avijit Ghosh (Superannuated on 31.12.2018)	01.04.2018 to 31.12.2018	03	03
4. Shri Rana S Chakraborty	01.04.2018 to 31.03.2019	04	04



INDEPENDENT AUDITORS' REPORT

To
The Member of
HEAVY ENGINEERING CORPORATION LIMITED,
Ranchi

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **HEAVY ENGINEERING CORPORATION LIMITED**, ("the Company"), which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the statement of Cash Flows for the year ended on the date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statement").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statement give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, ("AS") and other accounting principles generally accepted in India, of the state affairs of the Company as at March 31, 2019, the Loss and its cash flows for the year ended on the date.

Basis for Opinion

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

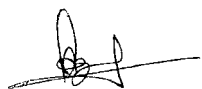
Emphasis of Matter

We draw attention to the following matters :

Sl. No.	Auditor Report	Reply
1	No provision has been made for legal case no. 15/18 of land acquisition (enhance land acquisition compensation case) of Ranchi Gaushalla. (Refer Note No 33.1.7. (A))	As per the information provided by our empanelled Advocate, the 157.42 acres of land belonging to Ranchi gaushala was acquired by the then Govt. of Bihar in the year fifties @ compensation of Rs. 3500/- per acre for public purpose for establishment of HEC and its ancillary and allied purposes. Compensation paid and possession was handed over to HEC. Later on in 1971 being LA Case No, 22/1971 was filed by the Ranchi Gaushala for enhancement of compensation which was enhanced by judgement dated 12.01.1998 and award dated 19.01.1998. The LD court published the award enhancing compensation @Rs. 20000/- per acre in addition to prilatium @ 30% interest @ 9% per annum for one year (17.10.1958 to 16.10.1959) and @15% per annum from 17.10.1959 till realization of amount. Thus after adjustment of compensation Rs. 468029.19 already paid, the amount of compensation to be paid to Ranchi Gaushala arrived at Rs. 24721749.81 as on 31.12.1997 inclusive of prilatium and interest. Being aggrieved by the award, M/s HEC Ltd. filled an appeal in the Hon'ble High Court being FA No. 43/98 for setting aside the award and Ranchi Gaushala has filed case No. Ex.15/1998 for implementation of the award in the Civil Court, Ranchi. Both cases are pending in the respective Court. In view of the above, contingent liability shown in both of A/c seems to be reasonable.

Sl. No.	Auditor Report	Reply
2	No provision has been made for unrealised amount dues form Northern Coalfield Limited since November 1999 (Refer Note No 33.7).	The original award was passed by Sole Arbitrator appointed by Secretary, Deptt Of Public Enterprises. The award was confirmed by Additional Secretary, Deptt Of Law and Justice and Company Affairs, Govt. Of India. Hence, the award is not disputed. Further, NCL filed an appeal in Hon'ble High Court, New Delhi, but the same was rejected. As such, there is no uncertainty on the realization of the above amount. Subsequent to the matter was being further contested through appeal by NCL in Hon'ble Supreme Court of India, a sole arbitrator has been appointed on 13th July 2016 on the order of Hon'ble Supreme Court of India. Since, the case is now being actively pursued and no such adverse judgement has yet been awarded, till date no provision at this stage is considered necessary despite the fact that the matter is pending for a period of more than 20 (Twenty) years. However the matter is disclosed in other notes to Financial statement at Sl.No. 33.8.
3	No provision has been made for pay revision due w.e.f. 01.01.2017 (Refer Note No 33.12).	In absence of any instructions pertaining to Pay Revision w.e.f. 01.01.2017 from DHI, no provision has been made in the accounts.
4	No provision has been made for consequential liability, if any, on unpaid gratuity to retired employees. (Refer Note No 33.13).	Company was suffering from severe cash crunch due to which it was not in position to disburse the gratuity liability as per schedule time on a concurrent basis. Company has already started disbursing Gratuity liability with amount received against monetization of corporation land as per approval of Government of India. Moreover, interest on gratuity is neither paid by the Corporation nor liability for interest due to delayed payment of gratuity has been provided. The same has been disclosed on other Note to financial statement at S.No. 33.13
5	Township Rent and other charges receivables are subject to reconciliation with subsidiary records in respect of balances and age analysis.	Noted for improvement
6	Certain Balances of Loans, other Financial assets, other current & non-current assets, trade receivables and payables, other Financial liabilities and other current liabilities are subject to confirmation. Consequent impact on confirmation / reconciliation / adjustment of such balances, if any is not ascertainable.	Noted

For V.K. JINDAL & CO.
Chartered Accountants



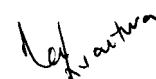
(CA R.S. Agarwal)

Partner

M.No 076081

ICAI Firm Regn. No. 001468C

UDIN ; 19076081AAAAAQ060



R. K. Srivastava

Sr. DGM I/C (Finance)



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
01	Accuracy of recognition, measurement, presentation and disclosures of revenue and other related balances under Accounting Standard 7 "Construction Contracts"	<p>Principal Audit Procedures</p> <p>We followed the following substantive procedures:</p> <p>Selected a sample of continuing and new contract and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observations, and inspection of evidence in respect of operation of these controls.</p> <p>Read, analysed and identified the distinct performance obligation in these controls.</p> <p>Considered the terms of contracts to determine the transaction price including any variable consideration to verify transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</p> <p>Evaluated the timing of procurement of supply items with erection / commissioning.</p> <p>The activities of project is being controlled by CPM /Pert Analysis. It is being updated time to time. It is being observed that the procedure of controlling activities viz civil work and procurement of supply of items is required to be strengthened to avoid obsolesces of supplied item at the time of actual use.</p> <p>Identification of distinct performance obligations during execution of project.</p> <p>Proper internal control mechanism among civil work, supply of equipment erection and commissioning.</p> <p>We carried our a combination of procedures involving identification of change in scope of work, change in design and engineering, change in location etc to achieve the distinct performance in compare with the change order issued by customers during progress of work.</p> <p>Analytical review of delay analysis between HEC and customers done during the year.</p> <p>Performed analytical procedures for reasonableness of revenues disclosed by type and services offerings.</p> <p>We reviewed the collation of information and the logic of the report generated from budgeting system used to prepare the disclosure relating performance obligation will be satisfied subsequent to the balance sheet date.</p> <p>Conclusion</p> <p>Based on the procedures followed, we noted no material issues during our audit.</p>

Information Other than the Standalone Financial Statements and Auditor's Report thereon.

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Reports, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this Board Report, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements.

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone 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 AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements.

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- We also provide those changed with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matter communicated with those changed with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (5) of the Act, the Comptroller and Auditor General of India issued Directions and sub-directions. We give our comments thereon vide Annexure-B
3. As required by Section 143 (3) of the Act, we report that.
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper Books of 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 the cash flow statement dealt with by this report are in agreement with the Books of accounts.
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure C.
 - (g) The company has not made adequate disclosure in respect of information for the Micro, Small & Medium Enterprises Act, 2006 (MSMED)
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules 2014 and to the best of our information and according to the explanations given to us:
 - I. The Company does not have any pending litigations which would materially impact its financial position.
 - II. The Company did not have any long term contracts including derivative contract for which there were any material foreseeable losses.
 - III. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : RANCHI
Dated : 26.07.2019

For V.K. JINDAL & CO.
Chartered Accountants

(CA R.S. Agarwal)

Partner

M.No 076081

ICAI Firm Regn. No. 001468C

UDIN ; 19076081AAAAAQ060

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR 2018-19

Referred to in paragraph 1 of our report of even date

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets of the company have been physically verified by the Internal Auditor during the year. However, this has been done on test check basis, although the size of the company & the nature of its fixed assets calls for a stronger procedure of physical verification. Fixed Assets coding has not been done on individual assets, thereby inconvenient to verify them.
- c) The Conveyance Deeds of the immovable property are held in the name of the company.
- ii) a) The inventories have been physically verified during the year by the Inventory Auditor.
- b) In our opinion and according to the information and explanations given to us, the procedures and frequency for physical verification of inventories followed by the management need to be strengthened considering the size and nature of its inventory.
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records its inventory manually at plant sore instead of computerized system. Further, these is weaknesses in respect of recording of location of raw materials in stores ledger. Material discrepancies noticed on physical verification have been property dealt in books of account.
- iii) The company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under section 189 of the Act and hence clause (a) to (b) is not applicable to the company for the year under audit.
- iv) In our opinion and according to information and explanations given to us, the Company has not given any loans and guarantees and not made any investment in respect of section 185 of the Companies Act, 2013.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits; hence, clause (v) is not applicable to the company. Accordingly, directives issued by the Reserve Bank of India and provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable.
- vi) As explained by the management, the cost record prescribed by the central Govt. U/S 148 of the Companies Act, 2013, have been maintained by the company.
- vii) According to the information and explanations given to us in respect of statutory and other dues.
- (a) The company has generally been regular in depositing undisputed statutory dues in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax/VAT, Good & Services Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty, Cess and other material statutory dues as applicable, with the appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more that six months from the date they became payable, except given below with the appropriate authorities.

Name of the Act	Amount (outstanding) (Rs)	Period
Municipal Taxes	19.50 Lakh	Oct. 2000 to Dec. 2005
	12.00 Lakh	April 2017 to Sept. 2018
Water Dues	3820.71 Lakh	Upto March 2019

- (b) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as at 31st March 2019, is given vide Appendix attached herewith.
- viii) In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to financial institution, banks.
- ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.



- x) As per the informations given to us, no fraud on or by the company has been noticed or reported during the year.
- xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with schedule V of the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, this clause is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act Where ever applicable and details of such transaction have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, this clause is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

Place : RANCHI
Dated : 26.07.2019

For V.K. JINDAL & CO.
Chartered Accountants

A handwritten signature in black ink, appearing to be 'R.S. Agarwal', is written over a horizontal line.

