



हेवी इंजीनियरिंग कॉर्पोरेशन लिमिटेड  
(भारत सरकार का उद्यम)  
**HEAVY ENGINEERING CORPORATION LIMITED**  
(A Govt. of India Enterprise)

एच. ई. सी.



वार्षिक प्रतिवेदन  
ANNUAL REPORT  
2022-23

HEC Builds Machines  
That Build the Nation

एच. ई. सी.



## गुणवत्ता नीति

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

## Quality Policy

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

हेवी इंजीनियरिंग कॉर्पोरेशन लिमिटेड  
HEAVY ENGINEERING CORPORATION LTD.

# BOARD OF DIRECTORS

(as on 10.11.2023)



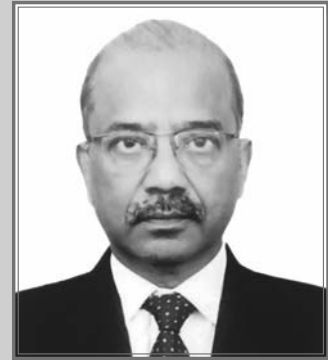
**Shri K Sadashiv Murthy**  
Chairman-cum-Managing Director



**Shri Rajesh Kumar Dwivedi**  
Director (Finance)



**Shri A K Behera**  
Director (Personnel)



**Shri Alok Kumar Singhal**  
Director (Marketing)



**Shri S. D. Singh**  
Director (Production)



**Shri Vijay Mittal**  
JS/MHI & Director (HEC)



**Shri Rajesh Kumar**  
CCA/MHI & Director (HEC)



**Smt. Prabha Dubey**  
Independent Director



**Shri Ravindra Gole**  
Independent Director



**Shri Abhay Kumar Kanth**  
Company Secretary



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### BOARD OF DIRECTORS

(As on 10.11.2023)

|                                |   |   |
|--------------------------------|---|---|
| Chairman-cum-Managing Director | : | Shri K. Sadashiv Murthy                                   |
| Director (Finance)             | : | Shri Rajesh Kumar Dwivedi                                 |
| Director (Personnel)           | : | Shri A. K. Behera   |
| Director (Marketing)           | : | Shri Alok Kumar Singhal                                   |
| Director (Production)          | : | Shri S. D. Singh  |
| Director                       | : | Shri Vijay Mittal (JS/MHI)                                |
|                                | : | Shri Rajesh Kumar (CCA/MHI)                               |
|                                | : | Smt. Prabha Dubey   |
|                                | : | Shri Ravindra Gole  |
| Company Secretary              | : | Shri Abhay Kumar Kanth                                    |
| Statutory Auditor              | : | M/s Lodha Patel Wadhwa & Company<br>Chartered Accountants |
| Secretarial Auditor            | : | M/s Satish Kumar & Associates<br>Company Secretaries      |
| Bankers                        | : | State Bank of India                                       |
| Registered Office              | : | Plant Plaza Road, Dhurwa<br>Ranchi - 834004 (Jharkhand)   |



## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE

Notice is hereby given to the Shareholders of Heavy Engineering Corporation Limited, Ranchi that 64th Annual General Meeting of the Company will be held on Friday, the 10th November, 2023 at 03.00 PM through Video Conferencing (VC) / Other Audio Visual Means (OAVM) facility at its registered office located at Plant Plaza Road, Dhurwa, Ranchi – 834004 to transact the following business :-

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended on 31st March, 2023 together with the report of the Board of Directors & Auditor's Report thereon and the comments of Comptroller & Auditor General of India (C&AG)
2. Appointment of Statutory Auditor under Section 139 of the Companies Act, 2013 for the financial year 2023-24 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 : 07-11-2023

### NOTE:

- (i) In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular Nos. 20/2020 dated 05.05.2020, 02/2021 dated 13.01.2021, 19/2021 dated 08.12.2021, 21/2021 dated 14.12.2021, 02/2022 dated 05.05.2022 and 09/2023 dated 25.09.2023 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting (AGM) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (Act) and MCA Circulars, the AGM of the Company will be held through VC / OAVM. Members may attend the meeting through VC / OAVM.
- (ii) According to the above MCA Circulars, there is no requirement of appointment of proxies, and accordingly the facility for appointment of proxy has not been made for this meeting.

## DIRECTORS' REPORT

**To**  
**The Shareholders**  
**Heavy Engineering Corporation Limited**  
**Ladies and Gentlemen,**

Heavy Engineering Corporation has completed its 64 years of service to the nation and the Directors of the Company have the pleasure to present the 64th Annual Report of the Company together with Audited Accounts for the financial year ended 31st March, 2023.

### 1. PERFORMANCE HIGHLIGHTS

In FY 22-23, the Company bagged orders worth Rs. 141 Cr. The Orders secured by HEC comprise majority of the Spares and components for equipment supplied by HEC e.g. critical spares for various Electric Rope Shovels, Draglines, Crushers, Steel Plant Equipment, EOT Cranes and Heavy Machine Tools supplied to its customers. Apart from this, HEC also secured Orders for Slag Pots and Forged Rolls for Steel Plants.

However, production and sales have been affected on account of severe financial crunch which has also led to a challenging IR situation. Further frequent breakdown of the ageing machinery has affected the execution of orders indirectly affecting the cash flow cycle.

### 2. PRODUCTION & SALES

The production & sales figures for the year as compared to the previous year are as follows:-

(Rs. in Cr)

| Particulars | 2022-23 | 2021-22 |
|-------------|---------|---------|
| Sales       | 91.43   | 184.69  |
| Production  | 60.50   | 203.84  |

### 3. FINANCIAL RESULTS

Achievement against previous year is detailed below:

(Rs. in crore)

| Particulars                                | 2022-23 | 2021-22 |
|--|---------|---------|
| Gross Margin                               | -202.35 | -219.06 |
| Interest                                   | 42.56   | 30.97   |
| Depreciation                               | 5.71    | 5.96    |
| Prior Period adjustment (Net)              | -0.48   | -0.08   |
| <b>Profit before Extra-ordinary items</b>  | -251.10 | -256.07 |
| Extra ordinary items Income (+) / Exp. (-) | 20.25   | 0.00    |
| <b>Profit before Tax</b>                   | -230.85 | -256.07 |
| Tax  | 0.00    | 0.00    |

|   |         |         |
|---|---------|---------|
| <b>Net Profit</b>                         | -230.85 | -256.07 |
| Cash Profit (before extra-ordinary items) | -244.91 | -250.03 |

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

Paid up Equity Capital of the Company as on 31.03.2023 stands at Rs. 606.07Cr, while net worth is Rs. (-) 1080.66Cr.

During the year your Company contributed Rs. 2.55 Cr to Central and State Exchequers.

The Turnover, Production, Employee Productivity and Profitability since 2016-17 are tabled below:

| Year    | Turnover (Rs. Crore) | Production (Rs. Crore) | Turnover per employee (Rs. Lakhs) | Net Profit (Rs. Crore) |
|---------|----------------------|------------------------|-----------------------------------|------------------------|
| 2016-17 | 390.11               | 364.84                 | 26.81                             | (-)82.27               |
| 2017-18 | 399.02               | 393.37                 | 28.29                             | 446.00                 |
| 2018-19 | 356.21               | 340.22                 | 23.42                             | -93.67                 |
| 2019-20 | 132.68               | 158.29                 | 9.92                              | -405.37                |
| 2020-21 | 202.76               | 252.43                 | 14.75                             | -175.78                |
| 2021-22 | 184.69               | 203.84                 | 14.06                             | -256.07                |
| 2022-23 | 91.43                | 60.50                  | 7.79                              | -230.85                |

### Non-Declaration of Dividend:

Profit after Tax (PAT) during FY2022-23 is Rs. (-) 230.85Cr. and Net worth is Rs. (-)1080.66Cr. 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. Hence, Company is not liable to declare dividend in view of Section 123 (in respect of declaration of dividend) of Companies Act 2013.

### 4. MARKETING ACTIVITIES

HEC achieved order booking worth Rs 141 Cr. in FY 2022-23

The details of major orders received during the year are as follows:-

- Emergency Disc Brake of EOT Cranes
- Dragline Spares
- Crusher Spares
- Spares for 450T Cranes

The Spare Orders also consist of various Import-substitute items.

The company's financial crisis is affecting the liquidation of existing Orders which in turn is affecting the Order booking prospects.

**Orders in Hand**

Outstanding Order book as on 31.03.2023 stands at Rs. 1355.00 Cr.

**Business Development initiatives:-**

Most of the efforts were made at the Order execution front to overcome the challenges of financial constraints along with the obsolescence of machinery. Hence, in the present situation, no new products/areas were taken-up.

**5. PROJECT ACTIVITIES****a) INSTALLATION OF NEW COAL HANDLING PLANT(CHP)( PKG 062), BSP BHILAI**

Final Acceptance Certificate (FAC) received on 02.05.2022 w.e.f 02.04.2022 from BSP, Bhilai (SAIL) for successful installation of New CHP marking the closure of the project.

**b) INSTALLATION OF TERTIARY CRUSHING SYSTEM AT MEGHAHATUBURU IRON ORE MINES (SAIL)**

Performance Guarantee (PG) for complete Tertiary Crushing System was successfully conducted. Plant is under commercial operation and final commercial settlement is in progress.

**c) COAL HANDLING PLANT 4.0 MTPA KRISHNASHILA PROJECT, NCL**

After completion of Performance Guarantee Test, the plant is under commercial operation and the final commercial settlement is in progress.

**d) MADHUBAND COAL WASHERY PROJECT, BCCL**

Trial testing and commissioning of all equipments had been completed. Two racks of washed coal had been dispatched through BCCL Rapid Loading System (RLS).

**e) COAL HANDLING PLANT,BLOCK-B, NCL**

Work Order received by HEC on 05.01.2021. Work at site is undergoing in full swing.

**f) COAL HANDLING PLANT,GEVRA, SECL**

Work Order received by HEC on 05.02.2021. Work at site is undergoing in full swing.

**g) Sales Turnover during the year 2022-23 is given below:**

(Rs. in Lakhs)

| SN | Project Name   | Value   |
|----|--|---------|
| 1  | Installation of New Coal Handling Plant( Pkg 062), BSP Bhilai. | 1244.77 |
| 2  | Madhuband Coal Washery Project, BCCL                           | 274.90  |
| 3  | Coal Handling Plant, Gevra, SECL                               | 1398.74 |
| 4  | Coal Handling Plant, BLOCK-B,NCL                               | 393.03  |

**6. PROCUREMENT FROM MSME**

The procurement from MSME, NSIC & SSI firms during the year is Rs. 12.16 Cr.

**7. SAFETY, ENVIRONMENT AND POLLUTION CONTROL**

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

The company does not compromise on environmental pollution and takes all precautions towards pollution control.

**SAFETY**

1. Safety inspection of shop floors to identify Safety Leading Indicators (Hazards Identification, unsafe condition & near misses) & Safety Lagging Indicators (like violation of uses of PPEs while working, equipment safety).
2. Imparted class room training as well as at shop floor under training within TWI & Tool Box Talk.
3. Reporting of any accidents to Inspector of Factories, Ranchi, Jharkhand and Investigation of root causes analysis for prevention and controls to avoid reoccurrences.

**Health and Environment:-**

HEC believes that focus on good health and safety of its employees will result in long-term benefits for the organization. It also focuses on developing sustainable practices in its operations for ensuring protecting the planet from various environmental impacts.

Various activities undertaken in this area are:-

- (a) For health preservation of employees/workers, conducting regular eye test and general health check-up.
- (b) Monitoring of quality of ambient air at stack exit.
- (c) Monitoring of discharge water quality through drains.
- (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 guidelines of JSPCB for the prevention & control of Air & water pollution





- (f) Testing of water effluent samples regularly for pollutants, based on which consent for discharge of water to inland body is granted.
- (h) Water harvesting at different location inside the premises of plant by which rain water is accumulated and stored for reusing it during the dry season.

**Combined Effluent Treatment Plant(CEPT):** CETPs installed at HEC removes industrial effluents from polluted water before discharge. Discharge water quality meets the specific parameters prescribed by Jharkhand State Pollution Control Board(JSPCB).

#### 8. MANPOWER POSITION

The manpower of the Company as on 31.03.2023 stood at 1174 as against 1295 on 31.03.2022.

#### 9. INDUSTRIAL RELATIONS

During the period the industrial relations climate was challenging due to delayed payment of salary/wages.

#### 10. EMPLOYEE WELFARE

The Company has its own residential Township, where Wellness Center under the Medical Division caters the medical needs of the regular employees. The regular employees along with their dependents family members are also provided health medical insurance through group medical insurance Policy. Contract workers are extended medical benefits under ESI Scheme for which subscription amount is reimbursed by the Company to the respective contractors. Superannuated employees are extended medical benefits through OPD & Observation facilities at Wellness Center/Medical Division. Further, eye check up Corporate office and general check up for employees at Paras Hospital was conducted and large number of employees availed the facilities provided in the above camps.

#### 11. HUMAN RESOURCE DEVELOPMENT

The company gives immense importance to Human Resource Development. Thrusts were on competency development through organizing Management Development programmes viz, Leadership Quality Development, Developing Supervisory Skill, Subordinate Development, Work service procedures, new Labour code related training programmes, Vigilance awareness, Gender Equality at Workplace, Emerging Technologies in Foundry Forge Technology, purchase procedures, etc. Besides, the workmen were imparted training for their multi skilling and also on safety aspects.

HEC Technical Institute (HTI) is run by the company where students are imparted two years education/

training related to Technical Course and ITI/Diploma/ Degree holders are given Apprenticeship training of one year. The Company is also running GNM course at HEC Wellness Center for the local/ tribal girl students.

#### 12. STATUS OF SCHEDULE CASTES & SCHEDULE TRIBES

- (i) No. of SC & ST employees as on 31.03.2023 stood at 258 & 271 respectively.
- (ii) Percentage of SC & ST employee's w.r.t. total employees stood as 21.97% and 23.08% respectively.

#### 13. 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 work 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 from 01.09.2022 to 14.09.2022 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.

#### 14. CELEBRATIONS OF INTERNATIONAL WOMEN'S DAY (IWD)

In HEC, International Women's Day is celebrated on 08th March of every year. This year International Women's Day was celebrated on 09.03.2023 as 08.03.2023 was declared holiday on account of Holi festival. Large number of employees participated in this programme. The theme of this year was "**DigitAll: Innovation and Technology for gender equality**".

#### 15. OBSERVANCE OF INTERNATIONAL YOGA DAY/ WEEK

The International Yoga Day had been observed on 21st June 2022 in J N Club, Sector – 3, Dhurwa. A large number of employees and their family members participated & benefitted from this programme.

#### 16. SWACHH BHARAT MISSION

In order to improve health and cleanliness in HEC, the cleanliness drives were taken up from time to

time. Special emphases were laid on this mission from 16.08.2022 to 31.08.2022 by observing Swachhta Pakhwada in different Plants/Divisions of HEC and in HEC Township, nearby villages involving all employees/contract workers/ students/ general public. Under this activity following measures were taken in different units of HEC: -

- i. Oath of Swachh Bharat was taken by all employees/contract workers.
- ii. At the Plant level, Inter-Shop/Deptt. competition on best Shop for maintaining cleanliness was organized. Awards/prizes were distributed in the function held on 02nd October, 2022.
- iii. Action for identification and disposal of obsolete/unserviceable items lying in Plants and other Divisions took place. Employees were encouraged not to use single use plastic materials.
- iv. Drives were taken to put name boards on the materials/items in the Plants.
- v. Under 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. Also the employees in the factories (Plants)/ Divisions were encouraged to clean their workplace, surroundings of the Shops and premises of their buildings.

#### 17. AZADI KA AMRIT MAHOTSAV : HAR GHAR TIRANGA CAMPAIGN

'Har Ghar Tiranga' campaign under the aegis of Azadi ka Amrit Mahotsav was organized at HEC from 13th August 2023 to 15th August 2023 to encourage people hoist the Indian National Flag at their premises. All employees and CISF personnel were provided Tiranga to hoist it at their home and a motor bike rally was also organized in and around HEC Township under this campaign.

#### 18. ONLINE ANNUAL PERFORMANCE REPORT

In order to make offices paperless online filling up of Annual Performance Appraisal Reports & Annual Property Returns are continuing successfully.

#### 19. USES OF ELECTRICAL VEHICLE

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

#### 20. 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.

#### 21. CORPORATE SOCIAL RESPONSIBILITY

The company continues to run CSR activities like; arranging medical camps with the help of its Wellness Center. Immunization Programmes were carried out at regular interval.

#### 22. VIGILANCE ACTIVITIES

The Vigilance Department of HEC Limited, at Headquarters is working under the overall administrative and functional control of Chief Vigilance Officer/HEC. CVO of the Company provides a link between the organization and the Administrative Ministry & CVC.

Emphasis is laid on preventive vigilance, spreading awareness, surveillance and analysis of systems & procedures to ensure optimum utilization of resources and transparency & accountability in the system. Awareness amongst employees is generated by organizing various training/workshop programmes on various topics related to vigilance.

Sensitive sections/areas in the organization have been identified and thrust is laid on conducting surprise inspections, regular inspections, scrutiny of files & CTE type inspection. Systemic improvement suggestions have been given by Vigilance Department for streamlining various procedures and to enhance transparency & accountability in various operations.

Integrity Pact (IP) is functional in the Corporation under the aegis of Independent External Monitor (IEM) who is responsible for overseeing the process of procurement. IP is implemented through a panel of two Independent External Monitors (IEMs), appointed by the organization. The IEM reviews independently and objectively, whether and to what extent parties have complied with their obligations under the Pact.

Various activities were conducted during the VAW-2022 within HEC Limited with zeal and enthusiasm in a bid to promote and instill integrity, probity, transparency and accountability in public life. Various programmes were arranged during the awareness week.

There were 03 Nos. of complaints under investigation as on 31.03.2022 and 34 Nos. of new complaints were received within FY 2022-23, totaling a tally of 37 Nos. of complaints for the financial year 2022-23. Out of 37 Nos. of complaints, 35 Nos. of complaints were



disposed during FY 2022-23.

In-house Vigilance magazine "CHINGARI-XI" containing important CVC guidelines and other vigilance related activities was released in valedictory function of VAW-2022.

### 23. DISPOSAL OF REQUEST/APEAL UNDER RTI ACT

Company emphasizes on transparency and timely submission of information sought was given priority. During the FY 2022-23, 284 numbers of RTI applications were received and were duly replied within stipulated time.

### 24. SAFEGUARD OF WOMEN AT WORKPLACE - ICC

The Internal Complaints Committee (ICC) was reconstituted in May, 2019 for Prevention of Sexual Harassment of Women at Workplace and redressal of complaints of sexual harassment in line with guidelines of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. No complaint received on sexual harassment of women at workplace.

### 25. QUALITY ASSURANCE

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

### 26. 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 at **Annexure- 'A'**.

### 27. DIRECTORS' RESPONSIBILITY STATEMENT

**Your Directors state that:**

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

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

### 28. 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**. The report of Secretarial Auditor shall be part of Corporate Governance.

### 29. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

### 30. STATUTORY AUDITOR

The Comptroller & Auditor General of India (CAG) has appointed M/s SARAS & Co., Chartered Accountants as the Statutory Auditor of the company for the financial year 2023-24.

### 31. 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 31.03.2023 along with the Review of Accounts of your Company by C&AG and Statutory Auditors' observations along with Management's replies thereto placed at **Annexure- 'D'**.

**32. DISCLOSURES REQUIRED UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2013**

| Sl. No. | Requirements  | Details  |
|---------|---|--|
| 1       | <b>Sec 134 (3)(a):</b> The web address, if any, where annual return [Extract of Annual Return in Form No. MGT -9 for the financial year ending 31st March, 2023] referred to in sub-section (3) of section 92 has been placed.  | <a href="https://www.hecltd.com/">https://www.hecltd.com/</a> .                              |
| 2       | <b>Sec 134 (3)(ca):</b> Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.  | No fraud reported by auditors.   |
| 3       | <b>Sec 134 (3)(f):</b> Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made.  | There is no qualification, reservation or adverse remarks reported by Auditor.               |
| 4       | <b>Sec 134 (3)(g):</b> Particulars of loans, guarantees or investments under section 186.   | Details available in Audited Financial Statements F.Y. 2022-23                               |
| 5       | <b>Sec 134 (3)(h):</b> Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form.  |  |
| 6       | <b>Sec 134 (3)(j):</b> The amounts, if any, which it proposes to carry to any reserves.   |  |
| 7       | <b>Sec 134 (3)(l):</b> Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.  |  |
| 8       | <b>Rule 8 (5)(vii):</b> The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.   |  |
| 9       | <b>Sec 134 (3)(m):</b> The conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed.   | Details placed at Annexure- 'A'.   |
| 10      | <b>Sec 134 (3)(n):</b> A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.   | There is no risk management policy in the Company.   |
| 11      | <b>Sec 134 (3)(o):</b> The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year.  | Not required   |
| 12      | <b>Rule 8 (1):</b> The Board's Report shall be prepared based on the stand-alone financial statements of the company and shall report on the highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company during the period under report. | Not required   |
| 13      | <b>Rule 8 (2):</b> The Report of the Board shall contain the particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the Form AOC-2.   | There is no related party transactions pursuant to the provisions of the Companies Act, 2013 |
| 14      | <b>Rule 8 (3):</b> (A) Conservation of energy- (B) Technology absorption- (C) Foreign exchange earnings and Outgo   | Details placed at Annexure- 'A'.   |
| 15      | <b>Rule 8 (5)(iii):</b> The details of directors or key managerial personnel who were appointed or have resigned during the year.   | Details available in Corporate Governance Report   |
| 16      | <b>Rule 8 (5)(v):</b> The details relating to deposits, covered under Chapter V of the Act.   | Details available in Auditor's Report  |
| 17      | <b>Rule 8 (5)(vi):</b> The details of deposits which are not in compliance with the requirements of Chapter V of the Act.   |  |
| 18      | <b>Rule 8 (5)(viii):</b> The details in respect of adequacy of internal financial controls with reference to the Financial Statements.  | Details available in Auditor's Report – Annexure 3   |
| 19      | <b>Rule 8 (5)(ix):</b> A disclosure, as to whether maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.  | Details available in Auditor's Report  |
| 20      | <b>Sec 118(10) &amp; SS-1:</b> Compliance with secretarial standard.  | Complied.  |

### 33. BOARD OF DIRECTORS

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

As on 31st March, 2023, the Board of HEC Ltd. consists of ten Directors comprising (a) Chairman-cum-Managing Director (CMD) & Four Functional Directors i.e. Director (Finance), Director (Production), Director (Personnel) and Director (Marketing), (b) Two Government of India Nominee Official Directors and (c) Three Part time Non Official Directors.

