

Annual Report 2021-22



Hindustan Engineering & Industries Limited

(An enterprise of THE HINDUSTHAN GROUP)



Hindusthan Engineering & Industries Limited

DIRECTORS

Shri V A Mody, Chairman
Shri Satish Kapur
Dr. Ranjan Ghosh
Smt. Archana Agarwal
Shri A K D Singh, Executive Director (Technical)

CHIEF FINANCIAL OFFICER

Shri P K Himatsingka

COMPANY SECRETARY

Shri R K Agarwal

AUDITORS

M/s. S Rastogi & Associates, Chartered Accountants

BANKERS

Punjab National Bank
Axis Bank Limited
ICICI Bank

REGISTERED OFFICE

"Mody Building"
27, Sir R N Mukherjee Road
Kolkata 700001
Phone: (033) 2248 0166 / 2248 0167
Fax: (033) 2248 1922
Email: ho@heilindia.com

Website: www.heilindia.com

CIN: U93000WB1998PLC086303

WORKS

Bamunari (West Bengal)
Bharatpur (Rajasthan)
Champdany (West Bengal)
Faridabad (Haryana)
Kolkata (West Bengal)
Malanpur (Madhya Pradesh)
Olpad (Gujarat)
Santragachi (West Bengal)

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Directors' Report

To,
The Members,

The Directors are pleased to present the Twenty Fifth Annual Report and Audited Financial Statement of the Company for the financial year ended 31st March, 2022.

The Operating Results (Standalone) of the Company for the year are as follows:

	(Rs. In Lakhs)	
	<u>2021-2022</u>	<u>2020-2021</u>
The profit for the year after meeting all expenses but before providing for depreciation and taxation	85 65	89 64
From which have to be deducted: Depreciation for the current year	<u>35 46</u>	<u>33 21</u>
Profit Before Tax	50 19	56 43
Provision for Income Tax		
- Current Tax	13 77	17 92
- Deferred Tax	(2 32)	(1 79)
- Tax Related to earlier Year	<u>—</u>	<u>14</u>
Net Profit after Tax	38 74	40 16
Other Comprehensive Income (Net of Tax)	<u>2 91</u>	<u>(5 71)</u>
Total Comprehensive Income	<u>41 65</u>	<u>34 45</u>

Dividend:

The Board, in order to conserve the resources of the Company, do not recommend any dividend for the year ended 31st March, 2022.

Reserves:

During the year under review no amount of profit has been transferred to any reserve.

Operational Performance:

The Company has adopted Indian Accounting Standards (IND AS) with effect from 1st April, 2016, pursuant to the notification of the Companies (Indian Accounting Standard) Rules, 2015 issued by the Ministry of Corporate Affairs.

The Engineering Division of the Company has achieved higher sales & higher profit as compared to last year.

Hindusthan Chemicals Company, the company's chemical division at Olpad, Dist. Surat (Gujarat) has achieved higher sales and lower profit as compared to last year.

Dalhousie Jute Company, the company's jute division at Champdany, West Bengal has achieved higher sales and lower profit as compared to last year.

GLOBAL PANDEMIC – COVID-19

With the Covid-19 pandemic impacting people across the globe, socially and economically, the Company also witnessed severe disruption in its operations, which impacted the annual performance of the Company.

Share Capital

The paid-up equity share capital as on 31st March, 2022 was Rs.15,00,07,820. There has been no change in the equity share capital of the Company during the year.

Subsidiary & Associate Companies:

As required under Rule 8(1) of the Companies (Accounts) Rules, 2014 the Board's Report has been prepared on a Standalone basis. The Company has one Subsidiary Company.

Hindusthan Vidyut Corporation Limited (HVCL) is a wholly owned Subsidiary of the Company. The Company was formed for setting up a power plant. The HVCL has not yet commenced any business activities.

Consolidated Financial Statement:

In accordance with Section 129 (3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its Subsidiary which forms part of the Annual Report. A statement containing the salient features of the financial statement of the Subsidiary in Form AOC-1 is given in notes to the Consolidated Results of the Company.

Deposits:

During the year under review, the Company has not accepted any deposit from the public within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014.

Directors' Responsibility Statement:

As required under Section 134 of the Companies Act, 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they 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 as at 31st March, 2022 and of the profit and loss of the Company for the year ended 31st March, 2022;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Annual Return:

The Annual Return as required under Section 92(3) of the Companies Act, 2013 is placed on the Company's website at www.heilindia.com under Investors Section and the weblink is www.heilindia.com/pdf/HEIL_Annual_Return_2022.pdf.

Directors:

a) Changes in Directors and Key Managerial Personnel:

Pursuant to the provision of Section 152 (6) of the Companies Act, 2013 Shri Vikram Aditya Mody retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In the 23rd Annual General Meeting held on 31.12.2020, the shareholders approved the re-appointment of Shri Anil Kumar Damari Singh [Executive Director (Technical)] for a further period of 3 (Three) Years w.e.f 16th April, 2021.

Shri Biswajit Choudhuri, Independent Director of the company passed away on 22nd October, 2021. Your directors express their sincere condolences on the demise of Shri Biswajit Choudhuri and place on record their deep appreciation for his valuable advices to the company.

Appropriate Resolution seeking the re-appointment of Director retiring by rotation forms part of the Notice convening the ensuing Annual General Meeting of the Company.

The details of the above Directors about their qualification, other directorship, etc., as required in Secretarial Standard on General Meetings (SS-2) are provided in the explanatory statement under Section 102 of the Companies Act, 2013 forms part of the Notice.

b) Declaration by Independent Directors:

The Independent Directors have submitted the declaration of Independence under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Number of Board Meetings:

The Board of Directors met 4 (four) times during the year. The meetings of the Board of Directors were held on 18.06.2021, 21.08.2021, 02.11.2021 and 24.02.2022. The details of the attendance of the Directors in the Board Meeting are as hereunder.

Sl. No.	Name of the Director	Category	No of Board Meeting attended
1	Shri Vikram Aditya Mody	Non-Executive Director	4
2	Shri Biswajit Choudhuri*	Non-Executive Independent Director	2
3	Shri Satish Kapur	Non-Executive Independent Director	4
4	Dr. Ranjan Ghosh	Non-Executive Independent Director	4
5	Smt. Archana Agarwal	Non-Executive Independent Director	4
6	Shri Anil Kumar Damari Singh	Executive Director (Technical)	4

* Shri Biswajit Choudhuri expired on 22.10.2021

Committee of the Board:

The Board of Directors has constituted Board Committees to deal with the specific areas and activities which concern the Company and require a closer review. The minutes of the Committee meetings are placed before the Board for noting. The Board currently has the following Committees:

a) Audit Committee

Composition and attendance

The Audit Committee met 3 (three) times during the year. The meetings of the Audit Committee were held on 21.08.2021, 02.11.2021 and on 24.02.2022. All the recommendations made by the Audit Committee were accepted by the Board. The table below highlights the composition and attendance of the members of the Committee:

Sl. No.	Name of the Director	Position	Category	No. of Meeting attended
1	Shri Biswajit Choudhuri*	Chairman	Non-Executive Independent Director	1
2	Shri Satish Kapur	Chairman / Member	Non-Executive Independent Director	3
3	Dr. Ranjan Ghosh	Member	Non-Executive Independent Director	3
4	Smt. Archana Agarwal	Member	Non-Executive Independent Director	2
5	Shri Anil Kumar Damari Singh	Member	Executive Director (Technical)	3

* Shri Biswajit Choudhuri expired on 22.10.2021

b) Nomination & Remuneration Committee

Composition and attendance

The Committee met 1 (one) time during the year. The meeting of the Nomination and Remuneration Committee was held on 02.11.2021. All the recommendations made by the Nomination and Remuneration Committee were accepted by the Board. The table below highlights the composition and attendance of the members of the Committee:

Sl. No.	Name of the Director	Position	Category	No. of Meeting attended
1	Shri Satish Kapur	Chairman	Non-Executive Independent Director	1
2	Dr. Ranjan Ghosh	Member	Non-Executive Independent Director	1
3	Smt. Archana Agarwal	Member	Non-Executive Independent Director	1

c) Stakeholders Relationship Committee

Composition and attendance

The Stakeholders Relationship Committee met 1 (one) time during the year on 02.11.2021. The table below highlights the composition and attendance of the members of the Committee:

Sl. No.	Name of the Director	Position	Category	No. of Meeting attended
1	Shri Satish Kapur	Chairman	Non-Executive Independent Director	1
2	Dr. Ranjan Ghosh	Member	Non-Executive Independent Director	1
3	Smt. Archana Agarwal	Member	Non-Executive Independent Director	1
4	Shri Anil Kumar Damari Singh	Member	Executive Director (Technical)	1

d) Corporate Social Responsibility Committee

Composition and attendance:

The Corporate Social Responsibility Committee met 1 (one) time during the year on 02.11.2021. The table below highlights the composition and attendance of the members of the Committee:

Sl. No.	Name of the Director	Position	Category	No. of meeting attended
1	Shri Vikram Aditya Mody	Chairman	Non-Executive Director	1
2	Shri Satish Kapur	Member	Non-Executive Independent Director	1
3	Dr. Ranjan Ghosh	Member	Non-Executive Independent Director	1
4	Smt. Archana Agarwal	Member	Non-Executive Independent Director	1

Independent Director's Meeting:

As required under section 149(8) & Schedule IV of the Companies Act, 2013 a Separate meeting of the Independent Directors was held on 24.02.2022.

Corporate Social Responsibility (CSR):

The Corporate Social Responsibility Committee (CSR) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: www.heilindia.com/pdf/HEIL_CSR_Policy.pdf. The Company has identified education as its focus area of engagement. The Company would also undertake other need based initiatives in compliance with Section 135 and Schedule VII of the Companies Act, 2013.

Pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, Annual Report on CSR in the prescribed format is attached as **Annexure-1** and forms an integral part of this report.

Auditors & Auditors' Report:

M/s. S. Rastogi & Associates, Chartered Accountants, having Firm Registration No. 318123E (Proprietor:—CA. S. Rastogi, FCA, having CA Membership No. 053823) of 42, Kali Krishna Tagore Street, 1st Floor, Kolkata – 700007 were appointed as Statutory Auditors of the Company for a term of 5 (five) consecutive years, from the conclusion of the 21st Annual General Meeting of the Company held on 29th September 2018 till the conclusion of 26th Annual General Meeting of the Company to be held in the year 2023.

As per the requirement of Section 134 of the Companies Act, 2013, in relation to the matter qualified by the Auditors in their Report, our explanation are as here under:

- (i) **Auditor's Report - Clause(a):** Malanpur Steel Ltd. (MSL) had been merged with the Company with retrospective effect from 1st April 2009 as per scheme sanctioned by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) vide its Order dated 4th September 2012. Certain amounts claimed by different authorities against which the necessary provision had been made in the scheme have not been provided for in the accounts as these are claimed but not payable by the Company & are under reconciliation with respective authorities. The same have been disclosed as contingent liability in the accounts. Reliefs / Concessions claimed from various statutory authorities viz. Income Tax, Sales Tax & Excise etc. are under consideration of respective authorities & approval of the same are awaited. However, the effects thereof have been taken in the accounts. Necessary adjustment, if required, shall be made on disposal thereof by respective authorities.
- (ii) **Clause(b) and 1(iii):** The Company is taking necessary steps to recover the Loans given, Trade Receivables and Advances. The Management is confident of recovery of the same in full and as such no provision has been made.
- (iii) **Clause 1(ix)(a):** Loan from WBIDC is adjustable against power subsidy receivable from Govt. of West Bengal, claim for which has been lodged by the Company. The Company has filed a Writ Petition before the Hon'ble Calcutta High Court and the matter is pending for adjudication and the adjustment if any, shall be made accordingly on final adjudication.

The management is taking necessary steps for payment of the stipulated instalments of interest free sales tax loan.

Fraud Reporting:

As required under Section 134(3)(ca), No frauds were reported by Auditors in terms of Section 143(12) of the Companies Act, 2013 and Rules, if any, made thereunder.

Cost Auditors:

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. S. K. Sahu & Associates and Shri Than Mal Rathi, as Cost Auditors to audit the cost records of the Company for the financial year 2022-2023. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the Annual General Meeting for their ratification. The Cost Audit report for the year 2021-2022 will be submitted to the Central Government within the period stipulated under the Companies Act, 2013.

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/s MKB & Associates, Kolkata a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as **Annexure-2** and forms an integral part of this report.

The Secretarial Audit Report do not contain any qualification, reservation, adverse remark or disclaimer by the Secretarial Auditors.

Compliance with Secretarial Standards

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

Nomination & Remuneration Policy:

The Board has, on the recommendation of the Nomination & Remuneration Committee adopted a Nomination & Remuneration Policy, which interalia includes policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management Personnel and their remuneration. The highlight of the Policy is as follows:

Procedure for selection and appointment of the Board Members

Board membership criteria:

The Committee, along with the Board, shall review on an annual basis, appropriate skills, characteristics and experience required of a Board Member, KMP and SMP for the better management of the Company. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.

In evaluating the suitability of individual Board members, the Committee shall take into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the area of complex issues facing the Company.

Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

The Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

Annual Evaluation of Board and Directors

As required under the Companies Act, 2013, an evaluation of the performance of the Independent Directors was carried out by the Board of Directors during the year, based on the criteria laid down by the Nomination and Remuneration Committee. On and overall assessment, it was found that all the Independent Directors have given a good account of themselves. The Board concluded that the Independent Directors individually and collectively were well qualified and their contributions were in the interest of the Company.

The Independent Directors in a separate meeting held on 24th February, 2022 reviewed and evaluated the performance of Non- Independent Directors, Board as a whole and the performance of the Chairman of the Company.

Keeping the requirements under the Act, the Independent Directors laid down broad areas for evaluation. After detail discussion, it was concluded that the performance of the Board collectively and the Directors individually on all counts of evaluation were appreciable.

The performance of the Chairman and Executive Director was evaluated by Independent Directors for leadership and direction to the Company judging as per the parameters of the evaluation criteria and it was noted that their performance was satisfactory. It was further noted that the Chairman took proper initiative in policy decision making with the senior executives and Board.

The Board carried out the performance evaluations of its committees.

Selection of Board Members/ extending invitation to a potential director to join the Board:

One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

The Board then shall make an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director may be appointed by the Board.

Procedure for selection and nomination of KMPs and SMPs

The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel and produce a written document thereon;

The Committee may conduct a wide-ranging search for candidates for the positions of KMP and SMP within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity and on the human resources market;

The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;

A meeting of the Committee shall be convened and the qualifications, experience, skills and other capability of the initial candidates shall be examined. After such examination recommendation for appointment of KMP and SMP together with the relevant information about the appropriate candidate(s) shall be submitted to the Board of Directors;

The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

Remuneration to Non-Executive Directors:

The Non-Executive Directors of the company are paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and its Committees and the commission. The sitting fees of the Non-Executive Directors for attending meetings of Board of Directors and the Committees thereof may be modified from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013 and amended from time to time.

Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel (s) (SMPs):

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director/Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards. As a policy, the Executive Directors are neither paid sitting fee nor any commission.

The Nomination & Remuneration Policy can be accessed at the www.heilindia.com/pdf/HEIL_NR_Policy.pdf

Annual Evaluation of Board and it's Committees Performance:

During the financial year, the Board evaluated its own performance as well as that of its Committees and individual Directors. The exercise was carried out covering various aspects of the Boards functioning such as composition of the Board & committees, qualification, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of Non-Independent Directors. The performance of Independent Directors has been evaluated based on the guidelines as provided under Schedule IV of the Act. The evaluation of the Independent Directors was carried out by the entire Board except by the Director being evaluated. The directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

Managerial Remuneration:

The Company had no employee during the year who was in receipt of the remuneration in excess of the limit prescribed in Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Material Changes and Commitments after the Balance Sheet date:

No material changes and commitments affecting the financial position of the Company have occurred from the close of the financial year ended 31.03.2022 till the date of this report.

Going Concern Status/ Material Orders of Judicial Bodies/ Regulators:

There was no instance of any material order passed by any regulator/court/tribunal impacting the going concern status of the Company and its future operations.

Changes in the nature of Business:

There is no change in the nature of Business of the Company during the financial year 2021-2022.

Internal Financial Control Systems and their Adequacy:

The Company has an adequate internal financial control which provides a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding assets, prevention and detection of fraud, accuracy and completeness of accounting records. The Internal Auditors monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies.

Related Party Transactions:

All the related party transactions that were entered into during the year under review were in ordinary course of business and on arm's length basis and do not attract the provision of section 188 of the Companies Act, 2013. There were no material related party transactions during the year. Hence AOC - 2 is not required. The details of transactions with related parties are provided in Note No- 42 of the standalone financial statements.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed as **Annexure -3** and forms an integral part of this report.

Details of establishment of Vigil Mechanism for Directors and Employees:

The Company has formulated a Vigil Mechanism Policy for its Directors and employees to report genuine concerns. The policy provides adequate safeguards against victimization of persons who use such mechanism and provides direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The policy is posted on the website of the Company. No Director or employee has been denied access to the Chairman of the Audit Committee during the financial year 2021-2022.

Particulars of Loans, Guarantees or Investments:

The particular of Loan & Investments made by the Company has been disclosed in the Financial Statement.

Risk Management Policy:

As per the requirement of Section 134 of the Companies Act, 2013, the Company has formulated a Risk Management Policy to identify and then manage various elements of risk which, in the opinion of the Board could threaten or severally impact or bring down the organization and the strategy to mitigate such risks. The policy involves reviewing the operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

As required under the provision of The Sexual Harassment of Women at the workplace (Prevention & Redressal) Act, 2013 read with rule made thereunder, the Company has constituted an internal complaint Committee for redressal of the complaint related to sexual harassment. During the year under review there were no complaints of sexual harassment.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Details of application made or any proceeding pending under the Insolvency & Bankruptcy Code, 2016.

As required under section 134 read with rule 8(5)(XI) of the Companies (Accounts) Rules, 2014 as amended, we confirm that no application has been made and no proceeding is pending under the Insolvency & Bankruptcy Code, 2016.

Details of difference between amount of valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions.

As required under section 134 read with rule 8(5)(XII) of the Companies (Accounts) Rules, 2014 as amended, we confirm that company has not availed any one time settlement, so this do not apply.

For and on behalf of the Board of Directors

A.K.D. Singh
Executive Director (Technical)
DIN: 07160198

V.A. Mody
Director
DIN: 00193192

Place: Kolkata

Date: the 26th day of August, 2022

Annual Report on Corporate Social Responsibility (CSR) Activities for the year ended 31st March, 2022
[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

As per the provisions of the Companies Act, 2013 and rules framed thereunder, the Company has formulated its CSR Policy with the vision to actively contribute for education of Girl Child.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Vikram Aditya Mody	Chairman / Non-Executive Director	1	1
2	Shri Satish Kapur	Member / Independent Director	1	1
3	Dr. Ranjan Ghosh	Member / Independent Director	1	1
4	Smt. Archana Agarwal	Member / Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

www.heilindia.com/pdf/HEIL_CSR_Policy.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Not Applicable

6. Average net profit of the Company as per section 135(5): Rs. 4683.35 Lacs

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 93.67 Lacs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 93.67 Lacs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs. in Lacs)	Amount Unspent (Rs. in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
93.67	NIL	N.A.	N.A.	NIL	N.A.

(b) Details of CSR amount spent against ongoing projects for the financial year:

Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (Rs. in Lacs).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Promoting Education of Girl Child	Promoting Education of Girl Child	No	Rajasthan / Lakshmanagarh, Sikar		93.67	No	Mody Education Foundation	CSR00014752
	Total					93.67			

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 93.67 Lacs

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (Rs. in Lacs)
(i)	Two percent of average net profit of the company as per section 135(5)	93.67
(ii)	Total amount spent for the Financial Year	93.67
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The Company has spent the prescribed amount in the financial year 2021-22.