(CA R.S. Agarwal)
Partner
M.No 076081
ICAI Firm Regn. No. 001468C
UDIN ; 19076081AAAAAQ060

APPENDIX TO ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORTS OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR 2018-19

DETAILS OF DISPUTED STATUTORY LIABILITIES AS ON 31.03.2019

Name of the Statute	Period to which relates	Forum	Amount (Net of Paid, in Lakhs) Rs.
Value Added Tax Act, 2005 (VAT)	2008-2009	Commissioner of Commercial Taxes, Ranchi	10.78
	2009-2010	Commissioner of Commercial Taxes, Ranchi	19.63
	2010-2011	Commissioner of Commercial Taxes, Ranchi	92.41
	2011-2012	Commissioner of Commercial Taxes, Ranchi	80.13
	2012-2013	Commissioner of Commercial Taxes, Ranchi	25.80
	2013-2014	Commissioner of Commercial Taxes, Ranchi	7.03
	2014-2015	Commissioner of Commercial Taxes, Ranchi	10.71
Central Sales Tax (CST)	2008-2009	Commissioner of Commercial Taxes, Ranchi	10.35
	2009-2010	Commissioner of Commercial Taxes, Ranchi	57.76
	2010-2011	Commissioner of Commercial Taxes, Ranchi	137.18
	2011-2012	Commissioner of Commercial Taxes, Ranchi	849.06
	2012-2013	Commissioner of Commercial Taxes, Ranchi	759.62
	2013-2014	Commissioner of Commercial Taxes, Ranchi	298.77
	2014-2015	Commissioner of Commercial Taxes, Ranchi	80.20
Services Tax Act	Oct. 2006-March 2007	CESTAT, Kolkata	617.96
	Oct. 2007-March 2010	CESTAT, Kolkata	816.05
	2012-2013 & 2013-2014	Commissioner (Appeal), Ranchi	221.05
	July 2012 to June 2017	Commissioner (Appeal), Ranchi	106.03
Central Excise Act	2010-11 to 2014-15	CESTAT, Kolkata	1180.18
The Employees provident Fund & Miscellaneous Provision Act, 1952	Damages March 1976 to Sept. 1999	High Court of Jharkhand, Ranchi	9501.54
Jharkhand Municipal Act, 2011	Holding Tax April 2016 to March 2019	High Court of Jharkhand, Ranchi dismissed the case and directed to file the Appeal before appropriate Authority.	615.33



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORTS OF HEAVY ENGINEERING CORPORATION LIMITED

FOR THE YEAR 2018-19

Direction under section 143 (5) of Companies Act, 2013 Referred to in paragraph 2 of our report		
Sl. No.	Questions	Reply
1.	Whether the company has system in place to process all the accounting transaction through IT system ? If yes, the implication of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	All the accounting transaction processed through IT system called ORAFINA. There is no ERP system. However separate subsidiary record maintained at township for Rent and other changes receivable and net transaction were incorporate in ORAFINA system at year end. Further, store ledgers at plant store are maintained manually in stead of computerised system. However there is no financial implications.
2.	Whether there is any restructuring of any existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to company's inability to repay that loan? If yes, the financial impact may be stated.	As per information and explanations given to us, there is no restructuring of loan during the year. No cases come to our notice of waiver/write off of debts/loans and interest during the year. The Company has incurred Rs.708.01 Lakh as penal interest due to inability to pay installments of Loan taken from Government of India to pay Gratuity dues.
3.	Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received for specific schemes from Central/ State Government has been properly accounted and utilized as per term and condition thereof.



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

FOR THE YEAR 2018-19

Report on the Internal Financial controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HEAVY ENGINEERING CORPORATION LIMITED, Ranchi ("The Company") as of 31st march 2019 in conjunction with our audit of the Standalone Financial Statements of the company for the year ended on that date.

Management's Responsibility for Internal financial controls

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

Auditor Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the standards on Auditing, issued by ICAI and deemed to be prescribe under section 143 (10) of the companies act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial control and, both issued by the Institute of Chartered Accountant of India. Those standards and the Guidance Note require that We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

Opinion

In our opinion, the company has, in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : RANCHI
Dated : 26.07.2019

For V.K. JINDAL & CO.
Chartered Accountants

A handwritten signature in black ink, appearing to be 'R.S. Agarwal', is written over a horizontal line.

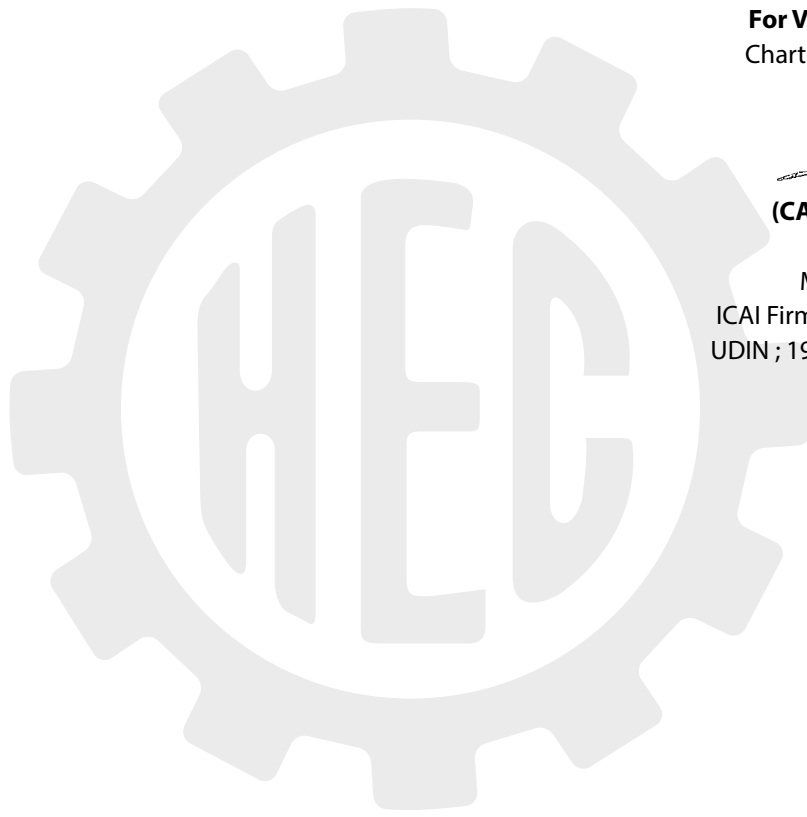
(CA R.S. Agarwal)

Partner

M.No 076081

ICAI Firm Regn. No. 001468C

UDIN ; 19076081AAAAAQ060



Annexure -C

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2019

The preparation of financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 July 2019.

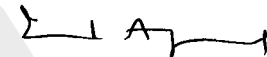
I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6) (a) of the Act of the financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2019. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant 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.

A	COMMENTS ON PROFITABILITY	Reply
	STATEMENT OF PROFIT & LOSS	
i.	<p>Note 30 : Other Expenses : Rs. 28424.63 lakh</p> <p>HEC Limited did not pay the cost of deployment of CISF from July 2017 to 31 March 2019 amounting to Rs. 3080.88 lakh and thus was liable to pay interest of Rs. 1311.73 lakh as on 31 March 2019 in terms of the CISF letter no. R-11013/1(5)/Acs/05-333 dated 30 May 2005 which provides levy of interest @ 2 percent above PLR in case of CISF bills are not paid by the end of the month. Non provision of interest has resulted in understatement of Other Expenses and Loss before tax by Rs. 1311.73 lakhs</p>	<p>Interest on default payment against CISF bill has not been acknowledged in the books of Accounts since inception. However as HEC is suffering with huge cash loss and cash crisis to liquidate its liabilities, a request letter shall be made before appropriate authority not to charge the interest on overdue liabilities on HEC.</p>
ii.	<p>Note 26: Employee Benefit Expense: Rs. 13321.46 lakhs</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. The Company has not provided interest on the defaulted payment of gratuity to its retired employees amounting to Rs. 331.71 lakh as on 31 March 2019 on the unpaid gratuity. Non – provision of interest has resulted in understatement of Other Expenses and Loss before tax by Rs. 331.71 lakh.</p>	<p>Material disclosure has been shown at Sl.No. 33.13 on other notes to financial statement which is the integral part of Account as was done in the previous financial year. However this will be suitably accounted from the next financial year.</p>
B.	COMMENTS ON DISCLOSURE	
	OTHER NOTES TO FINANCIAL STATEMENT	
i.	<p>Note No.33.1 :- Contingent liabilities and Commitments</p> <p>a) Above does not include Rs. 1271.81 lakhs claimed by M/s Adarsh HEC Karamchari Credit Co-operative Society Ltd. being interest on deposits by the members for the period between 1995 and March 2009. The case is pending before the Jharkhand High Court.</p>	<p>This will be incorporated suitably in Financial year 2019-20, as contingent Liability.</p>

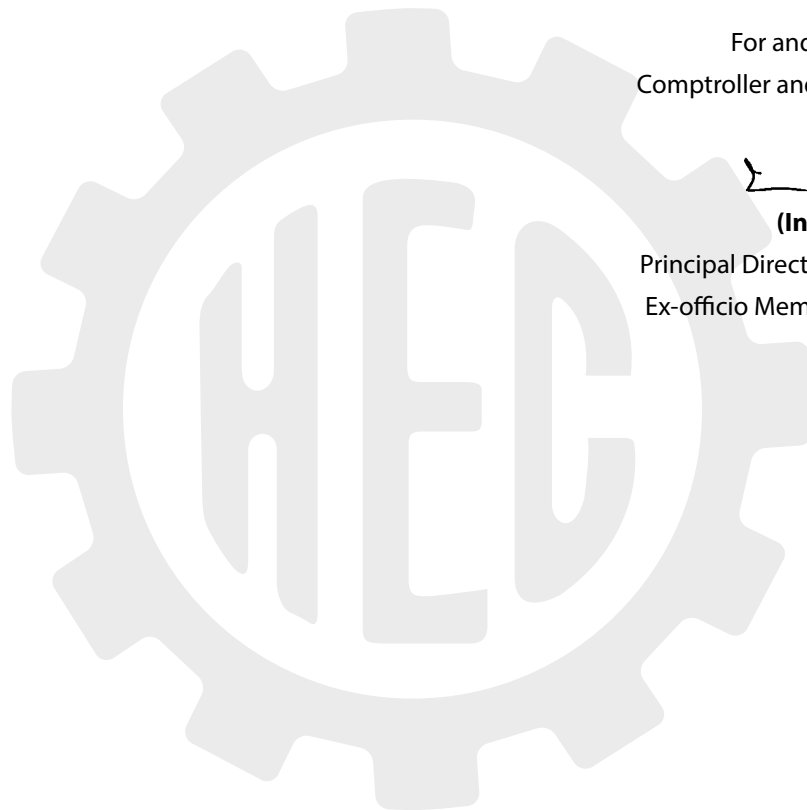


	<p>b) Above does not include Rs. 461.68 lakh being interest payable on demand of Central Excise & Service Tax relating to Service Tax matters with NCL, Nigahi under section 75 of the Finance Act, 1994.</p>	<p>As per order, HEC shall pay interest at appropriate rate in terms of section 75 of the Finance act, 1994. Quantification of interest as applicable in terms of section 75 of the Finance Act 1994 will be ascertained and incorporated in Financial Year 2019-2020 as contingent liability.</p>
	<p>c) Above does not include Rs. 106.03 lakh being the amount of penalty imposed by the Additional Commissioner of Central Goods & Service Tax in its order dated 8 March 2019 payable under Section 78 of the Finance Act, 1994 due to demand of Service Tax during July 2012 to June 2017 for receipt of consideration of LD charges from vendors / contractors.</p>	<p>This will be shown as contingent liability in next financial year 2019-20.</p>

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


(Indu Agrawal)

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



Place : Ranchi
Date : 23.09.2019



ANNEXURE-D

FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019**

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

1. REGISTRATION & OTHER DETAILS:

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

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

3. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No	Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	N.A				
2	N.A				
3	N.A				

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

i. Category – wise Share Holding

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



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

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

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

(ii) SHARE HOLDING OF PROMOTER

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	G.O.I	6060788	100	0	6060788	100	0	0
	Total	6060788	100	0	6060788	100	0	0

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE) – N.A.