As on 31st March, 2023, there are no full time functional directors on the Board of HEC. All the functional directors on the Board of HEC Ltd are holding additional charge in HEC. Dr. Nalin Shinghal, CMD (BHEL) is holding the Addl. Charge of the post of Chairman-cum-Managing Director (CMD). Shri Rajesh Kumar Dwivedi, GM (BHEL), Shri Shakil Kumar Manocha, ED (BHEL), Shri A K Behera, GM(BHEL) and Shri Alok Kumar Singhal, GM(BHEL) are holding the Addl. Charge of the Post of Director (Finance), Director (Production), Director (Personnel) and Director (Marketing) respectively in HEC Ltd.

During the year, Shri Vijay Mittal, JS/MHI relinquished the post of directorship in HEC on 13.09.2022 and on the same day Dr. Renuka Mishra, EA/MHI was appointed as Government Nominee Official Director on the Board of HEC. Further on 13.03.2023, Dr. Renuka Mishra, EA/MHI relinquished the post of directorship in HEC and on the same day Shri Vijay Mittal, JS/MHI was appointed as Government Nominee Official Director on the Board of HEC.

Shri Shakil Kumar Manocha has relinquished the Additional charge of the post of Director (Production) of Heavy Engineering Corporation Limited (HEC), Ranchi with effect from 24th August, 2023. Further, Shri S D Singh, General Manager, BHEL has assumed the Additional charge of the post of Director (Production) of Heavy Engineering Corporation Limited (HEC), Ranchi with effect from 25th August, 2023.

Dr. Nalin Shinghal has relinquished the Additional charge of the post of Chairman-cum-Managing Director of Heavy Engineering Corporation Limited

(HEC), Ranchi with effect from 31st October, 2023. Further, Shri Koppu Sadashiv Murthy, CMD, BHEL has assumed the Additional charge of the post of Chairman-cum-Managing Director of Heavy Engineering Corporation Limited (HEC), Ranchi with effect from 01st November, 2023.

### 34. AUDIT COMMITTEE

Audit Committee constituted by the Board in its 341st Meeting held on 15th December, 2021 is functioning with Smt. Prabha Dubey, Independent Director, as the Chairperson of the Committee. Shri Rajesh Kumar, CCA/MHI (Govt. Nominee Director), Shri Kamal Kishore Naik (Independent Director) and Shri Ravindra Gole (Independent Director) were designated as members of the Audit Committee. Director (Finance) of the Company is the permanent invitee to the Meeting of the Audit Committee.

Audit committee is a Board Level Committee which is responsible for oversight of the financial reporting process, selection of the auditors, statutory audit compliances, financial disclosures, prepare, presentation and reporting of financial statements, internal financial controls, receipt of audit results, etc.

### 35. ACKNOWLEDGEMENT

The Board gratefully acknowledges the support and guidance received from the various Ministries of the Govt. of India. The Board is particularly grateful to the Ministry of Heavy Industries for their continued support in the functioning of the Company.

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

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

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

**For and on behalf of Board of Directors**



(Koppu Sadashiv Murthy)

**Chairman-cum-Managing Director**

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

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

#### **Gear**

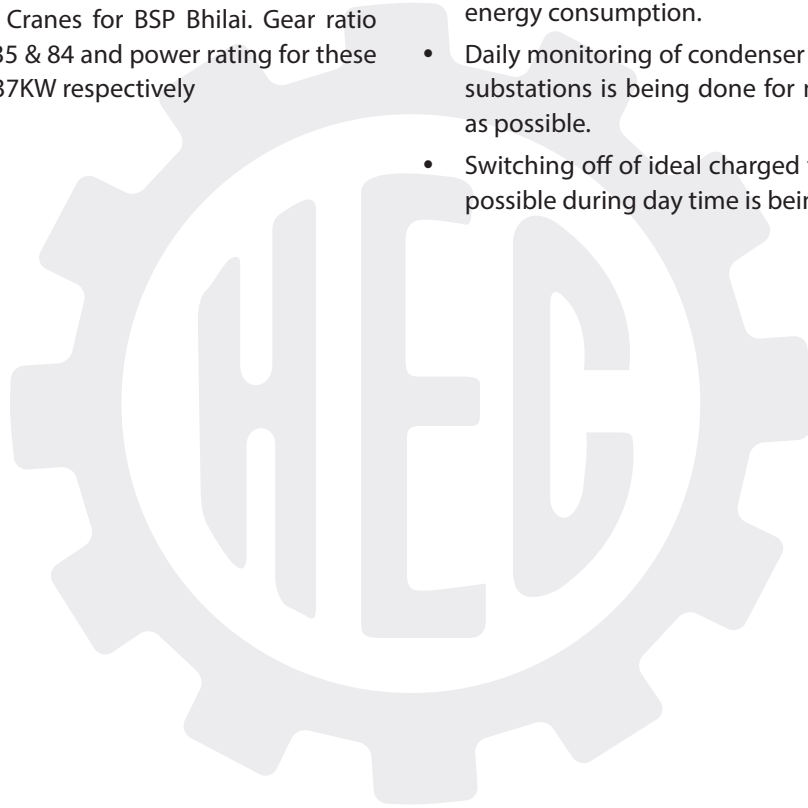
Gear boxes have been designed for Hoist mechanism, LT mechanism, CT mechanism and ACT mechanism of 450T EOT Cranes for BSL, Bokaro. Gear ratio for these mechanisms is 171, 49.93, 94.18 & 55.55 and power rating for these mechanisms is 315KW, 132KW, 55KW & 30KW respectively.

Gear Boxes have also been designed for LT mechanism, MCT mechanism of EOT Cranes for BSP Bhilai. Gear ratio for these mechanisms is 35 & 84 and power rating for these mechanisms is 132KW & 37KW respectively

### **II. ENERGY CONSERVATION**

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

- Conversion of two numbers of Producer Gas fired furnaces to LPG fired furnaces and two others are in progress.
- An agreement has been signed with EESL for Installation of new 33 KV APFC Panels to maintain APF (average power factor) as high as possible to reduce electrical energy consumption.
- Daily monitoring of condenser banks installed in 6.6 KV substations is being done for maintaining APF as high as possible.
- Switching off of ideal charged transformers where ever possible during day time is being done.



## REPORT ON CORPORATE GOVERNANCE

### 1.0 Company's Corporate Governance Philosophy:

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

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

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

### 2.0 Board of Directors:

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

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

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

As on 31st March, 2023, the Board of HEC Ltd. consists of ten Directors who have been classified in three classes viz., (i) Functional Directors (Whole Time Directors), (ii) Government Nominee Official Directors and (iii) Part time Non Official Directors. The Board includes (a) Chairman-cum-Managing Director (CMD) & Four Functional Directors i.e. Director (Finance), Director (Production), Director (Personnel) and Director (Marketing), (b) Two Government of India Nominee Official Directors and (c) Three Part time Non Official Directors.

As on 31st March, 2023, there are no full-time functional directors on the Board of HEC. All the functional directors on the Board of HEC Ltd are holding additional charge in HEC. Dr. Nalin Shinghal, CMD (BHEL) is holding the Addl. Charge of the post of Chairman-cum-Managing Director (CMD). Shri Rajesh Kumar Dwivedi, GM (BHEL), Shri Shakil Kumar Manocha, ED (BHEL), Shri A K Behera, GM(BHEL) and Shri Alok Kumar Singhal, GM(BHEL) are holding the Addl. Charge of the Post of Director (Finance), Director (Production), Director (Personnel) and Director (Marketing) respectively in HEC Ltd.

During the year, Shri Vijay Mittal, JS/MHI relinquished the post of directorship in HEC on 13.09.2022 and on the same day Dr. Renuka Mishra, EA/MHI was appointed as Government Nominee Official Director on the Board of HEC. Further on 13.03.2023, Dr. Renuka Mishra, EA/MHI relinquished the post of directorship in HEC and on the same day Shri Vijay Mittal, JS/MHI was appointed as Government Nominee Official Director on the Board of HEC.

Shri Shakil Kumar Manocha has relinquished the Additional charge of the post of Director (Production) of Heavy Engineering Corporation Limited (HEC), Ranchi with effect from 24th August, 2023. Further, Shri S D Singh, General Manager, BHEL has assumed the Additional charge of the post of Director (Production) of Heavy Engineering Corporation Limited (HEC), Ranchi with effect from 25th August, 2023.

Dr. Nalin Shinghal has relinquished the Additional charge of the post of Chairman-cum-Managing Director of Heavy Engineering Corporation Limited (HEC), Ranchi with effect from 31st October, 2023. Further, Shri Koppu Sadashiv Murthy, CMD, BHEL has assumed the Additional charge of the post of Chairman-cum-Managing Director of Heavy Engineering Corporation Limited (HEC), Ranchi with effect from 01st November, 2023.

### 2.1 Chairman-cum-Managing Director:

i) Dr. Nalin Shinghal: Chairman cum Managing Director (Addl. Charge)

[Dr. Nalin Shinghal has relinquished the Additional charge of the post of Chairman-cum-Managing Director of HEC w.e.f. 31st October, 2023. Further, Shri Koppu Sadashiv Murthy, CMD, BHEL has assumed the Additional charge of the post of Chairman-cum-Managing Director of HEC w.e.f. 01st November, 2023.]

### 2.2 Functional Directors:

- i) Smt. Arundati Panda : Director (Finance)  
(Superannuated on 30.09.2022)
- ii) Shri Rajesh Kumar Dwivedi : Director (Finance), Addl. Charge  
(Joined on 23.11.2022)
- iii) Shri Shakil Kumar Manocha : Director (Production), Addl. Charge  
(Joined on 20.12.2022)
- iv) Shri Mradul Kumar Saxena : Director (Personnel)  
(Relinquished on 26.12.2022)
- v) Shri A K Behera : Director (Personnel), Addl. Charge  
(Joined on 27.12.2022)
- vi) Dr. Rana Subhasis Chakravarty : Director (Marketing)  
(Relinquished on 16.01.2023)  
[Holding the addl. charge of the post of Director  
Production till 19.12.2022]
- vii) Shri Alok Kumar Singhal : Director (Marketing), Addl. Charge  
(Joined on 03.02.2023)

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

- i) Shri Vijay Mittal, JS/MHI (relinquished on 13.09.2022)
- ii) Dr. Renuka Mishra, EA/MHI (appointed on 13.09.2022 & relinquished on 13.03.2023)
- iii) Shri Vijay Mittal, JS/MHI (appointed on 13.03.2023)
- iv) Shri Rajesh Kumar, CCA/MHI

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

- i) Smt. Prabha Dubey
- ii) Shri Kamal Kishore Naik [Passed away on 30.09.2023]
- iii) Shri Ravindra Gole

### 3.0 Meeting of the Board:

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

#### 3.1 Number of Board Meetings:

During the year 2022-23, Four (4) Meetings were held, the details of which are given below:

| Sl. No. | Date       | Board Strength | No. of Directors present |
|---------|------------|----------------|--------------------------|
| 1.      | 30.06.2022 | 09             | 07                       |
| 2.      | 25.08.2022 | 09             | 06                       |
| 3.      | 29.12.2022 | 10             | 08                       |
| 4.      | 23.03.2023 | 10             | 08                       |



### 3.2 Attendance of each Director at Board Meetings:

| Name of the Directors   | Period                   | No. of Board Meetings held | No. of Board Meetings Attended | No. of Directorship in other Board | Whether attended last AGM held on 30.09.2022 |
|---|--------------------------|----------------------------|--------------------------------|------------------------------------|--|
| <b>(a) Executive Directors (Whole-time Functional Directors)</b>              |                          |                            |                                |                                    |  |
| 1. Dr. Nalin Shinghal (Chairman cum Managing Director)                        | 01.04.2022 to 31.03.2023 | 04                         | 04                             | 01                                 | YES  |
| 2. Smt. Arundati Panda, Director (Finance), superannuated on 30.09.2022       | 01.04.2022 to 30.09.2022 | 02                         | 01                             | 00                                 | YES  |
| 3. Shri Rajesh Kumar Dwivedi, Director (Finance), joined on 23.11.2022        | 23.11.2022 to 31.03.2023 | 02                         | 02                             | 00                                 | NA   |
| 4. Shri Shakil Kumar Manocha, Director (Production), joined on 20.12.2022     | 20.12.2022 to 31.03.2023 | 02                         | 02                             | 01                                 | NA   |
| 5. Sri Mradul Kumar Saxena, Director (Personnel), relinquished on 26.12.2022  | 01.04.2022 to 26.12.2022 | 02                         | 02                             | 01                                 | YES  |
| 6. Shri A K Behera, Director (Personnel), joined on 27.12.2022                | 27.12.2022 to 31.03.2023 | 02                         | 02                             | 01                                 | NA   |
| 7. Dr. Rana Subhasis Chakravarty, Director.(Mktg), relinquished on 16.01.2023 | 01.04.2022 to 16.01.2023 | 03                         | 03                             | 00                                 | YES  |
| 8. Shri Alok Kumar Singhal, Director (Marketing), joined on 03.02.2023        | 03.02.2023 to 31.03.2023 | 01                         | 01                             | 00                                 | NA   |
| <b>(b) Govt. of India Nominee Part-time Official Director</b>                 |                          |                            |                                |                                    |  |
| 1. Shri Vijay Mittal (relinquished on 13.09.2022)                             | 01.04.2022 to 13.09.2022 | 02                         | 02                             | 05                                 | NA   |
| 2. Dr. Renuka Mishra, (appointed on 13.09.2022 & relinquished on 13.03.2023)  | 13.09.2022 to 13.03.2023 | 01                         | 01                             | 04                                 | YES  |
| 3. Shri Vijay Mittal, (appointed on 13.03.2023)                               | 13.03.2023 to 31.03.2023 | 01                         | 01                             | 03                                 | NA   |
| 4. Shri Rajesh Kumar  | 01.04.2022 to 31.03.2023 | 04                         | 01                             | 04                                 | NO   |
| <b>(c) Part-time Non Official Director/Independent Director</b>               |                          |                            |                                |                                    |  |
| 1. Smt Prabha Dubey   | 01.04.2022 to 31.03.2023 | 04                         | 04                             | 00                                 | YES  |
| 2. Shri Kamal Kishore Naik  | 01.04.2022 to 31.03.2023 | 03                         | 01                             | 00                                 | NO   |
| 3. Shri Ravindra Gole   | 01.04.2022 to 31.03.2023 | 04                         | 03                             | 00                                 | YES  |

### 4.0 Audit Committee:

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

#### 4.1 Number of Audit Committee Meetings:

During the year 2022-23, Four (4) Meeting was held, the details of which are given below:-

| Sl. No. | Date       | Strength | No. of Members present |
|---------|------------|----------|------------------------|
| 1.      | 30.06.2022 | 04       | 03                     |
| 2.      | 25.08.2022 | 04       | 03                     |
| 3.      | 29.12.2022 | 04       | 02                     |
| 4.      | 23.03.2023 | 04       | 02                     |

Director (Finance) is permanent invitee of Audit Committee Meeting.

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

| Name of the Members        | Period                   | No. of Meetings held | No. of Meetings Attended |
|----------------------------|--------------------------|----------------------|--------------------------|
| 1. Smt. Prabha Dubey       | 01.04.2022 to 31.03.2023 | 04                   | 04                       |
| 2. Shri Rajesh Kumar       | 01.04.2022 to 31.03.2023 | 04                   | 01                       |
| 3. Shri Kamal Kishore Naik | 01.04.2022 to 31.03.2023 | 04                   | 02                       |
| 4. Shri Ravindra Gole      | 01.04.2022 to 31.03.2023 | 04                   | 03                       |

**5.0 Annual General Meeting:**

Time, Date & Venue of last Five AGMs:

| Year              | Date       | Time     | Venue             |
|-------------------|------------|----------|-------------------|
| 2017-18(59th AGM) | 07.09.2018 | 11:00 AM | Registered Office |
| 2018-19(60th AGM) | 27.09.2019 | 11:30 AM | Registered Office |
| 2019-20(61st AGM) | 22.12.2020 | 03:00 PM | Registered Office |
| 2020-21(62nd AGM) | 15.12.2021 | 03:00 PM | Registered Office |
| 2021-22(63rd AGM) | 30.09.2022 | 03:00 PM | Registered Office |

**6.0 Code of Conduct:**

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

**7.0 Disclosures :**

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

Form No. MR-3

**SECRETARIAL AUDIT REPORT****(FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023)**

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

To,

**The Members,**

HEAVY ENGINEERING CORPORATION PRIVATE LIMITED

H.E.C Administrative Building

Plant Plaza Road

Ranchi-834004, Jharkhand.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of **M/s Heavy Engineering Corporation Limited** (hereinafter called the "Company"). As per the Master Data available on the MCA portal name of the company is reflecting as M/s Heavy Engineering Corporation Private Limited, though pursuant to the exemption granted to Government Companies in respect of Section 4 (1) (a) of Companies Act, 2013, it is not required to use words Private with the name of the Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers minute books, forms and return filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the audit period from April 2022 to March 2023, along with other documents/ filings as may be relevant, which has been relied upon for the financial year ended on 31st March, 2023 in respect of the compliances of the provisions of: -

1. The Companies Act, 2013 and the Rules made there under.
  2. Secretarial Standards issued by the Institute of Company Secretaries of India.
  3. Guidelines on Corporate Governance for Central Public Sector Enterprises, issued by Department of Public Enterprises vide their OM No. 18(8)/2005-GM dated 14th May, 2010.
  4. Contract Labour (Regulation and Abolition) Act, 1970.
  5. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
  6. The Environment (Protection) Act, 1986 and other environmental laws and rules framed there under.
  7. The Compliances of Specific laws as applicable on Heavy Engineering Corporation Limited (the Company) are the responsibility of the management of the Company. Our Report is limited to the extent of the Compliance Certificates provided by the management and its officials. However, assurance/reliability of Compliances of Statutory and/ other Returns to be filed under the various applicable laws has been relied upon the Certificates received from the concerned HOD's or Officials of the Company.
- I.** In our opinion, based on the examination carried out by us, verification of records produced to us and according to the information furnished by the Company and its Officials; the Company has complied with the provisions of the Companies Act, 2013 ("the Act") and Rules made under the Act, the Memorandum and Articles of Association of the Company, subject to the provisions as stated specifically herein; further the Company has followed proper board-processes and compliance-mechanism. However the Compliances are subject to the remarks and or observation stipulated herein as "**ANNEXURE-B**."
1. Form of Balance Sheet as prescribed under Part I, form of Statement of Profit and Loss as prescribed under Part II and general instructions for preparation of the same as prescribed in Schedule III to the Act.
  2. Registered Office and publication of the name of the Company.
  3. Filing of requisite forms and returns with the Ministry of Corporate Affairs within the time prescribed under the Act and the rules framed there under.

4. Convening and holding of the Meetings of Board of Directors and Committees thereof.
5. Convening and holding of 63rd Annual General Meeting of the Members for F.Y. 2021-22 on 30.09.2022.
6. Maintenance of Minutes of the proceedings of the Annual General Meeting, Extra-Ordinary General Meeting, Board Meetings and Meetings of Committees of the Board, properly recorded in loose leaf form, which are being bound in a book form at regular intervals.
7. Payment of Remuneration to the Directors.
8. Appointment and Remuneration of Statutory Auditors, Internal Auditors and Cost Auditors.
9. Composition and terms of reference of the Audit Committee.
10. Service of Documents by the Company on its Members and Auditors.

## II We further report that

1. The Directors have disclosed their Shareholdings and Directorships in other companies and interests in other entities as and when required and their interests have been noted and recorded by the Board.
2. The Directors have complied with the disclosure requirements in respect of their eligibility of appointments and compliance with the Code of Conduct of Directors and Senior Management Personnel.
3. There was no prosecution initiated and no fines or penalties were imposed on the Company, its Directors and Officers in pursuance of the Act, during the period under review.
4. No compliances of any nature are pending with the company based on the compliance mechanism established by the company and on the basis of the Compliance Certificate(s) & other certificate issued by the Company Secretary, Compliance Officer of the Company and other Departmental Heads of the Company subject to the observations referred above annexure.
5. We further report that during the Audit, the Company has not incurred any specific event/ action that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For Satish Kumar & Associates**



**(Satish Kumar)**

Company Secretary

FCS No. : 8423

C.P. No.: 9788

UDIN: F008423E001376020

Place : Ranchi

Date : 19th October, 2023

Note: - This report is to be read with our letter of event date which is annexed as "Annexure-A", "Annexure-B" forms an integral part of this report

## ANNEXURE A

To,

**The Members**

Heavy Engineering Corporation Ltd.

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

**MANAGEMENT'S RESPONSIBILITY**

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed by us provide a reasonable basis to form our opinion.
3. The compliance of the provisions of Corporate Governance and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedure on test basis.
4. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
5. We have not verified the correctness and appropriateness of financial records and books of account, GST and TDS Returns etc of the Company.
6. The Company has complied with the provisions, regulations, circulars except in respect of the matters specified in "ANNEXURE-B".