For and on behalf of the Board of Directors

A.K.D. Singh
Executive Director (Technical)
DIN: 07160198

V.A. Mody
Chairman – CSR Committee
DIN: 00193192

Place: Kolkata
Date: the 26th day of August, 2022

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

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

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (as amended) (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder (**Not applicable to the Company during the Audit Period**);
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;
- v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI (**Not applicable to the Company during the Audit Period**);
- vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies, the following laws/acts are also, inter alia, applicable to the Company:

For Jute Unit-

- (a) The Jute Packaging Materials (Compulsory use in Packaging Commodities) Act, 1987
- (b) The Jute Manufactures Development Council Act, 1983
- (c) The Jute Manufactures Cess Act, 1983
- (d) The National Jute Board Act, 2008
- (e) The Jute Manufacturer's Development Council (Procedural) Rules, 1984
- (f) The Indian Boilers Act, 1923

For Chemical Unit-

- (a) The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 and Amendment Rule, 2000
- (b) The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996
- (c) The Public Liability Insurance Act, 1991 and 1992
- (d) The Hazardous Waste (Management and Handling) Rule, 1989 (Amended 2000 & 2003)
- (e) The Batteries (Management and handling) Rules, 2001
- (f) The Static & Mobile Pressure Vessels (SMPV) Rules, 1981
- (g) The Petroleum Act, 1934 & Petroleum Rules, 2002
- (h) The Gas Cylinder Rules, 2004

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

We further report that the National Company Law Tribunal, Kolkata Bench vide its order dated 18th May, 2022 approved the reduction of paid-up equity share capital of the company from Rs. 15,00,07,820/- to Rs. 14,70,67,760/- as passed by the shareholders at the Annual General Meeting of the Company held on 31st December, 2020.

This report is to be read with our letter of even date which is annexed as **Annexure – I** which forms an integral part of this report.

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

Date: 16.08.2022
Place: Kolkata
UDIN: A044522D000801366

Neha Somani
Partner
Membership no. 44522
COP no. 17322

Annexure – I

To
The Members,
HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

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

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. Our responsibility is to express an opinion on those records based on our audit.
2. We have followed the audit practices and process 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 process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events, etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

Date: 16.08.2022
Place: Kolkata
UDIN: A044522D000801366

Neha Somani
Partner
Membership no. 44522
COP no. 17322

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**A) CONSERVATION OF ENERGY:**

i) the steps taken or impact on conservation of energy:

The Company is continued to give major emphasis for conservation of energy and the measures taken in the previous year were continued. The significant energy conservation measures during the year were as follows:

Oxygen assisted melting, Old conventional motors for EOT Cranes etc. are being replaced by energy efficient motors phase wise, Installed Capacitor Bank in HT Power Line, Servicing/Repairing of LT Side Automatic Power Factor Controllers (04 Nos.) completed. Gas Fired Heat Treatment Furnace – 2 Nos. of Capacity 10 MT each have been under installation, Float switches have been installed in water tanks to stop pumps before overflow of water. Auto Temperature Control of One No. Heat Treatment Furnace. Installation of APFC Panel for 5th 1600 KVA Transformer. Installation of one 10 MT Induction Furnace for steel melting is under installation. Rearranging the overhead lighting system so that minimum number light is in operation as per requirement. Electricity bill is also reduced to some extent and we take further major for future improvement. Shifting of existing bearing mounting room from Point & Crossing section to wagon section to avoid double handling of wheel sets. To install dedicated compressor of small capacity for DM Line, CNC Cutting M/C to save power. One such compressor of small capacity has already been procured for P&C. We have taken time to time routine check-up to reduce the idle illumination and idle compressor run time. Installed one 10 T EOT crane in Point & Crossing section for handling of material. 750 KVA transformer has been made operational for proper load distribution.

ii) The steps taken by the company for utilising alternate sources of energy: The Company is exploring the possibilities for use of solar power.

iii) The capital investment on energy conservation equipment's: NIL

B) TECHNOLOGY ABSORPTION:

i) Efforts made towards technology absorption

Crossings Castings Quality and dimensional accuracy have improved. Accumulated Stock of Mn. Steel returns has reduced and resulted in Cost. Reduction of input materials in Melting. Reduction in Weight of Castings. To meet requirements of cost efficiency in casting production with improved quality standards. Grain-size is reduced in Mn-steel resulting in improved quality of CMS Crossing. Enhancement of company's technical capabilities by recruitment of skilled and Experienced Staff. The Company has successfully absorbed and adapted the technology for the manufacture of Hydrogen Cyanide, Sodium Cyanide, Potassium Cyanide and Diphenyl Guanidine. The products manufactured by us meet the international standards of quality and are well accepted in local as well as international market. We are continuously working on improvement of yield, Specific Consumption & Quality. We have successfully exploited our own R&D based processes for the manufacture of various HCN and Sodium Cyanide based products, e.g. Sodium/ Potassium Ferrocyanide, Sodium Dicyanamide, Mandelonitrile, Meta Phenoxy Benzaldehyde Cyanohydrin, Methyl Ethyl Ketone Cyanohydrin, Cyclo Hexanone Cyanohydrin, Acetone Cyanohydrin etc.

Company has also successfully implemented the R&D based processes for the treatment of effluent generated in the manufacturing processes & at Utility plant and reuse the treated effluent in the cooling tower and in the manufacturing process.

ii) The benefits derived like product improvement, cost reduction, product development or import substitution.

New products based on Hydrogen Cyanide and Cyanide based chemicals has been added in the product line of the Company which will increase turnover and profitability of the Company. Product improvement & effective cost reduction enabled us to pass on substantial benefits to customers, improvement of quality, consumption and yield of finished goods, saving in energy consumption and development of some new products etc.

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
: N.A.

iv) The expenditure incurred on Research and Development	(Rs. In Lakhs)
i) Capital	Nil
ii) Recurring	36
iii) Total	36
iv) Total R&D expenditure as % of turnover	0.04%

C) FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchanged earned in terms of actual inflows	8
Foreign Exchange outgo in terms of actual outflows	30 24

For and on behalf of the Board of Directors

A.K. D. Singh
Executive Director (Technical)
DIN: 07160198

V.A.Mody
Director
DIN: 00193192

Place: Kolkata
Date : The 26th day of August, 2022

INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED**Report on the Standalone Financial Statements****Qualified Opinion**

We have audited the accompanying Standalone Financial Statements of **Hindusthan Engineering & Industries Limited** ("the company"), which comprise the Balance Sheet as at **31st March, 2022**, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph the aforesaid Standalone Financial Statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at **31st March, 2022**, and its Statement of Profit and Loss (including other comprehensive income), its cash flows and the statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

a. Note No. 29 in respect of accounting of effect of certain reliefs/concessions which are yet to be approved by respective authorities. In view of pendency in disposal of such claims, we are unable to comment the impact, if any, thereof on the profit for the year & reserve & surplus at the year end.

b. Note No. 34 in respect of Loan to the subsidiary company, Note No. 36 in respect of Loans given, Note No. 38 in respect of Trade Receivables & Advances, whereby the extent of amounts recoverable there against is presently not ascertainable & therefore provision there against & consequential impact thereof, if any, on the profit for the year & reserves & surplus could not be ascertained & commented upon by us.

These matters were also qualified in our report on the financial statements for the year ended 31st March, 2021.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified opinion.

Responsibility of Management for 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 other comprehensive income, cash flows and Statement of changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) rules, 2015 as amended. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement 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 is also responsible for overseeing the Company's financial reporting process.

Independent Auditors Report on the Standalone Financial Statements – Hindusthan Engineering & Industries Limited - 31.03.2022 Contd...**Auditors' Responsibilities 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 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of the identified misstatements in the standalone financial statements

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

We also provide those 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 by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable, as under:

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details & situation of Property, Plant & Equipment & intangible assets.

Independent Auditors Report on the Standalone Financial Statements – Hindusthan Engineering & Industries Limited - 31.03.2022 Contd...

- (b) On the basis of available records checked by us as well as according to information available, Property, Plant & Equipment have been physically verified by the management according to a phased program designed to cover all the items over a period of three years which, based on the audit procedures applied by us, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- (c) Based on the audit procedure applied by us & as per information available and explanations given to us, we report that the title deeds of all immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.
- (d) In accordance with the information available and explanations given to us, the company has not revalued its Property, Plant & Equipment (including Right of Use of assets) and/or intangible assets during the year.
- (e) Based on the audit procedure applied by us & as per information available and explanations given to us, we report that no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and Rules made thereunder.
- (ii) (a) Based on the audit procedures applied by us & as per the information available & explanations given by the management, we report that physical verification of inventory has been conducted by the management at reasonable intervals and in our opinion, the coverage and procedure of such verification by the management is reasonable. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification of inventory as compared to book records.
- (b) In respect of sanction of working capital limits in excess of Rs. 5 crores, in aggregate, from banks and/or financial institutions on the basis of security of current assets, as per the information available & explanations given by the management & on the basis of such checks as were considered appropriate, we report that the quarterly returns or statements filed by the company with such banks and/or financial institutions are in agreement with the books of accounts.
- (iii) (a) Based on the audit procedures applied by us & as per the information available & explanations given by the management, we report that during the year, the Company has given loan of Rs 1 lakhs to subsidiary company & Rs 2000 lakhs to parties other than Subsidiary, Joint Venture & Associates. The Balance amount outstanding as on date to subsidiary company is Rs 803 lakhs & Rs 13,252 lakh to parties other than Subsidiary, Joint Venture & associates. The company has not provided any guarantee or security to any companies, firms, LLP or other parties. Investments made has been disclosed in **Note No. 4** to the Standalone financial statements.
- (b) Based on the audit procedures applied by us & as per information available & explanations given to us, we are of the opinion that the terms & conditions of Loan granted during the year are not prejudicial to the interest of the company.
- (c) According to the information available & explanation given to us, there are no schedule of repayment of principal & interest. Further, no repayment of principal & Interest has been demanded by the company.
- (d) According to the information available & explanation given to us & on the basis of available record checked by us, there is no amount of interest remaining overdue for more than 90 days.
- (e) No loans or advances in the nature of loans, which have fallen due during the year, have been renewed or extended and no fresh loans have been granted to settle the overdue of existing loans given to same parties.
- (f) According to the information available & explanations given to us, the Company has granted loans/advances in the nature of loans repayable on demand. The aggregate amount of loans repayable on demand to Related Parties was Rs 5 745 lakhs (40.88% of total loans) out of total loan of Rs 14,055 lakhs.
- (iv) According to information available & explanations given to us, the company has complied with the provisions of Section 185 and 186. of the Companies Act, 2013 in respect of loans, investments & no guarantee or security has been issued by the company.
- (v) According to the information available and explanations given to us, the company has not accepted any deposit within the meaning of the section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) In respect of products where maintenance of cost records has been specified by the Central Government of India under section 148 (1) of the Companies Act, 2013, we are of the opinion that such accounts and records have been maintained. We have, however, not made detailed examination of the same to determine whether they are complete & accurate.

Independent Auditors Report on the Standalone Financial Statements – Hindusthan Engineering & Industries Limited - 31.03.2022 Contd...

- (vii) (a) According to the records of the company, the company is generally regular in depositing the undisputed statutory dues including Income Tax, Provident Fund, ESI, GST and any other statutory dues to appropriate authorities. According to the information & explanation given to us, there are no undisputed statutory dues outstanding as at the year-end for a period of more than six months from the date of the same becoming payable.
- (b) According to the information available & explanation given to us, following statutory dues were outstanding, net of payments, if any, as at the year end on account of disputes pending before appropriate authorities:

<u>Name of Statute</u>	<u>Nature of dues</u>	<u>Amount (Rs. in lakh)</u>	<u>Period to which the amount relates</u>	<u>Forum where dispute is pending</u>
W. B. Sales Tax Act, 1941	Sales Tax	109.54	1993-94	Appellate & Revisional Board
W. B. Sales Tax Act, 1994	Sales Tax	215.49	2000-01, 2003-04	Appellate & Revisional Board
W. B. Sales Tax Act, 1994	Sales Tax	121.78	2004-05	Additional Commissioner
Maharashtra VAT Act, 2002	Sales Tax	5.98	2016-17	Commissioner Appeal
W.B. VAT Act, 2003	Sales Tax	472.54	2014-15&2016-18	Additional Commissioner/ Sr. JCCT/DC
W.B. VAT Act, 2003	Sales Tax	1146.88	2011-16	Appellate & Revisional Board
CST Act, 1956	Sales Tax	614.82	1987-88, 1992-94, 1998-2000, 2003-04	Appellate & Revisional Board
CST Act, 1956	Sales Tax	0.05	1981-82	High Court
BFST Act, 1941	Sales Tax	0.53	1975-76	Deputy Commissioner
BFST Act, 1941	Sales Tax	0.49	1984-85	Asst. Commissioner
WBST Act, 1954	Sales Tax	0.77	1982-83	Appellate & Revisional Board
M.P. Sales Tax Act	Sales Tax	235.93	1990-97	Appellate Authorities
Central Excise Act, 1944	Excise Duty	61.70	1998-99, 2001-02, 2010-2014	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	1531.50	1986-88, 1994-2004, 2008-2018	CESTAT
Central Excise Act, 1944	Excise Duty	4.55	1992-95	High Court
Central Excise Act, 1944	Excise Duty	66.55	2011-2017	Asst. Commissioner
Service Tax	Service Tax	46.56	2007-2012	CESTAT
Income Tax Act, 1961	Income Tax	214.15	2009-10 to 2015-16	Assessing Officer

- (viii) Based on the audit procedures applied & as per the information available and explanations given by the management, we report that the company, during the year, has not surrendered or disclosed any transaction in the tax assessment under Income Tax Act, 1961 which was previously not recorded in the books of account.
- (ix) (a) Based audit procedures applied by us & as per the information available & explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders except as under:
- Rs. 100.55 lakhs payable to WBIDC which were due for more than one year and were not repaid for the reasons mentioned in Footnote (ii) to Note No. 13 attached to the financial statements
 - Rs. 223 lakhs payable on account of interest free sales tax loan which was repayable in 14 equal half yearly instalments w.e.f. 4th September 2015.
- (b) As per the information available and explanations given by the management, we report that the company has not been declared willful defaulter by any bank or financial institution or other lender.
- (c) Based on the audit procedures applied & as per the information available and explanations given by the management, we report that terms loans were applied for the purpose for which the same were obtained by the company during the year.
- (d) Based on the audit procedures applied & as per the information available and explanations given by the management, we report that funds raised on short term basis have not been utilized for long term purposes.

Independent Auditors Report on the Standalone Financial Statements – Hindusthan Engineering & Industries Limited - 31.03.2022 Contd...

- (e) Based on the audit procedures applied & as per the information available and explanations given by the management, we report that the company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries, associates or joint ventures.
- (f) Based on the audit procedures applied & as per the information available and explanations given by the management, we report that the company has not raised any loan during the year on the pledge of securities held in subsidiaries, joint ventures or associate companies.
- (x) (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
(b) The company has not made any preferential allotment or private allotment of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) During the course of our examination of the books of account and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information & explanation given to us, we have neither come across any incidence of fraud on or by the company nor we have been informed of any such case as by the management.
(b) No report u/s 143(12) in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 has been filed by us with the Central Government during the year.
(c) As represented by the Management, there are no whistle blower complaints received by the company during the year.
- (xii) The Company is not a Nidhi Company.
- (xiii) According to the information available & explanations given to us, the company has complied with provisions of section 177 & 178 of the Act, where applicable, in respect of transactions with the related parties and details thereof have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information available & explanations given to us, the Company has an in-house internal audit system commensurate with the size and nature of its business. The reports of the internal auditors for the period under audit were considered by the us.
- (xv) Based on the audit procedure applied by us & as per the information available & explanation given to us, we are of opinion that the company has not entered into any non cash transaction with any of the directors or persons connected with them.
- (xvi) a) Based on the audit procedures applied by us & as per the information available & explanations given by the management, we are of the opinion that the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from Reserve Bank of India as per Reserve Bank of India Act, 1934.
c) As per the information available & explanation given to us, we are of opinion that the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
d) As per the information available and explanations given by the management, we report that the company does not have any CIC.
- (xvii) The company has not incurred cash losses in the current financial year and immediately preceding financial year.
- (xviii) There was no resignation by the statutory auditors during the year and accordingly requirement of taking into consideration the issues, objections or concerns raised by the outgoing auditors do not arise.
- (xix) Based on the financial ratios, ageing & expected dates of realization of financial assets and payment of financial liabilities & other information accompanying the financial statements as well as our knowledge of the Board of Directors and management plan, we are of the opinion that, as on the date of the audit report, no material uncertainty exists about the company's capability of meeting its liabilities existing at the date of balance sheet as & when they fall due within a period of one year from the date of balance sheet.
- (xx) (a) In respect of other than ongoing projects in connection with CSR activities, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII to the Companies Act, in compliance with second proviso to section 135 (5) of the said Act.
(b) In respect of ongoing projects in connection with CSR activities, there are no unspent amounts that are required to be transferred to a fund in compliance with the provisions of section 135 (6) of the said Act.

Independent Auditors Report on the Standalone Financial Statements – Hindusthan Engineering & Industries Limited - 31.03.2022 Contd...

2. As required by section 143 (3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the effects of the matters described in the basis for qualified opinion paragraph above, 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of changes in equity dealt by this report are in agreement with the books of account.
 - d. Except for the effects of the matter described in the basis for qualified opinion paragraph above, in our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015 as amended.
 - e. On the basis of written representations received from the directors as on **31st March, 2022**, taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2022**, from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure 'A'.
 - g. According to the information available & explanations given to us, the company has not paid any Managerial remuneration during the year.
 - h. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position other than those, if any, already disclosed in the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, 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 or entity, 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;
(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, 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; and
(c) Based on such audit procedures performed 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.
 - (v) No dividend was declared or paid during the year by the Company requiring compliance with section 123 of the Act. .

**For S. RASTOGI & ASSOCIATES,
Chartered Accountants
(Firm Registration no. – 318123E)**

**Place: Kolkata
Dated: 26th August,2022**

**(S. RASTOGI)
PROPRIETOR
Membership No. – 053823
UDIN:22053823APYQOC1438**

Annexure- A to the Auditors' Report**Report on the Internal Financial Controls under Clause (i) sub –section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **Hindusthan Engineering & Industries Limited** ('the Company') as of **31st March, 2022** in conjunction with our audit of the standalone financial statements of the Company for the year ended on the date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 controls based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March, 2022**, 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.