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	6060788	100	6060788	100
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
3	At the end of the year	6060788	100	6060788	100

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amt in Lakh)				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	18706.22	4789.00		23495.22
ii) Interest due but not paid		2638.53		2638.53
iii) Interest accrued but not due		123.28		123.28
Total (i+ii+iii)	18706.22	7550.81		26257.03
Change in Indebtedness during the financial year				
Additions				
Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	6684.47	4789.00		11473.47
ii) Interest due but not paid		3267.63		3267.63
iii) Interest accrued but not due		491.94		491.94
Total (i+ii+iii)	6684.47	8548.57		15233.04



6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No	Particulars of Remuneration	Total Amount (Rs. Lakh)			
		Avijit Ghosh	Arundati Panda	M. K. Saxena	Rana S. Chakravarty
1	Gross salary				
	(a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	24.38	27.82	25.92	23.81
		1.81	1.51	1.71	1.56
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission -as % of profit -Other, Specify				
5	Others, please specify-				
6	Total (A)				
7	Ceiling As per the Act	26.19	29.33	27.63	25.37

B. Remuneration to other Directors :

Sl. No	Particulars of Remuneration	Name of Director				Total Amount (Amt in Rs.)
		K. K. Singh	A. S. Sarangi	H. N. Ramakrishna	Taran Kumari Roy	
	Independent Directors					
	(a) Fee for attending board committee meetings	110000	130000	90000	70000	400000
	(b) Commission					
	(c) Others, please specify- Sitting Fees					
	Total (i)	110000	130000	90000	70000	400000
	Other Non Executive Directors					
	(a) Fee for attending board committee meetings					
	(b) Commission					
	(c) Others, please specify- Sitting Fees					
	Total (ii)	110000	130000	90000	70000	400000
	Total B = (i+ii)	110000	130000	90000	70000	400000
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total (Rs. Lakh)
		CEO	Company Secretary	CFO	Total	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		11.49			11.49
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission as % of profit others, specify					
5	Others, please specify					
	Total		11.49			11.49

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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



Independence Day celebration in HEC



Run for Unity on 31.10.2018.



Eye Camp and Cataract surgery organised in HEC Wellness Centre.



Gandhi Jayanti and Shastri Jayanti celebrated in HEC



Seminar on 'Eradication of Corruption in India' organised by HEC at J.N. Club, HEC



"International Women's Day" celebrated in HEC



International Yoga Day being celebrated in HEC.



Public Sector Day observed in HEC

BALANCE SHEET AS AT 31ST MARCH, 2019

₹ in Lakh

	Note No.	As at 31.03.19	As at 31.03.18
I. EQUITY & LIABILITIES			
(1) SHAREHOLDER'S FUND			
(a) Share Capital	2	60607.88	60607.88
(b) Reserves & Surplus	3	(59569.60)	(49628.24)
(2) SHARE APPLICATION MONEY PENDING ALLOTMENT		0.01	0.01
(3) NON-CURRENT LIABILITIES			
(a) Long Term Borrowing	4	0.00	957.80
(b) Other Long Term Liabilities	5	845.78	1011.81
(c) Long Term Provisions	6	7876.31	7817.36
(4) CURRENT LIABILITIES			
(a) Short Term Borrowings	7	6684.47	18706.22
(b) Trade Payables	8		
(i) Total Outstanding dues of Micro Enterprises and Small Enterprises		1146.45	668.60
(ii) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		11896.70	11611.13
(c) Other Current Liabilities	9	42769.58	31977.18
(d) Short Term Provisions	10	2878.68	4518.32
TOTAL		75136.26	88248.08
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	6133.33	6656.04
(ii) Intangible Assets	12	0.00	0.00
(iii) Capital Work in Progress	13	1684.86	922.40
(b) Non-Current Investments	14	0.36	0.36
(c) Long Term Loans & Advances	15	14.31	15.02
(d) Other Non-Current Assets	16	15374.04	19912.61
(2) Current Assets			
(a) Inventories	17	8556.99	10510.89
(b) Trade Receivables	18	23468.99	26019.83
(c) Cash & Cash Equivalents	19	6503.04	4511.30
(d) Short Term Loans & Advances	20	5573.66	3511.31
(e) Other Current Assets	21	7826.68	16188.31
TOTAL		75136.26	88248.08

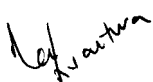
Significant Accounting Policies 1

Other Notes to Financial statements 33

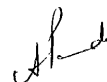
Notes No 1 to 33 & Cash Flow Statement form an integral part of the Financial Statement.



A. K. Kanth
Company Secretary



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



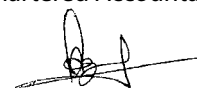
Arundati Panda
Director (Finance)



Mradul Kumar Saxena
Chairman cum Managing Director

In terms of our report at HEC level

For V. K. Jindal & Co
Chartered Accountants



(CA R. S. Agarwal)

Partner, M. No. 076081

FRN 00146BC

UDIN ; 19076081AAAAAQ060

Place : Ranchi

Date : 26.07.2019

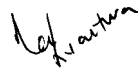
**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2019**

₹ in Lakh

	Note No.	2018-19	2017-18
I. Revenue from Operation	22	36384.25	40343.11
II. Other Income	23	3600.56	3531.57
III. TOTAL REVENUE		<u>39984.81</u>	<u>43874.68</u>
IV. EXPENSES:			
(a) Cost of Material Consumed	24	17765.50	14809.92
(b) Changes in Inventories of FG & WIP	25	2362.75	1005.53
(c) Employees Benefits Expenses	26	13321.46	12572.56
(d) Finance Costs	27	2772.45	2669.66
(e) Depreciation & Amortization Expenses	28	740.91	743.30
(f) Research & Development Expenditure	29	92.12	93.52
(g) Other Expenses	30	28424.63	21748.23
TOTAL EXPENSES		<u>65479.82</u>	<u>53642.72</u>
Profit / (Loss) before Prior Period, Exceptional & Extraordinary Items		(25495.01)	(9768.04)
Prior Period Adjustment (Net)	31	(129.07)	1425.60
V. Profit/(Loss) before Exceptional & Extraordinary Items & Tax		(25624.08)	(11193.64)
VI. Exceptional Items		—	—
VII. Profit/(Loss) before Extraordinary Items & Tax (V-VI)		(25624.08)	(11193.64)
VIII. Extraordinary Items	32	16257.05	62102.44
IX Profit (Loss) before Tax (VII-VIII)		(9367.03)	50908.80
X Tax Expenses			
(i) Current Tax		0.00	6308.92
(ii) Deferred Tax		0.00	0.00
XI Profit (Loss) for the period from Continuing Operation (IX-X)		(9367.03)	44599.88
XII Profit (Loss) from Discontinuing Operation		0.00	0.00
XIII Tax Expenses of Discontinuing Operation		0.00	0.00
XIV Profit (loss) for the period from Discontinuing Operation (XII-XIII)		0.00	0.00
PROFIT (LOSS) FOR THE PERIOD (XI+XIV)		<u>(9367.03)</u>	<u>44599.88</u>
Earning per share (Face value ₹1000)			
(1) Basic in Rupees		(154.55)	735.88
(2) Diluted in Rupees		154.55	735.88
Significant Accounting Policies	1		
Other Notes to Financial statements	33		

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


A. K. Kanth
Company Secretary


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


Arundati Panda
Director (Finance)


Mradul Kumar Saxena
Chairman cum Managing Director

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


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

UDIN ; 19076081AAAAAQ060

Place : Ranchi
Date : 26.07.2019

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD APRIL 2018 - MARCH 2019

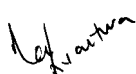
₹ in Lakhs

	2018-19		2017-18
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax	(25624.08)		(11193.64)
Extra Ordinary Items	16257.05	(9367.03)	62102.44
			50908.80
Adjustments for:			
Depreciation	744.32		756.46
Interest Expenses	2772.45		2669.66
Extra Ordinary Items	(16257.05)		(62102.44)
Amortization Expenses	(574.33)		580.42
Lease Income	(68.23)		(27.23)
Interest Earned	(1580.69)	(14963.53)	791.76
Incremental Provisions		24330.56	(58486.12)
Operating Profit before Working Capital Changes			(7577.32)
Adjustments for:			
Trade and Other Receivables	15451.04		(21748.63)
Inventories	1953.90		2307.46
Trade Payables	11389.79		(34339.94)
Loans & Advances	(2061.64)	26733.09	(211.22)
Cash Generated from Operations		2402.53	(61569.65)
Income Tax Paid		0.00	6308.92
Net Cash from Operating Activities		2402.53	(67878.57)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(235.25)		(374.11)
Sale/Adjustment of Fixed Assets	122.32		289.24
Adjustment in Accumulated Depreciation	(108.70)		(240.24)
Adjustment in Capital Work-in-Progress	(762.46)		(695.99)
Interest Earned	68.23		27.33
Lease income	574.33		580.42
Net Cash from Investing Activities		(341.53)	(419.54)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest Payment	(2772.45)		(2669.66)
Extra Ordinary Items	16257.05		62102.44
Short Term Loans	(12021.75)		4827.48
Long Term Borrowings	(957.80)		(957.80)
Change in Reserves & Surplus	(574.33)		48.23
Net cash from in financing activities		(69.26)	63350.69
Net increase /(Decrease) in cash and cash equivalents		1991.74	(4947.42)
Opening Balance of Cash and Cash Equivalents		4511.30	9458.72
Closing Balance of Cash and Cash Equivalents		6503.04	4511.30
		1991.74	(4947.42)