**For Satish Kumar & Associates**



**(Satish Kumar)**

Company Secretary

FCS No. : 8423

C.P. No.: 9788

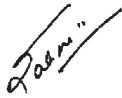
UDIN: F008423E001376020

Place : Ranchi

Date : 19th October, 2023

**ANNEXURE B**

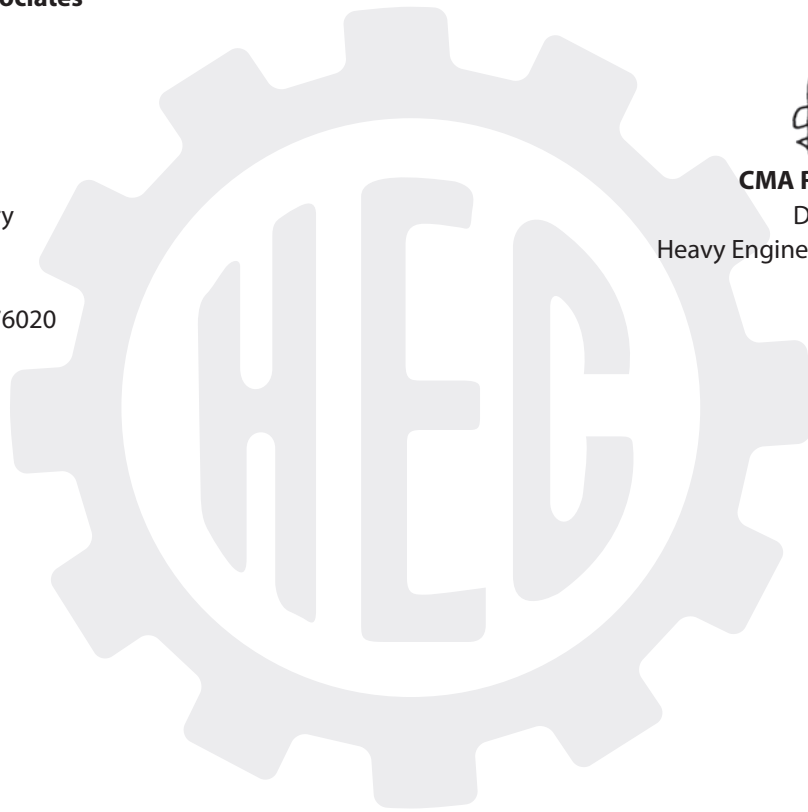
| Observations   | Management Reply  |
|--|---|
| (1) E- Forms CRA-4 (Cost Audit Report) for F.Y. 2021-22 and 2022-23 under the provisions of Section-148 of the Companies Act, 2013 have not been filed with MCA. | The Cost Audit Report for FY 2021-22 is under progress with the cost auditor of the company. Cost Audit Report FY 2022-23 is to be placed to the cost auditor after finalisation of CAR FY 2021-22. |
| (2) The appointment of an internal auditor for FY 2022-23 had not been made pursuant to the provision of Section 138 of the Companies Act, 2013.                 | During the FY 2022-23, a team for Internal Audit has not been identified and put in place. Internal audit was carried out by the internal team .  |

**For Satish Kumar & Associates**

**(Satish Kumar)**  
Company Secretary  
FCS No. : 8423  
C.P. No.: 9788  
UDIN: F008423E001376020



**CMA Rajesh Gandhi**  
DGM (A&B)  
Heavy Engineering Corporation Ltd.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview:

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

### 1.0 SWOT Analysis: STRENGTH AND WEAKNESSES, OPPORTUNITIES AND THREATS

#### 1.1 Strengths

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

#### 1.2 Weaknesses:

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

#### 1.3 Opportunities:

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

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

#### 1.4 Threats:

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





## INDEPENDENT AUDITOR'S REPORT

**To**

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

### **Opinion**

We have audited the accompanying Standalone Financial Statements of **Heavy Engineering Corporation Limited** ("the Company"), CIN no. U27100JH1958GOI000630, which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information, hereinafter referred to as the Standalone Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, ("AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its Loss, and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Company Act, 2013. Our responsibilities under those Standards are further

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

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 3 in the financial statements, which indicates that the company incurred net loss of ₹23,084.59 Lakhs during the year ended March 31, 2023 and, as of that date; the company's current liabilities exceeded its total asset by ₹1,00,665.90 Lakhs. As Stated in Note 3 these events or conditions, along with other matters as set forth in Note 33 and other information and explanation provided by management, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern without infusion of funds towards working capital. The company has submitted a plan in this regard to Ministry of Heavy Industries, Government of India May 2020 and management has conveyed that business plan is under consideration with the Ministry and no update was provided for the same and our opinion is not modified in respect of this matter.

### **Emphasis of Matter**

| Sl. No. | Auditor's Report  | Management's Reply   |
|---------|---|--|
| (a)     | Refer Note No. 15 - forming part of the standalone financial statements which shows that provisioning has been done against long term loans and advances which includes deposits/security deposits, advances to suppliers, claims receivable etc. A high level of judgment is required in estimating the level of provisioning. The company's assessment is not supported by the facts of matter but past practice adopted consistently in earlier years. Accordingly, unexpected adverse outcomes may significantly impact the company's reported loss and net assets. We observed that as a practice being followed consistently, the company is making provision of almost 100% against all long-term advances/security deposit given which are continuing in the books of accounts for more than 3 years. | Company is following a consistent practice of making 100% provision against long term loans and advances which includes deposits/security deposits, advances to supplier etc. and which are continuing in the books of accounts for more than 3 years.<br><br>Noted for review of provisioning by applying high level of judgment. |

| Sl. No. | Auditor's Report   | Management's Reply  |
|---------|--|---|
|         | <p>The company has made provisions against: -</p> <p>(i) The deposits made under protest to various tax authorities and the partial demand paid under protest against dues payable to various State / Central Government Departments where the amount is disputed and final demand is yet to be quantified – Total Provision Made ₹60.26 lakhs.</p> <p>(ii) The amount paid as advances to suppliers including State/Central Government Units /PSUs/Departments - Total Provision Made ₹85.19 lakhs.</p> <p>(iii) The amount paid as advances to private supplier/contractor - ₹ 332.85 lakhs.</p> <p>(iv) The amount paid as deposits to various parties including State/ Central Government Units /PSUs/Departments - Total Provision Made ₹184.06 lakh</p> <p>(v) The claim receivable includes Bank Guarantee invoked for which Provision made is ₹4045.87 lakhs, Claim receivables from COFMOW against railways of ₹. 146.06, TDS deposited on interest charged by BSP, MCL and NCL not recovered from them for which provision made is ₹ 38.99 lakh, Claim against govt. dept. /PSU of ₹ 15.65 lakh and TDS deducted by party but not in 26AS ₹ 4.23 lakhs.</p> <p>(vi) There is provision under loans and advance of ₹ 219.63 lakh which was taken under note 17 in FY 2021-22 as Goods-in-Transit details for which is not available and a transfer entry was passed stating that it is advance to supplier which was taken under inventory earlier and now restated under Note 15 under the head Loans and Advances. others – Total provision ₹22.80 lakhs.</p> <p>(vii) The company could not produce any supporting documents with regards to basis of provisioning except the submission of statement that the same practice is being followed. There is no accounting policy with regards to this provision being done by the company years after years. The practice being followed by company, without proper basis of provisioning has resulted in over statement of loss to the tune of ₹5155.59 lakh and understatement of assets of the Company to the tune of ₹5155.59 lakh.</p> | <p>Full Provision has been made towards doubtful debts. Necessary adjustments/actions are being undertaken in this regard as a continuous process.</p>  |
|         | <p>(b) Refer Note No. 8 – forming part of the standalone financial statements - “Trade payables– as shown in s.no. 4(b) of Balance Sheet - ₹13,884.13 lakh - out of which item no. 4(b)(i) Outstanding dues of Micro Enterprises and Small Enterprises amounts to ₹677.80 lakh, and item no. 4(b)(ii) Outstanding dues of creditors other than Micro Enterprises and Small Enterprises amounts to ₹13,206.33 lakh out of which, dues to Medium Enterprises amounts to ₹ 2,180.67 lakh and dues to Others – amounts to ₹11,025.66 lakh which has been included as liability.</p> <p>The company has reported in Note 33.14 – “Other Notes to Financial Statement” that in addition to the amount of principal liability overdue, further liability of interest is ₹5,761.90 lakh and this has not been shown as liability in the books and or as contingent liability but shown under Other Notes to the Standalone financial Statement. Further, the company could not produce any correspondence or any document to substantiate its efforts made towards discharging this liability to MSME</p>  | <p>Note No. 8 – As per Section 22 of the MSMED Act purchaser who buys goods or avail services from the MSMEs has to mandatorily disclose in additional information in respect of the principal amount and the interest due thereon remaining unpaid to the MSMEs in its annual statement of accounts in the prescribed format. HEC has complied with this this requirement under Note No. 33.16 – “Other Notes to Financial Statement”.</p> |

| Sl. No. | Auditor's Report   | Management's Reply  |
|---------|--|---|
|         | sector. The liabilities of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation including adjustment of interest payable, if any, there on.   |   |
| (c)     | Refer Note No. 18 – "Trade Receivables" – ₹39,587.91 Lakh (provision made ₹29,477.84 lakh) -Note No. 21- "Rent & Other Receivables" under Other Current Assets ₹6,004.29 lakh (provision made ₹2,980.97 lakh) these Notes forming part of the standalone financial statement – The balances shown are subject to confirmation from the parties and consequential adjustment on reconciliation, if any. Further, as per accounting policy, the amount of Trade Receivable not realized over and above 3 years are fully provided where as in the case of Rent & Other Receivables due over and above 12 months is fully provided and the basis of this provisioning is not in the accounting policy of the Company. Further, there are receivables from Govt. / Govt. Agencies also which are normally not doubtful and normally are being recovered but with a delay but are being provided at 100%. The provisions are frequently written back on recovery of the said receivables. These asset heads of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation. | <p>Letter for confirmation of balance in respect of Trade receivable has been sent, but confirmation is still not received.</p> <p>However, the balances in trade receivable are in accordance with information and documents and the same practice is being followed consistently.</p> <p>Noted to be reviewed and devise a suitable accounting policy for rent &amp; other receivables.</p> |
| (d)     | Refer Note No. 8 – forming part of the standalone financial statements - "Trade payables – as shown in s.no. 4(b) of Balance Sheet - ₹13,884.13 lakh – the balances shown are subject to confirmation from the parties and consequential adjustment on reconciliation, if any. The liabilities of the company are over or under stated to the extent the adjustment required to be made after reconciliation and balance confirmation.   | Noted   |
| (e)     | Refer Note No. 33.1 – S.No. 1 – Estimated amount of contracts remaining to be executed on capital account and not provided for – ₹8,310.40 lakh (Previous Year stated – ₹12186.14 lakh)- this year, the company has not included capital commitments of contracts being executed by one unit for other unit/units of the Company. Refer Note No. 33.1 – S.No. 2 – Estimated amount of contracts remaining to be executed on revenue account and not provided for – ₹38810.38 lakh (Previous Year – ₹43592.92 Lakhs)- this year, the company has not included revenue commitments of contracts being executed by one unit for other unit/units of the Company.  | Contract for capital items (own manufacturing) is being awarded from one unit to another unit on interplant transfer rate. The value is being shown in WIP however, since there is no third-party commitment, inclusion of such values is not required.   |
| (f)     | Refer Note No. 33.13 – The Company could not obtain balance confirmation from Sundry debtors, Sundry Creditors, Parties to whom Loans & Advances and Security Deposit given during the course of business of the company. We observed that the amount received from the customer is lying as advance from customer whereas the company is carrying sundry debtors in the name of same party. In the absence of balance confirmation from party with bill wise detail, the figures are not being adjusted and this is resulting in overstatement of current liabilities and receivables.  | Noted   |

| Sl. No. | Auditor's Report   | Management's Reply  |
|---------|--|---|
|         | (g) Refer Note No. – 21 – Rent and Other Receivables - There is accounting policy on Sundry debtors (Note No. 1(9) but for other receivables like rent, electricity charges and water charges etc., there is no accounting policy. The company is making provisioning of 100% on amount receivable against rent, water charges, electricity charges etc. if not recovered within 12 months period from the date of invoice. This practice is being followed without any basis. There is an accounting policy for provisioning on sundry debtors which says if the due period is more than 3 years then a provision of 100% is made but for rent, water and electricity receivables,provision is being made if the period of outstanding is more than 12 months. Further, an age wise categorization of provisioning of debtor is not in the accounting policy. | Noted to be reviewed and devise a suitable accounting policy for rent & other receivables.                                    |
|         | (h) The procedure for valuation of inventory being followed by company is not as per standard practice allowed. The company is not considering the accounting standards prescribed in this regard. This is resulting in over/under valuation of inventory. The system to arrive at NRV is also not proper and not in line with standard practice adopted in industries. The concept of cost to complete and calculation of cost results in abnormal figure because the cost already incurred (which includes abnormal apportionment of indirect expenses and non-consideration of idle hours etc.) is higher and therefore in many items, the NRV becomes negative (i.e.,Nil) which is wrong and this practice needs to be addressed by management on priority.  | Valuation of Inventory is being done as per AS2.<br><br>Noted for further improvement towards estimation of cost to complete. |
|         | (i) The classification of current and non-current asset/ liability is not in line with Schedule III of Companies Act,2013  | Noted   |
|         | (j) The provision of long-term loans and advances have been made by the Company as per the best judgement of the plant incharge based on current available information but the management could not produce before us the information available with plant incharge, review report and any other document on the basis of which the decision and provisioning has been done by the Company.  | Noted for further improvement.  |
|         | (k) The company has made 100% provision on capital work in progress for projects temporarily suspended as certified by the plant incharge. The management could not produce any review report and a mere 2 liner statement that the capital in progress is temporarily suspended has been obtained by finance department from plant incharge and 100% provisioning has been done. The capital work in progress where in no work has been done for years altogether, those work in progress are shown as temporarily suspended by the company, which prima facie are permanently closed. There is no effort by the management to review and prepare a report on these capital work in progress projects of the company in which company has invested substantial amount of company's working capital.   | Noted   |
|         | (l) The company working is based on out sourced contracts also and any uncertainty in their operations will have adverse impact on Company's working and revenue booking. Further seeing the quantum and nature of contingent liability, the exceptional litigation and regulatory actions in future cannot be ruled out.  | Noted   |
|         | (m) The company has not remitted ₹11,096.85 lacs payable to PF trust which include deduction made from employees on loan taken from PF trust, voluntary contribution and interest thereon. In addition to this, a sum of ₹ 3871.64 lakh towards PF contribution was not transferred to PF Trust.   | Noted   |

| Sl. No. | Auditor's Report   | Management's Reply  |
|---------|--|---|
| (n)     | In note no. 33.23, the company submits that no deficit is noticed in the account of Employee's Provident Fund whereas the company has not transferred a sum of ₹ 14968.49 lakh to PF Trust and the company has not produced any audited account of the trust in this regard.   | Audit of PF trust is under progress and audited report is expected to be finalized within a week's time.  |
| (o)     | The assets and liabilities of CEFC Pratham Foundation were transferred to HEC and the amount lying in escrow account was less than the liability in this regard and moreover company's Bank has arbitrarily adjusted the amount lying in this escrow account towards payment of its overdue amount in working capital limits which is not in line with the guideline provided for escrow account.                    | Banker has adjusted the amount towards overdue bank interest from escrow account to avoid slippage of HEC's account to Non-Performing Asset (NPA). However, depiction of the transaction has been done appropriately. |
| (p)     | The company has not produced any document with regard to review of contingent liability of the Company. The up dation from the agency looking into various cases before various forum was not obtained and produced before us. The last update, if any, was not provided to us hence the contingent liability being reported is subject to increase or decrease in amounts involved in various cases to be reviewed. | Noted for improvement for updated status report of legal cases.   |
| (q)     | Internal Auditors (external or internal) were not appointed for the financial year 2022-23 and in the absence of report of internal auditors, our reporting is subject to this lapse on the part of company's management.  | Internal Audit cell has already been formed during the year and appropriate framework shall be put in place so that it is effective in the coming year.   |

Our opinion is not qualified with regards to above.

#### Other Information

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

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

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

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

#### For Lodha Patel Wadhwa & Co.

Chartered Accountants  
FRN 006271C



**CA S. K. Wadhwa**  
Partner  
M. No. 074749



**CMA Rajesh Gandhi**  
DGM (A&B)  
Heavy Engineering Corporation Ltd.

Place: Ranchi

Date: 15.09.2023

UDIN: 23074749BGWWUR7990

## **MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 scepticism throughout the audit. We also:

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



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

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

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

From the matters communicated with those charged with governance, we determine 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 under section 143(5) of the Companies Act 2013, we give in "Annexure 1" a statement on the Directions issued by the Comptroller and Auditor General of India after complying the suggested methodology of Audit, action taken thereon and impact on the accounts and the standalone financial statements of the Company.
2. As required by the Companies (Auditor's Report) Order 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 2" a statement on the matters specified in paragraph 3 and 4 of the Order.
3. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Company has branch offices in Kolkata and New Delhi whose accounts consolidated with headquarter.
  - d) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows are dealt with by this Report are in agreement with the books of account.
  - e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014, as amended, subject to reporting in other matter para.
  - f) There is no adverse comment on the financial transactions or matters which have any adverse effect on the functioning of the company.
  - g) On the basis of the written representations received from the directors of the Company as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 3". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - i) There is no qualification, reservation or adverse remarks relating to the maintenance of accounts and other matters connected therewith.
  - j) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, being a govt. co., the said prov is not applicable
  - k) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended later, in our opinion and to the best of our information

and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
- ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
- iii) As per representation received from the management, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- v) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- vi) Based on our audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- vii) The Company have not declared or paid any dividend during the year.
- viii) Proviso to rule 3(1) of the Companies (Accounts) Rules, 2014, as amended, for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023 and accordingly reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended, is not applicable for the financial year ended March 31, 2023.

Place : Ranchi

Date : 15.09.2023

**For Lodha Patel Wadhwa & Co.**

Chartered Accountants

FRN 006271C



**CA S. K. Wadhwa**

Partner

M. No. 074749

UDIN : 22074749BGWWUR7990



## ANNEXURE – 1 TO THE INDEPENDENT AUDITOR’S REPORT

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

### Annexure – A

#### Directions under section 143(5) of the Companies Act 2013 applicable for the financial year 2022-23 account’s audit

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

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

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

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

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

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

Place: Ranchi  
Date: 15.09.2023

UDIN: 23074749BGWWUR7990

**For Lodha Patel Wadhwa & Co.**  
Chartered Accountants  
FRN 006271C

  
**CA S. K. Wadhwa**  
Partner  
M. No. 074749

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

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

- (i) (a) (A) The company is not maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- (B) The company is not maintaining proper records showing full particulars of intangible assets;
- (b) These Property, Plant and Equipment were not physically verified by the management during the year.
- (c) According to information given to us, all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are leased by deed of conveyance in the name of the company as at the balance sheet date.
- (d) The company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information given to us, no proceedings have been initiated or is pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii)(a) The physical verification of inventory has been conducted during the year by management and; As per management report on inventory, there is no any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and wherever any discrepancies are noticed they have been properly dealt with in the books of account.
- (b) The Company has not been sanctioned fresh working capital limits in excess of five crore rupees, in aggregate, during any point of time of the year, from banks or financial institutions on the basis of security of current assets.
- The quarterly returns or statements filed by the company with the bank not produced before us.
- (iii) According to information and explanations given to us, the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Sub-Clause (a) to (f) is not applicable to the Company.
- (iv) According to information and explanations given to us, the company has not granted loans, made investments, provided guarantees or security as defined under the provisions of sections 185 and 186 of the Companies Act.
- (v) According to the information and explanations given to us, the Company has not accepted deposits, during the year, as defined under the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder.
- (vi) According to the information and explanations given to us, the maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company and such records have been maintained by the Company but cost audit has not been done for the financial year 2021-22 and 2022-23 till the date of our audit.
- (vii)(a) According to the information and explanations given to us and the records examined by us, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues to the appropriate authorities, except as given below.

List of arrears of such outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable: -

| Name of Act/ Nature of Statutory Dues | Amount (Outstanding) ₹ in Lakhs |
|---------------------------------------|---------------------------------|
| CPF Loan and interest                 | 6480.73                         |
| Voluntary Provident Fund              | 4616.12                         |
| Employer Contribution to PF           | 1593.71                         |
| Employee Contribution to PF           | 2277.91                         |

| Name of Act/ Nature of Statutory Dues | Amount (Outstanding) ₹ in Lakhs |
|---------------------------------------|---------------------------------|
| Water Dues                            | 5962.28                         |
| Municipal Taxes                       | 173.47                          |
| Jharkhand Pollution Control           | 4.00                            |
| GST Reverse charge Tax Dues           | 215.67                          |
| Professional Tax                      | 7.36                            |

- (b) There are statutory dues, which are outstanding, have not been deposited on account of certain dispute pending at various forums, details of such disputed dues which have not been deposited as at March 31, 2023 Annexure – “2 A.”
- (viii) According to the information and explanations given to us, there is no transaction not recorded in the books of account which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) According to the information and explanations given to us, the Company has taken loans or borrowings from banks and government but has not issued any debentures. The loan received from Govt. of India and interest as well as penal interest payable thereon amounting to ₹12831.48 lakh has not been paid by the company. Further apparently, there is default in borrowings from bank and the recovery drive implemented by bank is not properly addressed by the Company.
- (b) According to the information and explanations given to us, the company is not a declared willful defaulter by any bank or financial institution or other lender.
- (c) According to information and explanations given to us, the company has taken inter corporate loan from Norther Coalfields Limited (NCL) amounting to ₹3500.00 lakh with initial disbursement of ₹ 2000.00 lakh The amount is to be utilized by company exclusively for the manufacturing and supply of the spares against the orders to be placed by NCL
- (d) According to information and explanations given to us, the funds raised on short term basis has not been utilized for long term purposes.
- (e) According to information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally) during the year and hence reporting under clause 3 (xi)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (b) There is no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.
- (xii) (a) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and hence reporting under clause 3 (xii)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and hence reporting under clause 3 (xii)(b) of the Order is not applicable to the Company.