**For S. RASTOGI & ASSOCIATES,
Chartered Accountants
(Firm Registration no. – 318123E)**

Place: Kolkata

Dated: 26th August, 2022

**(S. RASTOGI)
PROPRIETOR
Membership No. – 053823
UDIN:22053823APYQOC1438**

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
STANDALONE BALANCE SHEET AS AT 31 MARCH, 2022

(Rupees in Lakhs)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non Current Assets			
Property, Plant and Equipment	2	30,148	32,215
Intangible Assets	2	1,415	1,413
Capital Work-in-Progress	3	2,050	2,280
Financial Assets			
- Investments	4	11,315	11,023
- Other Financial Assets	10	13,930	2,010
Other Non Current Assets	5	3,736	3,555
Total Non Current Assets		62,594	52,496
Current Assets			
Inventories	6	24,640	28,382
Financial Assets			
- Investments	4	14	11
- Trade Receivables	7	17,559	15,865
- Cash and Cash Equivalents	8	13,272	23,821
- Loans	9	14,055	12,735
- Other Financial Assets	10	12,889	11,669
Other Current Assets	5	5,711	5,971
Total Current Assets		88,140	98,454
Total Assets		150,734	150,950
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	1,500	1,500
Other Equity	12	112,109	107,944
Total Equity		113,609	109,444
LIABILITIES			
Non Current Liabilities			
Financial Liabilities			
- Borrowings	13	15	124
Deferred Tax Liabilities (Net)	16	1,921	2,153
Provisions	17	5,921	6,303
Total Non Current Liabilities		7,857	8,580
Current Liabilities			
Financial Liabilities			
- Borrowings	13	14,659	17,230
- Trade Payables	14		
-Dues to micro & small enterprises		-	-
-Due to others		9,622	9,054
- Other Financial Liabilities	15	3,092	3,414
Provisions	17	824	785
Other Current Liabilities	18	1,071	2,443
Total Current Liabilities		29,268	32,926
Total Liabilities		37,125	41,506
Total Equity & Liabilities		150,734	150,950

Significant Accounting Policies

1

The accompanying Notes No.2 to 52 are an integral part of these Standalone Financial Statements

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Directors

V A Mody
Director
DIN : 00193192

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

P. K. Himatsingka
CFO

R K Agarwal
Co. Secretary

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2022

(Rupees in Lakhs)

PARTICULARS	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	19	94,329	80,012
Other income	20	2,851	2,904
Total Revenue		97,180	82,916
Expenses			
Cost of Materials Consumed	21	52,796	46,514
Purchase of Stock-in-Trade	22	-	1,815
Changes in Inventories of Finished Goods, Work-In-Progress and Stock In Trade	23	3,982	(1,887)
Employee Benefit Expenses	24	11,830	11,353
Finance Cost	25	965	1,150
Depreciation and Amortisation Expenses	26	3,546	3,321
Other Expenses	27	19,042	15,007
Total Expenses		92,161	77,273
Profit/(Loss) before tax		5,019	5,643
Income Tax Expense			
- Current Tax		1,377	1,792
- Deferred Tax		(232)	(179)
- Tax relating to the earlier years		-	14
Total Tax Expenses		1,145	1,627
Profit/(Loss) after tax		3,874	4,016
Other Comprehensive Income			
a) Items that may be reclassified to the Statement of Profit or Loss		-	-
b) Items that will not be reclassified to the Statement of Profit or Loss			
(i) Remeasurements of the Defined Benefit Plans		295	(219)
(ii) Changes in fair values of investment in equities carried at fair value through OCI		94	(544)
(iii) Income tax relating to items that will not be reclassified to the Statement of Profit and Loss		(98)	192
Other Comprehensive Income for the year, Net of Tax		291	(571)
Total Comprehensive Income for the year		4,165	3,445
Earnings per Equity Share	28		
(Nominal value of shares Rs.10/- each)			
1) Basic		25.83	26.77
2) Diluted		25.83	26.77

Significant Accounting Policies

1

The accompanying Notes No.2 to 52 are an integral part of these Standalone Financial Statements

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Directors

V A Mody
Director
DIN : 00193192

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

P. K . Himatsingka
CFO

R K Agarwal
Co. Secretary

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH,2022

A. EQUITY SHARE CAPITAL

(Rupees in Lakhs)

PARTICULARS	Equity Shares	
	No. of Shares	Amount in Rupees
Balance as at April 1, 2020	15,000,782	1,500
Changes in Equity Share Capital during the year	-	-
Balance as at March 31,2021	15,000,782	1,500
Changes in Equity Share Capital during the year	-	-
Balance as at March 31,2022	15,000,782	1,500

B. OTHER EQUITY

(Rupees in Lakhs)

PARTICULARS	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at April 1, 2020	1,041	43,631	18,744	41,108	(25)	104,499
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	1,041	43,631	18,744	41,108	(25)	104,499
Other Comprehensive Income/(Loss) for the year	-	-	-	-	(571)	(571)
Profit for the year	-	-	-	4,016	-	4,016
Balance as at March 31,2021	1,041	43,631	18,744	45,124	(596)	107,944
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	1,041	43,631	18,744	45,124	(596)	107,944
Other Comprehensive Income/(Loss) for the year	-	-	-	-	291	291
Profit for the year	-	-	-	3,874	-	3,874
Balance as at March 31,2022	1,041	43,631	18,744	48,998	(305)	112,109

Footnote:

For purpose & nature of Other Equity, refer Footnote to Note No. 12

As per our Report of even date

For S Rastogi & Associates

Chartered Accountants

Firm Registration No. 318123E

For and on behalf of the Board of Directors

V A Mody
Director
DIN : 00193192

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

P. K. Himatsingka
CFO

R K Agarwal
Co. Secretary

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2022

(Rupees in Lakhs)

PARTICULARS	Year ended March 31, 2022	Year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	5,019	5,643
Adjustment for :		
Depreciation & Amortization Expenses	3,546	3,321
Remeasurment of Defined Benefit Plan- under OCI	295	(219)
(Profit)/Loss on sale/discard of Fixed Assets (net)	(258)	(70)
(Gain)/Loss on Foreign Exchange Fluctuation	(6)	8
Interest Component in Preference shares	(198)	(408)
Change in Fair Value of Investments	(3)	(5)
Interest Paid/(Received) (net)	(1,136)	(978)
Operating Profit before working capital changes	7,259	7,292
Adjustment for :		
Trade and other receivables	(1,330)	(690)
Inventories	3,742	(4,362)
Trade and other payables	(1,469)	423
Direct Taxes paid (net of refunds)	(1,655)	(1,977)
Net Cash flow from operating activities	6,547	686
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Capital Work-in-Progress	230	1,657
Purchase of Fixed Assets	(1,548)	(3,967)
Sale / discard of Fixed Assets	325	250
Purchase of Investments	-	(1,500)
Sale of Investments	-	-
Loan/Deposit (Given)/Repayment Received (Net)	(2,520)	600
Bank Deposits with more than twelve month maturity	(12,045)	(535)
Interest Received	2,101	2,128
Gain/(Loss) on Foreign Exchange Fluctuation	6	(8)
Net Cash flow from investing activities	(13,451)	(1,375)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Share Capital	-	-
Receipt/(Repayment) of Borrowings (Net)	(2,680)	3,042
Interest Paid	(965)	(1,150)
Net Cash flow from financing activities	(3,645)	1,892
Net increase in Cash and Cash Equivalents	(10,549)	1,203
Cash and Cash Equivalents : Opening Balance	23,821	22,618
Cash and Cash Equivalents : Closing Balance (Note No.8)	13,272	23,821
Supplementary Information: Restricted Cash & Cash Equivalents	9,581	14,701

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Directors

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August, 2022

P. K. Himatsingka
CFO

R K Agarwal
Co. Secretary

V A Mody
Director
DIN : 00193192

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Hindusthan Engineering Industries Limited is a public Company domiciled in India & incorporated under the provision of the erstwhile Companies Act, 1956. It is mainly engaged in production of Jute goods, Chemicals, Railway Wagons & Railway Rolling Stock.

The Registered Office of the Company is situated at 27, Sir R N Mukherjee Road, Kolkata - 700 001

Statement of Compliance

These financial statements comply in all material aspects with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accountings Standard) Rules, 2015 (as amended) read with section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

Basis of Preparation

The Financial Statements have been prepared under the historical cost convention on accrual basis except for certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the end of each reporting period.

The standalone Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest lakhs except otherwise stated.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The company categorizes Assets and Liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.
- c) Level 3: inputs for the assets or liability which are not based on observable market data.

Property, Plant and Equipment

Property, Plant and Equipment (PPE) are stated at cost of acquisition or deemed cost on date of transition less accumulated depreciation and impairment losses, if any. Cost of an asset comprises of purchase price, borrowing cost and any other cost directly attributable to bringing the asset to its working condition for its intended use.

Capital work in progress includes machinery to be installed, construction and erection materials, borrowing costs, unallocated pre-operative and other expenditures directly attributable towards construction and erection of the assets.

Depreciation on PPE commences when the assets are ready for their intended use. Depreciation has been provided on straight line method as per the useful life determined which is similar to that specified under Schedule II to the Companies Act, 2013. Depreciation on incremental cost arising on account of exchange difference is computed prospectively with respect to the residual life of respective asset.

Leasehold Land is amortised over the period of lease.

Intangible Assets

Intangible assets are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same. Accordingly, Intangible assets have been amortized over a period of 3 to 5 years on straight line basis.

Impairment of Tangible and Intangible Assets

Impairment of assets are assessed at each Balance Sheet date and loss is recognised whenever the recoverable amount of an asset is less than its carrying amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Financial Assets and Liabilities

Financial assets and financial liabilities (financial instruments) are recognized when company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within operating cycle of the company which is generally taken as 12 month otherwise these are classified as non-current.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTD....

Financial Assets and Liabilities

The classification of financial instruments whether to be measured at amortized cost, at Fair Value Through Profit and Loss (FVTPL) or at Fair Value Through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate.

Classification of financial instruments are determined on initial recognition.

(i) Financial assets and financial liabilities measured at Amortized Cost

Financial assets held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows are measured at amortized cost.

The financial assets and financial liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (EIR) method.

(ii) Financial Asset at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized directly in other comprehensive income.

(iii) Financial Assets or Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial instruments which do not meet the criteria of amortized cost or fair value through other comprehensive income are measured at Fair Value through Profit or Loss.

Impairment of financial assets

A financial asset is assessed for impairment at each reporting date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

The company measures the loss allowance for a financial assets at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivable or contract assets that result in relation to revenue from contracts with customers, the company measures the loss allowance at an amount equal to lifetime expected credit losses.

De-recognition of financial instruments

The company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities are derecognized if the company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability/assets derecognized and the consideration there against is recognized in Statement of Profit and Loss.

Inventories

Inventories are stated at lower of cost & net realisable value. Inventory of finished goods, where the products are made under specific orders, are recognized only on approval of the product by the prospective buyer. The cost for the purpose of valuation of raw materials is being computed on FIFO basis except in case of Jute & Chemical Units where weighted average method is being followed. Cost for the purpose of valuation of stores and spares is computed on weighted average method. Cost of work-in-progress and finished goods represents estimated cost of raw materials, direct labour and appropriate portion of factory overhead in most of the cases.

The liability for GST on the bonded materials as at the end of the year are duly provided for. No provision is made of GST on finished goods as at the year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTD....

Foreign Currency Transactions

Transactions in foreign currencies are accounted for at the exchange rate prevailing at the time of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing exchange rates. The loss or gain thereon and also on the exchange differences on settlement of foreign currency transactions during the year (except those relating to the fixed assets which are adjusted to the cost of the assets) are recognised as income or expense and are adjusted to the Statement of Profit and Loss

Revenue

Sales

Sales exclude GST and are accounted for on passing of property of goods irrespective of actual despatches. Rebates, discounts, claims and other non-recoverables are excluded therefrom.

Interest, Dividend and Claims

Dividend income is recognized when the right to receive payment is established. Interest income is accounted on time proportion basis taking into account amount outstanding & rate applicable unless otherwise stated. Insurance claims/ other claims are accounted as and when admitted/determined.

GST Credit

GST Credit admissible against GST paid on goods / PPE are accounted for by reducing the purchase cost of the related goods / PPE

Employee Benefits

Contributions to defined Schemes such as Provident Fund / Pension Fund, Employees State Insurance Scheme are charged to Statement of Profit & Loss on accrual basis. The Company also provides for gratuity and leave encashment in accordance with projected Unit Credit Method based on actuarial valuation carried out as at the balance sheet date.

Borrowing Cost

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

Research and Development

Expenditure on research and development except capital expenses which are shown as additions to PPE, are charged to Statement of Profit and Loss in the year in which these are incurred.

Leases

Determining whether an arrangement contains a lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as lessor

Finance Lease

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognized as revenue in the period in which they are earned.

Operating Lease

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease except where scheduled increase in rent compensates the Company with expected inflationary costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTD....

Company as Lessee

The Company's lease asset classes primarily comprise of lease for land and building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets as below:

Right of Use Assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment loss, if any, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets are also subject to impairment.

Government Grants

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Revenue grants including subsidy/rebates are credited to Statement of Profit and Loss Account under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise for acquisition of non current assets are credited to respective assets.

Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws enacted or substantively enacted on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future. Deferred Tax Assets & Deferred Tax Liabilities have been offset as they relate to the same governing tax laws.

Provisions, Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

Earning Per Share

Basic earning per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Cash Flow

Cash flows are reported using indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature and/or for items of income & expenses associated with investing and financing activities. The cash flows from operating, investing & financing activities of the company are segregated.

Note : 2 Property, Plant And Equipment And Intangible Assets

(Rupees in Lakhs)

Particulars	PROPERTY, PLANT AND EQUIPMENT											INTANGIBLE ASSETS		
	Land Freehold	Land - Leasehold	Right to Use of Assets	Buildings	Machinery	Railway Siding	Electrical Installation Water & Sanitation System	Tools & Implements	Furniture & Fixture	Motor Cars & Vehicles	Total Tangible Assets	Computer Software	Goodwill on Merger	Total Intangible Assets
Gross Carrying Amount as at March 31, 2020	1,361	-	186	2,570	42,579	19	111	12	137	509	47,484	29	1,391	1,420
Addition	-	-	-	541	3,266	-	77	36	1	24	3,945	21	-	21
Disposal/ Adjustments	-	-	-	-	1,242	-	-	-	-	68	1,310	-	-	-
Closing Gross Carrying Amount as at March 31, 2021	1,361	-	186	3,111	44,603	19	188	48	138	465	50,119	50	1,391	1,441
Addition	-	-	-	192	1,046	-	232	9	1	61	1,541	7	-	7
Disposal/ Adjustments	-	-	-	-	225	-	8	-	-	46	279	-	-	-
Closing Gross Carrying Amount as at March 31, 2022	1,361	-	186	3,303	45,424	19	412	57	139	480	51,381	57	1,391	1,448
Depreciation & Amortization														
As at April 1, 2020	-	-	3	903	14,463	4	21	3	59	257	15,713	28	-	28
Charge for the year	-	-	3	185	3,053	1	10	1	13	55	3,321	-	-	-
Disposal/ Adjustments	-	-	-	-	1,066	-	-	-	-	64	1,130	-	-	-
Total Depreciation as at March 31, 2021	-	-	6	1,088	16,450	5	31	4	72	248	17,904	28	-	28
Charge for the year	-	-	3	173	3,268	1	25	4	12	55	3,541	5	-	5
Disposal/ Adjustments	-	-	-	-	164	-	7	-	-	41	212	-	-	-
Total Depreciation as at March 31, 2022	-	-	9	1,261	19,554	6	49	8	84	262	21,233	33	-	33
Net Block														
As at March 31, 2021	1,361	-	180	2,023	28,153	14	157	44	66	217	32,215	22	1,391	1,413
As at March 31, 2022	1,361	-	177	2,042	25,870	13	363	49	55	218	30,148	24	1,391	1,415

Footnote :

i) Land includes 49 acres which is jointly held with The North Brook Jute Co Ltd in which the Company's share is approx 50% i.e. 24.462 acres. The proportionate original cost of jointly held land is Rs. 4 Lakh

ii) Capital Subsidy received during the year Rs. Nil (P.Y. Rs 97 Lakh) in respect of acquisition of Plant & Machinery has been included in disposal/ adjustment and depreciation for the year has been calculated on the reduced value of respective assets.

Note 3 Capital Work In Progress

(Rupees In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Work-in-Progress	2,050	2,280
Total	2,050	2,280

(Rupees In Lakhs)

Ageing Of Capital Work In Progress	Projects in Progress		Projects Temporarily suspended	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less Than 1 Year	193	406	-	-
1 to 2 years	20	37	-	-
2 to 3 years	-	-	-	-
More than 3 years	1,837	1,837	-	-
Total	2,050	2,280	-	-

Note 4 Investments

(Rupees In Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Non-Current Investments		
Investment in Equity Instruments (Fully paid-up)		
Unquoted Equity Shares		
A. Investment Carried at Cost		
Subsidiary Company		
14,01,520 (PY: 14,01,520) Equity Shares of Rs.10/- each in Hindusthan Vidyut Corporation Ltd.	141	141
B. Investment Carried at Fair Value through Statement of Profit & Loss		
Unquoted Preference Shares		
9,51,89,700 (PY: 9,51,89,700) Redeemable 1% Non-cumulative , Non-convertible Preference Share of Rs. 10/ each in - Hindusthan Urban Infrastructure Ind. Ltd.	2,847	2,649
Equity Component in Preference Shares		
Hindusthan Urban Infrastructure Ind Ltd.	7,278	7,278
C. Investments Carried at Fair Value Through OCI		
Unquoted Equity Shares		
1,250 (PY: 1,250) Equity Shares of Rs 10/- each in Woodland Multispeciality Hospital Ltd.	-	-
1,50,00,000 (P.Y.: 1,50,00,000) Equity Shares of Rs. 10/- each in Hindustan Speciality Chemicals Ltd	1,049	955
Total	11,315	11,023
Current Investments		
Investment Carried at Fair Value Through OCI		
HDFC Growth Opportunities Fund- Regular Plan- Growth (Units - 7,800; PY: 7,800)	14	11
Total	14	11

Note 5 Other Assets

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Loans & Advances				
- Loan to Employees	49	47	64	72
- Advances to Supplier	-	-	2,549	1,317
- To Others	-	2	149	319
Others Receivables	-	-	120	185
Prepaid Expenses	21	20	229	176
Assets held for Disposal	-	-	9	9
Payment of Income Tax (Net of Provision)	3,666	3,486	-	-
Balance with Statutory Authorities	-	-	2,591	3,893
Total	3,736	3,555	5,711	5,971

Footnote:

Payment of Income Tax (Net of Provisions) includes Rs.10 Lakhs (PY: Rs.10 Lakhs) on account of TDS credit of which is subject to admittance by the Tax Authorities & is net of Rs.182 Laks (P.Y. Rs.182 Lakhs) on account of tax refund received details for which are not available. Adjustments for any short / excess received & interest included therein shall be made on receipt of such details.