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



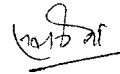
A. K. Kanth
Company Secretary



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

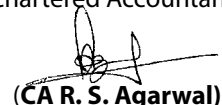


Arundati Panda
Director (Finance)



Mradul Kumar Saxena
Chairman cum Managing Director

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



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

UDIN ; 19076081AAAAAQ060

Place : Ranchi
Date : 26.07.2019

CORPORATE INFORMATION

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

NOTE NO - 1 : SIGNIFICANT ACCOUNTING POLICIES

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

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

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



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

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

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

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

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

8. DEPRECIATION :-

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

9. SUNDRY DEBTORS :-

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

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

10. GRANT-IN-AID :-

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

11. INVESTMENT :-

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

12. RESEARCH & DEVELOPMENT :-

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

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

13. FOREIGN CURRENCY TRANSACTIONS :-

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

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

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

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

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

15. INTER PLANT COST ALLOCATION :-

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

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

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

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

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

16. INVENTORY :-

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

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



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

₹ in Lakh

	As at 31.03.19		As at 31.03.18
NOTE NO. - 2	SHARE CAPITAL		
Authorised Capital			
1,00,00,000 (Previous Year 1,00,00,000) Equity Shares of ₹ 1000/- each	100000.00		100000.00
Issued & Subscribed & Paid up Capital			
60,60,788 (Previous Year 60,60,788) Equity Shares of ₹ 1000/- each fully paid up, Out of which 5496 (Previous Year 5496) Shares allotted for consideration other than Cash	60607.88		60607.88
Net Balance	60607.88		60607.88
Details of Shares held by shareholders holding more than 5% shares at the end of year :-	No of Shares	% of holding	No of Shares
President of India (POI) alongwith nominees	6060788	100%	6060788
Face Value Per Share (Rupees)		1000.00	1000.00
NOTE NO. - 3	RESERVE & SURPLUS		
Capital Reserve			
Opening Balance	10136.63		10088.40
Addition during the year	0.00		628.58
	10136.63		10717.05
Deduction during the year	574.33	9562.30	580.42
Surplus			
Opening Balance	(59764.87)		(104364.75)
Addition during the year	(9367.03)	(69131.90)	44599.88
TOTAL	(59569.60)		(49628.24)
NOTE NO. - 4	LONG TERM BORROWINGS		
Term Loan			
From Govt. of India			
Non Plan loan		0.00	957.80
TOTAL		0.00	957.80
NOTE NO. - 5	OTHER LONG TERM LIABILITIES		
Securities & Other Deposits from Contractors	2.20		34.59
Securities & Other Deposits from Employees (As per Contra Note-15)	0.05		0.76
Other Liabilities	599.55		736.04
Miscellaneous	243.98		240.42
TOTAL	845.78		1011.81

NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.19		As at 31.03.18	
NOTE NO. - 6	<u>LONG TERM PROVISIONS</u>			
(a) Provision for Employee Benefits	5126.78		5350.64	
Provision for Gratuity	2215.00		1706.04	
Provision for Leave Encashment	41.07		39.80	
Provision for RTA	37.03	7419.88	35.33	7131.81
Provision for LTA				
(b) Others				
Provision for Impaired Assets	63.41		69.12	
Provision for Warranty Expenses	393.02	456.43	616.43	685.55
TOTAL		7876.31		7817.36
NOTE NO. - 7	<u>SHORT TERM BORROWINGS</u>			
Secured Loans				
Working Capital Loan from Bank (Secured by Hypothecation of raw materials, finished Goods, Work-in-Progress, Stores and Spare parts and Book Debts)		6684.47		18706.22
TOTAL		6684.47		18706.22
NOTE NO. - 8	<u>TRADE PAYABLES</u>			
Sundry Creditors		11401.88		11247.79
Dues to SME				
Advance from Customers		494.82		363.34
TOTAL		11896.70		11611.13
NOTE NO. - 9	<u>OTHER CURRENT LIABILITIES</u>			
Employees Liabilities		6228.55		4436.63
VRS Liabilities		1.88		1.88
Loan from Govt. of India*	4789.00		3831.20	
Add: Interest Accrued but not due on Govt. Loan	3759.57	8548.57	2761.81	6593.01
Government Grant [Unutilised]				
Received from GOI for payment of Tax	18243.00		18243.00	
Less : Charged against capital gain Tax (13-14)	9245.61		9245.61	
Less : Charged against capital gain Tax (17-18)	6200.00		6200.00	
Less : Balance Advance Tax	2246.39		2054.39	
Add : Interest Income	2129.88	2680.88	1948.97	2691.97
Securities & Other Deposits from Contractors		3111.12		3217.16
Book Overdraft with Scheduled Bank		200.51		269.84
Amt. : received from Govt. Grant		500.00		250.00
Amt. : received from Govt. Grant (Swachh Bharat)		55.00		55.00
Electricity Dues		5683.08		2907.18
Water Dues		3820.71		3462.71
Advance received from GOJ (Land)		1362.87		1090.66
Other liabilities		3649.84		3220.20
Miscellaneous		6926.57		3780.94
TOTAL		42769.58		31977.18
<i>* Part of Govt. Loan matured for payment</i>				
NOTE NO. - 10	<u>SHORT TERM PROVISIONS</u>			
(a) Provision for Employee Benefits				
Provision for Gratuity	1096.92		995.50	
Provision for Leave Encashment	949.06		726.42	
Provision for RTA	5.70		5.01	
Provision for LTA	178.39		174.52	
Provision for Revision of Pay Scale for Employees	511.88	2741.95	2470.20	4371.65
(b) Others				
Provision for Warranty Expenses		136.73		146.67
TOTAL		2878.68		4518.32

NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.19					As at 31.03.18				
NOTE NO. - 11	TANGIBLE ASSETS									
Type of Assets	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.18	Addition/ Adjustment	(Deduction)/ Adjustment	Cost as on 31.3.19	Upto 31.03.18	for the year	Addition/ (Deduction)	upto 31.03.19	As on 31.03.19	As on 31.03.18
1	2	3	4	5	6	7	8	9	10	11
OTHER TANGIBLE ASSETS										
Land (including Development of land)	227.37	0.00	7.55	219.82	0.00	0.00	0.00	0.00	219.82	227.37
Buildings	5836.00	45.15	0.00	5881.15	5223.15	48.75	0.00	5271.90	609.25	612.85
Roads	266.16	0.00	0.00	266.16	252.91	0.00	0.00	252.91	13.25	13.25
Plant and Machinery	27930.34	51.12	0.81	27980.65	22789.79	645.38	(0.44)	23434.73	4545.92	5140.55
Furniture and Fittings	124.19	35.12	0.00	159.31	107.08	2.59	0.00	109.67	49.64	17.11
Motor Vehicles	140.98	0.00	0.00	140.98	133.95	0.00	0.00	133.95	7.03	7.03
Railway Sidings	469.39	0.00	0.00	469.39	432.35	3.20	0.00	435.55	33.84	37.04
Office Equipment	176.07	42.82	0.00	218.89	164.28	4.08	0.00	168.36	50.53	11.79
Computers & Data Processing Units	529.62	39.92	0.00	569.54	473.99	19.57	0.00	493.56	75.98	55.63
Electrical Installations and Equipment	741.13	21.00	0.00	762.13	624.09	18.59	0.00	642.68	119.45	117.04
Pipelines and Sluices	605.43	0.12	0.00	605.55	556.15	2.16	0.00	558.31	47.24	49.28
SUB - TOTAL OTHER ASSETS (A)	37046.68	235.25	8.36	37273.57	30757.74	744.32	(0.44)	31501.62	5771.95	6288.94
ASSETS GIVEN ON LEASE										
Land (including Development of land)	22.32	0.00	0.00	22.32	0.00	0.00	0.00	0.00	22.32	22.32
Buildings	807.08	0.00	0.00	807.08	531.43	0.00	0.00	531.43	275.65	275.65
SUB - TOTAL OTHER ASSETS (B)	829.40	0.00	0.00	829.40	531.43	0.00	0.00	531.43	297.97	297.97
IMPAIRED ASSETS										
Plant & Machinery (As on 31.03.17)	1149.18	0.00	0.00	1149.18	1080.07	0.00	0.60	1080.07	69.11	69.11
Plant & Machinery (During 2017-18)	0.00	0.00	113.96	(113.96)	0.00	0.00	108.26	(108.26)	(5.70)	0.00
SUB - TOTAL IMPAIRED ASSETS (C)	1149.18	0.00	113.96	1035.22	1080.07	0.00	108.26	971.81	63.41	69.11
GRAND - TOTAL TANGIBLE FIXED ASSETS (A+B+C)	39025.26	235.25	122.32	39138.19	32369.24	744.32	108.70	33004.86	6133.33	6656.05
PREVIOUS YEAR FIGURES	38940.38	374.11	241.62	39556.11	31852.97	756.46	213.97	32823.40	6656.05	

Current period depreciation	746.61
Prior period depreciation	(2.29)
Total Depreciation	744.32
	(5.70)

Note: Status of Land	Acres
a) Land Transferred to GOJ	2035.14
b) Land Transferred to CISF	158.00
c) Land Transferred to GOJ for Smart City	656.30
d) Encroched Land	379.91
e) Land given on lease	316.19
(f) Land for own use	3653.97
Total land as per original deed	7199.51

NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.19	As at 31.03.18
NOTE NO. - 12	<u>INTANGIBLE ASSETS</u>	
TOTAL	0.00	0.00
NOTE NO. - 13	<u>CAPITAL WORK IN PROGRESS</u>	
<u>Capital Work in Progress</u>		
Plant & Machinery	2467.31	1704.85
Less: Provisions	782.45	782.45
TOTAL	1684.86	922.40
NOTE NO. - 14	<u>NON-CURRENT INVESTMENTS</u>	
<u>Investments in Equity Instruments</u>		
(Other than trade investment), Unquoted 3575 (Prev. Year 3575) Equity Share of ₹ 10/- each of Engineering (Projects) India Limited.	0.36	0.36
TOTAL	0.36	0.36