- (c) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and hence reporting under clause 3 (xii)(c) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) The company has not appointed any internal auditor as stated in Note 33.13(h).  
(b) There is no any internal audit report for the period under consideration.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.  
(b) In our opinion and according to the information and explanations given to us, the company has not been conducted any Non-Banking Financial or Housing Finance activities.  
(c) In our opinion and according to the information and explanations given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.  
(d) In our opinion and according to the information and explanations given to us, the company is not the group which has more than one CIC as part of the Group.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, the company has incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has not been any resignation of the statutory auditors during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date, unless the business plan submitted to Ministry of Heavy Industries, Government of India, is accepted and approved and funds for working capital is infused by any means.
- (xx) (a) According to the information and explanations given to us, in respect of other than ongoing projects, the company is not required to transfer unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.  
(b) According to the information and explanations given to us, any amount remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of subsection (6) of section 135 of the said Act.
- (xxi) Since, the company is preparing standalone financial statement and it is not preparing any consolidated financial statement of itself, it's subsidiary, joint ventures or associates and hence reporting under clause 3 (xxi) of the Order is not applicable to the Company.

**For Lodha Patel Wadhwa & Co.**

Chartered Accountants

FRN 006271C



**CA S. K. Wadhwa**

Partner

M. No. 074749

Place: Ranchi

Date: 15.09.2023

UDIN: 23074749BGWWUR7990



## **ANNEXURE "3" TO THE INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the internal financial controls over financial reporting of Heavy engineering Corporation Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and 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 exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, subject to our observations in this regard.

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

Our opinion is not qualified with regards to above.

Place: Ranchi  
Date: 15.09.2023

**For Lodha Patel Wadhwa & Co.**  
Chartered Accountants  
FRN 006271C



**CA S. K. Wadhwa**  
Partner  
M. No. 074749  
UDIN: 23074749BGWWUR7990

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

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

| Nature of the Statute   | Forum where Dispute is Pending  | Pending Period to which the Amount Relates | Amount ₹ (in Lakhs)       | Amount ₹ (in Lakhs) | Total ₹ (in Lakhs) |
|---|---|--|---------------------------|---------------------|--------------------|
| Value Added Tax Act, 2005 (VAT)<br>Central Sales Tax Act (CST)              |   |  | <b>VAT</b>                | <b>CST</b>          | <b>Total</b>       |
|   | Commissioner of Commercial Taxes, Ranchi  | 2008-2009                                  | 10.78                     | 10.35               | 21.13              |
|   | Commissioner of Commercial Taxes, Ranchi  | 2009-2010                                  | 19.63                     | 57.76               | 77.39              |
|   | Commissioner of Commercial Taxes, Ranchi  | 2010-2011                                  | 92.41                     | 137.18              | 229.59             |
|   | Commissioner of Commercial Taxes, Ranchi  | 2011-2012                                  | 79.18                     | 794.55              | 873.73             |
|   | Commissioner of Commercial Taxes, Ranchi  | 2013-2014                                  | 397.75                    | 16.02               | 413.77             |
|   | Commissioner of Commercial Taxes, Ranchi  | 2014-2015                                  | 904.90                    | 19.75               | 924.65             |
|   | Commissioner of Commercial Taxes, Ranchi  | 2015-2016                                  | 124.91                    | 57.88               | 182.79             |
|   | Commissioner of Commercial Taxes, Ranchi  | 2016-2017                                  | 25.80                     | 1806.23             | 1832.03            |
|   | Commissioner of Commercial Taxes, Ranchi  | 2017-2018                                  | 18.87                     | 97.30               | 116.17             |
|   | <b>TOTAL</b>  |  | <b>1674.23</b>            | <b>2997.02</b>      | <b>4671.25</b>     |
| <b>SERVICE TAX</b>  |   |  |                           |                     |                    |
|   | Commissioner Appeal, Ranchi   | 2012-13 & 2013-14                          | <b>Service Tax</b>        |                     |                    |
|   |   |  | ₹ 221.05 Lakhs            |                     |                    |
| <b>CENTRAL EXCISE ACT</b>   |   |  |                           |                     |                    |
|   | CESTAT, Kolkata   | 2010-11 to 2014-15                         | <b>Excise Duty</b>        |                     |                    |
|   |   |  | ₹ 4272.25 Lakhs           |                     |                    |
|   | CESTAT, Kolkata   | 2015-16 to 2016-17                         | ₹ 1447.80 Lakhs           |                     |                    |
| <b>The Employees Provident Fund &amp; Miscellaneous Provision Act, 1952</b> |   |  |                           |                     |                    |
|   | High Court of Jharkhand   | Mar-1976 to Sep-1999                       | <b>PF Dues</b>            |                     |                    |
|   |   |  | ₹ 9501.54 Lakhs           |                     |                    |
| <b>Jharkhand Municipal Act, 2011</b>  |   |  |                           |                     |                    |
|   | High Court of Jharkhand dismissed the case and directed to file the appeal before appropriate Authority. A petition has been filed on 04.08.2021 before Director, State Urban Development Authority, Ranchi | 2016-2017                                  | <b>Municipal Tax Dues</b> |                     |                    |
|   |   |  | ₹ 1686.77 Lakhs           |                     |                    |
| <b>PHED, Govt. of Jharkhand</b>   |   |  |                           |                     |                    |
|   | Before Secretary Industries, Govt. of Jharkhand, for settlement   | Up to 2011-12                              | ₹ 418.04 Lakhs            |                     |                    |

**Annexure -D****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HEAVY ENGINEERING CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023**

The preparation of financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2023 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 15 September 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Heavy Engineering Corporation Limited for the year ended 31 March 2023 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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



**(U. S. Prasad)**

Principal Director of Audit (Steel)  
Ranchi

Place : Ranchi

Date : 30-10-2023



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

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2023

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

**1. REGISTRATION & OTHER DETAILS:**

|     |  |   |
|-----|--|---|
| i   | CIN  | U27100JH1958GOI000630                         |
| ii  | Registration Date  | 31/12/1958                                    |
| iii | Name of the Company  | HEAVY ENGINEERING CORPORATION PRIVATE LIMITED |
| iv  | Category/Sub-category of the Company   | COMPANY LIMITED BY SHARE/GOVERNMENT COMPANY   |
| v   | Address of the Registered office and contact details                           | PLANT PLAZA ROAD, DHURWA, RANCHI - 834004     |
| vi  | Whether listed company   | No  |
| vii | Name, Address and Contact details of 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 |                          |
| <b>A. Promoters</b>                                      |   |          |         |                   |   |          |         |                   |                          |
| <b>(1) Indian</b>  |   |          |         |                   |   |          |         |                   |                          |
| 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   |   |          |         |                   |   |          |         |                   |                          |
| <b>SUB TOTAL : (A) (1)</b>                               | 0   | 6060788  | 6060788 | 100               | 0   | 6060788  | 6060788 | 100               | 0                        |
| <b>(2) Foreign</b>                                       |   |          |         |                   |   |          |         |                   |                          |
| a) NRI- Individuals                                      |   |          |         |                   |   |          |         |                   |                          |
| b) Other Individuals                                     |   |          |         |                   |   |          |         |                   |                          |
| c) Bodies Corp.  |   |          |         |                   |   |          |         |                   |                          |
| d) Banks/FI  |   |          |         |                   |   |          |         |                   |                          |
| e) Any other   |   |          |         |                   |   |          |         |                   |                          |
| <b>SUB TOTAL : (A) (2)</b>                               |   |          |         |                   |   |          |         |                   |                          |
| <b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b> | 0   | 6060788  | 6060788 | 100               | 0   | 6060788  | 6060788 | 100               | 0                        |

| <b>B. PUBLIC SHAREHOLDING</b>   |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|
| <b>(1) Institutions</b>   |  |  |  |  |  |  |  |  |  |
| a) Mutual Funds   |  |  |  |  |  |  |  |  |  |
| b) Banks/FI   |  |  |  |  |  |  |  |  |  |
| C) Central Govt   |  |  |  |  |  |  |  |  |  |
| d) State Govt(s)  |  |  |  |  |  |  |  |  |  |
| e) Venture Capital Fund   |  |  |  |  |  |  |  |  |  |
| f) Insurance Companies  |  |  |  |  |  |  |  |  |  |
| g) FIIS   |  |  |  |  |  |  |  |  |  |
| h) Foreign Venture Capital Funds  |  |  |  |  |  |  |  |  |  |
| i) Others (specify)   |  |  |  |  |  |  |  |  |  |
| <b>SUB TOTAL (B)(1):</b>  |  |  |  |  |  |  |  |  |  |
| <b>(2) Non Institutions</b>   |  |  |  |  |  |  |  |  |  |
| <b>a) Bodies Corporates</b>   |  |  |  |  |  |  |  |  |  |
| i) Indian   |  |  |  |  |  |  |  |  |  |
| ii) Overseas  |  |  |  |  |  |  |  |  |  |
| <b>b) Individuals</b>   |  |  |  |  |  |  |  |  |  |
| 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)   |  |  |  |  |  |  |  |  |  |
| <b>SUB TOTAL (B)(2):</b>  |  |  |  |  |  |  |  |  |  |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                                 |  |  |  |  |  |  |  |  |  |

| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b> |   |         |         |     |   |         |         |     |   |
|--|---|---------|---------|-----|---|---------|---------|-----|---|
|  |   |         |         |     |   |         |         |     |   |
| <b>Grand Total (A+B+C)</b>                             | 0 | 6060788 | 6060788 | 100 | 0 | 6060788 | 6060788 | 100 | 0 |

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

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

| <b>5. INDEBTEDNESS</b>  |                                     |                    |          |                       |
|---|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness of the Company including interest outstanding/accrued but not due for payment</b> |                                     |                    |          |                       |
|   |                                     |                    |          | (Amt in Lakh)         |
|   | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
| <b>Indebtedness at the beginning of the financial year</b>  |                                     |                    |          |                       |
| i) Principal Amount   | 20364.40                            | 4789.00            |          | 25153.40              |
| ii) Interest due but not paid   |                                     | 6452.70            |          | 6452.70               |
| iii) Interest accrued but not due   |                                     | 513.21             |          | 513.21                |
| <b>Total (i+ii+iii)</b>   | <b>20364.40</b>                     | <b>11754.91</b>    |          | <b>32199.31</b>       |
| <b>Change in Indebtedness during the financial year</b>   |                                     |                    |          |                       |
| Additions   |                                     |                    |          |                       |
| Reduction   |                                     |                    |          |                       |
| <b>Net Change</b>   |                                     |                    |          |                       |
| <b>Indebtedness at the end of the financial year</b>  |                                     |                    |          |                       |
| i) Principal Amount   | 17864.68                            | 4789.00            |          | 22653.68              |
| ii) Interest due but not paid   |                                     | 7529.27            |          | 7529.27               |
| iii) Interest accrued but not due   |                                     | 513.21             |          | 513.21                |
| <b>Total (i+ii+iii)</b>   | <b>17864.68</b>                     | <b>12831.48</b>    |          | <b>30696.16</b>       |

| <b>6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>                  |   |                         |             |                     |       |
|--|---|-------------------------|-------------|---------------------|-------|
| <b>A. Remuneration to Managing Director, Whole time director and/or Manager:</b> |   |                         |             |                     |       |
| Sl.No  | Particulars of Remuneration   | Total Amount (Rs. Lakh) |             |                     |       |
|  |   | Arundati Panda          | M.K. Saxena | Rana S. Chakravarty |       |
| 1  | <b>Gross salary</b>   |                         |             |                     |       |
|  | (a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961 | 20.06                   | 27.56       | 29.06               | 76.68 |
|  | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961                      | 0.00                    | 1.28        | 1.28                | 2.56  |
|  | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961       |                         |             |                     |       |
| 2  | Stock Option  |                         |             |                     |       |
| 3  | Sweat Equity  |                         |             |                     |       |
| 4  | Commission<br>-as % of profit<br>-Other, Specify                                    |                         |             |                     |       |
| 5  | Others, please specify-   |                         |             |                     |       |
| 6  | Total (A)   | 20.06                   | 28.84       | 30.34               | 79.24 |
| 7  | Ceiling As per the Act  |                         |             |                     |       |

| <b>B Remuneration to other Directors:</b> |  |                  |            |               |                              |
|---|--|------------------|------------|---------------|------------------------------|
| Sl.No                                     | Particulars of Remuneration                    | Name of Director |            |               | Total Amount<br>(Amt in Rs.) |
|   |  | Prabha Dubey     | K. K. Naik | Ravindra Gole |                              |
| <b>Independent Directors</b>              |  |                  |            |               |                              |
|   | (a) Fee for attending board committee meetings |                  |            |               |                              |
|   | (b) Commission                                 | 80000.00         | 30000.00   | 60000.00      | 170000.00                    |
|   | (c) Others, please specify- Sitting Fees       |                  |            |               |                              |
|   | <b>Total(i)</b>                                |                  |            |               |                              |
| <b>Other Non Executive Directors</b>      |  |                  |            |               |                              |
|   | (a) Fee for attending board committee meetings |                  |            |               |                              |
|   | (b) Commission                                 |                  |            |               |                              |
|   | (c) Others, please specify- Sitting Fees       |                  |            |               |                              |
|   | <b>Total(ii)</b>                               |                  |            |               |                              |
|   | <b>Total B = (i+ii)</b>                        |                  |            |               |                              |
|   | Total Managerial Remuneration                  |                  |            |               |                              |
|   | <b>Overall Ceiling as per the Act</b>          |                  |            |               |                              |

| <b>C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD</b> |  |                          |                   |     |                  |
|--|--|--------------------------|-------------------|-----|------------------|
| Sl. No.  | Particulars of Remuneration  | Key Managerial Personnel |                   |     | Total (Rs. Lakh) |
| 1  | Gross Salary   | CEO                      | Company Secretary | CFD | Total            |
|  | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. |                          | 17.71             |     |                  |
|  | (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   |                          |                   |     |                  |
|  | <b>Total</b>   |                          |                   |     |                  |

**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) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|-----------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                           |                                   |
| Penalty                             |                              |                   |  |                           |                                   |
| Punishment                          |                              |                   |  |                           |                                   |
| Compounding                         |                              |                   |  |                           |                                   |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                           |                                   |
| Penalty                             |                              |                   |  |                           |                                   |
| Punishment                          |                              |                   |  |                           |                                   |
| Compounding                         |                              |                   |  |                           |                                   |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                           |                                   |
| Penalty                             |                              |                   |  |                           |                                   |
| Punishment                          |                              |                   |  |                           |                                   |
| Compounding                         |                              |                   |  |                           |                                   |

**Heavy Engineering Corporation Limited**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2023**

₹ in Lakh

|   | Note No. | As at 31.03.2023 | As at 31.03.2022 |
|---|----------|------------------|------------------|
| <b>I. EQUITY &amp; LIABILITIES</b>  |          |                  |                  |
| <b>(1) SHAREHOLDER'S FUND</b>   |          |                  |                  |
| (a) Share Capital   | 2        | 60607.88         | 60607.88         |
| (b) Reserves & Surplus  | 3        | (168673.49)      | (145014.57)      |
| <b>(2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>  |          |                  |                  |
|   |          | 0.01             | 0.01             |
| <b>(3) NON-CURRENT LIABILITIES</b>  |          |                  |                  |
| (a) Long Term Borrowings  | 4        | 0.00             | 0.00             |
| (b) Other Long Term Liabilities   | 5        | 683.76           | 519.55           |
| (c) Long Term Provisions  | 6        | 6715.94          | 8442.76          |
| <b>(4) CURRENT LIABILITIES</b>  |          |                  |                  |
| (a) Short Term Borrowings   | 7        | 17864.68         | 20364.40         |
| (b) Trade Payables  |          |                  |                  |
| (i) Total Outstanding dues of Micro Enterprises and Small Enterprises                       |          | 677.80           | 821.44           |
| (ii) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises | 8        | 13206.33         | 16644.69         |
| (c) Other Current Liabilities   | 9        | 111623.36        | 92077.82         |
| (d) Short Term Provisions   | 10       | 2123.86          | 2605.09          |
| <b>TOTAL</b>  |          | <b>44830.13</b>  | <b>57069.07</b>  |
| <b>II. ASSETS</b>   |          |                  |                  |
| <b>(1) NON-CURRENT ASSETS</b>   |          |                  |                  |
| (a) Fixed Assets  |          |                  |                  |
| (i) Property, Plant and Equipment   | 11       | 3942.33          | 4506.25          |
| (ii) Intangible Assets under development  | 12       | 0.00             | 0.00             |
| (iii) Capital Work in Progress  | 13       | 1989.86          | 1480.26          |
| (b) Non-Current Investments   | 14       | 0.36             | 0.36             |
| (c) Long Term Loans & Advances  | 15       | 9.60             | 9.60             |
| (d) Other Non-Current Assets  | 16       | 0.00             | 0.00             |
| <b>(2) CURRENT ASSETS</b>   |          |                  |                  |
| (a) Inventories   | 17       | 10456.14         | 14968.10         |
| (b) Trade Receivables   | 18       | 10110.07         | 19588.55         |
| (c) Cash & Cash Equivalents   | 19       | 5388.48          | 5466.18          |
| (d) Short Term Loans & Advances   | 20       | 10009.97         | 8016.59          |
| (e) Other Current Assets  | 21       | 3023.32          | 3033.18          |
| <b>TOTAL</b>  |          | <b>44830.13</b>  | <b>57069.07</b>  |

Significant Accounting Policies

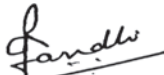
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Other Notes to Financial statements

33

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


  
**A.K. Kanth**  
 Company Secretary

  
**CMA Rajesh Gandhi**  
 DGM (A&B)

  
**CMA R K Dwivedi**  
 Director (Finance)

  
**Dr. Nalin Shinghal**  
 Chairman cum Managing Director

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

  
**( CA S. K. Wadhwa )**

 Partner  
 M No. 074749  
 FRN 006271C

UDIN: 23074749BGWWUR7990

 Place : Ranchi  
 Date : 15.09.2023



**Heavy Engineering Corporation Limited**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023**

₹ in Lakh

|  | Note No. | As at 2022-23     | As at 2021-22     |
|--|----------|-------------------|-------------------|
| I. Revenue from Operation  | 22       | 9243.80           | 18772.90          |
| II. Other Income   | 23       | 6154.39           | 9574.31           |
| <b>III. TOTAL INCOME</b>   |          | <b>15398.19</b>   | <b>28347.21</b>   |
| <b>IV. EXPENSES :</b>  |          |                   |                   |
| (a) Cost of Material Consumed  | 24       | 1281.31           | 7410.97           |
| (b) Changes in Inventories of FG & WIP   | 25       | 3194.02           | (1610.76)         |
| (c) Employees Benefits Expenses  | 26       | 10674.53          | 12602.69          |
| (d) Finance Costs  | 27       | 4256.27           | 3096.72           |
| (e) Depreciation & Amortization Expenses   | 28       | 570.84            | 596.43            |
| (f) Research & Development Expenditure   | 29       | 64.18             | 70.95             |
| (g) Other Expenses   |          |                   |                   |
| (i) Manufacturing Service Cost   | 30 (I)   | 3300.04           | 3747.01           |
| (ii) Manufacturing & Other Operating Expenses                                      | 30 (II)  | 6900.76           | 9580.80           |
| (iii) Administration, Selling & Distribution Expenses                              | 30(III)  | 7791.66           | 11686.18          |
| (iv) Other Provisions / Expenses Written Off                                       | 30(IV)   | 2426.81           | 6765.62           |
| <b>TOTAL EXPENSES</b>  |          | <b>40460.42</b>   | <b>53946.61</b>   |
| <b>Profit / (Loss) before Prior Period, Exceptional &amp; Extraordinary Items</b>  |          | (25062.23)        | (25599.40)        |
| Prior Period Adjustment (Net)  | 31       | (47.51)           | (7.79)            |
| <b>V. Profit/(Loss) before Exceptional &amp; Extraordinary Items &amp; Tax</b>     |          | (25109.74)        | (25607.19)        |
| VI. Exceptional Items  |          |                   |                   |
| <b>VII. Profit/(Loss) before Extraordinary Items &amp; Tax ( V-VI )</b>            |          | (25109.74)        | (25607.19)        |
| VIII. Extraordinary Items  | 32       | 2025.15           | 0.00              |
| <b>IX. Profit (Loss) before Tax ( VII-VIII )</b>                                   |          | (23084.59)        | (25607.19)        |
| <b>X. Tax Expenses</b>   |          |                   |                   |
| (i) Current Tax  |          | 0.00              | 0.00              |
| (ii) Deferred Tax  |          | 0.00              | 0.00              |
| <b>XI. Profit (Loss) for the period from Continuing Operation ( IX-X )</b>         |          | (23084.59)        | (25607.19)        |
| XII. Profit (Loss) from Discontinuing Operation                                    |          | 0.00              | 0.00              |
| XIII. Tax Expenses of Discontinuing Operation                                      |          | 0.00              | 0.00              |
| <b>XIV. Profit (loss) for the period from Discontinuing Operation ( XII-XIII )</b> |          | 0.00              | 0.00              |
| <b>PROFIT (LOSS) FOR THE PERIOD (XI+XIV)</b>                                       |          | <b>(23084.59)</b> | <b>(25607.19)</b> |

Earning per share ( Face value ₹1000)

(1) Basic in Rupees

(380.88)

(422.51)

(2) Diluted in Rupees

(380.88)

(422.51)

Significant Accounting Policies

1

Other Notes to Financial statements

33

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

**A.K. Kanth**

Company Secretary

**CMA Rajesh Gandhi**

DGM (A&amp;B)

**CMA R K Dwivedi**

Director ( Finance )