Note 6 Inventories

(Rupees In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(At lower of cost & net realisable value; as taken, valued and certified by the Management)		
Raw Materials	11,384	11,406
Stores and Spares	2,545	2,304
Loose Tools	371	350
Work-in-progress	8,331	10,593
Finished Goods	2,009	3,506
Stock in Trade	-	223
Total	24,640	28,382

Note 7 Trade Receivables

(Rupees In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered good unless stated otherwise	17,559	15,865
Total	17,559	15,865

(Rupees In Lakhs)

Ageing of Trade Receivables	As at March 31, 2022	As at March 31, 2021
Less Than 6 months	10,803	9,492
6 months to 1 Year	622	1,572
1 to 2 Years	1,803	1,070
2 to 3 Years	926	767
More than 3 Years	3,405	2,964
Total	17,559	15,865

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note 8 Cash and Cash Equivalents

(Rupees In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks		
In Current/ Cash credit Account	210	2,118
In Deposit Account (Margin Money Deposit)	9,581	14,938
In Deposit Account	3,454	6,713
Cash in hand	27	52
Total	13,272	23,821

Footnote:

i) Balance in Cash Credit / Current Account includes amount lying in accounts earmarked for redemption of Debentures/Shares Rs. Nil (PY Rs. 133 Lakhs)

ii) Balances with Banks subject to confirmation Rs. 153 Lakhs (PY Rs. 2 Lakhs)

Note 9 Loans

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Loans				
- Related Parties (Refer to Note No.42)	-	-	4,942	3,022
- To Subsidiary Company	-	-	803	802
-To Others	-	-	8,310	8,911
Total	-	-	14,055	12,735

Note 10 Other Financial Assets

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Security Deposits				
- To Related Parties (Refer to Note No.42)	192	203	11	11
-To Others	1,158	1,282	-	-
Balances with banks				
- In Deposit Account	4,547	525	-	-
- In Deposit Account - Margin Money	8,033	-	-	10
Deposits with Companies	-	-	2,000	800
Loans & Advances				
-To Others	-	-	167	162
Interest Receivable				
- from Related Parties (Refer to Note No.42)	-	-	7,457	7,339
- from Others	-	-	3,254	3,347
Total	13,930	2,010	12,889	11,669

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022
Note : 11 Equity Share Capital
(Rupees In Lakhs)

Authorised Share Capital	Equity Shares of Rs.10 each		Preference Shares of Rs.10 each	
	No. of Shares	Amount	No. of Shares	Amount
As at April 1, 2020	20,000,000	2,000	5,000,000	500
Increase/(decrease) during the year	-	-	-	-
As at March 31, 2021	20,000,000	2,000	5,000,000	500
Increase/(decrease) during the year	-	-	-	-
As at March 31, 2022	20,000,000	2,000	5,000,000	500
Issued Share Capital				
Equity shares of Rs. 10 each issued, subscribed and fully paid			No. of Shares	Amount
As at April 1, 2020			15,000,782	1,500
Changes during the year			-	-
As at March 31, 2021			15,000,782	1,500
Changes during the year			-	-
As at March 31, 2022			15,000,782	1,500
Term/Rights attached to Equity Shares				
The company has only one class of shares outstanding viz. Equity Shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share & is entitled to pro-rata dividend, if any, declared on equity shares. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholdings.				
Details of shareholders holding more than 5% shares in the company	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% holding	No. of Shares	% holding
Hindusthan Consultancy & Services Ltd	6,094,889	40.63%	6,092,931	40.62%
Promain Ltd	1,434,127	9.56%	1,434,127	9.56%
Deutsche Bank Trust Company Americas	977,204	6.51%	977,204	6.51%

Shares Held by the Promoters at the end of the Year

Name Of the Promoter	Percentage change during the year(%)	As at March 31, 2022		As at March 31, 2021	
		No. of Shares	% holding	No. of Shares	% holding
Hindusthan Consultancy And Services Ltd	0.01%	6,094,889	40.63	6,092,931	40.62
Promain Limited	-	1,434,127	9.56	1,434,127	9.56
Associated General Trading Society Ltd	(0.00)	713,420	4.76	713,426	4.76
Anuradha Investments Limited	-	650,233	4.33	650,233	4.33
Olympic General Trading Ltd	(0.00)	627,239	4.18	627,346	4.18
Foster Engineering Industries Ltd	-	543,377	3.62	543,377	3.62
Carbo Industrial Holdings Ltd	-	479,647	3.20	479,647	3.20
Ratlam Industrial Limited	-	461,675	3.08	461,675	3.08
Paramount Enterprises Limited	-	439,785	2.93	439,785	2.93
Orient Bonds And Stock Limited	-	354,599	2.36	354,599	2.36
Hindusthan Business Corporation Limited	-	262,004	1.75	262,004	1.75
Intercontinental Trading And Investment Company Limited	-	147,308	0.98	147,308	0.98
Pradyumna Steels Limited	-	125,884	0.84	125,884	0.84
Vikram Aditya Mody	0.00%	100	0.00	-	-

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note : 12 Other Equity

(Rupees In Lakhs)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
A. CAPITAL REDEMPTION RESERVE		
Balance as at the beginning/end of the year	1,041	1,041
B. SECURITIES PREMIUM		
Balance as at the beginning/end of the year	43,631	43,631
C. GENERAL RESERVE		
Balance as at the beginning/end of the year	18,744	18,744
D. RETAINED EARNINGS		
Balance as at the beginning of the year	45,124	41,108
Add : Transferred from Inter Units for the year		
Net Profit/(Loss) for the year	3,874	4,016
Balance as at the end of the year	48,998	45,124
E. OTHER COMPREHENSIVE INCOME		
Balance as at the beginning of the year	(596)	(25)
Other Comprehensive Income for the year	291	(571)
Balance as at the end of the year	(305)	(596)
Total	112,109	107,944

Footnote :

Nature & Purpose of Other Equity:

- i) **Capital Redemption Reserve** represents amount created on account of buyback/redemption of shares in earlier years.
- ii) **Securities Premium** represents amount received in excess of par value of shares issued.
- iii) **General Reserve** is created from time to time by transfer of profit from Retained Earnings for appropriation purposes.
- iv) **Retained Earnings** generally represent the undistributed profits/ amount of accumulated earnings of the Company. It includes Rs. 805 Lakhs represented by Revaluation Reserve as on the date of the transition which is not available for distribution as dividend.
- v) **Other Comprehensive Income** represents the balance in equity relating to gain/losses on re-measurement of defined benefit obligations & remeasurement of Investments, net of Taxes. This will not be reclassified to Statement of Profit and Loss.

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note 13 Borrowings

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Buyer's credit in foreign currency (Secured)	-	-	255	703
Acceptance - Inland Bills Discounting (Secured)	-	-	6,606	12,899
Working Capital Demand Loan from Banks (Secured)	-	-	4,000	2,200
Bank Overdraft (Secured)	-	-	2,291	1,094
Interest free Sales Tax Loan (Unsecured)	-	16	223	207
Loan from WBIDC (Unsecured)	-	-	101	101
Term Loan from Bank (Secured)	15	-	10	-
Term Loan from Bank (Unsecured)	-	108	-	26
Cash Credit from Banks (Secured)	-	-	1,173	-
Total	15	124	14,659	17,230

Footnote:

- i) Interest free Sales Tax Loan is repayable in Half yearly equal installments over a period of 7 years w.e.f. September, 2015. Accordingly, installments falling due within next 12 months have been included as Current.
- ii) Loan from WBIDC is adjustable against power subsidy receivable from Govt. of West Bengal, claim for which has been lodged by the Company & the matter is sub-judice in the Hon'ble High Court at Kolkata. Adjustment, if any, shall be made on final adjudication.
- iii) Acceptances, Buyers' Credit, Demand Loan, Bank Overdraft & Cash Credit are secured by hypothecation of Book Debts, Inventories & pledge of fixed deposits held as margin. These are further secured by 1st charge over fixed assets of Bamunari, Tiljala & Santragachi Plants.
- iv) Term loan of Rs. NIL (PY Rs. 134 Lakhs) carries interest rate of 8.10 % p.a as at the year end & is repayable in eighteen monthly installmentment w.e.f. January 2021
- v) Term loan of Rs. 25 Lakh (PY Rs. Nil) carries interest rate of 6.25% p.a as at the year end & the same is repayable in ten equal quarterly installmentments w.e.f April, 2022 and it is secured by hypothecation of Plant & Machinery acquired out of said term loan.

Note 14 Trade Payables

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Trade Payables				
- Due to Micro, Medium and Small Enterprise	-	-	-	-
- Others	-	-	9,622	9,054
Total	-	-	9,622	9,054

Footnote:

On the basis of information available with the company, no supplier has given intimation to the company about registration under MSMED Act, 2006. Hence no information is available with the company about any due payable to any of such supplier or any delay in payment thereof.

(Rupees In Lakhs)

Ageing of Trade Payables	As at March 31, 2022	As at March 31, 2021
Less than 1 Year	9,498	8,717
1 to 2 Years	39	255
2 to 3 Years	39	12
More than 3 Years	46	70
Total	9,622	9,054

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note : 15 Other Financial Liabilities

(Rupees In Lakhs)

PARTICULARS	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Interest accrued & not due on borrowings	-	-	47	92
Trade Deposit Received	-	-	41	48
Other Payables	-	-	3,004	3,141
Unclaimed Debentures Redemption Proceeds	-	-	-	133
Total	-	-	3,092	3,414

Note: 16 Deffered Tax Liabilities

(Rupees In Lakhs)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
I Deferred Tax Liabilities		
Timing differences in respect of depreciation	3,655	3,879
	3,655	3,879
II Deferred Tax Assets		
Timing differences in respect of Expenses	1,734	1,726
	1,734	1,726
Deferred Tax Liabilities (Net) (I - II)	1,921	2,153

Note 17 Provisions

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits				
- Gratuity	5,664	6,023	772	730
- Leave Encashment	257	280	52	55
Total	5,921	6,303	824	785

Note 18 Other Liabilities

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Statutory Liabilities	-	-	434	541
Advance from Customers	-	-	191	1,399
Other Payables	-	-	446	503
Total	-	-	1,071	2,443

Note 19 Revenue from Operations

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Sale of Products		
i) Manufactured Goods		
- Ammonium Sulphate	302	213
-Sodium Cyanide	12,326	9,404
-Potassium Cyanide	319	234
-Sodium Ferro Cyanide	30	9
- Mandelonitrile	1,696	1,754
- MPBAD Cyanohydrin	1,805	1,842
- Jute Goods	39,641	32,552
- Points & Crossing	7,481	5,280
- Railway Rolling Stock	19,089	19,565
- Steel Casting	9,986	6,738
- Others	68	24
	92,743	77,615
ii) Stock in Trade		
- Cyanide	215	1,562
	92,958	79,177
Other Operating Revenue		
- Income from Electricity Generation	198	170
- Export-Import Benefit/Incentive	1	-
- Scrap/ Raw Materials Sales	1,172	655
- Other Operating Income	-	10
Total	94,329	80,012
Disaggregation of Revenue		
Revenue Based on Geography		
Within India	94,321	80,012
Outside India	8	-
Revenue from Operation	94,329	80,012
Revenue Based on Business Segment		
Chemical	16,940	15,230
Jute	40,078	32,594
Enginnering	37,311	32,188
	94,329	80,012
Reconcillation of Revenue From Operation with Contract Price		
Revenue as per contracted price	98,683	96,262
Adjustments		
Sales return	1,632	1,225
Rate Difference/Deesclation	2,557	5
Quantity Claim	2	1
Discounts	163	15,019
Total	94,329	80,012

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note 20 Other Income

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Other Non-Operating Income:		
Interest Income (Gross)	2,101	2,128
Interest component in Preference Shares	198	408
Profit on Sale/Discard of Fixed Assets (Net)	258	70
Sundry Balances written back (Net)	283	176
Insurance Claim	-	94
Net Gain on Foreign Exchange Fluctuation	6	-
Gain on Restatement of Investments -Mutual Funds	3	5
Other Non Operating Income	2	23
Total	2,851	2,904

Note 21 Cost of Materials Consumed

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
Inventory at the beginning of the year		11,406		9,203
Add: Purchases during the year		52,774		48,717
Less: Inventory at the end of the year		11,384		11,406
Total		52,796		46,514
Details of Raw Materials Consumed				
Castic Soda/Potash		2,132		1,273
Ammonia Liquid		2,315		1,281
Natural Gas		524		642
Raw Jute		26,227		21,019
Scrap		2,717		1,735
Steel		16,467		18,282
Others		2,414		2,282
Total		52,796		46,514
Breakup of Consumption of Raw Materials				
	%age	Amount	% age	Amount
Imported	3.99%	2,106	10.81%	5,030
Indigenous	96.01%	50,690	89.19%	41,484
Total	100.00%	52,796	100.00%	46,514

Note 22 Purchase of Stock-in-Trade

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Purchase of Stock in Trade- Chemicals	-	1,815
Total	-	1,815

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note 23 Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Inventories (Opening stock)		
- Finished goods	3,506	1,534
- Stock in Trade	223	1
- Work-in-progress	10,593	10,900
	14,322	12,435
Inventories (Closing stock)		
- Finished goods	2,009	3,506
- Stock in Trade	-	223
- Work-in-progress	8,331	10,593
	10,340	14,322
Net (Increase)/ Decrease	3,982	(1,887)

Note 24 Employee Benefit Expenses

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Salaries, Wages and other Allowances	10,829	10,409
Contribution to provident and other funds	879	842
Staff welfare expenses	122	102
Total	11,830	11,353

Note 25 Finance Cost

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Interest Expenses	895	1,096
Foreign Exchange rate difference applicable to borrowing cost	7	(13)
Other Borrowing Cost	63	67
Total	965	1,150

Note 26 Depreciation & Amortisation Expenses

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Depreciation on Tangible Assets	3,541	3,321
Amortisation of Intangible Assets	5	-
Total	3,546	3,321

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST
 MARCH, 2022

Note 27 Others Expenses

(In Rupees Lakhs)

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
Consumption of Stores & Spares		6,874		4,635
Power, Fuel & Water Charges		4,970		4,375
Payment to Auditors:				
- Statutory Audit Fee		2		2
Brokerage & Commission		461		396
Bank Charges		442		922
Charity & Donation		108		95
Directors' Fee		3		3
Freight & Transport (Net)		747		587
Insurance Charges		155		147
Fluctuation		-		8
Rent (Net)		99		86
Rates & Taxes		126		152
Repairs				
- Building		214		242
- Machinery		633		540
- Others		1,041		556
Research & Development Expenses		36		27
Jobs on Contract		1,668		1,298
Travelling & Conveyance		139		76
Miscellaneous Expenses		1,324		860
Total		19,042		15,007
Breakup of Consumption of Stores & Spares:				
Imported	8.38%	576	0.00%	-
Indigenous	91.62%	6,298	100.00%	4,635
Total	100.00%	6,874	100.00%	4,635

Footnote :

Charity & Donation includes amount paid on account of Corporate Social Responsibility (CSR) activities Rs. 94 Lakhs (PY: Rs. 83 Lakhs).

Note : 28 EARNING PER SHARE

(In Rupees Lakhs)

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2022
Number of Weighted Average Equity Shares outstanding at year end	15,000,782	15,000,782
Nominal Value of each Equity Share (Rs.)	10	10
Profit attributable to equity shareholders	3,874	4,016
Earning per Share		
- Basic (Rs)	25.83	26.77
- Diluted (Rs)	25.83	26.77

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

29 Malanpur Steel Ltd.(MSL) had merged with the company with retrospective effect from 1st April 2009 as per "Scheme" sanctioned by the Board for Industrial & Financial Reconstruction (BIFR) vide its Order dated 4th September 2012.

Certain amounts claimed by different authorities against which necessary provision had been made in the scheme have not been provided for in these accounts as these are claimed to be not payable by the company & are under reconciliation with respective authorities. The same have been disclosed as contingent liability in these accounts. Reliefs / concessions claimed from various statutory authorities viz. Income Tax, Sales Tax & Excise are under consideration of respective authorities & approvals of the same are awaited. However, the effects thereof have been taken in these accounts. Necessary adjustment, if required, shall be made on disposal thereof by respective authorities.

30 Contingent Liabilities not Provided for

	(Rupees in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debts (to the extent ascertained)		
(i) Sales Tax matters under appeal	2,925	3,002
Net of payment already made & Included in Other Financial Assets		
(ii) Central Excise matters under appeal	1,664	1,720
Net of payment already made & Included in Other Financial Assets		
(iii) Service Tax matters under appeal	47	47
Net of payment already made & Included in Other Financial Assets		
(iv) Income Tax demand under appeal/subject to rectification	214	214
Net of payments		
(v) Others	6,974	8,550
(vi) Raw Jute Matter under appeal	23	23
31 Capital Commitments not provided for	151	559
Net of advances		

32 Expenses include following payments to Wholetime Director

	(Rupees in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Salary and Allowances	45	42
Contribution to Provident Fund	2	2

33 Details of Corporate Social Responsibility (CSR) Expenses:

Particulars	(Rupees in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
(a) amount required to be spent by the company during the year,	94	83
(b) amount of expenditure incurred,	94	83
(c) shortfall at the end of the year,	-	-
(d) total of previous years shortfall,	-	-
(e) reason for shortfall,	NA	NA
(f) nature of CSR activities :	Promoting Education	

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

- 34** Loan to Subsidiary (Note No. 9) include advances given and administrative & other expenses allocated for project of Subsidiary Company. Implementation of the said project has been rendered ineffective by the Government & the matter is subjudice. Pending final adjudication, the amount is considered good & recoverable.
- 35** In terms of Orders of Hon'ble Calcutta High Court in respect of certain loans given in earlier years and remaining outstanding Rs. 1,942 Lakh (PY: Rs. 2,002 Lakh), interest for the period from 1st April 1997 stands waived and the same has therefore not accrued. However, interest thereon already accrued and accounted for upto 31st March 1997 is being recovered where principal amounts have been fully realized and amount of such interest outstanding is Rs.7,231 Lakh (PY: Rs. 7,231 Lakh).
- 36** Loans to other include Rs.500 Lakh (PY: Rs. 500 Lakh) which is overdue for payment. Necessary steps for recovery are being taken & pursued by the Company. Interest on such loans, considering the uncertainty as to the realization, shall be accounted for on receipt thereof.
- 37** Balances of Trade Receivables, Security Deposits, Advances, Statutory Dues/claims & Other Payables are subject to confirmation and consequential reconciliation / adjustments.
- 38** Trade Receivables and Advances aggregating to Rs. 2,991 Lakh (PY: Rs. 2,979 Lakh), pending outcome of persuasive and other steps being taken by the company, are considered good and recoverable.
- 39** Insurance claim lodged against damage of Property, Plant & Equipments for Rs. 93 Lakhs shall be accounted for as and when received/ settled.

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022
40 a) Information about Business segments

(In Rupees Lakhs)

	Chemicals		Jute Goods		Engineering		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
<u>REVENUE</u>								
External Sales/Other Income (Gross)	16,940	15,230	40,078	32,594	37,311	32,188	94,329	80,012
Inter-segment Sales/Other Income	-	-	2	2	-	-	2	2
Total Revenue	16,940	15,230	40,080	32,596	37,311	32,188	94,331	80,014
<u>RESULT</u>	3,126	4,654	324	584	2,549	927	5,999	6,165
Unallocated Expenses (Net of Unallocated Income)							2,116	1,567
Operating profit							3,883	4,598
Interest Expenses							965	1,083
Interest / Dividend Income							2,101	2,128
Net Gain/(Loss) on sale of Investments							-	-
<u>Income Taxes</u>								
Current Tax							1,377	1,806
Deferred Tax							(232)	(179)
<u>Net Profit</u>							3,874	4,016
<u>OTHER INFORMATION</u>								
<u>Segment assets</u>	10,207	1,739	10,786	11,164	46,061	49,373	67,054	62,276
Unallocated assets							83,680	88,674
Total assets							150,734	150,950
<u>Segment liabilities</u>	1,949	2,154	11,700	11,180	6,745	16,036	20,393	29,370
Unallocated Liabilities							16,732	12,136
Total Liabilities							37,125	41,506
<u>Capital expenditure (Including CWIP)</u>	198	373	941	1,276	178	662	1,317	2,311
Unallocated							-	-
Total							1,318	2,311
<u>Depreciation</u>	627	588	498	359	747	684	1,872	1,631
Unallocated							1,674	1,690
Total							3,546	3,321
<u>Break-up of Segment Revenue:-</u>								
Sales	16,693	15,019	39,641	32,552	36,624	31,606	92,958	79,177
<u>Other Income</u>								
Export Incentive	-	-	-	-	1	-	1	-
Other Operating Income	247	211	437	42	686	582	1,370	835
Total Revenue	16,940	15,230	40,078	32,594	37,311	32,188	94,329	80,012

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

40 Information about Business segments Contd..

b) Operating segments are defined as components of an enterprise for which discrete financial information is available which is evaluated regularly by the Chief Financial Officer in deciding how to allocate resources & assess performance.

c) Based on the synergies, risks and return associated with business operation, the Company is engaged in following business segments.

<u>Identified Segments</u>	<u>Manufacturing and sale of :</u>
i) Chemicals	Sodium Cyanide, Ammonium Sulphate, Mandelonitrite, MPBAD Cyanohydrine
ii) Jute	Jute Goods
iii) Engineering	Steel Castings, Points & Crossings, Railway Rolling Stock

d) Geographical segments considered for disclosure are

	(Rupees in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Sales		
- within India	92,950	79,177
- Outside India	8	-
Total :	<u>92,958</u>	<u>79,177</u>

	(Rupees in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Trade Receivables		
- within India	17,367	15,798
- Outside India	192	67
Total :	<u>17,559</u>	<u>15,865</u>

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH,
2022

41 Gratuity & Other Post Employment Benefit Plans

This Company has a defined benefit gratuity plan which is unfunded. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act 1972.

This company also extends benefit of compensated absense to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is also unfunded.

The following tables summarizes the components of net benefit/expenses recognised in the Statement of Profit and Loss & the Balance Sheet for the respective plans.