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



NOTES FORMING PART OF BALANCE SHEET

₹ in Lakh

	As at 31.03.19			As at 31.03.18		
NOTE NO. - 15	LONG TERM LOANS & ADVANCES					
(a) Loans & Advances [Advances & other amounts recoverable in cash or in kind or for value to be received (including cost of materials supplied to the contractors, outside parties and/ or pending adjustment]	Gross Amount	Provision	Net Amount	Gross Amount	Provision	Net Amount
Doubtful	659.14	659.14	0.00	526.90	526.90	0.00
(b) Security Deposits						
Private Parties	0.90	0.20	0.70	0.90	0.20	0.70
Government Authorities	1971.71	187.85	9.86	197.12	187.26	9.86
Employees (As per contra in Note -5)	0.05	0.00	0.05	0.76	0.00	0.76
(c) Others						
Advances to Employees	24.26	24.26	0.00	16.03	16.03	0.00
Claims Receivable	180.54	176.84	3.70	180.18	176.48	3.70
Income Tax deducted at source	7.40	7.40	0.00	7.40	7.40	0.00
Total	1070.00	1055.69	14.31	929.29	914.27	15.02
<u>Particulars of Long Term Loans & Advances</u>						
Secured, Considered Good			0.20			0.91
Unsecured, Considered Good			14.11			14.11
Doubtful			1055.69			914.27
Total			1070.00			929.29
Amount due from						
Directors			0.00			0.00
Officers			0.00			0.00
NOTE NO. - 16	OTHER NON-CURRENT ASSETS					
Long Term Trade Receivables						
(A) Public Sector & Govt. Deptt. Un-Secured, Considered Good		15220.22			19885.48	
Doubtful		12765.91			9966.32	
TOTAL (A)		27986.13			29851.80	
(B) Others Un-Secured, Considered Good		153.82			27.13	
Doubtful		623.75			608.60	
TOTAL (B)		777.57			635.73	
SUB TOTAL (A+B)		28763.70			30487.53	
Less: Provision for Doubtful debts		11088.60			7220.55	
Provision against LD deducted & charged		2301.06	15374.04		3354.37	19912.61
Rent Receivables						
(A) Public Sector & Govt. Deptt. Unsecured Good		0.00			0.00	
Doubtful		0.00			0.00	
Total (A)		0.00			0.00	
(B) Others Unsecured, Considered Good		0.00			0.00	
Doubtful		0.00			0.00	
Total (B)		0.00			0.00	
Sub Total (A+B)		0.00			0.00	
Less : Provision for Doubtful Realisation		0.00	0.00		0.00	0.00
GRAND TOTAL			15374.04			19912.61

Notes:

1. Long Term Trade Receivables also include not due ₹ 13983.89 Lakh (Previous Year ₹ 15829.49 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 31.03.19		As at 31.03.18	
NOTE NO. - 17	INVENTORIES			
(As certified by the Management)				
Raw Materials & Components	6150.75		5528.16	
Less : Provision / Stock Adjustment	2915.31	3235.44	2468.27	3059.89
Stores, Spares & Components including Construction Materials	1021.71		940.84	
Less : Provision / Stock Adjustment	248.90	772.81	250.94	689.90
Goods-in-Transit/ Under inspection	625.59		576.82	
Less : Provision	271.97	353.62	213.46	363.36
Loose Tools, Drawing Instruments etc.	1083.75		917.57	
Less : Provision	70.39	1013.36	70.03	847.54
Stock of Finished Products	389.62		2347.85	
Less : Provision	25.50	364.12	25.50	2322.35
Work-In-Progress	2914.50		3125.08	
Less : Provision	96.86	2817.64	91.17	3033.91
Work-In-Progress (Turnkey Project)	0.00		193.94	
Less : Provision	0.00	0.00	0.00	193.94
Discarded Assets	3.48		3.48	
Less : Provision	3.48	0.00	3.48	0.00
Total Inventory	12189.40		13633.74	
Less : Provision / Stock Adjustment	3632.41		3122.85	
TOTAL		8556.99		10510.89

Notes:

1. Finished Stock & WIP includes items worth ₹ 115.68 Lakh (Previous Year ₹ 90.95 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 ₹ 3415.24 Lakh (Previous Year ₹ 2900.66 L). The existing provision is considered adequate.
3. Goods In Transit includes CV Duty ₹ 1.30 Lakh (Previous Year ₹ 5.34 L)
4. Raw Materials & Components including scrap at shop floor ₹ 459.65 Lakh (Previous Year ₹ 205.23 L)
5. FG include lying at depot ₹ 9.76 Lakh (Previous Year ₹ 9.76 Lakh)

NOTE NO. - 18**TRADE RECEIVABLES**

	Over Six Months	Other Debts	Total	Over Six Months	Other Debts	Total
Short Term Trade Receivables						
(A) Public Sector & Govt. Deptt.						
Un-Secured, Considered Good	7208.65	16344.05	23552.70	17793.02	8100.89	25893.91
Doubtful	7048.76	139.79	7188.55	593.35	1704.94	2298.29
SUB TOTAL (A)	14257.41	16483.84	30741.25	18386.37	9805.83	28192.20
(B) Others						
Un-Secured, Considered Good	0.00	0.00	0.00	121.74	4.18	125.92
Doubtful	0.00	0.00	0.00	0.50	2.32	2.82
SUB TOTAL (B)	0.00	0.00	0.00	122.24	6.50	128.74
TOTAL (A+B)			30741.25			28320.94
Less : Provision for Doubtful debts			3081.74			572.78
Less: Provision against LD deducted & charged			4190.52			1728.33
NET TOTAL			23468.99			26019.83

Notes:

1. Short Term Trade Receivables also include not due ₹ 95.72 Lakh (Previous Year ₹ 1924.57 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 31.03.19		As at 31.03.18	
NOTE NO. - 19	CASH & CASH EQUIVALENTS			
(a) Balance with Schedule Bank Current Account	2955.86		1783.54	
(b) Cash in hand	<u>1.90</u>	2957.76	<u>2.57</u>	1786.11
(c) Others (Earmarked balances with Banks)				
Short Term Deposit with Schedule Bank *	3323.92		2516.84	
Short Term Deposit with Other Bank **	<u>221.36</u>	<u>3545.28</u>	<u>208.35</u>	<u>2725.19</u>
TOTAL		6503.04		4511.30
* Unutilised Govt. Grant for payment of Capital Gain Tax				
** Term deposit as per Court Order with original maturity of more than three months				
NOTE NO. - 20	SHORT TERM LOANS & ADVANCES			
(a) Loans and Advances				
Unsecured, Considered Good		988.44		684.81
(b) Security Deposits				
Private Parties		5.64		3.40
Government Authorities		1757.41		1259.39
(C) Others				
Advance to Employees		44.25		38.44
Prepaid Expenses		60.10		95.29
Claims Receivable		1905.46		456.71
Income Tax deducted at source #		865.41		1025.81
SUB TOTAL		5626.71		3563.85
Less: Provision for bad & doubtful Advances		53.05		52.54
TOTAL		5573.66		3511.31
# Includes ₹ 175.13 Lakhs payable to GOI against Interest earned from unutilised portion of Govt. Grant deposited in SBI				
Particulars of Short Term Loans & Advances				
Secured, Considered Good		2822.17		1552.71
Unsecured, Considered Good		2751.49		1958.60
Doubtful		53.05		52.54
Total		5626.71		3563.85
Amount due from				
Directors		0.00		0.00
Officers		0.00		0.00
NOTE NO. - 21	OTHER CURRENT ASSETS			
<u>Rent and Other Receivables</u>				
(A) Public Sector & Govt. Deptt.				
Unsecured, Considered Good (GOJ)		4236.00		12971.40
Unsecured, Considered Good	2962.45		2645.91	
Doubtful	<u>464.33</u>	<u>3426.78</u>	<u>307.86</u>	<u>2953.77</u>
(B) Rent				
Unsecured, Considered Good	627.68		569.41	
Doubtful	<u>197.92</u>	<u>825.60</u>	<u>167.14</u>	<u>736.55</u>
(C) Interest Accrued but not Due		0.55		1.59
TOTAL (a + b + C)		<u>8488.93</u>		<u>16663.31</u>
Less : Provision for Doubtful Receivables		662.25		475.00
Net Amount		7826.68		16188.31

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

	2018-19		2017-18	
NOTE NO. - 22	REVENUE FROM OPERATION			
Sales & Services				
Sale of Products	35049.89		39602.38	
Sale of Services	571.23		602.27	
SUB TOTAL	35621.12		40204.65	
Less: Excise Duty	0.00	35621.12	302.21	39902.44
Other Operating Revenue				
Job Done for Internal Use	763.13		440.67	
Add: Inter Plant Transfers	0.00	763.13	0.00	440.67
TOTAL		36384.25		40343.11
NOTE NO. - 23	OTHER INCOME			
Interest		68.23		27.23
Rent		1634.67		1502.14
Sale of Stores		63.37		29.74
Miscellaneous Income		927.29		494.38
Income from HTI		30.28		25.73
Profit on Sale of Asset		102.10		305.76
Excess provision written back		513.57		841.55
Water & Electricity Charges		261.05		305.04
TOTAL		3600.56		3531.57
NOTE NO. - 24	COST OF MATERIALS CONSUMED			
Consumption of Raw materials & Components	12973.12		12183.84	
Less: Interplant Transfer	3483.55	9489.57	3375.58	8808.26
Consumption of Stores & Spares	8390.03		6929.80	
Less: Interplant Transfer	114.10	8275.93	928.14	6001.66
Sub TOTAL (A)		17765.50		14809.92
NOTE NO. - 25	CHANGES IN INVENTORIES OF FG & WIP			
Decretion/(Accretion) to value of FG & WIP				
Work-In-Progress				
Opening Stock	3319.02		3052.72	
Closing Stock	2914.50	404.52	3319.02	(266.30)
Finished Stock				
Opening Stock	2347.85		3619.68	
Closing Stock	389.62	1958.23	2347.85	1271.83
TOTAL		2362.75		1005.53

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

	₹ in Lakh	
	2018-19	2017-18
NOTE NO. - 26	<u>EMPLOYEES BENEFIT EXPENSES</u>	
Salaries, Wages & Bonus	10189.89	8561.67
Corporation Contribution to Provident Fund and Employee's Pension Fund	1001.90	939.82
Workmen and Staff Welfare Expenses	569.15	560.77
Leave Encashment	767.66	550.92
Gratuity	884.98	2052.90
	SUB TOTAL	12666.08
Less: Transferred to Research & Development Exp.	92.12	93.52
	TOTAL	12572.56
NOTE NO. - 27	<u>FINANCE COST</u>	
Interest on Bank Credit	1454.96	1358.79
Interest on Govt. loan	997.76	921.10
Interest on Other loan	319.73	389.77
	TOTAL	2669.66
NOTE NO. - 28	<u>DEPRECIATION & AMORTIZATION EXPENSES</u>	
Depreciation as per Note No.-11	746.61	756.46
<u>Depletion Expenses</u>		
Impairment Loss as per Note No.-11	(5.70)	(13.16)
	TOTAL	743.30
NOTE NO. - 29	<u>RESEARCH & DEVELOPMENT EXPENSES</u>	
<u>Research & Development Expenses</u>		
Salary & Allowances	92.12	93.52
	TOTAL	93.52