**Dr. Nalin Shinghal**

Chairman cum Managing Director

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

**( CA S. K. Wadhwa )**

Partner

M No. 074749

FRN 006271C

UDIN: 23074749BGWWUR7990

Place : Ranchi

Date : 15.9.2023

## Heavy Engineering Corporation Limited

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET**

For the period April 2022 - March 2023

₹ in Lakhs  
2022-23  
2021-22**A. CASH FLOW FROM OPERATING ACTIVITIES**

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| <b>Net Profit before Tax</b>                           | (25109.74) |            | (25607.19) |            |
| Extra Ordinary Items                                   | 2025.15    | (23084.59) | 0.00       | (25607.19) |
| <b>Adjustments for:</b>                                |            |            |            |            |
| Depreciation   | 570.84     |            | 596.46     |            |
| Interest Expenses                                      | 4256.27    |            | 3096.72    |            |
| Extra Ordinary Items                                   | (2025.15)  |            | 0.00       |            |
| Lease Income   | (574.33)   |            | (574.33)   |            |
| Interest Earned  | (90.84)    |            | (44.05)    |            |
| Long Term Provisions                                   | (1726.82)  |            | (424.14)   |            |
| Short Term Provisions                                  | (481.23)   | (71.26)    | 488.41     | 3139.07    |
| <b>Operating Profit before Working Capital Changes</b> |            | (23155.85) |            | (22468.12) |
| <b>Adjustments for:</b>                                |            |            |            |            |
| Long Term Trade Receivables (Net)                      | 0.00       |            | 104.36     |            |
| Short Term Trade Receivables (Net)                     | 9478.48    |            | 3752.60    |            |
| Rent & Other Receivable (Net)                          | 9.86       |            | 1271.45    |            |
| Inventories (Net)                                      | 4511.96    |            | (486.87)   |            |
| Trade Payable  | (3582.00)  |            | 3161.87    |            |
| Other Long Term Liabilities                            | 164.21     |            | 0.00       |            |
| Other Current Liabilities                              | 19545.54   |            | 19805.98   |            |
| Short Term Loan & Advances (Net)                       | (1993.38)  | 28134.67   | (895.08)   | 26714.31   |
| Cash Generated from Operations                         |            | 4978.82    |            | 4246.19    |
| Net Cash from Operating Activities                     |            | 4978.82    |            | 4246.19    |

**B. CASH FLOW FROM INVESTING ACTIVITIES**

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Purchase of Fixed Assets                     | (7.86)   |          | (206.50) |          |
| Sale/Adjustment of Fixed Assets              | 0.94     |          | 0.64     |          |
| Adjustment in Accumulated Depreciation       | 0.00     |          | (1.55)   |          |
| Adjustment in Capital Work-in-Progress (Net) | (509.60) |          | (911.75) |          |
| Interest Earned                              | 90.84    |          | 44.05    |          |
| Lease income                                 | 574.33   |          | 574.33   |          |
| Net Cash from Investing Activities           |          | (148.65) |          | (500.78) |

**C. CASH FLOW FROM FINANCING ACTIVITIES**

|  |           |                 |           |              |
|--|-----------|-----------------|-----------|--------------|
| Interest Payment   | (4256.27) |                 | (3096.72) |              |
| Extra Ordinary Items   | 2025.15   |                 | 0.00      |              |
| Bank Borrowings  | (2499.72) |                 | (33.68)   |              |
| Change in Reserves & Surplus                                 | (574.33)  |                 | (574.33)  |              |
| Net cash from in financing activities                        |           | (5305.17)       |           | (3704.73)    |
| <b>Net increase /(Decrease) in cash and cash equivalents</b> |           | <b>(177.70)</b> |           | <b>40.68</b> |

Opening Balance of Cash and Cash Equivalents

5466.18

5425.50

Closing Balance of Cash and Cash Equivalents

5288.48

5466.18

**(177.70)****40.68****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


**CMA Rajesh Gandhi**


DGM (A&amp;B)


**CMA R K Dwivedi**

Director (Finance)


**Dr. Nalin Shinghal**

Chairman cum Managing Director

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

**( CA S. K Wadhwa )**

Partner

M No. 074749

FRN 006271C

UDIN: 23074749BGWWUR7990

Place : Ranchi

Date : 15.09.2023

## CORPORATE INFORMATION

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

### NOTE NO -1 SIGNIFICANT ACCOUNTING POLICIES

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





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

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

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

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

#### 8. DEPRECIATION

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

#### 9. SUNDRY DEBTORS

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

#### 10. GRANT-IN-AID

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

#### 11. INVESTMENT

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

#### 12. RESEARCH & DEVELOPMENT

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

#### 13. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

#### 15. INTER PLANT COST ALLOCATION

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

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

#### 16. INVENTORY

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

#### 17. PRIOR PERIOD ADJUSTMENTS

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



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

₹ in Lakh

As at 31.03.23

As at 31.03.22

**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**

| <b>Shareholding of Promoters</b>                      |              |              |                                 |
|---|--------------|--------------|---------------------------------|
| <b>Share held by Promoters at the end of the year</b> |              |              | <b>% Change during the year</b> |
| Promoter Name   | No of Shares | % of holding |                                 |
| President of India                                    | 6060788      | 100%         | NIL                             |

**NOTE NO. - 3****RESERVE & SURPLUS****Capital Reserve**

Opening Balance

7839.31

8413.64

Addition during the year

0.00

0.00

7839.31

8413.64

Deduction during the year

574.33

7264.98

574.33

7839.31

Surplus

Opening Balance

(152853.88)

(127246.69)

Addition during the year

(23084.59)

(175938.47)

(25607.19)

(152853.88)

**TOTAL****(168673.49)****(145014.57)****NOTE NO. - 4****LONG TERM BORROWINGS****Term Loan**

0.00

0.00

**TOTAL****0.00****0.00****NOTE NO. - 5****OTHER LONG TERM LIABILITIES****(a) Trade**

Sundry Creditors

343.03

306.95

**(b) Others**

Securities &amp; Other Deposits from Contractors

327.05

198.92

Other Liabilities

13.68

13.68

**TOTAL****683.76****519.55**

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

**Note No. 5(a) Trade Payables ageing Schedule**

| Particular                  | As at 31-03-2023   |           |           |                   |        |
|-----------------------------|--|-----------|-----------|-------------------|--------|
|                             | Outstanding for the following periods from the due date of payment |           |           |                   |        |
| Buildings                   | Less than 1 year   | 1-2 Years | 2-3 Years | More Than 3 Years | Total  |
| (i) MSME                    | 0.00   | 0.00      | 0.00      | 0.00              | 0.00   |
| (ii) Others                 | 37.23  | 304.84    | 0.44      | 0.52              | 343.03 |
| (iii) Disputed Dues - MSME  | 0.00   | 0.00      | 0.00      | 0.00              | 0.00   |
| (iv) Disputed Dues - Others | 0.00   | 0.00      | 0.00      | 0.00              | 0.00   |

**Note No. 5(b) Trade Payables ageing Schedule**

| Particular                  | As at 31-03-2022   |           |           |                   |        |
|-----------------------------|--|-----------|-----------|-------------------|--------|
|                             | Outstanding for the following periods from the due date of payment |           |           |                   |        |
| Buildings                   | Less than 1 year   | 1-2 Years | 2-3 Years | More Than 3 Years | Total  |
| (i) MSME                    | 0.00   | 0.00      | 0.00      | 0.00              | 0.00   |
| (ii) Others                 | 305.99   | 0.44      | 0.52      | 0.00              | 306.95 |
| (iii) Disputed Dues - MSME  | 0.00   | 0.00      | 0.00      | 0.00              | 0.00   |
| (iv) Disputed Dues - Others | 0.00   | 0.00      | 0.00      | 0.00              | 0.00   |

₹ in Lakh

As at 31.03.23

As at 31.03.22

**NOTE NO. - 6****LONG TERM PROVISIONS****(a) Provision for Employee Benefits**

|                                |         |         |         |
|--------------------------------|---------|---------|---------|
| Provision for Gratuity         | 5250.85 | 5571.76 |         |
| Provision for Leave Encashment | 1234.42 | 2632.57 |         |
| Provision for RTA              | 35.35   | 53.44   | 6520.62 |

**(b) Others**

|                                 |        |        |        |
|---------------------------------|--------|--------|--------|
| Provision for Impaired Assets   | 62.38  | 62.38  |        |
| Provision for Warranty Expenses | 132.94 | 122.61 | 195.32 |

**TOTAL****6715.94****8442.76****NOTE NO. - 7****SHORT TERM BORROWINGS****Secured Loans**

|                                |          |          |
|--------------------------------|----------|----------|
| Working Capital Loan from Bank | 17864.68 | 20364.40 |
|--------------------------------|----------|----------|

(Secured by Hypothecation of raw materials, finished Goods, Work-in-Progress, Stores and Spare parts and Book Debts)

Interest @ 8.40% above MCLR

**TOTAL****17864.68****20364.40**

**Note:** Statements of Current Assets submitted to the Bank are normally in agreement with Books of Accounts



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

₹ in Lakh

As at 31.03.23

As at 31.03.22

**NOTE NO. -8****TRADE PAYABLES**

|   |                 |                 |
|---|-----------------|-----------------|
| Total Outstanding dues of Creditors other than Micro Small and Medium Enterprises | 11025.66        | 15098.41        |
| Total Outstanding dues of Medium Enterprises                                      | 2180.67         | 1546.28         |
| <b>TOTAL</b>  | <b>13206.33</b> | <b>16644.69</b> |

**Note No. 8(a) Trade Payables ageing Schedule**

| Particular  | As at 31-03-2023   |           |           |                   |          |
|-------------|--|-----------|-----------|-------------------|----------|
|             | Outstanding for the following periods from the due date of payment |           |           |                   |          |
| Buildings   | Less than 1 year   | 1-2 Years | 2-3 Years | More Than 3 Years | Total    |
| (i) MSME    | 1299.97  | 259.64    | 427.62    | 871.24            | 2858.47  |
| (ii) Others | 303.52   | 1724.79   | 924.10    | 8073.25           | 11025.66 |

**Note No. 8(a) Trade Payables ageing Schedule**

| Particular  | As at 31-03-2022   |           |           |                   |          |
|-------------|--|-----------|-----------|-------------------|----------|
|             | Outstanding for the following periods from the due date of payment |           |           |                   |          |
| Buildings   | Less than 1 year   | 1-2 Years | 2-3 Years | More Than 3 Years | Total    |
| (i) MSME    | 1638.81  | 317.14    | 69.59     | 342.38            | 2367.72  |
| (ii) Others | 5152.49  | 1165.17   | 1591.88   | 7188.87           | 15098.41 |

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

₹ in Lakh

|   | As at 31.03.23                   | As at 31.03.22  |
|---|----------------------------------|-----------------|
| <b>NOTE NO. - 9</b>                                       | <b>OTHER CURRENT LIABILITIES</b> |                 |
| Employees Liabilities *                                   | 25159.40                         | 16532.18        |
| VRS Liabilities   | 1.36                             | 1.36            |
| Loan from Govt. of India**                                | 4789.00                          | 4789.00         |
| Add: Interest Accrued and due on Govt. Loan               | 8042.48                          | 6965.91         |
| Government Grant [ Unutilised ]                           |                                  |                 |
| Received from GOI for payment of Tax                      | 18243.00                         | 18243.00        |
| Less : Charged against Capital gain Tax(13-14)            | 9245.61                          | 9245.61         |
| Less : Charged against Capital gain Tax(17-18)            | 6200.00                          | 6200.00         |
| Less: Balance Advance Tax                                 | 2054.39                          | 2054.39         |
| Add: Interest Income                                      | 2636.24                          | 3248.49         |
| CEFC Liability  | 272.64                           | 272.64          |
| Securities & Other Deposits from Contractors              | 4142.66                          | 5657.75         |
| Book Overdraft with Scheduled Bank                        | 0.00                             | 4.42            |
| Amt. received from Govt. Grant-in-aid for 5 cum Excavator | 500.00                           | 500.00          |
| CISF Dues Including Interest                              | 15995.44                         | 12179.04        |
| Electricity Dues  | 18639.68                         | 15356.08        |
| Water Dues  | 5962.28                          | 5233.97         |
| CPF Interest  | 1994.02                          | 752.40          |
| Advance from Customers                                    | 12759.87                         | 12848.53        |
| Other Liability   | 88.44                            | 317.47          |
| Security Expenses (Private)                               | 357.12                           | 300.45          |
| Taxes Payable   | 372.99                           | 1758.79         |
| Works Contract  | 7699.57                          | 4372.07         |
| EESL Liability  | 691.37                           | 412.07          |
| Miscellaneous   | 775.80                           | 575.20          |
| <b>TOTAL</b>  | <b>111623.36</b>                 | <b>92077.82</b> |

\* It includes interest on Gratuity overdues Rs. 1032.66 Lakhs

\*\* Govt. Loan matured for payment

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

|   |         |         |
|---|---------|---------|
| Provision for Gratuity                            | 751.26  | 1003.46 |
| Provision for Leave Encashment                    | 941.55  | 1048.46 |
| Provision for RTA                                 | 23.98   | 6.44    |
| Provision for LTA                                 | 136.16  | 187.66  |
| Provision for Revision of Pay Scale for Employees | 123.89  | 1976.84 |
|   | 123.89  | 123.89  |
|   | 2369.91 | 2369.91 |

**(b) Others**

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Provision for Warranty Expenses | 147.02         | 235.18         |
| <b>TOTAL</b>                    | <b>2123.86</b> | <b>2605.09</b> |



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

**Property, Plant & Equipment and Intangible Assets**

₹ in Lakh

**NOTE NO. - 11**

**Property, Plant and Equipment**

| Type of Assets  | Gross Block         |                      |                         | Depreciation       |                 |               |                       |                 | Net Block      |                |
|---|---------------------|----------------------|-------------------------|--------------------|-----------------|---------------|-----------------------|-----------------|----------------|----------------|
|   | Cost as on 01.04.22 | Addition/ Adjustment | (Deduction)/ Adjustment | Cost as on 31.3.23 | Upto 31.03.22   | for the year  | Addition/ (Deduction) | Upto 31.03.23   | As on 31.03.23 | As on 31.03.22 |
| 1   | 2                   | 3                    | 4                       | 5                  | 6               | 7             | 8                     | 9               | 10             | 11             |
| Land (including Development of land)                        | 219.82              | 0.00                 | 0.94                    | 218.88             | 0.00            | 0.00          | 0.00                  | 0.00            | 218.88         | 219.82         |
| Buildings   | 5838.91             | 0.00                 | 0.00                    | 5838.91            | 5407.77         | 44.40         | 0.00                  | 5452.18         | 386.73         | 431.13         |
| Roads   | 266.17              | 0.00                 | 0.00                    | 266.17             | 252.90          | 0.00          | 0.00                  | 252.90          | 13.27          | 13.27          |
| Plant and Machinery   | 27797.83            | 0.00                 | 0.00                    | 27797.83           | 24781.43        | 434.48        | 0.00                  | 25215.91        | 2581.92        | 3016.40        |
| Furniture and Fittings                                      | 166.76              | 0.00                 | 0.00                    | 166.76             | 132.16          | 3.75          | 0.00                  | 135.91          | 30.85          | 34.60          |
| Motor Vehicles  | 147.73              | 0.00                 | 0.00                    | 147.73             | 136.35          | 0.80          | 0.00                  | 137.15          | 10.58          | 11.38          |
| Railway Sidings   | 469.39              | 0.00                 | 0.00                    | 469.39             | 445.16          | 0.78          | 0.00                  | 445.94          | 23.45          | 24.23          |
| Office Equipment  | 233.00              | 0.00                 | 0.00                    | 233.00             | 203.65          | 10.68         | 0.00                  | 214.33          | 18.67          | 29.35          |
| Computers & Data Processing Units                           | 733.40              | 5.95                 | 0.00                    | 739.35             | 558.73          | 53.21         | 0.00                  | 644.94          | 127.41         | 174.67         |
| Electrical Installations and Equipments                     | 841.64              | 1.91                 | 0.00                    | 843.55             | 705.84          | 17.46         | 0.00                  | 723.30          | 120.25         | 135.80         |
| Pipelines and Sluices                                       | 605.56              | 0.00                 | 0.00                    | 605.56             | 564.78          | 2.17          | 0.00                  | 566.95          | 38.61          | 40.76          |
| <b>SUB - TOTAL OTHER ASSETS (i)</b>                         | <b>37320.21</b>     | <b>7.86</b>          | <b>0.94</b>             | <b>37327.13</b>    | <b>33188.78</b> | <b>567.73</b> | <b>0.00</b>           | 33756.51        | 3570.62        | <b>4131.43</b> |
| <b>ASSETS GIVEN ON LEASE</b>                                |                     |                      |                         |                    |                 |               |                       |                 |                |                |
| Land (including Development of land)*                       | 22.32               | 0.00                 | 0.00                    | 22.32              | 0.00            | 0.00          | 0.00                  | 0.00            | 22.32          | 22.32          |
| Buildings   | 807.08              | 0.00                 | 0.00                    | 807.08             | 531.43          | 0.00          | 0.00                  | 531.43          | 275.65         | 275.65         |
| <b>SUB-TOTAL OTHER ASSETS (ii)</b>                          | <b>829.40</b>       | <b>0.00</b>          | <b>0.00</b>             | <b>829.40</b>      | <b>531.43</b>   | <b>0.00</b>   | <b>0.00</b>           | <b>531.43</b>   | <b>297.97</b>  | <b>297.97</b>  |
| <b>IMPAIRED ASSETS</b>                                      |                     |                      |                         |                    |                 |               |                       |                 |                |                |
| Plant & Machinery (As on 31.03.22)                          | 1014.39             | 0.00                 | 0.00                    | 1014.39            | 952.04          | 0.00          | 0.00                  | 952.04          | 62.35          | 62.35          |
| Plant & Machinery (During 2022-23)                          | 0.00                | 0.00                 | 0.00                    | 0.00               | 0.00            | 0.00          | 0.00                  | 0.00            | 0.00           | 0.00           |
| <b>SUB - TOTAL IMPAIRED ASSETS (iii)</b>                    | <b>1014.39</b>      | <b>0.00</b>          | <b>0.00</b>             | <b>1014.39</b>     | <b>952.04</b>   | <b>0.00</b>   | <b>0.00</b>           | <b>952.04</b>   | <b>62.35</b>   | <b>62.35</b>   |
| <b>Total Property, Plant &amp; Equipment (I+II+III) (A)</b> | <b>39164.00</b>     | <b>7.86</b>          | <b>0.94</b>             | <b>39170.92</b>    | <b>34672.25</b> | <b>567.73</b> | <b>0.00</b>           | <b>35239.98</b> | <b>3930.94</b> | <b>4491.75</b> |
| <b>B. INTANGIBLE ASSETS</b>                                 |                     |                      |                         |                    |                 |               |                       |                 |                |                |
| Computer Software   | 15.54               | 0.00                 | 0.00                    | 15.54              | 1.04            | 3.11          | 0.00                  | 4.15            | 11.39          | 14.50          |
| <b>Total - Intangible Assets (B)</b>                        | <b>15.54</b>        | <b>0.00</b>          | <b>0.00</b>             | <b>15.54</b>       | <b>1.04</b>     | <b>3.11</b>   | <b>0.00</b>           | <b>4.15</b>     | <b>11.39</b>   | <b>14.50</b>   |
| <b>Total (A+ B)</b>   | <b>39179.54</b>     | <b>7.86</b>          | <b>0.94</b>             | <b>39186.46</b>    | <b>34673.29</b> | <b>570.84</b> | <b>0.00</b>           | <b>35244.13</b> | <b>3942.33</b> | <b>4506.25</b> |
| PREVIOUS YEAR FIGURES                                       | 38973.67            | 206.50               | 0.64                    | 39179.53           | 34078.38        | 597.06        | 2.16                  | 34673.28        | 4506.25        |                |

Current period depreciation

570.84

**Total Depreciation**

**570.84**

\*Average circle Rate of Vacant Land is Rs. 1120 Lakhs Per acre valued Rs. 4538688 Lakhs

**Note :** Status of Land

Acres

- a) Land Transferred to GOJ 2342.03
- b) Land Transferred to CISF 158.00
- c) Land Transfer to GOJ for Smart City 647.08
- d) Encroached Land 73.05
- e) Land given on lease 313.31
- f) Land for own use 3666.04

**Total land as per original deed**

**7199.51**

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

₹ in Lakh

As at 31.03.23

As at 31.03.22

**NOTE NO. - 12****Intangible Assets under development**

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| Intangible Assets under Development | 0.00        | 0.00        |
| <b>TOTAL</b>                        | <b>0.00</b> | <b>0.00</b> |

**NOTE NO. - 13****CAPITAL WORK IN PROGRESS****Capital Work in Progress**

|                   |                |                |
|-------------------|----------------|----------------|
| Plant & Machinery | 4128.90        | 3619.30        |
| Less : Provisions | 2139.04        | 2139.04        |
| <b>TOTAL</b>      | <b>1989.86</b> | <b>1480.26</b> |

**Note No. 13 (a) Capital Work-in-Progress Ageing Schedule**

| CWIP                           | As at 31-03-2023 |           |           |                   |         |
|--------------------------------|------------------|-----------|-----------|-------------------|---------|
|                                | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total   |
| Projects in Progress           | 509.60           | 1268.63   | 0.00      | 211.63            | 1989.86 |
| Projects temporarily suspended | 0.00             | 0.00      | 572.85    | 1566.19           | 2139.04 |

**Note No. 13 (b) Capital Work-in-Progress Completion Schedule as at 31.03.23**

| CWIP                                | To be completed in |           |           |                   |
|-------------------------------------|--------------------|-----------|-----------|-------------------|
|                                     | less than 1 Year   | 1-2 Years | 2-3 Years | More than 3 Years |
| Revamping 2 furnace (FFP)           | 0.00               | 211.63    | 0.00      | 0.00              |
| Refurbishment of 6000 T press (FFP) | 0.00               | 1778.23   | 0.00      | 0.00              |

**Note No. 13 (a) Capital Work-in-Progress Ageing Schedule**

| CWIP                           | As at 31-03-2022 |           |           |                   |         |
|--------------------------------|------------------|-----------|-----------|-------------------|---------|
|                                | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total   |
| Projects in Progress           | 1268.63          | 0.00      | 0.00      | 211.63            | 1480.26 |
| Projects temporarily suspended | 0.00             | 572.85    | 0.00      | 1566.19           | 2139.04 |

**Note No. 13 (b) Capital Work-in-Progress Completion Schedule as at 31.03.22**

| CWIP                                | To be completed in |           |           |                   |
|-------------------------------------|--------------------|-----------|-----------|-------------------|
|                                     | less than 1 Year   | 1-2 Years | 2-3 Years | More than 3 Years |
| Revamping 2 furnace (FFP)           | 0.00               | 211.63    | 0.00      | 0.00              |
| Refurbishment of 6000 T press (FFP) | 0.00               | 1268.63   | 0.00      | 0.00              |