1. Movement In Obligation			(Rupees in Lakhs)
Particulars	Gratuity (Unfunded)	Leave (Unfunded)	
Present Value of Obligation- March 31,2020	6,309	434	
Current Service Cost	278	76	
Interest Cost	441	30	
Benefits/Settlement paid	(539)	(160)	
Actuarial loss/(gain):	264	(45)	
Present Value of obligation- March 31,2021	6,753	335	
Current Service Cost	261	73	
Interest Cost	466	23	
Benefits/Settlement paid	(707)	(164)	
Actuarial loss/(gain):	(337)	42	
Present Value of obligation- March 31,2022	6,436	309	

2. Recognised in Statement of Profit and Loss			(Rupees in Lakhs)
Particulars	Gratuity (Unfunded)	Leave (Unfunded)	
Current Service Cost	278	76	
Interest Cost	441	30	
For the year ended March 31,2021	719	106	
Current Service Cost	261	73	
Interest Cost	466	23	
For the year ended March 31,2022	1,446	202	

3. Recognised in Other Comprehensive Income			(Rupees in Lakhs)
Particulars	Gratuity (Unfunded)	Leave (Unfunded)	
Remeasurement			
Actuarial loss/(gain) for the year ended March 31,2021	264	(45)	
Actuarial loss/(gain) for the year ended March 31,2022	(337)	42	

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH,
2022

41 Gratuity & Other Post Employment Benefit Plans

4. The principal actuarial assumptions used for estimating the Company's defined benefit obligations in respect of Gratuity & Leave are set out as below:

Weighted average actuarial assumptions	Year ended March 31,2022	Year ended March 31,2021
Attrition rate	1% to 8%	1% to 8%
Discount rate	7.10%	6.90%
Expected rate of increase in salary	6.00%	6.00%
Expected rate of return on plan assets	-	-
Mortality rate	IALM(2012-14) Table	

The assumptions of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

5. Sensitivity Analysis: (a) Gratuity (Rupees in Lakhs)

Particulars	Change in Assumption	Effect on Gratuity obligation	
		Year ended March 31,2022	Year ended March 31,2021
Discount rate	> 1%	(363)	(259)
	<1%	399	551
Salary Growth rate	> 1%	421	573
	<1%	(389)	(285)
Withdrawal Rate	> 1%	19	145
	<1%	(280)	104

(b) Leave Encashment

Particulars	Change in Assumption	Effect on Leave Encashment obligation	
		Year ended March 31,2022	Year ended March 31,2021
Discount rate	> 1%	(19)	(28)
	<1%	22	32
Salary Growth rate	> 1%	23	33
	<1%	(20)	(29)
Withdrawal Rate	> 1%	1	2
	<1%	(2)	(2)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied when calculating the defined benefit obligation recognised within the Balance sheet.

6. Statement of Employee Benefit Provision (Rupees in Lakhs)

Particulars	Year ended March 31,2022	Year ended March 31,2021
Gratuity	6,436	6,753
Leave Encashment	309	335
Total	6,745	7,088

42 Related Party Disclosures

A. Names of related parties with whom transaction were being carried out during the year and their relationship	
Subsidiary Company:	Hindustan Vidyut Corporation Ltd.
Associate Companies:	Nil
Key Managerial Personnel (KMPs):	Shri V A Mody (Chairman) Shri A K D Singh (Executive Director-Technical) Shri P K Himatsingka - (Chief Financial Officer) Shri R K Agarwal (Co. Secretary)
Relative Key Managerial Personnel (KMPs):	Shri R P Mody
Enterprise over which KMP/ Shareholders/ Close family have significane influence:	Anuradha Investments Ltd. Associated General Trading Society Ltd. Carbo Industrial Holdings Ltd. Foster Engineering Industries Ltd. Hindusthan Consultancy & Services Ltd. Hindusthan Speciality Chemicals Ltd. Hindusthan Urban Infrastructure Ltd. Olympic General Trading Ltd. Paramount Enterprises Ltd. Promain Ltd.
Transactions with related parties are at arms length price. Outstanding balances as at year end are unsecured & settlement occurs generally in cash. The company has not recorded any impairment in respect of outstandings with related parties during the year as well as in the preceeding year.	

42. Related Party Disclosures Contd..

B. Details of transactions between the Company and related parties and outstanding balances as at the year end are given below:

(Rupees in Lakhs)

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/ Shareholder s/ relatives have significant influence	KMP	Relatives of KMP	Total
<u>In relation to the statement of Profit and Loss Account(Exclusive of Taxes, if any):</u>						
<u>Remuneration/Commission</u>						
Shri A K D Singh (Executive Director-Technical)	2021-22			45		45
	2020-21			42		42
<u>Director Sitting Fee</u>						
Shri R P Mody	2021-22			-	-	-
	2020-21				0	0
Shri V A Mody (Chairman)	2021-22			0		0
	2020-21			0		0
<u>Salary</u>						
Shri R P Mody	2021-22				300	300
	2020-21				50	50
Shri P K Himatsingka	2021-22			21		21
	2020-21			19		19
Shri R K Agarwal	2021-22			24		24
	2020-21			19		19
<u>Staff welfare Expenses</u>						
Shri R P Mody	2021-22			6		6
	2020-21			-		-
<u>Rent Paid (Exclusive of taxes)</u>						
Hindusthan Consultancy & Services Ltd.	2021-22		2			2.00
	2020-21		2			2.00
Paramount Enterprises Ltd.	2021-22		97			97
	2020-21		97			97
Promain Ltd.	2021-22		0			0
	2020-21		0			0
<u>Consultancy Service & Maintenance Charges etc.</u>						
Hindusthan Consultancy & Services Ltd.	2021-22		102			102
	2020-21		92			92
Paramount Enterprises Ltd.	2021-22		9			9
	2020-21		7			7
Hindusthan Urban Infrastructure Ltd.	2021-22		-			-
	2020-21		5			5
<u>Interest Received</u>						
Hindusthan Urban Infrastructure Ltd.	2021-22		67			67
	2020-21		8			8
Hindusthan Speciality Chemicals Ltd.	2021-22		72			72
	2020-21		70			70
<u>Rent Received</u>						
Hindusthan Urban Infrastructure Ltd.	2021-22		0			0
	2020-21		0			0
<u>Electricity Charges- Received</u>						
Hindusthan Urban Infrastructure Ltd.	2021-22		-			-
	2020-21		3			3

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

42. Related Party Disclosures Contd..

B. Details of transactions between the Company and related parties and outstanding balances as at the year end are given below:

(Rupees in Lakhs)

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/ Shareholder s/ relatives have significant influence	KMP	Relatives of KMP	Total
<u>In relation to Balance Sheet:</u>						
<u>Loan/ Advances / Security Deposits Given/ (Repayment Received) during the year</u>						
Hindusthan Urban Infrastructure Ltd.	2021-22		1,399			1,399
	2020-21		(500)			(500)
Hindusthan Consultancy & Services Ltd.	2021-22		(20)			(20)
	2020-21		-			-
Promain Ltd.	2021-22		(70)			(70)
	2020-21		(10)			(10)
Hindisthan Speciality Chemicals Ltd.	2021-22		600			600
	2020-21		-			-
Hindustan Vidyut Corporation Ltd.	2021-22	1				1
	2020-21	0				0
<u>Balance outstanding at the year end - Debit</u>						
<u>Loan Given</u>						
Anuradha Investments Ltd.	2021-22		108			108
	2020-21		108			108
Associated General Trading Society Ltd.	2021-22		22			22
	2020-21		22			22
Carbo Industrial Holdings Ltd.	2021-22		122			122
	2020-21		122			122
Foster Engineering Industries Ltd.	2021-22		157			157
	2020-21		157			157
Hindusthan Urban Infrastructure Ltd.	2021-22		1,400			1,400
	2020-21		-			-
Promain Ltd.	2021-22		60			60
	2020-21		120			120
Hindusthan Consultancy & Services Ltd.	2021-22		1,473			1,473
	2020-21		1,493			1,493
Hindisthan Speciality Chemicals Ltd.	2021-22		1,600			1,600
	2020-21		1,000			1,000
Hindustan Vidyut Corporation Ltd.	2021-22	803				803
	2020-21	802				802

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

42. Related Party Disclosures Contd..

B. Details of transactions between the Company and related parties and outstanding balances as at the year end are given below:

(Rupees in Lakhs)

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/ Shareholder s/ relatives have significant influence	KMP	Relatives of KMP	Total
Balance outstanding at the year end - Debit						
<u>Interest Receivables</u>						
Anuradha Investments Ltd.	2021-22		485			485
	2020-21		485			485
Associated General Trading Society Ltd.	2021-22		715			715
	2020-21		715			715
Carbo Industrial Holdings Ltd.	2021-22		434			434
	2020-21		434			434
Foster Engineering Industries Ltd.	2021-22		478			478
	2020-21		478			478
Hindusthan Consultancy & Services Ltd.	2021-22		3,569			3,569
	2020-21		3,569			3,569
Olympic General Trading Ltd.	2021-22		440			440
	2020-21		440			440
Promain Ltd.	2021-22		1,110			1,110
	2020-21		1,110			1,110
Hindisthan Speciality Chemicals Ltd.	2021-22		166			166
	2020-21		101			101
Hindusthan Urban Infrastructure Ltd.	2021-22		60			60
	2020-21		7			7
<u>Advances/Security Deposits given</u>						
Hindusthan Consultancy & Services Ltd.	2021-22		22			22
	2020-21		23			23
Promain Ltd.	2021-22		181			181
	2020-21		191			191
Shri P K Himatsingka	2021-22			0		0
	2020-21			1		1
<u>Investment in Equity Shares</u>						
Hindusthan Specility Chemical Ltd.	2021-22		-			-
	2020-21		1,500			1,500
<u>Balance outstanding at the year end - Credit</u>						
<u>Salary</u>						
Shri P K Himatsingka	2021-22			2		2
	2020-21			2		2
Shri R K Agarwal	2021-22			2		2
	2020-21			2		2
Shri R P Mody	2021-22				14	14
	2020-21				-	-
<u>Rent Payable</u>						
Hindusthan Consultancy & Services Ltd.	2021-22		8			8
	2020-21		8			8
<u>Consultancy Service & Maintenance Charges etc.</u>						
Hindusthan Consultancy & Services Ltd.	2021-22		2			2
	2020-21		5			5

43 Expenditure & Earning in Foreign currency

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
CIF VALUE OF IMPORTS		
Raw Materials	2,081	5,100
Stores and Spare Parts	632	-
Finished Goods	-	1,725
Capital Goods	255	464
EXPENDITURE IN FOREIGN CURRENCY		
Travelling	23	11
Interest	8	2
Commission	15	-
Others	10	7
EARNING IN FOREIGN CURRENCY		
Export (F.O.B Value)	8	-

44 Unhedged Foreign Currency Exposure:

(Rupees in Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021	
	CHF	USD	EURO	USD	EURO
Payables					
Buyer's Credit		3	-	10	-
Interest		0	-	0	0
Advance From Customers		-	-	2	-
Trade Payables		0	0	-	-
Receivables					
Trade Receivables		0	0	0	1
Advance to Suppliers	19	3	-	0	-

45 FINANCIAL INSTRUMENTS DISCLOSURE

(Rupees in Lakhs)			
CATEGORIES OF FINANCIAL INSTRUMENTS			
PARTICULARS	Note No:	As at March 31, 2022	As at March 31, 2021
Financial Assets			
Measured at Amortised Cost			
Investments - Non-Current	4	11,315	11,023
Trade Receivables	7	17,559	15,865
Cash and Cash Equivalents	8	13,272	23,821
Loans	9	14,055	12,735
Other Financial Assets	10	26,819	13,679
Total Financial Assets Measured at Amortised Cost		83,020	77,123

(Rupees in Lakhs)			
Measured at Fair Value through Statement of Profit or Loss	Note No:	As at March 31, 2022	As at March 31, 2021
Investments - Current	4	14	11
Total Financial Assets measured at Fair Value through Statement of Profit or Loss		14	11

(Rupees in Lakhs)			
Financial Liabilities	Note No:	As at March 31, 2022	As at March 31, 2021
Measured at Amortised Cost			
Borrowings	13	14,674	17,354
Trade Payables	14	9,622	9,054
Other Financial liabilities	15	3,092	3,414
Total Financial Liabilities measured at Amortised Cost		27,388	29,822

46 (i) Class wise Fair Value of the Company's Financial Instruments:

(Rupees in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Investments in Mutual Funds	14	11
Non Current Investments, other than Investments in Subsidiary and Associates	11,174	10,882

(ii) Fair Value Technique

The fair values of the financial assets and liabilities are included at the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and cash equivalents, trade receivables, trade payables, financial liabilities and borrowings approximate their carrying amount largely due to the short term nature of these instruments. The board considers that the carrying amounts of the financial assets and financial liabilities are recognised at cost/amortised costs in the financial statements approximates their fair values.
- Fair value of debt approximates their carrying value subject to adjustments made for transaction cost if any
- Investments in liquid and short-term mutual funds are measured using their net asset value at the reporting date multiplied by the quantity held.
- During the current as well as previous financial years, there were no transfers between different levels of fair value measurement

47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's financial liabilities comprise borrowings, capital creditors and trade and other payables, The main purpose of these financial liabilities is to finance the company's operations. The company's financial assets include trade and other receivables, cash and cash equivalents, investments at cost/fair value and deposit.

The Company is exposed to market risk. The company's senior management oversees the management of the risks. The Board of Directors reviews and agrees to policies for managing each of these risks, which are summarised below:

1) Market Risk

Market risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises of risk, such as raw material price risk. Financial instruments affected by market risk include FVTPL investments, trade payables, trade receivables, etc.

47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES CONTD..

The table provides undiscounted cash flow towards non- derivative financial liability into relevant maturities based on the remaining period at balance sheet date to contractual maturity date.

(Rupees in Lakhs)

Particulars	Payable within 1 year	Payable in more than 1 year	Total
As at 31st March 2021.			
Non Current Borrowings	-	124	124
Current Borrowings	17,230	-	17,230
Trade Payables	9,054	-	9,054
Unpaid Shares/Debentures Proceeds	133	-	133
As at 31st March 2022			
Non Current Borrowings	-	15	15
Current Borrowings	14,659	-	14,659
Trade Payables	9,622	-	9,622
Unpaid Shares/Debentures Proceeds	-	-	-

48 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes Issued Equity Capital, Securities Premiums and all other Equity Reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the Share holder value. The Company manages its capital structure and makes adjustments in line with changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sale assets to reduce debt. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, interest bearing long term loans and borrowings less cash and cash equivalents.

49 GEARING RATIO:

The Company has long term debt of Rs. 15 as on 31.03.2022 (PY - Rs. 124). Accordingly the Company has 100% gearing ratio as at 31st March 2022 & 31st March 2021.

(Rupees in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Net Long Term debt	15	124
Total Equity	113,609	109,444
Net Long Term debt to Value Ratio	100%	100%

50 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure of contingent liabilities. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

JUDGEMENTS

Fair value as Deemed Cost for Property Plant & Equipment.

Property, plant and equipment has been carried in accordance with previous GAAP carrying value as deemed cost at the date of transition , which has been considered as deemed cost. On transition, previous GAAP revaluation reserve has also been transferred to retained earnings.

Lease as Finance Lease

Lease as Finance Lease has been included in the Property, Plant and Equipment while considering the overall context of transfer of risk and rewards incidental to ownership.

Depreciation/Amortisation of and Impairment Loss on Property Plant and Equipment/Intangible Assets:

Property, Plant and Equipment are depreciated and intangible assets are amortised on straight line basis over the estimated useful lives (or Lease Term if shorter) in accordance with Schedule II of the Companies Act 2013, taking into account the estimated residual value, wherever applicable. The company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation/ amortisation expense to be recorded during any reporting period. This reassessment may result in change in depreciation expense in future periods.

50 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTD..

The Company reviews its carrying value of its Tangible and Intangible assets whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or recoverable amount.

Impairment loss on Trade Receivables:

The Company evaluated whether there is any objective evidence that trade receivable are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases the estimates on the ageing of the trade receivable balances, creditworthiness of the trade receivables and historical written off experience. If the financial conditions of the trade receivables were to deteriorate, actual writeoffs would be higher than estimated.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimations uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described above. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about the future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumption when they occur.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumption that may differ from actual developments in the future. These include the determination of the discount rate, future salary increase and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rate of government bonds in currencies consistent with the currencies of the post employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes.

Future salary increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active market, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

51 Disclosures related to Analytical Ratios

Ratio	Current Period	Previous Period	% Variance
Current ratio	3.01	2.99	0.67%
<u>Numerator</u> : Current Assets			
<u>Denominator</u> : Current Liabilities			
Reason of Variance: Not Applicable			
Debt-equity ratio	0.13	0.16	-18.75%
<u>Numerator</u> : Total Borrowings			
<u>Denominator</u> : Shareholders Fund			
Reason of Variance: Not Applicable			
Debt service coverage ratio	7.91	3.74	111.50%
<u>Numerator</u> : Net Profit after Tax + Interest on Borrowings + Depreciation & Amortisation + Foreign Exchange Fluctuation + Gain/Loss on sale of assets			
<u>Denominator</u> : Interest on Borrowings + Principal Repayment commitment of Term Loan			
Reason of Variance: Debts have been repaid and finance cost is lower			
Return on equity ratio	5.00%	5.50%	-9.16%
<u>Numerator</u> : Net Profit after Tax - Preference Dividend			
<u>Denominator</u> : Average Shareholder's Equity			
Reason of Variance: Not Applicable			
Inventory turnover ratio	7.65	5.98	27.93%
<u>Numerator</u> : Sale of Products & Services			
<u>Denominator</u> : Average Inventory			
Reason of Variance: Increase in Turnover			
Trade receivables turnover ratio	5.64	5.11	10.37%
<u>Numerator</u> : Sale of Products & Services			
<u>Denominator</u> : Average Trade Receivables			
Reason of Variance: Not Applicable			
Trade payables turnover ratio	10.10	9.05	11.60%
<u>Numerator</u> : Sale of Products & Services			
<u>Denominator</u> : Average Trade Payables			
Reason of Variance: Not Applicable			
Net capital turnover ratio	1.60	1.22	31.15%
<u>Numerator</u> : Sale of Products & Services			
<u>Denominator</u> : Working Capital (Current Assets-Current Liabilities)			
Reason of Variance: Working capital is increased compared to previous year			
Net profit ratio	0.04%	0.05%	-18.18%
<u>Numerator</u> : Net Profit after Tax			
<u>Denominator</u> : Sale of Products & Services			
Reason of Variance: Not Applicable			
Return on capital employed	0.05%	0.05%	-12.94%
<u>Numerator</u> : Net Profit before interest & Tax			
<u>Denominator</u> : Tangible Net Worth + Total Borrowings (Long Term & Short Term) + Deferred Tax Liability			
Reason of Variance: Not Applicable			
Return on Investment	NIL	NIL	NIL
<u>Numerator</u> : Net Gain/Loss on Investment			
<u>Denominator</u> : Monthly average of Investment (Current & Non Current)			
Reason of Variance: No Income from Investments during the year			

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST
MARCH, 2022

52 Figures of the previous Year have been regrouped / rearranged whenever considered necessary.

The accompanying Notes No.2 to 52 are an integral part of the Standalone Financial Statements

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Director

V A Mody
Director
DIN : 00193192

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

P. K . Himatsingka
CFO

R K Agarwal
Co. Secretary

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

INDEPENDENT AUDITORS' REPORT
TO
THE MEMBERS OF
HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of **Hindusthan Engineering & Industries Limited** ("the Holding Company"), its subsidiary (the Holding Company & its subsidiary together referred to as "the Group") which comprise the Balance Sheet as at **31st March, 2022**, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph the aforesaid Consolidated Financial Statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at **31st March, 2022**, and its Statement of Profit and Loss (including other comprehensive income), its cash flows and the statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

- a. Note No. 29 in respect of accounting of effect of certain reliefs/concessions which are yet to be approved by respective authorities. In view of pendency in disposal of such claims, we are unable to comment the impact, if any, thereof on the profit for the year & reserve & surplus at the year end.
- b. Note No. 35 in respect of Loans given, Note No. 37 in respect of Trade Receivables & Advances, whereby the extent of amounts recoverable there against is presently not ascertainable & therefore provision there against & consequential impact thereof, if any, on the profit for the year & reserves & surplus could not be ascertained & commented upon by us
- c. Note No. 39 regarding the present status of Integrated Lignite Mining-cum-Power Generation Project being implemented by the subsidiary Company. The Implementation Agreement was made ineffective by the Government of Rajasthan & the matter is subjudice as described in the Note. The matter being under litigation, we are unable to comment on the realisation of the project expenditure pending allocation amounting to Rs. 11,40.33

These matters were also qualified in our report on the financial statements for the year ended 31st March,2021

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified opinion.