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

₹ in Lakh

	2018-19		2017-18	
NOTE NO. - 30	OTHER EXPENSES			
(A) Manufacturing Service Cost				
Water, Power & Fuel		3610.79		2726.65
Repairs & Maintenance				
Plant & Machinery	285.31		265.94	
Buildings	82.54		30.10	
Others	142.84	510.69	251.09	547.13
Insurance		154.80		168.30
Excise Duty		0.00		(490.51)
SUB TOTAL (A)		4276.28		2951.57
(B) Manufacturing & Other Operating Expenses				
Machining & Assembly charges	761.59		1198.52	
Loose Tools Charged off	670.75		751.61	
Job Done by outside Agencies	4230.45		4459.43	
Turnkey Project Expenses	3747.99		3529.02	
Other Charges For Production	1337.01	10747.79	892.52	10831.10
Less: Interplant Transfer (Services)		718.04		1279.46
SUB TOTAL (B)		10029.75		9551.64
(C) Administration, Selling & Distribution Expenses				
Rent		31.86		24.58
Electricity & Drinking Water Expenses		827.92		712.35
Safety & Security Expenses		1885.35		2135.56
Travelling & Conveyance Expenses		253.83		285.84
Bank Charges		186.75		170.51
Telephone & Postage Expenses		40.32		35.23
Printing & Stationery Expenses		42.07		28.22
Books & Periodicals		3.77		3.78
Miscellaneous Expenses		781.48		506.31
CEFC Expenditure		498.00		128.14
Motor Vehicle Running Expenses		244.25		213.53
Consultancy and Legal Expenses		216.40		226.39
Municipal Tax/Charges		8.00		8.00
LD Deducted and Charged		1416.63		1892.80
Sales Promotion		246.90		340.56
Auditor's Remuneration				
Audit Fees	2.25		2.25	
Tax Audit Fees	0.38		0.38	
Reimbursement Expenses	0.40	3.03	0.40	3.03
Training Expenses		3.84		11.39
SUB TOTAL (C)		6690.40		6726.22
(D) Other Provisions / Expenses Written Off				
Provision for Bad & Doubtful Debts	6619.55		1881.18	
Provision for Bad & Doubtful Advances	123.66		67.93	
Provision for Stock Verification Difference	0.00		10.34	
Provision for Warranty Expenses	178.11		204.86	
Provision for Foreign Exchange difference	27.09		2.88	
Miscellaneous Provisions	479.79		330.99	
Miscellaneous Losses Written Off	0.00	7428.20	20.62	2518.80
SUB TOTAL (D)		7428.20		2518.80
GRAND TOTAL (A+B+C+D)		28424.63		21748.23

(NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS)

			₹ in Lakh	
	2018-19		2017-18	
NOTE NO. - 31			<u>PRIOR PERIOD ADJUSTMENT</u>	
Income				
Inter Plant Transfers	(66.48)		(23.53)	
Misc Income	0.00	(66.48)	(56.39)	(79.92)
Less : Expenses				
Raw Materials Consumed	50.44		1334.13	
Payment to & Provision for Employees	5.38		7.79	
Headquarter Load	7.11		0.00	
Depreciation	(2.29)		0.00	
Misc. Expenses (net)	1.95	62.59	3.76	1345.68
		<u>(129.07)</u>		<u>(1425.60)</u>
	Prior Period Adjustment (Net)			
NOTE NO. - 32			<u>EXTRAORDINARY ITEMS</u>	
Income				
Grant from Govt. of India (against capital gain tax)	0.00		6200.00	
Sale consideration received from GOJ	16264.60	16264.60	55928.40	62128.40
Less : Expansion		7.55		25.96
Cost of Land transferred to GOJ				
Net		<u>16257.05</u>		<u>62102.44</u>

NOTE NO 33 -

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

₹ in Lakh

SI No	Particular	2018-19	2017-18												
1	Estimated amount of contracts, remaining to be executed on capital account and not provided for	14330.44	7149.11												
2	Unexpired Letter of Credit	392.36	1469.82												
3	Unexpired Bank Guarantee	17453.26	15804.69												
4	Holding Tax	615.34	0.00												
5	Water Dues	1094.42	1094.42												
6	<p>Damages towards PF dues</p> <p>(a) The prayer of HEC Limited to the chairman of central board of Trustees. Employees Provident Fund Organization, for waiver of damages amounting to ₹ 9501.54 lakhs for the period from 03/76 to 09/99 levied by Regional Provident commissioner, Ranchi, has been rejected vide letter dated 12.11.2010. Company has again filed Civil Miscellaneous Petition (CMP) in company Petitions CP 05/2004 before Hon'bte High Court of Jharkhand. Against the aforesaid order Hon'ble High Court of Jharkhand has stayed recovery of damages till further order.</p> <p>(b) The above amount is exclusive of the payment of damages on defaulted CPF/EPF dues for the period from October' 99 to March 2005 as no notice for payment of the same has been received from Regional Provident Commissioner, Ranchi.</p>	9501.54	9501.54												
7	<p>Legal Cases :- claim lodged against HEC not acknowledged as Debt.</p> <table border="1"> <thead> <tr> <th>Cases</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>(A) Enhance Land acquisition compensations case 15/98</td> <td>1034.10</td> </tr> <tr> <td>157.42 acres of land belonging to Ranchi Gaushala was acquired by the then Govt. of Bihar in the year fifties @ compensation of Rs. 3500/- per acre for public purpose for establishment of HEC and its ancillary and allied purpose. Compensation paid and possession was handed over to HEC. Later on in 1971 being LA Case No. 22/1971 was filed by the Ranchi Gaushala for enhancement for compensation which was enhanced by judgement dated 12.01.1998 and award dated 19.01.1998. The LD court published the award enhancing compensation @ 30% and interest @ 9% p.a. for one year (17.10.1958 to 16.10.1959) and 15% p.a. from 17.10.1959 till realization of amount. Thus after adjustment of compensation of Rs. 4.68 Lakh already paid, the amount of compensation to be paid to Ranchi Gaushala arrived at Rs. 247.22 Lakh as on 31.12.1997 inclusive of prilatium and interest. Being aggrieved by the award, M/s HEC Ltd. filed an appeal in the Hon'able High Court being FA No. 43/98 for setting aside the award and Ranchi Gaushala has filed case no. Ex. 15/1998 for implementation of the award in the Civil Court, Ranchi. Both cases are pending in the respective Court.</td> <td></td> </tr> <tr> <td>(B) Arbitration</td> <td>591.22</td> </tr> <tr> <td>(C) MSMED</td> <td>535.71</td> </tr> <tr> <td>(D) Other Legal cases</td> <td>1530.61</td> </tr> </tbody> </table>	Cases	Amount	(A) Enhance Land acquisition compensations case 15/98	1034.10	157.42 acres of land belonging to Ranchi Gaushala was acquired by the then Govt. of Bihar in the year fifties @ compensation of Rs. 3500/- per acre for public purpose for establishment of HEC and its ancillary and allied purpose. Compensation paid and possession was handed over to HEC. Later on in 1971 being LA Case No. 22/1971 was filed by the Ranchi Gaushala for enhancement for compensation which was enhanced by judgement dated 12.01.1998 and award dated 19.01.1998. The LD court published the award enhancing compensation @ 30% and interest @ 9% p.a. for one year (17.10.1958 to 16.10.1959) and 15% p.a. from 17.10.1959 till realization of amount. Thus after adjustment of compensation of Rs. 4.68 Lakh already paid, the amount of compensation to be paid to Ranchi Gaushala arrived at Rs. 247.22 Lakh as on 31.12.1997 inclusive of prilatium and interest. Being aggrieved by the award, M/s HEC Ltd. filed an appeal in the Hon'able High Court being FA No. 43/98 for setting aside the award and Ranchi Gaushala has filed case no. Ex. 15/1998 for implementation of the award in the Civil Court, Ranchi. Both cases are pending in the respective Court.		(B) Arbitration	591.22	(C) MSMED	535.71	(D) Other Legal cases	1530.61	3691.64	3243.05
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(B) Arbitration	591.22														
(C) MSMED	535.71														
(D) Other Legal cases	1530.61														

8	Commercial Taxes (VAT)		2439.43	1472.10	
	Year	Particulars			Amount
	2008-09	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			10.78
	2009-10	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			19.63
	2010-11	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			92.41
	2011-12	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			80.13
	2012-13	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			25.80
	2013-14	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			7.03
	2014-15	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			10.71
	Commercial Taxes (CST)				
	Year	Particulars			Amount
	2008-09	Demand as per Assessment Order, Appeal pending at commissioner. Ranchi			10.35
	2009-10	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			57.76
	2010-11	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi			137,18
	2011-12	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi.			849.06
2012-13	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	759.62			
2013-14	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	298.77			
2014-15	Demand as per Assessment Order. Appeal pending at commissioner, Ranchi	80.20			
9	Service Tax		1761.09	1655.06	
	1.	Demand of service Tax for NCL Nigahi (Project Division) for the period October 2006 to March 2007 (Order No. 43/ST/Commr./2013 dt.28.03.2013, Appeal pending at CESTAT, Kolkata			617.96
	2.	Demand of service Tax for NCL Nigahi (Project Division) for the period October 2007 to March 2010(Order No. 59/ST/Commr./2016 dt. 13.04.201 6) Appeal pending at CESTAT.Kolkata			816.05
	3.	Demand of service Tax on value of service portion of a contract for supply of Shovel. (Order No. V(65)34/HEC/Adjn/Rari-1/201 5/8304 dt 23.09.2015). Appeal pending at Comm Appeal, Ranchi			221.05
	4.	Demand of Service Tax during period July 12 to June 17 for receipt of consideration in from of LD charges from Vendors/Contractors against supply of materials (Order No. 05/S.Tax/Addl.Commr./RAN2019 dtd. 08.03.2019. Appeal pending at Comm Appeal, Ranchi			106.03
10	Excise Duty		1180.18	1185.02	
	1.	Demand of Excise Duty for Non Reversal of Cenvat Credit availed by us on inputs and capital goods for which certain provision has been made in our Financial statement. Appeal pending at CESTAT, Kolkata			1180.18
Total			52459.70	42574.81	