**Details of Project where activity has been temporarily suspended**

|  | As at 31.03.2023 | As at 31.03.2022 |
|--|------------------|------------------|
| SCH NO : 01405-2 Modernisation of Shop (FFP)         | 58.24            | 58.24            |
| SCH NO : 11805-1 Software (FFP)                      | 50.91            | 50.91            |
| SCH NO : 11102-1. Installation of CETP (FFP)         | 210.93           | 210.93           |
| Technology Development - Cniitmash (FFP)             | 572.81           | 572.81           |
| SCH NO : 11408-1 CEN.Cylinder / 6000T (FFP)          | 59.79            | 59.79            |
| Misc. Items (FFP)                                    | 15.58            | 15.58            |
| SCH NO : 71210-1 Roller Table (FFP)                  | 107.18           | 107.18           |
| SCH NO : 71311- 4 Electro Hyde Fetling (FFP)         | 303.71           | 303.71           |
| Plate Straightening (HMBP)                           | 31.51            | 31.51            |
| Welding Rotator (HMBP)                               | 0.86             | 0.86             |
| 30/5T Crane (HMBP)                                   | 5.79             | 5.79             |
| Foundation for Machine No. SR 125 (HMBP)             | 3.16             | 3.16             |
| Radio Control System                                 | 5.20             | 5.20             |
| CNC Lathe  | 140.00           | 140.00           |
| Foundation of CNC Lathe Model LRT-65N/5M in 020 Shop | 0.52             | 0.52             |
| OKBM (Rendering services on Technical Audit) (HMBP)  | 572.85           | 572.85           |
| <b>Total</b>   | <b>2139.04</b>   | <b>2139.04</b>   |



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

₹ in Lakh

|  | As at 31.03.23                 | As at 31.03.22 |
|--|--------------------------------|----------------|
| <b>NOTE NO. - 14</b>   | <b>NON-CURRENT INVESTMENTS</b> |                |
| <b>Investments in Equity Instruments</b>   |                                |                |
| (Other than trade investment), Unquoted 3575 (Prev. Year 3575) Equity Share of ₹10/- each of Engineering (Projects) India Limited. | 0.36                           | 0.36           |
| <b>TOTAL</b>   | <b>0.36</b>                    | <b>0.36</b>    |

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

As Financial status as on 31.03.2023 is not available, the value of share is ₹0.84 Lakhs on the basis of Financial status as on 31.03.2022

|   | <b>LONG TERM LOANS &amp; ADVANCES</b> |                  |                   |                     |                  |                   |
|---|---------------------------------------|------------------|-------------------|---------------------|------------------|-------------------|
| <b>NOTE NO. - 15</b>  |                                       |                  |                   |                     |                  |                   |
| <b>(a) Loans &amp; Advances</b>   |                                       |                  |                   |                     |                  |                   |
| [Advances & other amounts recoverable in cash or in kind or for value to be received (including cost of materials supplied to the contractors, outside parties and/ or pending adjustment)] | <b>Gross Amount</b>                   | <b>Provision</b> | <b>Net Amount</b> | <b>Gross Amount</b> | <b>Provision</b> | <b>Net Amount</b> |
| Doubtful  | 655.51                                | 655.51           | 0.00              | 667.91              | 667.91           | 0.00              |
| <b>(b) Deposits With</b>  |                                       |                  |                   |                     |                  |                   |
| Private Parties   | 0.87                                  | 0.32             | 0.55              | 0.87                | 0.32             | 0.55              |
| Government Authorities  | 208.23                                | 199.27           | 8.96              | 208.23              | 199.27           | 8.96              |
| <b>(c) Security Deposit</b>   | 33.71                                 | 33.71            | 0.00              | 33.71               | 33.71            | 0.00              |
| <b>(d) Others</b>   |                                       |                  |                   |                     |                  |                   |
| Advances to Employees   | 0.18                                  | 0.18             | 0.00              | 0.18                | 0.18             | 0.00              |
| Claims Receivable   | 4266.69                               | 4266.60          | 0.09              | 4670.21             | 4670.12          | 0.09              |
| <b>Total</b>  | <b>5165.19</b>                        | <b>5155.59</b>   | <b>9.60</b>       | <b>5581.11</b>      | <b>5571.51</b>   | <b>9.60</b>       |

**Particulars of Long Term Loans & Advances**

|                            |                |                |
|----------------------------|----------------|----------------|
| Secured, Considered Good   | 0.00           | 0.00           |
| Unsecured, Considered Good | 9.60           | 9.60           |
| Doubtful                   | 5155.59        | 5571.51        |
| <b>Total</b>               | <b>5165.19</b> | <b>5581.11</b> |



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

₹ in Lakh

|   | As at 31.03.23                  | As at 31.03.22 |
|---|---------------------------------|----------------|
| <b>NOTE NO. - 16</b>                    | <b>OTHER NON-CURRENT ASSETS</b> |                |
| <b>Long Term Trade Receivables</b>      |                                 |                |
| (A) Public Sector & Govt. Deptt.        |                                 |                |
| Unsecured, Considered Good              | 0.00                            | 0.00           |
| Doubtful                                | 3048.84                         | 3048.84        |
| <b>TOTAL (A)</b>                        | <b>3048.84</b>                  | <b>3048.84</b> |
| (B) Others                              |                                 |                |
| Un Secured, Considered Good             | 0.00                            | 0.00           |
| Doubtful                                | 21.51                           | 21.51          |
| <b>TOTAL (B)</b>                        | <b>21.51</b>                    | <b>21.51</b>   |
| <b>SUB TOTAL (A+B)</b>                  | <b>3070.35</b>                  | <b>3070.35</b> |
| Less: Provision for Doubtful debts      | 3070.35                         | 3070.35        |
| Provision against LD deducted & charged | 0.00                            | 0.00           |

**Notes:**

1: Long Term Trade Receivables also include not due ₹ 222.67 Lakhs (Previous Year ₹ 222.67 Lakhs) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.

**Note No. 16(a) Trade Receivables Ageing Schedule**

₹ in Lakh

| Particulars  | As at 31-03-23   |                   |           |           |                  |                |
|--|--|-------------------|-----------|-----------|------------------|----------------|
|  | Outstanding for the following periods from due date of payment |                   |           |           |                  |                |
|  | Less than 6 months   | 6 months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Year | Total          |
| (i) Undisputed Trade receivables- Considered good      | 0.00   | 0.00              | 0.00      | 0.00      | 0.00             | <b>0.00</b>    |
| (ii) Undisputed Trade receivables- Considered doubtful | 0.00   | 0.00              | 0.00      | 0.00      | 3070.35          | <b>3070.35</b> |
| (iii) Disputed Trade receivables- Considered doubtful  | 0.00   | 0.00              | 0.00      | 0.00      | 0.00             | <b>0.00</b>    |

**Note No. 16(a) Trade Receivables Ageing Schedule**

| Particulars  | As at 31-03-22   |                   |           |           |                   |                |
|--|--|-------------------|-----------|-----------|-------------------|----------------|
|  | Outstanding for the following periods from due date of payment |                   |           |           |                   |                |
|  | Less than 6 months   | 6 months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total          |
| (i) Undisputed Trade receivables- Considered good      | 0.00   | 0.00              | 0.00      | 0.00      | 0.00              | <b>0.00</b>    |
| (ii) Undisputed Trade receivables- Considered doubtful | 0.00   | 0.00              | 0.00      | 0.00      | 3070.35           | <b>3070.35</b> |
| (iii) Disputed Trade receivables-Considered good       | 0.00   | 0.00              | 0.00      | 0.00      | 0.00              | <b>0.00</b>    |
| (iv) Disputed Trade receivables- Considered doubtful   | 0.00   | 0.00              | 0.00      | 0.00      | 0.00              | <b>0.00</b>    |



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

₹ in Lakh

|  | As at 31.03.23     |                        | As at 31.03.22 |                        |
|--|--------------------|------------------------|----------------|------------------------|
| <b>NOTE NO. - 17</b>   | <b>INVENTORIES</b> |                        |                |                        |
| <b>(As certified by the Management)</b>                      |                    |                        |                |                        |
| Raw Materials & Components                                   | 5289.44            |                        | 5947.76        |                        |
| Less: Provision / Stock Adjustment                           | <u>3080.14</u>     | 2209.30                | <u>2962.99</u> | 2984.77                |
| Stores, Spares & Components including Construction Materials | 1260.50            |                        | 128625         |                        |
| Less: Provision / Stock Adjustment                           | <u>347.63</u>      | 912.87                 | <u>295.02</u>  | 991.24                 |
| Loose Tools, Drawing Instruments etc.                        | 428.66             |                        | 801.23         |                        |
| Less: Provision  | <u>51.94</u>       | 376.72                 | <u>52.43</u>   | 748.80                 |
| Stock of Finished Products                                   | 446.42             |                        | 702.77         |                        |
| Less: Provision  | <u>89.11</u>       | 357.31                 | <u>89.11</u>   | 613.66                 |
| Work-In-Progress   | 4882.62            |                        | 7869.75        |                        |
| Less: Provision  | <u>429.66</u>      | 4452.96                | <u>337.64</u>  | 7532.11                |
| Work-In-Progress (Turnkey Project)                           | 2146.98            |                        | 2097.52        |                        |
| Less: Provision  | <u>0.00</u>        | 2146.98                | <u>0.00</u>    | 2097.52                |
| <b>Total Inventory</b>                                       | 14454.62           |                        | 18705.29       |                        |
| Less: Provision / Stock Adjustment                           | <u>3998.48</u>     | <u>10456.14</u>        | <u>3737.19</u> | 14968.10               |
| <b>TOTAL</b>   |                    | <b><u>10456.14</u></b> |                | <b><u>14968.10</u></b> |

**Notes :**

- 1: Finished Stock & WIP includes items worth ₹ 203.55 Lakhs (Previous Year ₹ 201.92 Lakhs) 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 ₹ 3845.87 lakhs (Previous Year ₹ 3630.62 Lakhs). The existing provision is considered adequate.
- 3: Raw Materials & Components including scrap at shop floor ₹ 60.91 Lakh (Previous Year ₹ 66.15 Lakhs)

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

₹ in Lakh

|   | As at 31.03.23           |                    |                 | As at 31.03.22         |                    |                 |
|---|--------------------------|--------------------|-----------------|------------------------|--------------------|-----------------|
| <b>NOTE NO. - 18</b>                          | <b>TRADE RECEIVABLES</b> |                    |                 |                        |                    |                 |
| <b>Short Term Trade Receivables</b>           | <b>Over Six Months</b>   | <b>Other Debts</b> | <b>Total</b>    | <b>Over Six Months</b> | <b>Other Debts</b> | <b>Total</b>    |
| (A) Public Sector & Govt. Deptt.              |                          |                    |                 |                        |                    |                 |
| Un Secured, Considered Good                   | 9096.41                  | 999.10             | 10095.51        | 14661.40               | 4912.81            | 19574.21        |
| Doubtful                                      | 28574.17                 | 132.89             | 28707.06        | 27585.35               | 906.01             | 28491.36        |
| <b>SUB TOTAL (A)</b>                          | <b>37670.58</b>          | <b>1131.99</b>     | <b>38802.57</b> | <b>42246.75</b>        | <b>5818.82</b>     | <b>48065.57</b> |
| (B) Others                                    |                          |                    |                 |                        |                    |                 |
| Un Secured, Considered Good                   | 14.34                    | 0.22               | 14.56           | 0.00                   | 14.34              | 14.34           |
| Doubtful                                      | 770.78                   | 0.00               | 770.78          | 777.02                 | 0.00               | 777.02          |
| <b>SUB TOTAL (B)</b>                          | <b>785.12</b>            | <b>0.22</b>        | <b>785.34</b>   | <b>777.02</b>          | <b>14.34</b>       | <b>791.36</b>   |
| <b>TOTAL (A+B)</b>                            |                          |                    | <b>39587.91</b> |                        |                    | <b>48856.93</b> |
| Less: Provision for Doubtful debts            |                          |                    | 16859.04        |                        |                    | 16905.86        |
| Less: Provision against LD deducted & charged |                          |                    | 12618.80        |                        |                    | 12362.52        |
| <b>NET TOTAL</b>                              |                          |                    | <b>10110.07</b> |                        |                    | <b>19588.55</b> |

**Notes:**

1: Short Term Trade Receivables also include not due ₹ 7365.33 Lakh (Previous Year ₹ 8906.55 Lakhs) relating to equipments and Spares already supplied but realization there of is subject to compliance of certain contractual obligations.

**Note No. 18(a) Trade Receivables Ageing Schedule**

₹ in Lakh

| Particulars  | As at 31-03-23   |                   |           |           |                  |                 |
|--|--|-------------------|-----------|-----------|------------------|-----------------|
|  | Outstanding for the following periods from due date of payment |                   |           |           |                  |                 |
|  | Less than 6 months   | 6 months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Year | Total           |
| (i) Undisputed Trade receivables- Considered good      | 1242.86  | 411.31            | 1059.96   | 881.91    | 6514.03          | <b>10110.07</b> |
| (ii) Undisputed Trade receivables- Considered doubtful | 128.57   | 219.84            | 2111.44   | 2882.43   | 24098.03         | <b>29440.31</b> |

**Note No. 18(a) Trade Receivables Ageing Schedule**

| Particulars  | As at 31-03-22   |                   |           |           |                  |                 |
|--|--|-------------------|-----------|-----------|------------------|-----------------|
|  | Outstanding for the following periods from due date of payment |                   |           |           |                  |                 |
|  | Less than 6 months   | 6 months - 1 Year | 1-2 Years | 2-3 Years | More than 3 Year | Total           |
| (i) Undisputed Trade receivables- Considered good      | 7627.66  | 162.91            | 1568.86   | 435.26    | 9793.86          | <b>19588.55</b> |
| (ii) Undisputed Trade receivables- Considered doubtful | 897.57   | 107.98            | 2722.20   | 912.40    | 24590.70         | <b>29230.85</b> |



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

₹ in Lakh

|  | As at 31.03.23                         | As at 31.03.22 |
|--|--|----------------|
| <b>NOTE NO. - 19</b>   | <b>CASH &amp; CASH EQUIVALENTS</b>     |                |
| (a) Balance with Schedule Bank Current Account   | 2028.30                                | 1992.02        |
| (b) Cash in hand   | 0.32                                   | 1.88           |
| Less : Provision *   | 0.32                                   | 0.28           |
| (c) Others   |  |                |
| (Earmarked balances with Banks)  |  |                |
| Short Term Deposit with Schedule Bank **   | 3260.18                                | 3472.56        |
| <b>TOTAL</b>   | <b>5288.48</b>                         | <b>5466.18</b> |
| * Mutilated notes and coins not in circulation   |  |                |
| ** (It includes unutilised Govt. Grant and interest accrued kept aside in the form of TDR for payment of Capital Gain Tax Rs. 3173.87 Lakhs) |  |                |
| <b>NOTE NO. - 20</b>   | <b>SHORT TERM LOANS &amp; ADVANCES</b> |                |
| <b>(a) Loans and Advances</b>  |  |                |
| Un Secured, Considered Good  | 1266.28                                | 53.11          |
| <b>(b) Deposits with</b>   |  |                |
| Private Parties  | 4.59                                   | 4.89           |
| Government Authorities   | 617.74                                 | 587.89         |
| <b>(c) Security Deposit</b>  |  |                |
| Unsecured Considered Good  | 1119.13                                | 896.40         |
| <b>(d) Others</b>  |  |                |
| Advance to Employees   | 111.39                                 | 62.27          |
| Prepaid Expenses   | 97.81                                  | 173.63         |
| Claims Receivable  | 6409.68                                | 5381.74        |
| Income Tax deducted at source  | 607.37                                 | 918.59         |
| <b>SUB TOTAL</b>   | <b>10233.99</b>                        | <b>8078.52</b> |
| Less: Provision for bad & doubtful Advances  | 224.02                                 | 61.93          |
| <b>TOTAL</b>   | <b>10009.97</b>                        | <b>8016.59</b> |
| <b>Particulars of Short Term Loans &amp; Advances</b>  |  |                |
| Secured, Considered Good   | 7624.56                                | 7067.08        |
| Unsecured, Considered Good   | 2385.41                                | 959.51         |
| Doubtful   | 224.02                                 | 61.93          |
| <b>Total</b>   | <b>10233.99</b>                        | <b>8078.52</b> |
| <b>NOTE NO. - 21</b>   | <b>OTHER CURRENT ASSETS</b>            |                |
| <b>Rent and Other Receivables</b>  |  |                |
| (A) Receivable from Govt. Dept.  | 1014.20                                | 1262.32        |
| Sale of Land ( GOJ )   |  |                |
| (B) House Rent, Water & Electricity  |  |                |
| a) Public Sector & Govt. Dept.   |  |                |
| (i) Secured Considered Good  | 1799.91                                | 1560.73        |
| (ii) Doubtful  | 2199.79                                | 2039.62        |
| b) Private Party   |  |                |
| (i) Unsecured, Considered Good   | 209.31                                 | 210.13         |
| (ii) Doubtful  | 781.18                                 | 934.63         |
| <b>Total (A + B)</b>   | <b>6004.29</b>                         | <b>5797.30</b> |
| Less: Provision for Doubtful Receivables   | 2980.97                                | 2764.12        |
| <b>Net Amount</b>  | <b>3023.32</b>                         | <b>3033.18</b> |

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

₹ in Lakh

|   | 2022-23                                       |                | 2021-22  |                  |
|---|---|----------------|----------|------------------|
| <b>NOTE NO. - 22</b>                                  | <b>REVENUE FROM OPERATION</b>                 |                |          |                  |
| <b>Sales &amp; Services</b>                           |   |                |          |                  |
| Sale of Products                                      | 8766.03                                       |                | 17826.65 |                  |
| Sale of Services                                      | 377.32  | 9143.35        | 642.20   | 18468.85         |
| <b>Other Operating Revenue</b>                        |   |                |          |                  |
| Job Done for Internal Use                             | 100.45  |                | 304.05   |                  |
| Add : Inter Plant Transfers                           | 0.00  | 100.45         | 0.00     | 304.05           |
| <b>TOTAL</b>  |   | <b>9243.80</b> |          | <b>18772.90</b>  |
| <b>NOTE NO. - 23</b>                                  | <b>OTHER INCOME</b>                           |                |          |                  |
| Interest  |   | 90.84          |          | 44.05            |
| Rent  |   | 1843.74        |          | 1468.75          |
| Sale of Stores  |   | 1116.70        |          | 99.05            |
| Miscellaneous Income                                  |   | 311.92         |          | 340.89           |
| Receipt from HTI                                      |   | 10.02          |          | 21.16            |
| Excess provision written back*                        |   | 2468.07        |          | 7287.95          |
| Water & Electricity Charges                           |   | 313.10         |          | 312.46           |
| <b>TOTAL</b>  |   | <b>6154.39</b> |          | <b>9574.31</b>   |
| <b>NOTE NO. - 24</b>                                  | <b>COST OF MATERIALS CONSUMED</b>             |                |          |                  |
| <b>Consumption of Raw materials &amp; Components</b>  | 588.82  |                | 2182.08  |                  |
| Less: Interplant Transfer                             | 85.84   | 502.98         | 242.29   | 1939.79          |
| <b>Consumption of Stores &amp; Spares</b>             | 778.76  |                | 5540.17  |                  |
| Less: Interplant Transfer                             | 0.43  | 778.33         | 68.99    | 5471.18          |
| <b>TOTAL</b>  |   | <b>1281.31</b> |          | <b>7410.97</b>   |
| <b>NOTE NO. - 25</b>                                  | <b>CHANGES IN INVENTORIES OF FG &amp; WIP</b> |                |          |                  |
| <b>Decretion/(Accretion) to value of FG &amp; WIP</b> |   |                |          |                  |
| Work-In-Progress                                      |   |                |          |                  |
| Opening Stock   | 9967.27                                       |                | 8297.38  |                  |
| Closing Stock   | 7029.60                                       | 2937.67        | 9967.27  | (1669.89)        |
| Finished Stock  |   |                |          |                  |
| Opening Stock   | 702.77  |                | 761.90   |                  |
| Closing Stock   | 446.42  | 256.35         | 702.77   | 59.13            |
| <b>Total</b>  |   | <b>3194.02</b> |          | <b>(1610.76)</b> |



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

₹ in Lakh

|  | 2022-23   | 2021-22         |
|--|---|-----------------|
| <b>NOTE NO. - 26</b>   | <b>EMPLOYEES BENEFIT EXPENSES</b>               |                 |
| Salaries, Wages & Bonus  | 8918.79   | 9142.81         |
| Corporation Contribution to Provident Fund and Employee's Pension Fund                   | 1016.99   | 1021.55         |
| Workmen and Staff Welfare Expenses   | 636.50  | 718.49          |
| Leave Encashment   | (710.00)  | 832.73          |
| Gratuity *   | 876.44  | 958.06          |
|  | <b>SUB TOTAL</b>                                | <b>12673.64</b> |
| Less: Transferred to Research & Development Exp.   | 64.18   | 70.95           |
|  | <b>TOTAL</b>                                    | <b>12602.69</b> |
| * It includes interest on Gratuity overdue ₹ 361.43 Lakhs (Previous Year ₹ 206.62 Lakhs) |   |                 |
| <b>NOTE NO. - 27</b>   | <b>FINANCE COST</b>                             |                 |
| Interest on Bank Borrowings  | 3022.65   | 2020.15         |
| Interest on Govt. loan   | 1076.57   | 1076.57         |
| Interest on Other loan   | 157.05  | 0.00            |
|  | <b>TOTAL</b>                                    | <b>3096.72</b>  |
| <b>NOTE NO. - 28</b>   | <b>DEPRECIATION &amp; AMORTIZATION EXPENSES</b> |                 |
| Depreciation as per Note No.-11 (Property, Plant and Equipment)                          | 567.73  | 595.42          |
| Depredation as per Note No.-11 (Intangible Asset))                                       | 3.11  | 1.04            |
| <b>Depletion Expenses</b>  |   |                 |
| Impairment Loss as per Note No.-11   | 0.00  | (0.03)          |
|  | <b>TOTAL</b>                                    | <b>596.43</b>   |
| <b>NOTE NO. - 29</b>   | <b>RESEARCH &amp; DEVELOPMENT EXPENSES</b>      |                 |
| <b>Research &amp; Development Expenses</b>   |   |                 |
| Salary & Allowances  | 64.18   | 70.95           |
|  | <b>TOTAL</b>                                    | <b>70.95</b>    |