Information other than the Financial Statements & Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Board's Report including Annexures to Board's Report etc. but does not include the standalone financial statements and our Auditor's Report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statement 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. We have nothing to report in this regard.

Independent Auditors Report on the Consolidated Financial Statements – Hindusthan Engineering & Industries Limited -31.03.2022 Contd...**Responsibility of Management for Financial Statements**

The Holding 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 Consolidated financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and Statement of changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) rules, 2015 as amended. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated 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 also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated financial statements.

Other Matters

We did not audit the financial statements/financial information of the subsidiary company whose financial statements/financial information reflect total assets of Rs. 1,212.79 lakh and net assets of Rs. 140.15 lakh as at 31st March 2022, total revenue of Rs. Nil and net cash flows of Rs. 0.73 lakh for the year ended on that date as considered in the consolidated financial statements. This financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of aforesaid subsidiary and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

As required by section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. Except for the effects of the matters described in the basis for qualified opinion paragraph above, 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of changes in equity dealt by this report are in agreement with the books of account.
- d. Except for the effects of the matter described in the basis for qualified opinion paragraph above, in our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015 as amended.
- e. On the basis of written representations received from the directors as on **31st March, 2022**, taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2022**, from being appointed as a director in terms of Section 164 (2) of the Act.

Independent Auditors Report on the Consolidated Financial Statements – Hindusthan Engineering & Industries Limited -31.03.202 Contd...

- f with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure 'A'.
- g. According to the information available & explanations given to us, the company has not paid any Managerial remuneration during the year.
- h. 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, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position other than those, if any, already disclosed in the financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (iv) (a) The management has represented that, to the best of its knowledge and belief, 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 or entity, 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;
- (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, 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; and
- (c) Based on such audit procedures performed 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.
- (v) No dividend was declared or paid during the year by the Company requiring compliance with section 123 of the Act.

**For S. RASTOGI & ASSOCIATES,
Chartered Accountants
(Firm Registration no. – 318123E)**

**Place: Kolkata
Dated: 26th August, 2022**

**(S. RASTOGI)
PROPRIETOR
Membership No. – 053823
UDIN:22053823APYQZP7986**

Annexure- A to the Auditors' Report**Report on the Internal Financial Controls under Clause (i) sub –section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **Hindusthan Engineering & Industries Limited** (“the Holding Company”), its subsidiary (the Holding Company & its subsidiary together referred to as “the Group”) as of **31st March, 2022** in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on the date.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March, 2022**, 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.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 controls based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

**For S. RASTOGI & ASSOCIATES,
Chartered Accountants
(Firm Registration no. – 318123E)**

**Place: Kolkata
Dated: 26th August,2022**

**(S. RASTOGI)
PROPRIETOR
Membership No. – 053823
UDIN:22053823APYQZP7986**

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2022

(Rupees in Lakhs)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non Current Assets			
Property, Plant and Equipment	2	30,148	32,215
Intangible Assets	2	1,415	1,413
Capital Work-in-Progress	3	3,237	3,467
Goodwill on Consolidation		-	-
Financial Assets			
- Investments	4	11,174	10,882
- Other Financial Assets	10	13,940	2,020
Other Non Current Assets	5	3,736	3,555
Total Non Current Assets		63,650	53,552
Current Assets			
Inventories	6	24,640	28,382
Financial Assets			
- Investments	4	14	11
- Trade Receivables	7	17,559	15,865
- Cash and Cash Equivalents	8	13,273	23,822
- Loans	9	13,252	11,933
- Other Financial Assets	10	12,904	11,684
Other Current Assets	5	5,711	5,971
Total Current Assets		87,353	97,668
Total Assets		151,003	151,220
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	1,500	1,500
Other Equity	12	112,109	107,944
Total Equity		113,609	109,444
LIABILITIES			
Non Current Liabilities			
Financial Liabilities			
- Borrowings	13	15	124
Deferred Tax Liabilities (Net)	16	1,921	2,153
Provisions	17	5,921	6,303
Total Non Current Liabilities		7,857	8,580
Current Liabilities			
Financial Liabilities			
- Borrowings	13	14,659	17,230
- Trade Payables	14		
-Dues to micro & small enterprises		-	-
-Due to others		9,622	9,054
- Other Financial Liabilities	15	3,092	3,414
Provisions	17	824	785
Other Current Liabilities	18	1,340	2,713
Total Current Liabilities		29,537	33,196
Total Liabilities		37,394	41,776
Total Equity & Liabilities		151,003	151,220

Significant Accounting Policies

1

The accompanying Notes No.2 to 53 are an integral part of these Consolidated Financial Statements

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Directors

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

P. K. Himatsingka
CFO

R K Agarwal
Co. Secretary

V A Mody
Director
DIN : 00193192

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2022

(Rupees in Lakhs)

PARTICULARS	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	19	94,329	80,012
Other income	20	2,851	2,904
Total Revenue		97,180	82,916
Expenses			
Cost of Materials Consumed	21	52,796	46,514
Purchase of Stock-in-Trade	22	-	1,815
Changes in Inventories of Finished Goods, Work-In-Progress and Stock In Trade	23	3,982	(1,887)
Employee Benefit Expenses	24	11,830	11,353
Finance Cost	25	965	1,150
Depreciation and Amortisation Expenses	26	3,546	3,321
Other Expenses	27	19,042	15,007
Total Expenses		92,161	77,273
Profit/(Loss) before tax		5,019	5,643
Income Tax Expense			
- Current Tax		1,377	1,792
- Deferred Tax		(232)	(179)
- Tax relating to the earlier years		-	14
Total Tax Expenses		1,145	1,627
Profit/(Loss) after tax		3,874	4,016
Profit / (Loss) attributable to Owner of the Company		3,874	4,016
Profit / (Loss) attributable to Non Controlling Interest		-	-
Other Comprehensive Income			
a) Items that may be reclassified to the Statement of Profit or Loss		-	-
b) Items that will not be reclassified to the Statement of Profit or Loss			
(i) Remeasurements of the Defined Benefit Plans		295	(219)
(ii) Changes in fair values of investment in equities carried at fair value through OCI		94	(544)
(iii) Income tax relating to items that will not be reclassified to the Statement of Profit and Loss		(98)	192
Other Comprehensive Income for the year, Net of Tax		291	(571)
Total Comprehensive Income for the year		4,165	3,445
Earnings per Equity Share	28		
(Nominal value of shares Rs.10/- each)			
1) Basic		25.83	26.77
2) Diluted		25.83	26.77

Significant Accounting Policies

1

The accompanying Notes No.2 to 53 are an integral part of these Consolidated Financial Statements

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Directors

V A Mody
Director
DIN : 00193192

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

P. K. Himatsingka
CFO

R K Agarwal
Co. Secretary

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH,2022

A. EQUITY SHARE CAPITAL

(Rupees in Lakhs)

PARTICULARS	Equity Shares	
	No. of Shares	Amount in Rupees
Balance as at April 1, 2020	15,000,782	1,500
Changes in Equity Share Capital during the year	-	-
Balance as at March 31,2021	15,000,782	1,500
Changes in Equity Share Capital during the year	-	-
Balance as at March 31,2022	15,000,782	1,500

B. OTHER EQUITY

(Rupees in Lakhs)

PARTICULARS	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at April 1, 2020	1,041	43,631	18,744	41,108	(25)	104,499
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	1,041	43,631	18,744	41,108	(25)	104,499
Other Comprehensive Income/(Loss) for the year	-	-	-	-	(571)	(571)
Profit for the year	-	-	-	4,016	-	4,016
Balance as at March 31,2021	1,041	43,631	18,744	45,124	(596)	107,944
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	1,041	43,631	18,744	45,124	(596)	107,944
Other Comprehensive Income/(Loss) for the year	-	-	-	-	291	291
Profit for the year	-	-	-	3,874	-	3,874
Balance as at March 31,2022	1,041	43,631	18,744	48,998	(305)	112,109

Footnote:

For purpose & nature of Other Equity, refer Footnote to Note No. 12

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Directors

V A Mody
Director
DIN : 00193192

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

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Executive Director
(Tech.)
DIN : 07160198

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2022

(Rupees in Lakhs)

PARTICULARS	Year ended March 31, 2022	Year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	5,019	5,643
Adjustment for :		
Depreciation & Amortization Expenses	3,546	3,321
Remeasurment of Defined Benefit Plan- under OCI	295	(219)
(Profit)/Loss on sale/discard of Fixed Assets (net)	(258)	(70)
(Gain)/Loss on Foreign Exchange Fluctuation	(6)	8
Interest Component in Preference shares	(198)	(408)
Change in Fair Value of Investments	(3)	(5)
Interest Paid/(Received) (net)	(1,136)	(978)
Operating Profit before working capital changes	7,259	7,292
Adjustment for :		
Trade and other receivables	(1,330)	(690)
Inventories	3,742	(4,362)
Trade and other payables	(1,470)	423
Direct Taxes paid (net of refunds)	(1,655)	(1,977)
Net Cash flow from operating activities	6,546	686
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Capital Work-in-Progress	230	1,657
Purchase of Fixed Assets	(1,548)	(3,967)
Sale / discard of Fixed Assets	325	250
Purchase of Investments	-	(1,500)
Sale of Investments	-	-
Loan/Deposit (Given)/Repayment Received (Net)	(2,519)	600
Bank Deposits with more than twelve month maturity	(12,045)	(535)
Interest Received	2,101	2,128
Gain/(Loss) on Foreign Exchange Fluctuation	6	(8)
Net Cash flow from investing activities	(13,450)	(1,375)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Share Capital	-	-
Receipt/(Repayment) of Borrowings (Net)	(2,680)	3,042
Interest Paid	(965)	(1,150)
Net Cash flow from financing activities	(3,645)	1,892
Net increase in Cash and Cash Equivalents	(10,549)	1,203
Cash and Cash Equivalents : Opening Balance	23,822	22,619
Cash and Cash Equivalents : Closing Balance (Note No.8)	13,273	23,822
Supplementary Information: Restricted Cash & Cash Equivalents	9,581	14,701

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Directors

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

P. K. Himatsingka
CFO

R K Agarwal
Co. Secretary

V A Mody
Director
DIN : 00193192

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Hindusthan Engineering Industries Limited(Holding Company) is a public Company domiciled in India & incorporated under the provision of the erstwhile Companies Act, 1956. It is mainly engaged in production of Jute goods, Chemicals, Railway Wagons & Railway Rolling Stock.

The Registered Office of the Company is situated at 27, Sir R N Mukherjee Road, Kolkata - 700 001

- II The consolidated financial statements presents the Consolidated Accounts of Hindusthan Engineering & Industries Limited with its Subsidiary incorporated in India:

Particulars	Proportion of ownership As at 31, March 2022
<u>Subsidiary</u> Hindusthan Vidyut Corporation Ltd.	100%

- III Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary:

Particulars	Net Assets i.e total assets minus total Liabilities		Share in Profit/(Loss)	
	As % of Consolidated net Assets	Amount	As % of Consolidated Profit	Amount
<u>Parents</u> Hindusthan Engineering & Industries Ltd.	100.00%	113,609	100.00%	4,165
<u>Subsidiary (Indian)</u> Hindusthan Vidyut Corporation Ltd.	-	-	-	-
Minority Interest in Subsidiary	-	-	-	-
<u>Consolidated</u>	<u>100.00%</u>	<u>113,609</u>	<u>100.00%</u>	<u>4,165</u>

Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Holding Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Ind As 110 - "Consolidated Financial Statements".
- The difference between the cost of investment in the subsidiary over the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be. However in case of consolidated financial statement of Associates companies such Goodwill/ Capital Reserve has been disclosed by way of notes only.

Statement of Profit & Loss

The subsidiary of the Company is yet to commence commercial production and hence does not prepare Statement of Profit & Loss.

Statement of Compliance

These financial statements comply in all material aspects with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accountings Standard) Rules, 2015 (as amended) read with section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

Basis of Preparation

The Financial Statements have been prepared under the historical cost convention on accrual basis except for certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the end of each reporting period.

The consolidated Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest lakhs except otherwise stated.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The company categorizes Assets and Liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.
- c) Level 3: inputs for the assets or liability which are not based on observable market data.

Property, Plant and Equipment

Property, Plant and Equipment (PPE) are stated at cost of acquisition or deemed cost on date of transition less accumulated depreciation and impairment losses, if any. Cost of an asset comprises of purchase price, borrowing cost and any other cost directly attributable to bringing the asset to its working condition for its intended use.

Capital work in progress includes machinery to be installed, construction and erection materials, borrowing costs, unallocated pre-operative and other expenditures directly attributable towards construction and erection of the assets.

Depreciation on PPE commences when the assets are ready for their intended use. Depreciation has been provided on straight line method as per the useful life determined which is similar to that specified under Schedule II to the Companies Act, 2013. Depreciation on incremental cost arising on account of exchange difference is computed prospectively with respect to the residual life of respective asset.

Leasehold Land is amortised over the period of lease.

Intangible Assets

Intangible assets are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same. Accordingly, Intangible assets have been amortized over a period of 3 to 5 years on straight line basis.

Impairment of Tangible and Intangible Assets

Impairment of assets are assessed at each Balance Sheet date and loss is recognised whenever the recoverable amount of an asset is less than its carrying amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Financial Assets and Liabilities

Financial assets and financial liabilities (financial instruments) are recognized when company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within operating cycle of the company which is generally taken as 12 month otherwise these are classified as non-current.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTD....

Financial Assets and Liabilities

The classification of financial instruments whether to be measured at amortized cost, at Fair Value Through Profit and Loss (FVTPL) or at Fair Value Through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate.

Classification of financial instruments are determined on initial recognition.

(i) Financial assets and financial liabilities measured at Amortized Cost

Financial assets held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows are measured at amortized cost.

The financial assets and financial liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (EIR) method.

(ii) Financial Asset at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized directly in other comprehensive income.

(iii) Financial Assets or Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial instruments which do not meet the criteria of amortized cost or fair value through other comprehensive income are measured at Fair Value through Profit or Loss.

Impairment of financial assets

A financial asset is assessed for impairment at each reporting date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

The company measures the loss allowance for a financial assets at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivable or contract assets that result in relation to revenue from contracts with customers, the company measures the loss allowance at an amount equal to lifetime expected credit losses.

De-recognition of financial instruments

The company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities are derecognized if the company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability/assets derecognized and the consideration there against is recognized in Statement of Profit and Loss.

Inventories

Inventories are stated at lower of cost & net realisable value. Inventory of finished goods, where the products are made under specific orders, are recognized only on approval of the product by the prospective buyer. The cost for the purpose of valuation of raw materials is being computed on FIFO basis except in case of Jute & Chemical Units where weighted average method is being followed. Cost for the purpose of valuation of stores and spares is computed on weighted average method. Cost of work-in-progress and finished goods represents estimated cost of raw materials, direct labour and appropriate portion of factory overhead in most of the cases.

The liability for GST on the bonded materials as at the end of the year are duly provided for. No provision is made of GST on finished goods as at the year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTD....

Foreign Currency Transactions

Transactions in foreign currencies are accounted for at the exchange rate prevailing at the time of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing exchange rates. The loss or gain thereon and also on the exchange differences on settlement of foreign currency transactions during the year (except those relating to the fixed assets which are adjusted to the cost of the assets) are recognised as income or expense and are adjusted to the Statement of Profit and Loss

Revenue

Sales

Sales exclude GST and are accounted for on passing of property of goods irrespective of actual despatches. Rebates, discounts, claims and other non-recoverables are excluded therefrom.

Interest, Dividend and Claims

Dividend income is recognized when the right to receive payment is established. Interest income is accounted on time proportion basis taking into account amount outstanding & rate applicable unless otherwise stated. Insurance claims/ other claims are accounted as and when admitted/determined.

GST Credit

GST Credit admissible against GST paid on goods / PPE are accounted for by reducing the purchase cost of the related goods / Fixed Assets.

Employee Benefits

Contributions to defined Schemes such as Provident Fund / Pension Fund, Employees State Insurance Scheme are charged to Statement of Profit & Loss on accrual basis. The Company also provides for gratuity and leave encashment in accordance with projected Unit Credit Method based on actuarial valuation carried out as at the balance sheet date.

Borrowing Cost

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

Research and Development

Expenditure on research and development except capital expenses which are shown as additions to PPEs, are charged to Statement of Profit and Loss in the year in which these are incurred.

Leases

Determining whether an arrangement contains a lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as lessor

Finance Lease

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognized as revenue in the period in which they are earned.

Operating Lease

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease except where scheduled increase in rent compensates the Company with expected inflationary costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTD....

Company as Lessee

The Company's lease asset classes primarily comprise of lease for land and building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets as below:

Right of Use Assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment loss, if any, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets are also subject to impairment.

Government Grants

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Revenue grants including subsidy/rebates are credited to Statement of Profit and Loss Account under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise for acquisition of non current assets are credited to respective assets.

Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws enacted or substantively enacted on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future. Deferred Tax Assets & Deferred Tax Liabilities have been offset as they relate to the same governing tax laws.

Provisions, Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

Earning Per Share

Basic earning per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Cash Flow

Cash flows are reported using indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature and/or for items of income & expenses associated with investing and financing activities. The cash flows from operating, investing & financing activities of the company are segregated.

Note : 2 Property, Plant And Equipment And Intangible Assets

(Rupees in Lakhs)

Particulars	PROPERTY, PLANT AND EQUIPMENT											INTANGIBLE ASSETS		
	Land Freehold	Land - Leasehold	Right to Use of Assets	Buildings	Machinery	Railway Siding	Electrical Installation Water & Sanitation System	Tools & Implements	Furniture & Fixture	Motor Cars & Vehicles	Total Tangible Assets	Computer Software	Goodwill on Merger	Total Intangible Assets
Gross Carrying Amount as at March 31, 2020	1,361	-	186	2,570	42,579	19	111	12	137	509	47,484	29	1,391	1,420
Addition	-	-	-	541	3,266	-	77	36	1	24	3,945	21	-	21
Disposal/ Adjustments	-	-	-	-	1,242	-	-	-	-	68	1,310	-	-	-
Closing Gross Carrying Amount as at March 31, 2021	1,361	-	186	3,111	44,603	19	188	48	138	465	50,119	50	1,391	1,441
Addition	-	-	-	192	1,046	-	232	9	1	61	1,541	7	-	7
Disposal/ Adjustments	-	-	-	-	225	-	8	-	-	46	279	-	-	-
Closing Gross Carrying Amount as at March 31, 2022	1,361	-	186	3,303	45,424	19	412	57	139	480	51,381	57	1,391	1,448
Depreciation & Amortization														
As at April 1, 2020	-	-	3	903	14,463	4	21	3	59	257	15,713	28	-	28
Charge for the year	-	-	3	185	3,053	1	10	1	13	55	3,321	-	-	-
Disposal/ Adjustments	-	-	-	-	1,066	-	-	-	-	64	1,130	-	-	-
Total Depreciation as at March 31, 2021	-	-	6	1,088	16,450	5	31	4	72	248	17,904	28	-	28
Charge for the year	-	-	3	173	3,268	1	25	4	12	55	3,541	5	-	5
Disposal/ Adjustments	-	-	-	-	164	-	7	-	-	41	212	-	-	-
Total Depreciation as at March 31, 2022	-	-	9	1,261	19,554	6	49	8	84	262	21,233	33	-	33
Net Block														
As at March 31, 2021	1,361	-	180	2,023	28,153	14	157	44	66	217	32,215	22	1,391	1,413
As at March 31, 2022	1,361	-	177	2,042	25,870	13	363	49	55	218	30,148	24	1,391	1,415

Footnote :

i) Land includes 49 acres which is jointly held with The North Brook Jute Co Ltd in which the Company's share is approx 50% i.e. 24.462 acres. The proportionate original cost of jointly held land is Rs. 4 Lakh

ii) Capital Subsidy received during the year Rs. Nil (P.Y. Rs 97 Lakh) in respect of acquisition of Plant & Machinery has been included in disposal/ adjustment and depreciation for the year has been calculated on the reduced value of respective assets.