33.2 Revival Packages

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

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

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

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

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

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

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

C. Status of Revival Package : Agreed to amongst DHI, GOI, Govt. of Jharkhand and HEC Ltd.					
Revival Package approved by					
	Cabinet committee of economic affairs	As per Affidavit filed by Govt. of Jharkhand and approval of Hon'ble High Court of Jharkhand.	Amount to be Waived / Adjusted / Received	Amount Waived / Adjusted / Received	Balance Amount to be Waived / Adjusted / Received
1.	Not specifically mentioned as to the waiver of electricity dues. But Jharkhand Govt's proposal for waiver of ₹ 50000.00 lakhs against electricity dues was approved.	Waivai of electricity dues of ₹.30637.42 lakhs and delayed payment surcharge up to the date of Final settlement by JSEB after approval of Hon'ble High Court of Jharkhand.	₹ 96984.68 lakhs total amount to be waived / Adjusted	Waived ₹85342.46 lakhs (Electricity dues or ₹ 30637.42 lakhs and DPS of ₹54705.04 lakhs up to (31.08.2008)	₹ 11642.22 lakhs against DPS from 01 09 2008 to 31.03.2010 yet to be waived.
2	Waiver of PHED dues of ₹3103.00 lakhs	Waival of PHED dues ₹3264.80 lakhs as on 31.03.2007.	₹3264.80 lakhs (Waiver)	₹3264.80 lakhs (Waived)	NIL
3.	Waiver of Sales Tax dues of ₹2551.00 lakhs	The GOJ agreed that payment of ₹ 2551.00 lakhs by HEC will be treated as full and final settlement of all commercial Tax liability up to 31.03.2007 including penalty / penal interest for delayed payment etc. to which the assessment of CT liability pertains to. Any liability separate from it and discovered subsequently will be treated as per relevant law/ guidelines	1) ₹ 2551.00 lakhs to be paid by GOJ	1) ₹ 2551.00 lakhs received.	1) NIL
			2) The company is to deposit ₹ 2551.00 lakhs with GOJ	2) ₹ 2551.00 lakhs deposited by HEC towards Commercial Taxes.	2) NIL
			3) Order of waiver all Commercial tax liability up to 31.03.2007 is to be issued by GOJ.	3) Order not issued	3) Order for waiver of all dues up to 31 03.07 by Govt. of Jharkhand is still awaited.
4	To authorize HEC to receive ₹25000.00 lakhs from Govt. of Jharkhand with no future commitment for transfer of any more land or building.	Grant of ₹ 27551.00 lakhs including ₹ 2551.00 lakhs mentioned in Sl. No. '3' above.	₹ 27551.00 lakhs	₹20021.00 lakhs	₹7530.00 lakhs
5.	To allow HEC to accept the proposal of Govt. of Jharkhand to transfer 2342 acres of land. This includes 85 acres of appurtenant land to the building.	HEC to surrender 2342 acres of land to Govt. of Jharkhand.	Possession of 2035.14 acres of land had been handed over to GOJ for which Deed of Conveyance is executed. Balance 306.86 acres of land is to be handed over after removal of encroachment.		
6	To allow HEC to accept transfer of 17 buildings and 1155 residential quarters along with land appurtenant there to valuing ₹14223.00 lakhs to GOJ.	HEC to surrender 17 nos. Non residential Building and 1148 residential quarters to Govt. of Jharkhand.	17 Nos. of Non Residential Buildings, 1148 Nos. of Residential Buildings and 85,11 acres of appurtenant land were already under possession of GOJ on rent up to 31.03.2009 and had been handed over to Government of Jharkhand. Registration of Buildings are yet to be executed.		



33.3 Government of India has approved monetization and transfer of 675.43 acres unused land of the Company to Government of Jharkhand at the consideration of ₹ 74298.00 Lakhs on 12.04.2017. Out of 675.43 Acres, 508.44 Acres of land is transferred to Government of Jharkhand vide Deed of Conveyance dated 23/5/2018 for ₹ 55928.40 Lakh. and out of ₹ 147.86 Acres of land vide Deed of Conveyance dated 17.01.2019 for ₹ 16264.60 Lakh. Out of ₹ 72193.00 Lakh, ₹ 67957.00 Lakh received till 31.03.2019 and balance amount of ₹ 4236.00 Lakh shown as receivable from Government of Jharkhand in SCH—21.

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

33.4 A Grant-in-aid of ₹ 500.00 Lakh (Previous year ₹ 250 Lakh) received till 31.03.2019 from DHI for the project on development of 5 Cubic Meter Hydraulic Excavator - HEX-400 and incurred ₹ 513.43 Lakhs till 31.03.2019. The incurred amount is shown as WIP and the Grant is shown as current liability under SCH—9 and to be adjusted after completion of the Project.

33.5 A Grant of ₹ 55.00 Lakh received from DHI in the year 2017-18 for Swacchtha Abhiyan is shown as current liability under SCH—9 and the amount incurred ₹ 61.74 Lakh till 31.03.2019 is kept in CWIP in the F.Y. 2018-19 and to be adjusted after commissioning.

33.6 A MOU was signed between HEC and DHI for setting up of Common Engineering Facility Centre to provide training, skill development, consultation and has strength in development and delivery, innovations and marketing of technology etc. in the area of electro slag melting, steel making, welding, non-destructive training, manufacture of gears. DHI approved the scheme on enhancement of competitiveness in the Indian Capital Goods Sector for setting up of common Engineering Facility Centre, a training institute in HEC Ltd. Ranchi at a cost of ₹ 5000.00 lakh. Out of ₹ 5000.00 lakh, Govt. grant will be limited to ₹ 3000.00 lakh and HEC contribution will be ₹ 2000.00 lakh.

An agreement between the HEC and CEFC Pratham Foundation was signed on 24/12/16, HEC as a supervising company and CEFC' pratham as an implementing company.

Up to 31.03.2019 Govt has given total grant of ₹ 1675 lakh under the scheme and the HEC contributed ₹ 737.89 lakh (current year Rs. 498.00 lakh, F.Y 2017-18 ₹ 128.14 lakh, F.Y 2016-17 ₹ 111.75 Lakh) and shown as expenditure in the HEC account.

Further vide Letter no. F. No. 12/26/2015-HE & MT dt. 11.01.2019, it has been decided by DHI that necessary action is to be taken for the winding up the CEFC Pratham Foundation after transferring the available funds and other assets and liabilities to HEC. Action for transferring the assets and liabilities after completion of audit by CEFC Pratham to HEC is in progress, hence assets and liabilities are not considered in the accounts. Amount lying in the ESCROW account for CEFC amounting ₹ 299.62 lakh is accounted as a liability in note no 9 "other current liabilities".

33.7 No Provision has been made for trade receivable pending for a period of more than 20 years to the tune of ₹ 1458.03 Lakhs from M/S NCL as the original award was passed by sole arbitrator appointed by Secretary Deptt. of Public Enterprises In the favour of HEC. The award was confirmed by additional Secretary, Deptt. of Law and Justice and Company Affairs, Govt of India. Further NCL filed an appeal in Hon'able High Court, New Delhi, but the same was rejected. As such, there is no uncertainty on the realisation of the above amount. On the appeal of NCL. Hon'ble Supreme Court of India has appointed sole arbitrator on 13th July 2016 and the case is now being actively pursued. A meeting was held by both the parties along with sole arbitrator on 14.05.2019. The proceedings are in progress.

33.8 Govt. has granted a Non-Plan loan of ₹ 4789.00 Lakhs to discharge gratuity liability in the financial year 2014-15 and repayable in five yearly instalment beginning from 2015-16. Due to financial crisis, the company is not able to pay the instalment and interest due in time. A sum of ₹ 8548.57 including interest / penal interest is outstanding as on 31.03.2019.

33.9 Out of ₹ 16357.06 Lakhs received against Long Term Lease from 1995 - 96 onwards, a sum of ₹ 574.33 Lakhs (Previous Year ₹ 580.42 lakh) is amortized and considered as income during this year in proportion to the period of lease and adjust with Capital Reserve Note-3.

33.10 Inter plant transfer of ₹ 4315.68 lakhs (previous year ₹ 5583.18 Lakh) has been excluded from total Revenue from operation of the Company.

33.11 The Sales effected on or before 31.03.2019 and received at Customer premises latest by 26.04.2019 has been considered as revenue from operation.



- 33.12 In absence of any instructions pertaining to Pay Revision w.e.f 01.01.2017 from DHI, no provision has been made in the accounts.
- 33.13 Due to financial crisis, company is not in position to disburse the gratuity liability amounting to ₹ 2053.71 Lakhs scheduled time and no further provision is required at this stage for consequential liability, if any.
- 33.14 (a) Revenue from operation includes ₹ 8275.22 Lakhs in respect of turnkey contract executed by Project Division (previous year ₹ 10861.41 lakhs) valued on the basis of approved billing schedule and payment terms of the contract to the extent of works completed, inspected, dispatched /on delivery to the carrier and billed.

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

	₹ in Lakhs	
	2018-19	2017-18
Contract revenue recognized during the year	8275.22	10861.41
In respect of Contract in progress as on 31 .03.2019		
- Cost incurred and recognized profits (less recognized losses)	134875.33	126918.11
- Amount of advance received	131768.32	120250.20
- Amount of retentions (deferred debts)	0.00	193.94
in respect of dues from customers after appropriate netting off		
- Gross amount due from customers for the contract work as an asset	3107.01	6667.91
- Gross amount due to customers for the contract work as a liability	89.74	720.07
- Contingencies	NIL	NIL

- b) The estimates of total costs and total revenue in respect of Construction Contracts entered on or after 1st April 2003 in accordance with Accounting Standard (AS) - 7 (Revised) Construction Contracts are reviewed and up dated periodically during the year by the management and necessary adjustments are made in the current year's account.
- 33.15 Despite issuance of letter to Major Clients for confirmation of Sundry Debtors balance, no confirmation from clients has been received till date. Regarding Loans & Advances, Deposits, Sundry Creditors etc., confirmation could not be obtained from the respective parties.
- 33.16 Interest on overdue amount relating to Micro and Small Enterprises has not been provided and the same has also been shown given below.