## Heavy Engineering Corporation Limited

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

|  | ₹ in Lakh       |                 |
|--|-----------------|-----------------|
|  | 2022-23         | 2021-22         |
| <b>NOTE NO. - 30</b>   |                 |                 |
| <b>(I) Manufacturing Service Cost</b>                            |                 |                 |
| Water, Power & Fuel  | 3154.39         | 3452.15         |
| Repairs & Maintenance  |                 |                 |
| Plant & Machinery  | 28.13           | 96.75           |
| Buildings  | 2.93            | 9.94            |
| Others   | 22.58           | 60.31           |
| Insurance  | 92.01           | 127.86          |
| <b>SUB TOTAL (I)</b>   | <b>3300.04</b>  | <b>3747.01</b>  |
| <b>(II) Manufacturing &amp; Other Operating Expenses</b>         |                 |                 |
| Machining & Assembly charges                                     | 42.13           | 140.96          |
| Loose Tools Charged off (include own manufactured)               | 483.97          | 778.08          |
| Job Done by outside Agencies                                     | 4200.72         | 4262.52         |
| Turnkey Project Expenses   | 2053.00         | 4104.56         |
| Other Charges For Production                                     | 163.07          | 436.09          |
| Less: Interplant Transfer (Services)                             | 42.13           | 141.41          |
| <b>SUB TOTAL (II)</b>  | <b>6900.76</b>  | <b>9580.80</b>  |
| <b>(III) Administration, Selling &amp; Distribution Expenses</b> |                 |                 |
| Rent   | 33.72           | 29.58           |
| Electricity & Drinking Water Expenses                            | 1302.07         | 1253.23         |
| Safety & Security Expenses                                       | 2556.57         | 2506.89         |
| Interest on CISF DUES  | 1451.02         | 1011.30         |
| Travelling & Conveyance Expenses                                 | 56.56           | 68.09           |
| Bank Charges   | 249.15          | 383.35          |
| Telephone & Postage Expenses                                     | 20.59           | 24.60           |
| Printing & Stationery Expenses                                   | 9.19            | 18.67           |
| Miscellaneous Expenses   | 149.03          | 261.63          |
| Interest on Delay Payment (CPF)                                  | 1313.99         | 455.83          |
| Motor Vehicle Running Expenses                                   | 135.24          | 156.78          |
| Consultancy and Legal Expenses                                   | 60.00           | 67.35           |
| Municipal Tax/Charges  | 34.96           | 33.30           |
| LD Deducted and Charged  | 365.54          | 5340.22         |
| Selling & Distribution Expenses                                  | 49.26           | 67.44           |
| Auditor's Remuneration   |                 |                 |
| Statutory Audit Fees   | 2.70            | 2.25            |
| Tax Audit Fees   | 0.05            | 0.38            |
| Internal Audit Fees  | 0.00            | 1.00            |
| Reimbursement Expenses   | 0.15            | 0.15            |
| Training Expenses  | 4.12            | 4.14            |
| <b>SUB TOTAL (III)</b>   | <b>7791.66</b>  | <b>11686.18</b> |
| <b>(IV) Other Provisions / Expenses Written Off</b>              |                 |                 |
| Provision for Bad & Doubtful Debts                               | 1662.68         | 5937.28         |
| Provision for Bad & Doubtful Advances                            | 27.09           | 10.76           |
| Provision for Stock Verification Differences                     | 28.73           | 71.61           |
| Provision for Warranty Expenses                                  | 39.49           | 92.35           |
| Provision for Advances   | 0.00            | 0.51            |
| Provision for Foreign Exchange difference                        | 87.57           | 33.37           |
| Provision for inventory / stock adjustment                       | 236.30          | 357.80          |
| Provision for CWIP   | 0.00            | 210.93          |
| Miscellaneous Provisions   | 344.95          | 50.56           |
| Miscellaneous Losses Written Off                                 | 0.00            | 0.45            |
| <b>SUB TOTAL (IV)</b>  | <b>2426.81</b>  | <b>6765.62</b>  |
| <b>GRAND TOTAL (I+II+III+IV)</b>                                 | <b>20419.27</b> | <b>31779.61</b> |



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

₹ in Lakh

|   | <b>2022-23</b>                 |                | <b>2021-22</b> |               |
|---|--------------------------------|----------------|----------------|---------------|
| <b>NOTE NO. - 31</b>                        | <b>PRIOR PERIOD ADJUSTMENT</b> |                |                |               |
| Income                                      |                                |                |                |               |
| Sales (including services)                  | (14.66)                        |                | 26.16          |               |
| Inter Plant Transfers                       | 0.00                           |                | (2.75)         |               |
| Misc Income                                 | (50.66)                        | (65.32)        | (14.36)        | 9.05          |
| Less : Expenses                             |                                |                |                |               |
| Raw Material consumed                       | (149.07)                       |                | 0.00           |               |
| Payment to & Provision for Employees        | 156.23                         |                | 0.00           |               |
| CISF Expenditure                            | 0.00                           |                | 18.39          |               |
| Depreciation                                | 0.00                           |                | (1.55)         |               |
| Misc. expenses(net)                         | (24.97)                        | (17.81)        | 0.00           | 16.84         |
| <b>Prior Period Adjustment (Net)</b>        |                                | <b>(47.51)</b> |                | <b>(7.79)</b> |
| <b>NOTE NO. - 32</b>                        | <b>EXTRAORDINARY ITEMS</b>     |                |                |               |
| Income                                      |                                |                |                |               |
| Sale consideration against transfer of Land |                                | 2026.09        |                | 0.00          |
|   |                                | 2026.09        |                | 0.00          |
| Less : Expenses                             |                                |                |                |               |
| Cost of land transfer to GOJ                |                                | 0.94           |                | 0.00          |
|   |                                | 0.94           |                | 0.00          |
| <b>Net</b>                                  |                                | <b>2025.15</b> |                | <b>0.00</b>   |



### NOTE NO 33 – “OTHER NOTES TO FINANCIAL STATEMENT”

The accompanying financial statement comprise of the financial statements of HEC Limited (the company) for the year ended 31 march 2023. The accounts of the company have been prepared based on “going concern-basis”. The company is fully owned Govt. of India Enterprises under the Ministry of Heavy Industry. The company is manufacturers and suppliers of capital equipment & machinery for steel, mining, railways, nuclear power, defence, space research and strategic sectors. The low turnover during the financial year is due to acute cash crunch in the company, however the company was having more than ₹135500.00 lakh work order in hand as on 31.03.2023. The Company has also secured work order to the tune of ₹14053.00 lakh during 2022-23. Company is trying to generate working capital from its own resources and hopeful to overcome its cash crunch situation in near future.

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

₹ in Lakh

| SI No | Particulars   | 2022-23         | 2021-22         |
|-------|---|-----------------|-----------------|
| 1     | (a) Estimated amount of contracts, remaining to be executed on capital account and not provided for   | 8310.40         | 12186.14        |
|       | (b) Estimated amount of contracts, remaining to be executed on revenue account and not provided for   | 38810.38        | 43592.92        |
| 2     | Unexpired Letter of Credit  | 65.95           | 1425.58         |
| 3     | Unexpired Bank Guarantee  | 13071.04        | 14100.21        |
| 4     | Holding Tax   | 1686.77         | 1686.77         |
| 5     | Water Dues  | 418.04          | 2223.92         |
| 6     | Damages towards PF dues<br>(a) The prayer of HEC Limited to the chairman of central board of Trustees. Employees Provident Fund Organization, for waiver of damages amounting to ₹ 9501.54 Lakh for the period from 03/76 to 09/99 levied by Regional Provident commissioner, Ranchi, has been rejected vide letter dated 12.11.2010. Company has again filed Civil Miscellaneous Petition (CMP) in company Petitions CMP 476 of 2010 before Hon'able High Court of Jharkhand. Hon'able High Court of Jharkhand by order dt 14.10.2019 dismissed the petition no CMP 476 of 2010. Office of EPFO vide letter No. JH/RO/RNC/Recovery/1465/2019/ dt 23.12.2019 attached the bank account of HEC Ltd. A WP(C) No 62 of 2020 has been filed on 09.01.2020 before the Hon'able High Court against the orders of recovery officer, EPFO bearing no JH/RO/RNC/RECOVERY /1465/2019/1397/34379 & JH/RO/RNC/RECOVERY /1465/2019/1398/34380 dt 23.12.2019 issued to State Bank of India and Canara Bank. Hon'able High Court of Jharkhand in order dt 18.01.2020 has directed to stay the prohibitory/attachment order dt 23.12.2019 against the petitioner M/s HEC ltd till the next fixed. | 9501.54         | 9501.54         |
|       | (b) Vide letter no. JH/RO/RNC/PD/2022/JHRAN0001465000/2832/7214 dt 04.05.2022, a demand of penalty amounting to Rs. 47338906/levied by EPFO, Ranchi on CPF Trust for delayed payment of CPF dues for the period 12/95 to 01/25010 u/s 14-B.<br>Also vide letter no. JH/RO/RNC/PD/2022/JHRAN0001465000/2833/721 5 dt 04.05.2022, a demand of interest amounting to Rs 15622991/has been issued by EPFO/Ranchi on CPF Trust. This interest amount has been paid on 13.05.2022. shown under prior period.  | 473.39          | 473.39          |
| 7     | <b>Legal Cases :-</b> claim lodged against HEC not acknowledged as Debt.  |                 |                 |
|       | <b>Cases</b>  | <b>2022-23</b>  | <b>2021-22</b>  |
|       | (B) Arbitration:  |                 |                 |
|       | HEC vs G4S Secure   | 469.83          | 0.00            |
|       | Metso India Pvt. Ltd. Vs HEC  | 943.93          | 0.00            |
|       | S. Banerjee   | 246.64          | 246.64          |
|       | Others (No. of cases – 5)   | 55.57           | 55.57           |
|       |   | <b>1715.97</b>  | <b>1154.56</b>  |
| (C)   | MSMED (No. of cases- 17)  | 604.94          | 1831.41         |
| (D)   | Other Legal cases   |                 |                 |
|       | Rampur Engineering Co Ltd.  | 19948.85        | 18447.12        |
|       | Adarsh Co-operative   | 1271.81         | 1271.81         |
|       | Others (No. of cases-25)  | 4236.26         | 2667.86         |
|       |   | <b>25456.92</b> | <b>22386.79</b> |
|       |   | 27777.83        | 25372.76        |

|              |  |                   |                   |                  |                  |                     |
|--------------|--|-------------------|-------------------|------------------|------------------|---------------------|
| 8            | <b>Commercial Taxes (VAT &amp; CST):</b>   |                   |                   | 4671.25          | 4671.25          |                     |
|              | Demand as per Assessment Order, Appeal pending at Commissioner, Ranchi.  |                   |                   |                  |                  |                     |
|              | <b>Year</b>  | <b>VAT Amount</b> | <b>CST Amount</b> |                  |                  | <b>Total Amount</b> |
|              | 2008-09  | 10.78             | 10.35             |                  |                  | 21.13               |
|              | 2009-10  | 19.63             | 57.76             |                  |                  | 77.39               |
|              | 2010-11  | 92.41             | 137.18            |                  |                  | 229.59              |
|              | 2011-12  | 79.18             | 794.55            |                  |                  | 873.73              |
|              | 2013-14  | 397.75            | 16.02             |                  |                  | 413.77              |
|              | 2014-15  | 904.90            | 19.75             |                  |                  | 924.65              |
|              | 2015-16  | 124.91            | 57.88             |                  |                  | 182.79              |
|              | 2016-17  | 25.80             | 1806.23           |                  |                  | 1832.03             |
|              | 2017-18  | 18.87             | 97.30             |                  |                  | 116.17              |
| <b>Total</b> | <b>1674.23</b>   | <b>2997.02</b>    | <b>4671.25</b>    |                  |                  |                     |
| 9            | <b>Service Tax:</b>  |                   |                   | 221.05           | 3370.66          |                     |
|              | 1. Demand of service Tax on value of service portion of a contract for supply of Shovel.(Order No.V(65)34/HEC/Adj./Ran-1/2015/8304 dt 23.09.2015). Appeal pending at Comm Appeal, Ranchi   |                   |                   |                  |                  |                     |
| 10           | <b>Excise Duty:</b>  |                   |                   | 5720.05          | 5392.61          |                     |
|              | 1. Demand of Excise Duty for Non Reversal of Cenvat Credit availed by us on inputs and capital goods for which certain provision has been made in our Financial statement for the period 2010-11 to 2014-15. (Order No. 05/Central Excise/Comm/2017 dt 24.03.2017). Appeal pending at CESTAT, Kolkata        |                   |                   |                  |                  |                     |
|              | 2. Demand of Excise Duty for Non Reversal of Cenvat Credit availed by us on Inputs and capital goods for which certain provision has been made in our Financial statement for the period 2015-16 to 2016-17 . (Order No. 21/Central Excise/pr. Commr/2020 dt 31.07.2020). Appeal pending at CESTAT, Kolkata. |                   |                   |                  |                  |                     |
| <b>Total</b> |  |                   |                   | <b>110727.69</b> | <b>123997.75</b> |                     |

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

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

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

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

| Revival Package approved by |  |  |  |   |  |
|-----------------------------|--|--|--|---|--|
|                             | Cabinet committee of economic affairs  | As per Affidavit filed by Govt. of Jharkhand and approval of Hon'ble High Court of Jharkhand.  | Amount to be Waived / Adjusted / Received            | Amount Waived / Adjusted / Received   | Balance Amount to be Waived / Adjusted / Received                          |
| 1                           | Not specifically mentioned as to the waiver of electricity dues. But Jharkhand Govt's proposal for waiver of ₹50000.00 lakh against electricity dues was approved. | Waiver of electricity dues of ₹30637.42 lakh and delayed payment surcharge up to the date of Final settlement by JSEB after approval of Hon'ble High Court of Jharkhand. | ₹96984.68 lakh total amount to be waived / Adjusted. | Waived ₹85342.46 lakh (Electricity dues of ₹30637.42 lakh and DPS of ₹54705.04 lakh up to 31.08.2008) | ₹11642.22 lakh against DPS from 01.09.2008 to 31.03.2010 yet to be waived. |
| 2                           | Waiver of PHED dues of ₹3103.00 lakh   | Waiver of PHED dues ₹3264.80 lakh as on 31.03.2007.  | ₹3264.80 lakh (Waiver)                               | ₹3264.80 lakh (Waived)  | NIL  |

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

33.3 The Government of India has approved monetization and transfer of 675.43 Acres unused land of the Company to Government of Jharkhand at the consideration of ₹74298.00 Lakh on 12.04.2017. Out of 675.43 Acres, 508.44 Acres of land is transferred to Government of Jharkhand vide Deed of Conveyance dated 23.05.2018 for ₹ 55928.40 Lakh and 147.86 Acres of land vide Deed of Conveyance dated 17.01.2019 for ₹16264.60 Lakh and 18.42 Acres of land vide Deed of Conveyance dated 31.03.2023 for 2026.09 Lakh . Out of ₹ 74219.09 Lakh, ₹ 73204.89 Lakh received till 31.03.2023 and balance amount of ₹ 1014.20 Lakh shown as receivable from Government of Jharkhand in Note – 21. The amount received has been utilized to liquidate the old liability. DHI has permitted to utilize the balance of amount received from GOJ towards working capital.

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

- 33.4 Inter-Corporate Loan Agreement for ₹ 3500 Lakh has been signed on 29th Aug. 2022 with Northern Coalfields Limited (NCL), Singrauli within the meaning of company Act 2013. Accordingly, NCL has transferred a sum of ₹ 2000 lakh on 14th Sept 2022 in the Escrow accounts. The actual fun utilized during the financial year is ₹ 305.65 lakh and the interest of ₹ 67.22 lakh accrued as per terms of sanctioned.
- 33.5 A Grant-in-aid of ₹ 500.00 Lakh (Previous year ₹ 500.00 Lakh) received till 31.03.2023 from DHI for the project on development of 5 Cubic Meter Hydraulic Excavator - HEX- 400 and incurred ₹ 573.06 Lakh till 31.03.2023. The incurred amount is shown as WIP and the Grant is shown as current liability under Note - 9 and to be adjusted after completion of the Project.
- 33.6 DHI approved the scheme on enhancement of competitiveness in the Indian Capital goods Sector for setting up of common engineering Facility Centre, a training institute in HEC Ltd., Ranchi at a cost of ₹ 5000.00 lakh. Out of ₹ 5000.00 Lakh, Govt. Grant will be limited to ₹ 3000.00 Lakh and HEC contribution will be ₹ 2000.00 Lakh.

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

An agreement between the HEC and CEFC Pratham Foundation was signed on 24.12.2016 HEC as a supervising company and CEFC Pratham Foundation as an implementing company.

Up to 11.01.2019 Govt has given total grant of ₹ 1545 Lakh to CEFC Pratham Foundation under the scheme and the HEC contributed ₹ 607.89 Lakh (F.Y. 2016-17 ₹ 111.75 Lakh, F.Y.2017-18 ₹ 128.14 Lakh, F.Y. 2018-19 ₹ 368.00 Lakh) and shown as expenditure in the HEC account.

Further vide Letter no. F.No. 12/26/2015-HE & MT dt. 11.01.2019, it has been decided by DHI that necessary action is to be taken for the winding up the CEFC Pratham Foundation after transferring the available funds and other assets and liabilities to HEC. Action for transferring the assets and liabilities after completion of audit by CEFC Pratham Foundation to HEC is in progress, hence its assets and liabilities are not reflected in the accounts. On 01.03.2019 (F.Y. 2018-19), ₹ 130.00 Lakh received as Grant from DHI in HEC-CEFC Escrow Account and on 31.03.2019 (F.Y. 2018-19), HEC contributed ₹ 130.00 Lakh in HEC-CEFC Escrow Account.

**Details of DHI Grant :**

|  |                    |
|--|--------------------|
| CEFC Pratham Foundation upto 11.01.2019                | ₹ 1545 Lakh        |
| HEC- CEFC Escrow Account, SBI SME Ranchi on 01.03.2019 | ₹ 130 Lakh         |
| Total Grant up to 31.03.2023                           | <u>₹ 1675 Lakh</u> |

**HEC CEFC Escrow Account, SBI SME Ranchi :**

|   |                       |
|---|-----------------------|
| Received from CEFC Pratham (F.Y. 2019-20) | ₹ 190 Lakh            |
| Grant from DHI (F.Y. 2018-19)             | ₹ 130 Lakh            |
| HEC contribution (F.Y. 2018-19)           | ₹ 130 Lakh            |
| Others                                    | ₹ 0.38 Lakh           |
| Total                                     | <u>₹ 450 .38 Lakh</u> |

In F.Y. 2021-22, an amount of Rs. 179.00 Lakh pertaining to HEC portion is taken back to HEC account since the same was lying unused and considered as Other Income in F.Y. 2021-22.

Amount lying in the HEC-CEFC ESCROW account as on 31.03.2023 amounting to ₹ 104.40 Lakh is exclusive of ₹168.23 lakh deducted by bank towards their outstanding bank interest and other charges during the year as against ₹ 272.64 lakh liability shown in note no 9 "other liabilities".

- 33.7 Govt. of India has granted a Non-Plan loan of ₹ 4789.00 Lakh to discharge gratuity liability in the financial year 2014-15 and repayable in five yearly installment beginning from 2015-16. Due to financial crisis, the company is not able to pay any installment and interest due in time. A sum of ₹ 12831.48 Lakh including interest / penal interest is outstanding as on 31.03.2023.
- 33.8 Out of ₹ 16357.06 Lakh received against long term lease from 1995-96 onwards, a sum of ₹ 574.33 lakh (Previous Year ₹ 574.33 Lakh) is amortized and considered as income during this year in proportion to the period of lease and adjust with Capital Reserve Note-3.

- 33.9 Inter plant transfer of ₹ 128.40 Lakh (previous year ₹452.69 Lakh) has been excluded from total Revenue from operation of the Company.
- 33.10 The Sales effected on or before 31.03.2023 and received at Customer premises latest by 26.04.2023 has been considered as revenue from operation.
- 33.11 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.
- 33.12 (a) Due to financial crisis, company is not in position to disburse the gratuity liability amounting to ₹ 4512.47 Lakh on scheduled time and provision for interest amounting ₹ 1032.66 Lakh on delay has been made on the unpaid amount of gratuity as on 31.03.2023.
- (b) Due to fund crisis, the remittance of EPS/PF (Sub. & Cont.) is pending since Dec'2021 for regular employee and since Jan '2022 for contract workmen to the tune of ₹ 3871.64 Lakh along with interest. The outstanding Loan & VPF along with interest since April 2019 Amounting to ₹ 11096.85 lakh is pending for remittance to PF trust as on 31.03.2023.
- 33.13 (a) Assets and Liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the schedule III to the companies Act 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company's operating cycle is considered as twelve months for the purpose of current/non-current classification of assets and liabilities.
- (b) amortization of Long term lease has been carried out in straight line method considering the leased period.
- (c) The company assesses at each reporting date for impairment of asset at plant level. If on assessment, the asset is considered impairment the are provided at net book value.
- (d) Plant turnkey projet work/ contract having execution period of more than twelve months, warranty expenses @ 0.5% is kept in provision till completion of contractual obligation.
- (e) Provision towards non-trade debtors i.e. pertaining to receivable from Township revenue is being provided which were outstanding for more than one year.
- (f) Provision of long term loans and advances have been made as per the best judgement of the plant in charge based on the current available information.
- (g) Full provision has been provided towards capital work in-progress for Projects temporarily suspended as certified by plant in charge.
- (h) Internal Audit has not been carried out by external agency.
- 33.14 (a) Revenue from operation includes ₹ 3310.85 Lakh in respect of turnkey contract executed by Project Division (previous year ₹ 7965.57 lakh) valued on the basis of approved billing schedule and payment terms of the contract to the extent of works competed, inspected, dispatched / on delivery to the carried and billed.