Note 3 Capital Work in Progress

(Rupees In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Work-in-Progress	3,237	3,467
Total	3,237	3,467

(Rupees In Lakhs)

Ageing Of Capital Work In Progress	Projects in Progress		Projects Temporarily suspended	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less Than 1 Year	193	406	1	1
1 to 2 years	20	37	1	1
2 to 3 years	-	-	1	1
More than 3 years	1,837	1,837	1,184	1,184
Total	2,050	2,280	1,187	1,187

Note 4 Investments

(Rupees In Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Non-Current Investments		
A. Investment Carried at Fair Value through Statement of Profit & Loss		
Unquoted Preference Shares		
9,51,89,700 (PY: 9,51,89,700) Redeemable 1% Non-cumulative , Non-convertible Preference Share of Rs. 10/ each in - Hindusthan Urban Infrastructure Ind. Ltd.	2,847	2,649
Equity Component in Preference Shares		
Hindusthan Urban Infrastructure Ind Ltd.	7,278	7,278
B. Investments Carried at Fair Value Through OCI		
Unquoted Equity Shares		
1,250 (PY: 1,250) Equity Shares of Rs 10/- each in Woodland Multispeciality Hospital Ltd.	-	-
1,50,00,000 (P.Y.: 1,50,00,000) Equity Shares of Rs. 10/- each in Hindustan Speciality Chemicals Ltd	1,049	955
Total	11,174	10,882
Current Investments		
Investment Carried at Fair Value Through OCI		
HDFC Growth Opportunities Fund- Regular Plan- Growth (Units - 7,800; PY: 7,800)	14	11
Total	14	11

Note 5 Other Assets

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Loans & Advances				
- Loan to Employees	49	47	64	72
- Advances to Supplier	-	-	2,549	1,317
- To Others	-	2	149	319
Others Receivables	-	-	120	185
Prepaid Expenses	21	20	229	176
Assets held for Disposal	-	-	9	9
Payment of Income Tax (Net of Provision)	3,666	3,486	-	-
Balance with Statutory Authorities	-	-	2,591	3,893
Total	3,736	3,555	5,711	5,971

Footnote:

Payment of Income Tax (Net of Provisions) includes Rs.10 Lakhs (PY: Rs.10 Lakhs) on account of TDS credit of which is subject to admittance by the Tax Authorities & is net of Rs.182 Laks (P.Y. Rs.182 Lakhs) on account of tax refund received details for which are not available. Adjustments for any short / excess received & interest included therein shall be made on receipt of such details.

Note 6 Inventories

(Rupees In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(At lower of cost & net realisable value; as taken, valued and certified by the Management)		
Raw Materials	11,384	11,406
Stores and Spares	2,545	2,304
Loose Tools	371	350
Work-in-progress	8,331	10,593
Finished Goods	2,009	3,506
Stock in Trade	-	223
Total	24,640	28,382

Note 7 Trade Receivables

(Rupees In Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered good unless stated otherwise	17,559	15,865
Total	17,559	15,865

(Rupees In Lakhs)

Ageing of Trade Receivables	As at March 31, 2022	As at March 31, 2021
Less Than 6 months	10,803	9,492
6 months to 1 Year	622	1,572
1 to 2 Years	1,803	1,070
2 to 3 Years	926	767
More than 3 Years	3,405	2,964
Total	17,559	15,865

Note 8 Cash and Cash Equivalents**(Rupees In Lakhs)**

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks		
In Current/ Cash credit Account	211	2,118
In Deposit Account (Margin Money Deposit)	9,581	14,938
In Deposit Account	3,454	6,713
Cash in hand	27	53
Total	13,273	23,822

Footnote:

i) Balance in Cash Credit / Current Account includes amount lying in accounts earmarked for redemption of Debentures/Shares Rs. Nil (PY Rs. 133 Lakhs)

ii) Balances with Banks subject to confirmation Rs. 153 Lakhs (PY Rs. 2 Lakhs)

Note 9 Loans**(Rupees In Lakhs)**

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Loans				
- Related Parties (Refer to Note No.43)	-	-	4,942	3,022
-To Others	-	-	8,310	8,911
Total	-	-	13,252	11,933

Note 10 Other Financial Assets**(Rupees In Lakhs)**

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Security Deposits				
- To Related Parties (Refer to Note No.43)	192	203	11	11
-To Others	1,168	1,292	15	15
Balances with banks				
- In Deposit Account	4,547	525	-	-
- In Deposit Account - Margin Money	8,033	-	-	10
Deposits with Companies	-	-	2,000	800
Loans & Advances				
-To Others	-	-	167	162
Interest Receivable				
- from Related Parties (Refer to Note No.43)	-	-	7,457	7,339
- from Others	-	-	3,254	3,347
Total	13,940	2,020	12,904	11,684

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note : 11 Equity Share Capital

(Rupees In Lakhs)

Authorised Share Capital	Equity Shares of Rs.10 each		Preference Shares of Rs.10 each	
	No. of Shares	Amount	No. of Shares	Amount
As at April 1, 2020	20,000,000	2,000	5,000,000	500
Increase/(decrease) during the year	-	-	-	-
As at March 31, 2021	20,000,000	2,000	5,000,000	500
Increase/(decrease) during the year	-	-	-	-
As at March 31, 2022	20,000,000	2,000	5,000,000	500
Issued Share Capital				
Equity shares of Rs. 10 each issued, subscribed and fully paid			No. of Shares	Amount
As at April 1, 2020			15,000,782	1,500
Changes during the year			-	-
As at March 31, 2021			15,000,782	1,500
Changes during the year			-	-
As at March 31, 2022			15,000,782	1,500
Term/Rights attached to Equity Shares				
The company has only one class of shares outstanding viz. Equity Shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share & is entitled to pro-rata dividend, if any, declared on equity shares. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholdings.				
Details of shareholders holding more than 5% shares in the company	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% holding	No. of Shares	% holding
Hindusthan Consultancy & Services Ltd	6,094,889	40.63%	6,092,931	40.62%
Promain Ltd	1,434,127	9.56%	1,434,127	9.56%
Deutsche Bank Trust Company Americas	977,204	6.51%	977,204	6.51%

Shares Held by the Promoters at the end of the Year

Name Of the Promoter	Percentage change during the year(%)	As at March 31, 2022		As at March 31, 2021	
		No. of Shares	% holding	No. of Shares	% holding
Hindusthan Consultancy And Services Ltd	0.01%	6,094,889	40.63	6,092,931	40.62
Promain Limited	-	1,434,127	9.56	1,434,127	9.56
Associated General Trading Society Ltd	(0.00)	713,420	4.76	713,426	4.76
Anuradha Investments Limited	-	650,233	4.33	650,233	4.33
Olympic General Trading Ltd	(0.00)	627,239	4.18	627,346	4.18
Foster Engineering Industries Ltd	-	543,377	3.62	543,377	3.62
Carbo Industrial Holdings Ltd	-	479,647	3.20	479,647	3.20
Ratlam Industrial Limited	-	461,675	3.08	461,675	3.08
Paramount Enterprises Limited	-	439,785	2.93	439,785	2.93
Orient Bonds And Stock Limited	-	354,599	2.36	354,599	2.36
Hindusthan Business Corporation Limited	-	262,004	1.75	262,004	1.75
Intercontinental Trading And Investment Company Limited	-	147,308	0.98	147,308	0.98
Pradyumna Steels Limited	-	125,884	0.84	125,884	0.84
Vikram Aditya Mody	0.00%	100	0.00	-	-

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note : 12 Other Equity

(Rupees In Lakhs)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
A. CAPITAL REDEMPTION RESERVE		
Balance as at the beginning/end of the year	1,041	1,041
B. SECURITIES PREMIUM		
Balance as at the beginning/end of the year	43,631	43,631
C. GENERAL RESERVE		
Balance as at the beginning/end of the year	18,744	18,744
D. RETAINED EARNINGS		
Balance as at the beginning of the year	45,124	41,108
Add : Transferred from Inter Units for the year		
Net Profit/(Loss) for the year	3,874	4,016
Balance as at the end of the year	48,998	45,124
E. OTHER COMPREHENSIVE INCOME		
Balance as at the beginning of the year	(596)	(25)
Other Comprehensive Income for the year	291	(571)
Balance as at the end of the year	(305)	(596)
Total	112,109	107,944

Footnote :

Nature & Purpose of Other Equity:

- i) **Capital Redemption Reserve** represents amount created on account of buyback/redemption of shares in earlier years.
- ii) **Securities Premium** represents amount received in excess of par value of shares issued.
- iii) **General Reserve** is created from time to time by transfer of profit from Retained Earnings for appropriation purposes.
- iv) **Retained Earnings** generally represent the undistributed profits/amount of accumulated earnings of the Company. It includes Rs. 805 Lakhs represented by Revaluation Reserve as on the date of the transition which is not available for distribution as dividend.
- v) **Other Comprehensive Income** represents the balance in equity relating to gain/losses on re-measurement of defined benefit obligations & remeasurement of Investments, net of Taxes. This will not be reclassified to Statement of Profit and Loss.

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note 13 Borrowings

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Buyer's credit in foreign currency (Secured)	-	-	255	703
Acceptance - Inland Bills Discounting (Secured)	-	-	6,606	12,899
Working Capital Demand Loan from Banks (Secured)	-	-	4,000	2,200
Bank Overdraft (Secured)	-	-	2,291	1,094
Interest free Sales Tax Loan (Unsecured)	-	16	223	207
Loan from WBIDC (Unsecured)	-	-	101	101
Term Loan from Bank (Secured)	15	-	10	-
Term Loan from Bank (Unsecured)	-	108	-	26
Cash Credit from Banks (Secured)	-	-	1,173	-
Total	15	124	14,659	17,230

Footnote:

- i) Interest free Sales Tax Loan is repayable in Half yearly equal installments over a period of 7 years w.e.f. September, 2015. Accordingly, installments falling due within next 12 months have been included as Current.
- ii) Loan from WBIDC is adjustable against power subsidy receivable from Govt. of West Bengal, claim for which has been lodged by the Company & the matter is sub-judice in the Hon'ble High Court at Kolkata. Adjustment, if any, shall be made on final adjudication.
- iii) Acceptances, Buyers' Credit, Demand Loan, Bank Overdraft & Cash Credit are secured by hypothecation of Book Debts, Inventories & pledge of fixed deposits held as margin. These are further secured by 1st charge over fixed assets of Bamunari, Tiljala & Santragachi Plants.
- iv) Term loan of Rs. NIL (PY Rs. 134 Lakhs) carries interest rate of 8.10 % p.a as at the year end & is repayable in eighteen monthly installment w.e.f. January 2021
- v) Term loan of Rs. 25 Lakh (PY Rs. Nil) carries interest rate of 6.25% p.a as at the year end & the same is repayable in ten equal quarterly installments w.e.f April, 2022 and it is secured by hypothecation of Plant & Machinery acquired out of said term loan.

Note 14 Trade Payables

(Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Trade Payables				
- Due to Micro, Medium and Small Enterprise	-	-	-	-
- Others	-	-	9,622	9,054
Total	-	-	9,622	9,054

Footnote:

On the basis of information available with the company, no supplier has given intimation to the company about registration under MSMED Act, 2006. Hence no information is available with the company about any due payable to any of such supplier or any delay in payment thereof.

(Rupees In Lakhs)

Ageing of Trade Payables	As at March 31, 2022	As at March 31, 2021
Less than 1 Year	9,498	8,717
1 to 2 Years	39	255
2 to 3 Years	39	12
More than 3 Years	46	70
Total	9,622	9,054

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note : 15 Other Financial Liabilities (Rupees In Lakhs)

PARTICULARS	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Interest accrued & not due on borrowings	-	-	47	92
Trade Deposit Received	-	-	41	48
Other Payables	-	-	3,004	3,141
Unclaimed Debentures Redemption Proceeds	-	-	-	133
Total	-	-	3,092	3,414

Note: 16 Deffered Tax Liabilities (Rupees In Lakhs)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
I Deferred Tax Liabilities		
Timing differences in respect of depreciation	3,655	3,879
	3,655	3,879
II Deferred Tax Assets		
Timing differences in respect of Expenses	1,734	1,726
	1,734	1,726
Deferred Tax Liabilities (Net) (I - II)	1,921	2,153

Note 17 Provisions (Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits				
- Gratutiy	5,664	6,023	772	730
- Leave Encashment	257	280	52	55
Total	5,921	6,303	824	785

Note 18 Other Liabilities (Rupees In Lakhs)

Particulars	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Statutory Liabilities	-	-	434	541
Advance from Customers	-	-	191	1,399
Other Payables	-	-	715	773
Total	-	-	1,340	2,713

Note 19 Revenue from Operations

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Sale of Products		
i) Manufactured Goods		
- Ammonium Sulphate	302	213
-Sodium Cyanide	12,326	9,404
-Potassium Cyanide	319	234
-Sodium Ferro Cyanide	30	9
- Mandelonitrile	1,696	1,754
- MPBAD Cyanohydrin	1,805	1,842
- Jute Goods	39,641	32,552
- Points & Crossing	7,481	5,280
- Railway Rolling Stock	19,089	19,565
- Steel Casting	9,986	6,738
- Others	68	24
	92,743	77,615
ii) Stock in Trade		
- Cyanide	215	1,562
	92,958	79,177
Other Operating Revenue		
- Income from Electricity Generation	198	170
- Export-Import Benefit/Incentive	1	-
- Scrap/ Raw Materials Sales	1,172	655
- Other Operating Income	-	10
Total	94,329	80,012
Disaggregation of Revenue		
Revenue Based on Geography		
Within India	94,321	80,012
Outside India	8	-
Revenue from Operation	94,329	80,012
Revenue Based on Business Segment		
Chemical	16,940	15,230
Jute	40,078	32,594
Enginnering	37,311	32,188
	94,329	80,012
Reconciliation of Revenue From Operation with Contract Price		
Revenue as per contracted price	98,683	96,262
Adjustments		
Sales return	1,632	1,225
Rate Difference/Deesclation	2,557	5
Quantity Claim	2	1
Discounts	163	15,019
Total	94,329	80,012

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Note 20 Other Income

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Other Non-Operating Income:		
Interest Income (Gross)	2,101	2,128
Interest component in Preference Shares	198	408
Profit on Sale/Discard of Fixed Assets (Net)	258	70
Sundry Balances written back (Net)	283	176
Insurance Claim	-	94
Net Gain on Foreign Exchange Fluctuation	6	-
Gain on Restatement of Investments -Mutual Funds	3	5
Other Non Operating Income	2	23
Total	2,851	2,904

Note 21 Cost of Materials Consumed

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
Inventory at the beginning of the year		11,406		9,203
Add: Purchases during the year		52,774		48,717
Less: Inventory at the end of the year		11,384		11,406
Total		52,796		46,514
Details of Raw Materials Consumed				
Castic Soda/Potash		2,132		1,273
Ammonia Liquid		2,315		1,281
Natural Gas		524		642
Raw Jute		26,227		21,019
Scrap		2,717		1,735
Steel		16,467		18,282
Others		2,414		2,282
Total		52,796		46,514
Breakup of Consumption of Raw Materials				
	%age	Amount	% age	Amount
Imported	3.99%	2,106	10.81%	5,030
Indigenous	96.01%	50,690	89.19%	41,484
Total	100.00%	52,796	100.00%	46,514

Note 22 Purchase of Stock-in-Trade

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Purchase of Stock in Trade- Chemicals	-	1,815
Total	-	1,815

Note 23 Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Inventories (Opening stock)		
- Finished goods	3,506	1,534
- Stock in Trade	223	1
- Work-in-progress	10,593	10,900
	14,322	12,435
Inventories (Closing stock)		
- Finished goods	2,009	3,506
- Stock in Trade	-	223
- Work-in-progress	8,331	10,593
	10,340	14,322
Net (Increase)/ Decrease	3,982	(1,887)

Note 24 Employee Benefit Expenses

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Salaries, Wages and other Allowances	10,829	10,409
Contribution to provident and other funds	879	842
Staff welfare expenses	122	102
Total	11,830	11,353

Note 25 Finance Cost

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Interest Expenses	895	1,096
Foreign Exchange rate difference applicable to borrowing cost	7	(13)
Other Borrowing Cost	63	67
Total	965	1,150

Note 26 Depreciation & Amortisation Expenses

(Rupees In Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Depreciation on Tangible Assets	3,541	3,321
Amortisation of Intangible Assets	5	-
Total	3,546	3,321

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

Note 27 Others Expenses

(In Rupees Lakhs)

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
Consumption of Stores & Spares		6,874		4,635
Power, Fuel & Water Charges		4,970		4,375
Payment to Auditors:				
- Statutory Audit Fee		2		2
Brokerage & Commission		461		396
Bank Charges		442		922
Charity & Donation		108		95
Directors' Fee		3		3
Freight & Transport (Net)		747		587
Insurance Charges		155		147
Net Loss on Foreign Exchange		-		8
Rent (Net)		99		86
Rates & Taxes		126		152
Repairs				
- Building		214		242
- Machinery		633		540
- Others		1,041		556
Research & Development Expenses		36		27
Jobs on Contract		1,668		1,298
Travelling & Conveyance		139		76
Miscellaneous Expenses		1,324		860
Total		19,042		15,007
Breakup of Consumption of Stores & Spares:				
Imported	8.38%	576	0.00%	-
Indigenous	91.62%	6,298	100.00%	4,635
Total	100.00%	6,874	100.00%	4,635

Footnote :

Charity & Donation includes amount paid on account of Corporate Social Responsibility (CSR) activities Rs. 94 Lakhs (PY: Rs. 83 Lakhs).

Note : 28 EARNING PER SHARE

(In Rupees Lakhs)

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2022
Number of Weighted Average Equity Shares outstanding at year end	15,000,782	15,000,782
Nominal Value of each Equity Share (Rs.)	10	10
Profit attributable to equity shareholders	3,874	4,016
Earning per Share		
- Basic (Rs)	25.83	26.77
- Diluted (Rs)	25.83	26.77

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

29 Malanpur Steel Ltd.(MSL) had merged with the company with retrospective effect from 1st April 2009 as per "Scheme" sanctioned by the Board for Industrial & Financial Reconstruction (BIFR) vide its Order dated 4th September 2012.

Certain amounts claimed by different authorities against which necessary provision had been made in the scheme have not been provided for in these accounts as these are claimed to be not payable by the company & are under reconciliation with respective authorities. The same have been disclosed as contingent liability in these accounts. Reliefs / concessions claimed from various statutory authorities viz. Income Tax, Sales Tax & Excise are under consideration of respective authorities & approvals of the same are awaited. However, the effects thereof have been taken in these accounts. Necessary adjustment, if required, shall be made on disposal thereof by respective authorities.