Micro, Small & Medium Development Act, 2006

	₹ in Lakhs	
	2018-19	2017-18
Delayed payments due as at the end of each accounting year on account of		
Principle	1644.83	727.34
Interest	1863.91	2077.98
Total Interest Paid on all delayed payments during the year under the provisions of the Act	Nil	Nil
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act	Nil	Nil
Interest accrued but not due (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date.	Nil	Nil
Total Interest due but not paid - (Represent ail interest amounts remaining due together with that from prior year (s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for Income Tax purpose)	Nil	Nil



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

33.18 PARTICULARS OF PROVISIONS :

₹ in Lakhs

SI No	PARTICULARS	Opening balance as on 01.04.2018	Add : Provision made during the period	Less : Provision utilised during the Period	Less : Unused provision reversed during the period	Closing Balance as on 31.03.2019
1	Provision for Bonus	142.06	143.75	142.06	0.00	143.75
2	Provision for Bad & Doubtful Debts	8268.33	6619.51	14.49	40.76	14832.59
3	Provision for Liquidated Damages recovered by Clients	5082.70	1415.78	1.63	5.28	6491.57
4	Provision for Claims Recoverable	199.91	8.59	0.00	0.00	208.50
5	Provision for Doubtful Deposits with Others	187.27	0.58	0.00	0.00	187.85
6	Provision for Doubtful Advances to Suppliers/Sub-Contractors	579.44	132.75	0.00	0.00	712.19
7	Provision for Disputed Cases Stagnant jobs, EMD, SD advances, Output VAT, Receivables etc	0.20	0.00	0.00	0.00	0.20
8	Provision for Inventory	3122.85	522.79	12.20	1.05	3632.39
9	Provision for gratuity	6346.15	144.29	180.48	86.26	6223.70
10	Provision for leave encashment	2432.45	736.35	4.73	0.00	3164.07
11	Provision for RTA	44.80	4.87	2.72	0.18	46.77
12	Provision for LTC/LTA	209.85	32.08	20.41	6.24	215.28
13	Provision for Sick leave	0.00	0.00	0.00	0.00	0.00
14	Provision for Revision of pay Scale	2470.20	0.00	1958.32	0.00	511.88
15	Provision for Warranty Expenses	2.76	5.70	0.00	2.76	5.70

33.19 During the year there is change in accounting policy for accounting of Liquidated Damages deducted by customer and Liquidated Damages deducted from vendor's bill (Accounting Policy No. - 14 (i) & (ii) and due to this change, the loss of the company is reduced by ₹ 649.94 Lakh.

There is change in accounting policy for provision for warranty expenses (Accounting Policy No.-6) and due to this change, the loss of the company is reduced by ₹114.95 Lakh.

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

(a) The Company has determined the liability for Employee Benefits as at March 31, 2019 in accordance with the revised Accounting Standard 15- Employee benefits issued by ICAI.

(b) Defined benefit plans - As per Actuarial valuation on March 31, 2019.

- 1) **Gratuity** :- Payable on separation @15 day salary for each completed year of service to eligible employees who render continuous service of 5 years or more, subject to a maximum limit of ₹ 20.00 lakhs.
- 2) **Leave Encashment** :- payable on separation to eligible employees who have accumulated earned leave. Maximum limit of accumulation is 300 days. Encashment of accumulated earned leave is also allowed up to 30 days once in a calendar year.

- 3) **Provident Fund :-** 12% of Basic Pay & Dearness allowance contributed to the provident Fund Trust by the company.
- 4) **Post Retirement Settlement Benefits :-** payable to retiring employees for settlement up to their home town.
- 5) Company's contribution paid/payable during the year to the provident fund trust are recognized in the statement of profit & loss. The company's Provident Fund Trust is exempted under section 17 of employees' provident fund and miscellaneous provisions Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-a-vis statutory rate. The company has already made adequate provision in the accounts based on actual.
- 6) The defined benefit obligations, other than provident Fund, are unfunded.
- 7) Other disclosure as required under Accounting Standard (AS)-15 (revised on employee benefits) are :

₹ in Lakhs

	Gratuity	Leave Encashment	Retd. Travel Allowance
Expense recognized in the statement of Profit & Loss for the year ended March 31,2019			
1. Current Service Cost	294.80	886.40	3.23
2. Past Service Cost	0.00	0.00	0.00
3. Interest Cost	494.65	189.60	3.49
4. Reduction in Obligation due to HPL	0.00	0.00	0.00
5. Net Actuarial (gain)/ loss recognized during the year	95.53	(10.84)	(3.05)
TOTAL EXPENSES	884.98	1065.16	3.67
Net Asset / (Liability) recognised in Balance Sheet			
1. Present value of the obligation (Current)	1096.93	949.08	5.70
2. Present value of the obligation (Non Current)	5126.77	2215.00	41.07
3. Funded status [Surplus /(deficit)]	(6223.70)	(3164.08)	(46.76)
4. Net Asset / (Liability) recognized in the Balance Sheet	6223.70	3164.08	46.76
Change in the Present value of the Obligation during the year ended March 31,2019			
1. Present value of the obligation as at April 1, 2018	6346.15	2432.47	44.80
2. Current Service Cost	294.80	886.40	3.23
3. Interest Cost	494.65	189.60	3.49
4. Past Service Cost	0.00	0.00	0.00
5. Benefits paid	(1007.44)	(333.55)	(1.70)
6. Actuatial (Gain) / Loss on obligation	95.53	(10.84)	(3.05)
7. Present value of obligation as at March 31, 2018	6223.70	3164.08	46.76
Actuarial Assumptions			
1. Discount rate	7.70%	7.70%	7.70%
2. Rate of Increase in Compensation	8.00%	8.00%	8.00%
3. Mortality rate LIC (2006-2008) Table			

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

Information about different business units (Segments) 2018-2019					
					₹ in Lakhs
	Foundry Forge Plant	Heavy Machine Building Plant	Heavy Machine Tool Plant	Project (Turnkey)	Heavy Engineering Corporation
REVENUE					
External Sales	3859.39	22346.74	1139.77	8275.22	35621.12
Inter-plant / Job done for own use	4174.33	523.00	381.49	0.00	5078.82
Total Revenue	8033.72	22869.74	1521.26	8275.22	40699.94
Net Profit (Before Interest after tax)	(2146.90)	(1021.62)	1049.65	(4475.71)	(6594.58)
Interest	711.29	1963.05	98.11	0.00	2772.45
Net Profit	(2858.19)	(2984.67)	951.54	(4475.71)	(9397.03)
Extraordinary items	8941.38	5039.69	2275.98	0.00	16257.05
Prior Period income	(68.10)	(9.54)	(51.43)	0.00	(129.07)
Net Profit from ordinary Activities after tax	(11731.47)	(8014.82)	(1273.01)	(4475.71)	(25525.01)
OTHER INFORMATION					
Segment Assets	10446.78	37862.05	2571.67	9781.65	60662.15
Addition during the year	91.24	75.98	40.90	1.37	209.49
Unallocated Assets					14264.62
Total Assets					75136.26
Segment Liabilities	14891.67	16951.43	1798.75	11227.33	44869.18
Unallocated Liabilities					29228.79
Total Liabilities					74097.97
Capital Expenditure	80.44	637.74	(38.88)	1.37	680.67
Unallocated Capital Expenditure.					194.72
Total Capital Expenditure					875.39
Depreciation	534.77	130.24	18.01	1.20	684.22
Unallocated Depreciation					60.11
Total Depreciation					744.32

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

Names of the Related Parties
Details of Transaction

Rs. in laksh

	Key Management Personnel	Period	Remunerations	Terminal Benefits
1	Sri Mradul Kumar Saxena Director (Personnel) & CMD (Additional Charge)	04/2018 - 03/2019 01/2019 - 03/2019	25.92	2.91
2	Mrs. Arundati Panda Director (Finance)	04/2018 - 03/2019	27.82	3.29
3	Sri Rana Subhashis Chakravarty Director (Marketing)	04/2018 - 03/2019	23.81	2.91
4	Sri Avijit Ghosh Ex CMD	04/2018 - 12/2018	24.38	2.69
		Total :	101.93	11.80

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

33.23 In Case deficit arises from Employee's Provident Fund Trust, it is to be borne by the Company. But in this Accounting year 2018-19, no deficit is noticed in Employee's Provident Fund Trust Account.

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

33.25 Net worth of the company as on 31-03-2018 was positive but below ₹ 250 Cr and also the company is not listed, hence Ind-AS is not applicable to the company for the F.Y. 2018-19.

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

33.27 The previous year's figures have been regrouped, recasted, reclassified and rearranged to make them comparable as far as practicable with those of current year.

33.28 Additional information

		(₹ in Lakhs)	
		Current Year	Previous Year
A.1	Employees who were in receipt of or were entitled to receive emoluments (including benefits) of ₹ 60,00,000.00 or more for the year (and ₹ 5,00,000.00 or more per month when employed for apart of the year for current year).	Nil	Nil
A.2	Auditor's Expenses		
i.	Statutory Auditors Remuneration	2.25	1.80
ii.	Tax Audit Fees	0.38	0.38
iii.	Reimbursement of expenses	0.40	0.00
B.	Value of consumption of Raw Materials, Components, Stores & Spare Parts (including purchase of finished goods) and percentage thereof.		

(a) Raw Materials

- (i) Imported*
- (ii) Indigenous

₹ in lakhs			
	2018-19	2017-18	
	Value	% Value	%
(i) Imported*	6323.38	35.97	3876.11 31.81
(ii) Indigenous	11256.23	64.03	8307.23 68.19
Total	17579.61	100.00	12183.84 100.00

**(b) Stores & Spares**

(Including stores and spares used for repairs and Maintenance)

(i) imported	530.75	13.65	24.14	0.68
(ii) Indigenous	3358.26	86.35	3520.11	99.32

Total	3889.01	100.00	3544.25	100.00
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Note : Exclusive of imports through canalised agencies.

C. Value of imports on CIF Basis

Raw materials, Spare Parts, GIT

Components	4816.95	3240.78
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Capital Goods	0.00	0.00
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Total	4816.95	3240.78
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Incase of HMBP GIF value of Raw Material, Spare Parts include Cost of Material and 5.5% of cost of material for insurance and freight.

D. Expenditure in Foreign Currency

Directors & Officers Abroad	5.67	20.35
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Total	5.67	20.35
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33.28 The Note No.1 to 32 & Cash Flow Statement forms an integral part of these accounts.

A. K. Kanth

Company Secretary

R. K. Srivastava

Sr.DGM I/c (Finance)

Arundati Panda

Director (Finance)

Mradul Kumar Saxena

Chairman and Managing Director

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

(CA R. S. Agarwal)

Partner

M.No.076081

FRN 001468C

UDIN ; 19076081AAAAAQ060

Place : Ranchi

Date : 26.07.2019



कंपनी की कार्यक्षमता

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

CAPABILITIES OF THE COMPANY

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

फाउन्ड्री फोर्ज प्लांट

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

Foundry Forge Plant

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

हैवी मशीन बिल्डिंग प्लांट

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

HEAVY MACHINE BULDING PLANT

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

हैवी मशीन टूल्स प्लांट

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

HEAVY MACHINE TOOLS PLANT

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



HEAVY ENGINEERING CORPORATION LIMITED

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