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

**₹ in Lakh**

|  | <b>2022-23</b> | <b>2021-22</b> |
|--|----------------|----------------|
| Contract revenue recognized during the year                          | 3310.85        | 7965.57        |
| In respect of Contract in progress as on 31.03.2023 :                |                |                |
| - Cost incurred and recognized profits (less recognized losses)      | 85150.05       | 133791.89      |
| - Amount of advance received   | 80456.69       | 125677.65      |
| - Amount of retentions (deferred debts)                              | 0.00           | 0.00           |
| In respect of dues from customers after appropriate netting off :    |                |                |
| - Gross amount due from customers for the contract work as an asset  | 4693.36        | 8114.24        |
| - Gross amount due to customers for the contract work as a liability | 500.00         | 510.33         |
| - Contingencies  | NIL            | NIL            |

- (b) The estimates of total costs and total revenue in respect of Construction Contracts entered on or after 1st April 2003 in accordance with Accounting Standard (AS) - 7 (Revised) Construction Contracts are reviewed and up dated periodically during the year by the management and necessary adjustments are made in the current year's account.
- (c) In case of Project Division, the provision of warranty expenses @ 0.5% is made on sales every year and kept in provision till Final acceptance certificate (FAC). The same will be written back as Income after Final Acceptance Certificate from customer.
- (d) With reference to AS-7 and HEC Significant Accounting Policy Note No. 5(iii), WIP/FG for the Project Division has been valued to recognize revenue properly against the cost already incurred considering the certainty of revenue of the Project. The value of WIP/FG is ₹ 2146.98 Lakh as on 31.03.2023 (previous year ₹ 2097.52 lakh).

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

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

| <b>Micro, Small &amp; Medium Development Act,2006</b>   |           |         |
|---|-----------|---------|
|   | ₹ in Lakh |         |
|   | 2022-23   | 2021-22 |
| Delayed payments due as at the end of each accounting year on account of  |           |         |
| Principle   | 2862.84   | 2368.09 |
| Interest  | 5761.90   | 3514.50 |
| Total Interest Paid on all delayed payments during the year under the provisions of the Act   | Nil       | Nil     |
| Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act  | Nil       | Nil     |
| Interest accrued but not due (Represents interest accrued as at the end of the year but not due as interest is computed at monthly rests from the due date).  | Nil       | Nil     |
| Total Interest due but not paid-(Represent all interest amounts remaining due together with that from prior year(s) until such date when the interest was actually paid to the small enterprises. Mainly to ascertain the amount of interest disallowable for Income Tax purpose) | Nil       | Nil     |

33.17 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 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 Lakh |  |                                  |                                       |  |   |                                  |
|-----------|--|----------------------------------|---------------------------------------|--|---|----------------------------------|
| SI No     | PARTICULARS  | Opening balance as on 01.04.2022 | Add: Provision made during the period | Less: Provision utilized during the Period | Less: Unused provision reversed during the period | Closing Balance as on 31.03.2023 |
| 1         | Provision for Bonus  | 110.90                           | 29.14                                 | 50.36                                      | 0.00  | 89.68                            |
| 2         | Provision for Bad & Doubtful Debts                           | 19976.20                         | 1476.01                               | 1317.13                                    | 205.69  | 19929.39                         |
| 3         | Provision for Liquidated Damages recovered by Clients        | 12362.53                         | 365.54                                | 108.93                                     | 0.34  | 12618.80                         |
| 4         | Provision for Claims Recoverable                             | 4665.89                          | 2871.44                               | 3270.73                                    | 0.00  | 4266.60                          |
| 5         | Provision for Doubtful Deposits with Others                  | 237.53                           | 0.00                                  | 4.23                                       | 0.00  | 233.30                           |
| 6         | Provision for Doubtful Advances to Suppliers/Sub-Contractors | 730.02                           | 156.58                                | 0.00                                       | 6.89  | 879.71                           |
| 7         | Provision for Inventory                                      | 3737.19                          | 277.43                                | 3.00                                       | 13.14   | 3998.48                          |
| 8         | Provision for gratuity                                       | 6575.22                          | 0.00                                  | 0.00                                       | 573.11  | 6002.11                          |

|    |                                     |         |       |        |        |         |
|----|-------------------------------------|---------|-------|--------|--------|---------|
| 9  | Provision for leave encashment      | 3681.03 | 0.00  | 567.49 | 937.57 | 2175.97 |
| 10 | Provision for RTA                   | 59.88   | 0.60  | 0.00   | 1.15   | 59.33   |
| 11 | Provision for LTC/LTA               | 187.66  | 31.61 | 0.00   | 83.11  | 136.16  |
| 12 | Provision for Revision of pay Scale | 123.89  | 0.00  | 0.00   | 0.00   | 123.89  |
| 13 | Provision for Warranty Expenses     | 357.79  | 36.70 | 0.69   | 113.84 | 279.96  |

33.19 (a) Nickel weighing 937.50 Kg and Ferroalloy weighing 491.00 Kg have been found missing from Main Store/FFP between 29.09.2020 to 12.10.2020 FIR was lodged on 16.10.2020. A sum of Rs. 15.18 Lakh has been provided against inventory during the year 2020-21 insurance claim has also been lodged on 13.10.2020 for ₹15.18 Lakh, but rejected. Moreover, the same has been adjusted from outstanding bills of M/s Frontline Security agency as per order dated 18.11.2021.

(b) Non-ferrous items have been found missing from container & store/010 shop /HMBP on 29.05.2021 amounting to ₹ 42.00 Lakhs. FIR was lodged on 09.06.2021 vide case no. 102/21. The same has been adjusted from the outstanding bill of M/s Frontline Security agency and CISF to the tune of ₹ 21.00 Lakhs each as per order dated 18.11.2021.

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. 1<sup>st</sup> April, 2007.

(a) The Company has determined the liability for Employee Benefits as at March 31, 2023 in accordance with the revised Accounting Standard 15- Employee benefits issued by ICAI.

(b) Defined benefit plans - As per Actuarial valuation on March 31, 2023.

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

₹ in Lakh

|  | GRATUITY      | LEAVE ENCASHMENT | RETD. TRAVEL ALLOWANCE |
|--|---------------|------------------|------------------------|
| <b>Expense recognized in the statement of Profit &amp; Loss for the year ended March 31,2023</b> |               |                  |                        |
| 1. Current Service Cost  | 280.64        | 105.23           | 4.26                   |
| 2. Past Service Cost   | 0.00          | 0.00             | 0.00                   |
| 3. Interest Cost   | 469.80        | 263.01           | 4.28                   |
| 4. Reduction in Obligation due to HPL  | 0.00          | 0.00             | 0.00                   |
| 5. Net Actuarial(gain)/loss recognized during the year   | (249.77)      | (1494.98)        | (8.24)                 |
| <b>TOTAL EXPENSES</b>  | <b>500.67</b> | <b>(1126.73)</b> | <b>0.20</b>            |



|  |           |           |         |
|--|-----------|-----------|---------|
| <b>Net Asset / (Liability) recognized in Balance Sheet</b>                               |           |           |         |
| 1. Present value of the obligation (Current)   | 751.25    | 590.09    | 4.93    |
| 2. Present value of the obligation (Non Current)   | 5250.85   | 1585.89   | 54.38   |
| 3. Funded status [Surplus /(deficit)]  | (6002.10) | (2175.98) | (59.31) |
| 4. Net Asset / (Liability) recognized in the Balance Sheet                               | 6002.10   | 2175.98   | 59.31   |
| <b>Change in the Present value of the Obligation during the year ended March 31,2023</b> |           |           |         |
| 1. Present value of the obligation as at April 1, 2022                                   | 6575.23   | 3681.03   | 59.87   |
| 2. Current Service Cost  | 280.64    | 105.23    | 4.26    |
| 3. Interest Cost   | 469.80    | 263.00    | 4.28    |
| 4. Past Service Cost   | 0.00      | 0.00      | 0.00    |
| 5. Benefits paid   | (1073.80) | (378.32)  | (0.76)  |
| 6. Actuarial (Gain) / Loss on obligation   | (249.77)  | (1494.98) | (8.34)  |
| 7. Present value of obligation as at March 31, 2023                                      | 6002.10   | 2175.98   | 59.31   |
| <b>Actuarial Assumptions</b>   |           |           |         |
| 1. Discount rate   | 7.45%     | 7.45%     | 7.45%   |
| 2. Rate of Increase in Compensation  | 8.00%     | 8.00%     | 8.00%   |
| 3. Mortality rate <b>LIC (2006-2008) Table</b>   |           |           |         |

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

| <b>Information about different business units (Segments) 2022-23</b> |                            |                                     |                                 |                          |                                      |
|--|----------------------------|-------------------------------------|---------------------------------|--------------------------|--------------------------------------|
| ₹ in Lakh  |                            |                                     |                                 |                          |                                      |
|  | <b>Foundry Forge Plant</b> | <b>Heavy Machine Building Plant</b> | <b>Heavy Machine Tool Plant</b> | <b>PROJECT (Turnkey)</b> | <b>Heavy Engineering Corporation</b> |
| <b>REVENUE</b>   |                            |                                     |                                 |                          |                                      |
| External Sales   | 3134.60                    | 2335.72                             | 362.18                          | 3310.85                  | 9143.35                              |
| Inter-plant / Job done for own use                                   | 125.99                     | 95.56                               | 7.30                            | 0.00                     | 228.85                               |
| <b>Total Revenue</b>   | <b>3260.59</b>             | <b>2431.28</b>                      | <b>369.48</b>                   | <b>3310.85</b>           | <b>9372.20</b>                       |
| <b>Net Profit ( Before Interest after tax )</b>                      | <b>(10149.03)</b>          | <b>(7001.40)</b>                    | <b>(2074.44)</b>                | <b>(396.55)</b>          | <b>(18828.32)</b>                    |
| Interest   | 1510.45                    | 2446.87                             | 299.25                          | 0.00                     | <b>4256.27</b>                       |
| <b>Net Profit</b>  | <b>(11659.18)</b>          | <b>(9448.27)</b>                    | <b>(2373.69)</b>                | <b>(396.55)</b>          | <b>(23084.59)</b>                    |
| Extraordinary Items  | 618.48                     | 1145.02                             | 261.65                          | 0.00                     | <b>2025.15</b>                       |
| Prior Period Income  | (125.17)                   | 72.91                               | 4.75                            | 0.00                     | <b>(47.51)</b>                       |
| <b>Net Profit from ordinary Activities after tax</b>                 | <b>(12152.49)</b>          | <b>(10666.20)</b>                   | <b>(2640.09)</b>                | <b>(396.55)</b>          | <b>(25062.23)</b>                    |
| <b>OTHER INFORMATION</b>   |                            |                                     |                                 |                          |                                      |
| Segment Assets   | 11675.35                   | 15494.02                            | 2618.96                         | 5171.23                  | 34959.56                             |
| Addition during the year   | 0.00                       | 0.00                                | 0.00                            | 2.67                     | 2.67                                 |
| Unallocated Assets   |                            |                                     |                                 |                          | 9867.90                              |
| <b>Total Assets</b>  |                            |                                     |                                 |                          | <b>44830.13</b>                      |
| Segment Liabilities  | 42600.99                   | 21220.77                            | 3273.42                         | 15685.02                 | 82780.20                             |
| Unallocated Liabilities  |                            |                                     |                                 |                          | 70115.53                             |
| <b>Total Liabilities</b>   |                            |                                     |                                 |                          | <b>152895.73</b>                     |
| Capital Expenditure  | 509.60                     | 0.00                                | 0.00                            | 2.67                     | 512.27                               |
| Unallocated Capital Expenditure.                                     |                            |                                     |                                 |                          | 4.25                                 |
| <b>Total Capital Expenditure</b>                                     |                            |                                     |                                 |                          | <b>516.52</b>                        |
| Depreciation   | 388.34                     | 58.01                               | 17.81                           | 2.16                     | <b>466.32</b>                        |
| Unallocated Depreciation   |                            |                                     |                                 |                          | 104.52                               |
| <b>Total Depreciation</b>  |                            |                                     |                                 |                          | <b>570.84</b>                        |

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

| Names of the Related Parties |  | Details of Transaction |               |                   |
|------------------------------|--|------------------------|---------------|-------------------|
|                              |  | (₹in Lakh)             |               |                   |
|                              | Key Management Personnel   | Period                 | Remunerations | Terminal Benefits |
| 1                            | Dr Nalin Shinghal, CMD<br>Additional Charge                          | 04/2022 - 03/2023      | 0.00          | 0.00              |
| 2                            | Sri Rajesh Kumar Dwivedi, Director (Finance)<br>Additional Charge    | 11/2022 - 03/2023      | 0.00          | 0.00              |
| 3                            | Sri A. K. Behera, Director (Personnel) Additional<br>Charge          | 12/2022 - 03/2023      | 0.00          | 0.00              |
| 4                            | Sri Alok Kumar Singhal, Director (Marketing)<br>Additional Charge    | 11/2022 - 03/2023      | 0.00          | 0.00              |
| 5                            | Sri Shakil Kumar Manocha, Director (Production)<br>Additional Charge | 12/2022 - 03/2023      | 0.00          | 0.00              |
| 6                            | Mrs Arundati Panda, Ex. Director (Finance)                           | 04/2022 - 09/2022      | 20.06         | 2.25              |
| 7                            | Sri Mradul Kumr Saxena, Ex. Director (Personnel)                     | 04/2022 - 12/2022      | 27.56         | 2.96              |
| 8                            | Sri Rana Subhasis Chakravarty, Ex. Director<br>(Marketing)           | 04/2022 - 01/2023      | 29.06         | 3.29              |
|                              |  | <b>Total</b>           | <b>76.68</b>  | <b>8.50</b>       |

In addition to the above they had been provided housing, car at concessional rate except Sri Nalin Shinghal, (CMD - Additional Charge), Sri Rajesh Kumar Dwivedi, Director (Finance) Additional Charge, Sri A. K. Behera, Director (Personnel) Additional Charge, Sri Alok Kumar Singhal, Director (Marketing) Additional Charge, Sri Shakil Kumar Manocha, Director (Production) Additional Charge.

33.23 In Case deficit arises from Employee’s Provident Fund Trust, it is to be borne by the Company. But in this Accounting year 2022-23, 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 31-03-2022 is negative and also the company is not listed, hence Ind-AS is not applicable to the company for the F.Y. 2022-23.

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

33.27 The previous year’s figures have been regrouped, recasted, reclassified and rearranged to make them comparable as far as practicable with those of current year. More over, during the year Goods in Transit (HMBP), which was classified under Inventory in previous year has now been shown under Loans & Advances and Entry tax (KSL Project), previous year shown under other Debtors is now been shown under other receivables ‘to make the figures comparable between two years.

### 33.28. Additional Information

#### A.1. Ratio Analysis

| Sl. No. | Ratio in times    | Numerator           | Denominator                 | As on 31/03/23 | As on 31/03/22 | Variance | Reason for Variance                                |
|---------|-------------------|---------------------|-----------------------------|----------------|----------------|----------|--|
| a       | Current Ratio     | Current Assets (CA) | Current Liabilities (CL)    | 0.27           | 0.39           | -30.54%  | Due to Non Payment of Dues                         |
| b       | Debt-Equity Ratio | Total Debt          | Average share Holder’s Fund | -0.17          | -0.24          | 31.48%   | Decrease in Average Share Holder’s Funds by 34.94% |

|   |                                  |                         |                              |        |        |         |  |
|---|----------------------------------|-------------------------|------------------------------|--------|--------|---------|--|
| c | Debt Service Coverage ratio      | EBITDA                  | Debt Serviced                | -4.29  | -7.08  | 39.38%  | Higher Interest Rate                               |
| d | Return on Equity Ratio (in %)    | Profit after tax        | Average share Holder's Funds | 23.99% | 35.91% | 33.20%  | Decrease in Average Share Holder's funds by 34.94% |
| e | Inventory Turnover Ratio         | Cost of Goods sold      | Average Inventory            | 0.73   | 1.27   | -42.96% | Low Sales  |
| f | Trade Receivables Turnover Ratio | Net Credit Sales        | Average Trade Receivables    | 0.62   | 0.87   | -28.62% | Low Turnover                                       |
| g | Trade Payables Turnover Ratio    | Net Credit Purchases    | Average Trade payables       | 0.03   | 0.46   | -94.02% | Low Production                                     |
| h | Net Capital Turnover Ratio       | Revenue from Operations | Average net Working Capital  | -0.10  | -0.25  | 61.20%  | Low Turnover                                       |
| i | Net Profit Ratio                 | Net Profit After Tax    | Revenue from Operations      | -2.50  | -1.36  | -83.08% | Sales decreased by 51%                             |
| j | Return on Capital Employed       | EBIT                    | Average Capital Employed     | 24.41% | 44.19% | -44.76% | Increase in current liabilities                    |
| k | Return on Investment             | Net Profit After Tax    | Total Investments            | NA     | NA     | NA      | NA   |

Note : Ratio analysis of this year and previous year are as per the parameter given in guidance Note on Division I of Schedule III of the Companies Act, 2013.

**Details of ratio :**

- Average of all parameters are taken as (Opening Balance + Closing Balance)/2
- Capital employed = Total Debt + Total Share holder's Funds
- Cost of Goods sold = Change in inventory + Inventory consumed
- Credit purchases are substituted by Net Purchases
- Credit Sales are substituted by Net Sales
- Debt Serviced = Interest + Principal Repayment
- EBITDA = Earning before interest, Tax and Depreciation & Amortization
- Total Investments = Short Term Investments + Long Term investments
- Working Capital = Current Asset - Current Liabilities

(₹ in lakhs)

|            |  |                |                |
|------------|--|----------------|----------------|
| <b>A.2</b> | Employees who were in receipt of or were entitled to receive emoluments (including benefits) of ₹ 60,00,000.00 or more for the year (and ₹ 5,00,000.00 or more per month when employed for a part of the year for current year). | <b>2022-23</b> | <b>2021-22</b> |
|            |  | Nil            | Nil            |
| <b>A.3</b> | <b>Auditor's Expenses</b>  |                |                |
| i          | Statutory Auditors Remuneration  | 2.70           | 2.25           |
| ii         | Tax Audit Fees   | 0.50           | 0.38           |
| iii        | Reimbursement of expenses  | 0.15           | 0.15           |

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

(₹ in lakhs)

|                          | 2022-23       |               | 2021-22        |               |
|--------------------------|---------------|---------------|----------------|---------------|
|                          | Value         | %             | Value          | %             |
| <b>(a) Raw Materials</b> |               |               |                |               |
| (i) Imported*            | 46.81         | 7.95          | 246.64         | 11.30         |
| (ii) Indigenous          | 542.01        | 92.05         | 1935.44        | 88.70         |
| <b>Total</b>             | <b>588.82</b> | <b>100.00</b> | <b>2182.08</b> | <b>100.00</b> |

**(b) Stores & Spares**

(Including stores and spares used for repairs and Maintenance)

|                  |               |               |                |               |
|------------------|---------------|---------------|----------------|---------------|
| (I) Imported     | 0.00          | 0.00          | 0.00           | 0.00          |
| (ii) Indigenious | 778.76        | 100.00        | 5540.17        | 99.52         |
| <b>Total</b>     | <b>778.76</b> | <b>100.00</b> | <b>5540.17</b> | <b>100.00</b> |

Note: Exclusive of imports through canalised agencies.

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

Raw materials, Spare Parts, GIT

|               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|
| Components    | 514.44        | 100.00        | 156.72        | 100.00        |
| Capital Goods | <b>0.00</b>   | 0.00          | 0.00          | 0.00          |
| <b>Total</b>  | <b>514.44</b> | <b>100.00</b> | <b>156.72</b> | <b>100.00</b> |

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

**D. Expenditure in Foreign Currency**

Directors &amp; Officers Abroad

|              |             |             |
|--------------|-------------|-------------|
|              | 0.00        | 0.00        |
| <b>Total</b> | <b>0.00</b> | <b>0.00</b> |

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


**A. K. Kanth**  
Company Secretary


**CMA Rajesh Gandhi**  
DGM (A & B)


**CMA R. K. Dwivedi**  
Director Finance


**Dr. Nalin Shinghal**  
Chairman Cum Managing Director

 Signed for identification  
**For Lodha Patel Wadhwa & Co**  
Chartered Accountants


**(CA S.K. Wadhwa)**  
Partner  
M. No. 074749  
FRN 006271C  
UDIN: 23074749BGWWUR7990

 Place : Ranchi  
Date : 15.09.2023

# कंपनी की कार्यक्षमता

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

# CAPABILITIES OF THE COMPANY

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

## फाउन्ड्री फोर्ज प्लांट

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

## Foundry Forge Plant

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

## हैवी मशीन बिल्डिंग प्लांट

- ब्लास्ट फर्नेस : क्षमता 1719,2000 एवं 3200 घन मी.
- कोक ओवेन बैटरिज : 4.3 से 7 मी. की ऊँचाई
- 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
- कंटेन्यूअस कास्टिंग मशीन : स्लैब्स एवं ब्लूमस हेतु
- रॉलिंग मिल इक्विपमेंट
- इलेक्ट्रिक रोप शॉवेल्स: क्षमता 5 घन मी., 12.5/15 घन मी.
- हाईड्रोलिक 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, रिकलेमर्स 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 फ़ैसिलिटीज यथा : सिन्टरिंग प्लांट, कंटेन्यूअस कास्टिंग प्लांट एवं कोक ओवेन बाई-प्रोडक्ट प्लांट
  - सीमेंट प्लांट

## HEAVY MACHINE BUILDING PLANT

- Blast Furnace 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
- Hydraulic 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 handling system
  - Coal Deshelling Washery
  - Coal Degasification Plant
  - Steel Plant facilities like Sintering Plant, Continuous Costing Plant and Coke Oven By-Product Plant
  - Cement Plants

## हैवी मशीन टूल्स प्लांट

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

## HEAVY MACHINE TOOLS PLANT

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

एच. ई. सी.



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