30 Contingent Liabilities not Provided for

Claims against the Company not acknowledged as debts (to the extent ascertained)

	(Rupees in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
(i) Sales Tax matters under appeal Net of payment already made & Included in Other Financial Assets	2,925	3,002
(ii) Central Excise matters under appeal Net of payment already made & Included in Other Financial Assets	1,664	1,720
(iii) Service Tax matters under appeal Net of payment already made & Included in Other Financial Assets	47	47
(iv) Income Tax demand under appeal/subject to rectification Net of payments	214	214
(v) Others	6,974	8,550
(vi) Raw Jute Matter under appeal	23	23

31 Capital Commitments not provided for

(Net of advances)

151 559

32 Expenses include following payments to Wholetime Director

	(Rupees in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Salary and Allowances	45	42
Contribution to Provident Fund	2	2

33 Details of Corporate Social Responsibility (CSR) Expenses:

(Rupees in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) amount required to be spent by the company during the year,	94	83
(b) amount of expenditure incurred,	94	83
(c) shortfall at the end of the year,	-	-
(d) total of previous years shortfall,	-	-
(e) reason for shortfall,	NA	NA
(f) nature of CSR activities :	Promoting Education	

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

- 34 In terms of Orders of Hon'ble Calcutta High Court in respect of certain loans given in earlier years and remaining outstanding Rs. 1,942 Lakh (PY: Rs. 2,002 Lakh), interest for the period from 1st April 1997 stands waived and the same has therefore not accrued. However, interest thereon already accrued and accounted for upto 31st March 1997 is being recovered where principal amounts have been fully realized and amount of such interest outstanding is Rs.7,231 Lakh (PY: Rs. 7,231 Lakh).
- 35 Loans to other include Rs.500 Lakh (PY: Rs. 500 Lakh) which is overdue for payment. Necessary steps for recovery are being taken & pursued by the Company. Interest on such loans, considering the uncertainty as to the realization, shall be accounted for on receipt thereof.
- 36 Balances of Trade Receivables, Security Deposits, Advances, Statutory Dues/claims & Other Payables are subject to confirmation and consequential reconciliation / adjustments.
- 37 Trade Receivables and Advances aggregating to Rs. 2,991 Lakh (PY: Rs. 2,979 Lakh), pending outcome of persuasive and other steps being taken by the company, are considered good and recoverable.
- 38 Insurance claim lodged against damage of Property, Plant & Equipments for Rs. 93 Lakhs shall be accounted for as and when received/ settled.
- 39 The Subsidiary Company was awarded Integrated Lignite Mining-cum-Power Generation Project through International Competitive Bidding by Government of Rajasthan (GOR) in 1996. Necessary 'Implementation Agreement' and 'Power Purchase Agreement' were signed by the Company with the concerned Authorities. The Company obtained all the approvals required by making all out efforts and incurring huge expenses. However, even after a period of 4 years, GOR was unable to give the Mining Lease Approval, which was an essential pre-requisite for setting up the plant as mining was an integral part of the project as per tender conditions. This failure on the part of GOR halted the project and nothing could move further. GOR, thereafter, declared the 'Implementation Agreement' ineffective. The matter was referred to arbitration between the Company and GOR. The Arbitral Tribunal vide its Award dated 02.01.2007, has awarded a sum of Rs.1140.33lakhs to the company with future interest against GOR. The objections filed by GOR in the court of District Judge, Jaipur City, Jaipur have been rejected and award has been upheld by the court. GOR has filed an appeal before Hon'ble High Court of Rajasthan at Jaipur & the matter is still sub-judice. Necessary adjustment shall be carried out on final adjudication.

40 Investment in Subsidiary

Statement containing salient features of the financial statement of Subsidiary Company

Part A- Subsidiary Company:

(Rupees in Lakhs)

Name of the Subsidiary	Hindusthan Vidyut Corporation Limited
The date since when subsidiary was acquired	05.03.2014
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	No
Reporting currency and Exchange rate as on the last date of the relevant financial year in case of Foreign	NA
Share Capital	140
Reserves & Surplus	-
Total Assets	1,213
Total Liabilities	1,073
Investments	-
Turnover	-
Profit before taxation	-
Provision for taxation	-
Profit after taxation	-
Proposed Dividend	-
% of shareholding	100.00
Notes	
Name of the Subsidiary which are yet to commence the operation	Hindusthan Vidyut Corporation Limited
Name of the Subsidiary which have been liquidated or sold during the year	None

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022
41 a) Information about Business segments

(In Rupees Lakhs)

	Chemicals		Jute Goods		Engineering		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
REVENUE								
External Sales/Other Income (Gross)	16,940	15,230	40,078	32,594	37,311	32,188	94,329	80,012
Inter-segment Sales/Other Income	-	-	2	2	-	-	2	2
Total Revenue	16,940	15,230	40,080	32,596	37,311	32,188	94,331	80,014
RESULT	3,126	4,654	324	584	2,549	927	5,999	6,165
Unallocated Expenses (Net of Unallocated Income)							2,116	1,567
Operating profit							3,883	4,598
Interest Expenses							965	1,083
Interest / Dividend Income							2,101	2,128
Net Gain/(Loss) on sale of Investments							-	-
Income Taxes								
Current Tax							1,377	1,806
Deferred Tax							(232)	(179)
Net Profit							3,874	4,016
OTHER INFORMATION								
<u>Segment assets</u>	10,207	1,739	10,786	11,164	46,061	49,373	67,054	62,276
Unallocated assets							83,949	88,944
Total assets							151,003	151,220
<u>Segment liabilities</u>	1,949	2,154	11,700	11,180	6,745	16,036	20,393	29,370
Unallocated Liabilities							17,001	12,406
Total Liabilities							37,394	41,776
<u>Capital expenditure (Including CWIP)</u>	198	373	941	1,276	178	662	1,317	2,311
Unallocated							-	-
Total							1,318	3,498
<u>Depreciation</u>	627	588	498	359	747	684	1,872	1,631
Unallocated							1,674	1,690
Total							3,546	3,321
Break-up of Segment Revenue:-								
Sales	16,693	15,019	39,641	32,552	36,624	31,606	92,958	79,177
<u>Other Income</u>								
Export Incentive	-	-	-	-	1	-	1	-
Other Operating Income	247	211	437	42	686	582	1,370	835
Total Revenue	16,940	15,230	40,078	32,594	37,311	32,188	94,329	80,012

41 Information about Business segments Contd..

b) Operating segments are defined as components of an enterprise for which discrete financial information is available which is evaluated regularly by the Chief Financial Officer in deciding how to allocate resources & assess performance.

c) Based on the synergies, risks and return associated with business operation, the Company is engaged in following business segments.

<u>Identified Segments</u>	<u>Manufacturing and sale of :</u>
i) Chemicals	Sodium Cyanide, Ammonium Sulphate, Mandelonitrite, MPBAD Cyanohydrine
ii) Jute	Jute Goods
iii) Engineering	Steel Castings, Points & Crossings, Railway Rolling Stock

d) Geographical segments considered for disclosure are

	(Rupees in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Sales		
- within India	92,950	79,177
- Outside India	8	-
Total :	92,958	79,177

	(Rupees in Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Trade Receivables		
- within India	17,367	15,798
- Outside India	192	67
Total :	17,559	15,865

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST
MARCH, 2022

42 Gratuity & Other Post Employment Benefit Plans

This Company has a defined benefit gratuity plan which is unfunded. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act 1972.

This company also extends benefit of compensated absense to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is also unfunded.

The following tables summarizes the components of net benefit/expenses recognised in the Statement of Profit and Loss & the Balance Sheet for the respective plans.

1. Movement In Obligation			(Rupees in Lakhs)
Particulars	Gratuity (Unfunded)	Leave (Unfunded)	
Present Value of Obligation- March 31,2020	6,309	434	
Current Service Cost	278	76	
Interest Cost	441	30	
Benefits/Settlement paid	(539)	(160)	
Acturial loss/(gain):	264	(45)	
Present Value of obligation- March 31,2021	6,753	335	
Current Service Cost	261	73	
Interest Cost	466	23	
Benefits/Settlement paid	(707)	(164)	
Acturial loss/(gain):	(337)	42	
Present Value of obligation- March 31,2022	6,436	309	

2. Recognised in Statement of Profit and Loss			(Rupees in Lakhs)
Particulars	Gratuity (Unfunded)	Leave (Unfunded)	
Current Service Cost	278	76	
Interest Cost	441	30	
For the year ended March 31,2021	719	106	
Current Service Cost	261	73	
Interest Cost	466	23	
For the year ended March 31,2022	1,446	202	

3. Recognised in Other Comprehensive Income			(Rupees in Lakhs)
Particulars	Gratuity (Unfunded)	Leave (Unfunded)	
Remeasurement			
Acturial loss/(gain) for the year ended March 31,2021	264	(45)	
Acturial loss/(gain) for the year ended March 31,2022	(337)	42	

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST
MARCH, 2022

42 Gratuity & Other Post Employment Benefit Plans

4. The principal actuarial assumptions used for estimating the Company's defined benefit obligations in respect of Gratuity & Leave are set out as below:

Weighted average actuarial assumptions	Year ended March 31,2022	Year ended March 31,2021
Attrition rate	1% to 8%	1% to 8%
Discount rate	7.10%	6.90%
Expected rate of increase in salary	6.00%	6.00%
Expected rate of return on plan assets	-	-
Mortality rate	IALM(2012-14) Table	

The assumptions of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

5. Sensitivity Analysis: (a) Gratuity (Rupees in Lakhs)

Particulars	Change in Assumption	Effect on Gratuity obligation	
		Year ended March 31,2022	Year ended March 31,2021
Discount rate	> 1%	(363)	(259)
	<1%	399	551
Salary Growth rate	> 1%	421	573
	<1%	(389)	(285)
Withdrawal Rate	> 1%	19	145
	<1%	(280)	104

(b) Leave Encashment

Particulars	Change in Assumption	Effect on Leave Encashment obligation	
		Year ended March 31,2022	Year ended March 31,2021
Discount rate	> 1%	(19)	(28)
	<1%	22	32
Salary Growth rate	> 1%	23	33
	<1%	(20)	(29)
Withdrawal Rate	> 1%	1	2
	<1%	(2)	(2)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied when calculating the defined benefit obligation recognised within the Balance sheet.

6. Statement of Employee Benefit Provision (Rupees in Lakhs)

Particulars	Year ended March 31,2022	Year ended March 31,2021
Gratuity	6,436	6,753
Leave Encashment	309	335
Total	6,745	7,088

43 Related Party Disclosures

A. Names of related parties with whom transaction were being carried out during the year and their relationship	
Associate Companies:	Nil
Key Managerial Personnel (KMPs):	Shri Rajendra Prasad Mody (Chairman) Shri V A Mody (Chairman) Shri A K D Singh (Executive Director-Technical) Shri Laxmi Kant Rungta (Director) Shri Shyamal Dutta (Director) Shri Tapan Kumar Adhikary (Director) Shri P K Himatsingka - (Chief Financial Officer) Shri R K Agarwal (Co. Secretary)
Relative Key Managerial Personnel (KMPs):	Shri R P Mody
Enterprise over which KMP/ Shareholders/ Close family have significane influence:	Anuradha Investments Ltd. Associated General Trading Society Ltd. Carbo Industrial Holdings Ltd. Foster Engineering Industries Ltd. Hindusthan Consultancy & Services Ltd. Hindusthan Speciality Chemicals Ltd. Hindusthan Urban Infrastructure Ltd. Olympic General Trading Ltd. Paramount Enterprises Ltd. Promain Ltd.
Transactions with related parties are at arms length price. Outstanding balances as at year end are unsecured & settlement occurs generally in cash. The company has not recorded any impairment in respect of outstandings with related parties during the year as well as in the preceeding year.	

43. Related Party Disclosures Contd..

B. Details of transactions between the Company and related parties and outstanding balances as at the year end are given below:

(Rupees in Lakhs)

Nature of Transactions	Year	Enterprise over which KMP/ Shareholder s/ relatives have significant influence	KMP	Relatives of KMP	Total
<u>In relation to the statement of Profit and Loss Account(Exclusive of Taxes, if any):</u>					
<u>Remuneration/Commission</u>					
Shri A K D Singh (Executive Director-Technical)	2021-22		45		45
	2020-21		42		42
<u>Director Sitting Fee</u>					
Shri R P Mody	2021-22		-	-	-
	2020-21			0	0
Shri Rajendra Prasad Mody (Chairman)	2021-22		0		0
	2020-21		0	-	0
Shri Laxmi Kant Rungta	2021-22		-	-	-
	2020-21		0	-	0
Shri Shyamal Dutta	2021-22		0	-	0
	2020-21		0	-	0
Shri Tapan Kumar Adhikary	2021-22		0	-	0
	2020-21		0	-	0
<u>Salary</u>					
Shri R P Mody	2021-22			300	300
	2020-21			50	50
Shri P K Himatsingka	2021-22		21		21
	2020-21		19		19
Shri R K Agarwal	2021-22		24		24
	2020-21		19		19
<u>Staff welfare Expenses</u>					
Shri R P Mody	2021-22		6		6
	2020-21		-		-
<u>Rent Paid (Exclusive of taxes)</u>					
Hindusthan Consultancy & Services Ltd.	2021-22	2			2.00
	2020-21	2			2.00
Paramount Enterprises Ltd.	2021-22	97			97
	2020-21	97			97
Promain Ltd.	2021-22	0			0
	2020-21	0			0
<u>Consultancy Service & Maintenance Charges etc.</u>					
Hindusthan Consultancy & Services Ltd.	2021-22	102			102
	2020-21	92			92
Paramount Enterprises Ltd.	2021-22	9			9
	2020-21	7			7
Hindusthan Urban Infrastructure Ltd.	2021-22	-			-
	2020-21	5			5
<u>Interest Received</u>					
Hindusthan Urban Infrastructure Ltd.	2021-22	67			67
	2020-21	8			8
Hindusthan Speciality Chemicals Ltd.	2021-22	72			72
	2020-21	70			70

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

43. Related Party Disclosures Contd..

B. Details of transactions between the Company and related parties and outstanding balances as at the year end are given below:

(Rupees in Lakhs)

Nature of Transactions	Year	Enterprise over which KMP/ Shareholder s/ relatives have significant influence	KMP	Relatives of KMP	Total
<u>In relation to the statement of Profit and Loss Account(Exclusive of Taxes, if any):</u>					
<u>Rent Received</u>					
Hindusthan Urban Infrastructure Ltd.	2021-22	0			0
	2020-21	0			0
<u>Electricity Charges- Received</u>					
Hindusthan Urban Infrastructure Ltd.	2021-22	-			-
	2020-21	3			3
<u>In relation to Balance Sheet:</u>					
<u>Loan/ Advances / Security Deposits Given/ (Repayment Received) during the year</u>					
Hindusthan Urban Infrastructure Ltd.	2021-22	1,399			1,399
	2020-21	(500)			(500)
Hindusthan Consultancy & Services Ltd.	2021-22	(20)			(20)
	2020-21	-			-
Promain Ltd.	2021-22	(70)			(70)
	2020-21	(10)			(10)
Hindisthan Speciality Chemicals Ltd.	2021-22	600			600
	2020-21	-			-
<u>Balance outstanding at the year end - Debit</u>					
<u>Loan Given</u>					
Anuradha Investments Ltd.	2021-22	108			108
	2020-21	108			108
Associated General Trading Society Ltd.	2021-22	22			22
	2020-21	22			22
Carbo Industrial Holdings Ltd.	2021-22	122			122
	2020-21	122			122
Foster Engineering Industries Ltd.	2021-22	157			157
	2020-21	157			157
Hindusthan Urban Infrastructure Ltd.	2021-22	1,400			1,400
	2020-21	-			-
Promain Ltd.	2021-22	60			60
	2020-21	120			120
Hindusthan Consultancy & Services Ltd.	2021-22	1,473			1,473
	2020-21	1,493			1,493
Hindisthan Speciality Chemicals Ltd.	2021-22	1,600			1,600
	2020-21	1,000			1,000

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

43. Related Party Disclosures Contd..

B. Details of transactions between the Company and related parties and outstanding balances as at the year end are given below:

(Rupees in Lakhs)

Nature of Transactions	Year	Enterprise over which KMP/ Shareholder s/ relatives have significant influence	KMP	Relatives of KMP	Total
Balance outstanding at the year end - Debit					
<u>Interest Receivables</u>					
Anuradha Investments Ltd.	2021-22	485			485
	2020-21	485			485
Associated General Trading Society Ltd.	2021-22	715			715
	2020-21	715			715
Carbo Industrial Holdings Ltd.	2021-22	434			434
	2020-21	434			434
Foster Engineering Industries Ltd.	2021-22	478			478
	2020-21	478			478
Hindusthan Consultancy & Services Ltd.	2021-22	3,569			3,569
	2020-21	3,569			3,569
Olympic General Trading Ltd.	2021-22	440			440
	2020-21	440			440
Promain Ltd.	2021-22	1,110			1,110
	2020-21	1,110			1,110
Hindisthan Speciality Chemicals Ltd.	2021-22	166			166
	2020-21	101			101
Hindusthan Urban Infrastructure Ltd.	2021-22	60			60
	2020-21	7			7
<u>Advances/Security Deposits given</u>					
Hindusthan Consultancy & Services Ltd.	2021-22	22			22
	2020-21	23			23
Promain Ltd.	2021-22	181			181
	2020-21	191			191
Shri P K Himatsingka	2021-22		0		0
	2020-21		1		1
<u>Investment in Equity Shares</u>					
Hindusthan Specility Chemical Ltd.	2021-22	-			-
	2020-21	1,500			1,500
<u>Balance outstanding at the year end - Credit</u>					
<u>Salary</u>					
Shri P K Himatsingka	2021-22		2		2
	2020-21		2		2
Shri R K Agarwal	2021-22		2		2
	2020-21		2		2
Shri R P Mody	2021-22			14	14
	2020-21			-	-
<u>Rent Payable</u>					
Hindusthan Consultancy & Services Ltd.	2021-22	8			8
	2020-21	8			8
<u>Consultancy Service & Maintenance Charges etc.</u>					
Hindusthan Consultancy & Services Ltd.	2021-22	2			2
	2020-21	5			5

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST
 MARCH, 2022

44 Expenditure & Earning in Foreign currency (Rupees in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
CIF VALUE OF IMPORTS		
Raw Materials	2,081	5,100
Stores and Spare Parts	632	-
Finished Goods	-	1,725
Capital Goods	255	464
EXPENDITURE IN FOREIGN CURRENCY		
Travelling	23	11
Interest	8	2
Commission	15	-
Others	10	7
EARNING IN FOREIGN CURRENCY		
Export (F.O.B Value)	8	-

45 Unhedged Foreign Currency Exposure: (Rupees in Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021	
	CHF	USD	EURO	USD	EURO
Payables					
Buyer's Credit		3	-	10	-
Interest		0	-	0	0
Advance From Customers		-	-	2	-
Trade Payables		0	0	-	-
Receivables					
Trade Receivables		0	0	0	1
Advance to Suppliers	19	3	-	0	-

46 FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS				(Rupees in Lakhs)
PARTICULARS	Note No:	As at March 31, 2022	As at March 31, 2021	
Financial Assets				
Measured at Amortised Cost				
Investments - Non-Current	4	11,174	10,882	
Trade Receivables	7	17,559	15,865	
Cash and Cash Equivalents	8	13,273	23,822	
Loans	9	13,252	11,933	
Other Financial Assets	10	26,844	13,704	
Total Financial Assets Measured at Amortised Cost		82,102	76,206	

Measured at Fair Value through Statement of Profit or Loss				(Rupees in Lakhs)
	Note No:	As at March 31, 2022	As at March 31, 2021	
Investments - Current	4	14	11	
Total Financial Assets measured at Fair Value through Statement of Profit or Loss		14	11	

Financial Liabilities				(Rupees in Lakhs)
	Note No:	As at March 31, 2022	As at March 31, 2021	
Measured at Amortised Cost				
Borrowings	13	14,674	17,354	
Trade Payables	14	9,622	9,054	
Other Financial liabilities	15	3,092	3,414	
Total Financial Liabilities measured at Amortised Cost		27,388	29,822	

47 (i) Class wise Fair Value of the Company's Financial Instruments:

Particulars			(Rupees in Lakhs)
	As at March 31, 2022	As at March 31, 2021	
Investments in Mutual Funds	14	11	
Non Current Investments, other than Investments in Subsidiary and Associates	11,174	10,882	

(ii) Fair Value Technique

The fair values of the financial assets and liabilities are included at the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and cash equivalents, trade receivables, trade payables, financial liabilities and borrowings approximate their carrying amount largely due to the short term nature of these instruments. The board considers that the carrying amounts of the financial assets and financial liabilities are recognised at cost/amortised costs in the financial statements approximates their fair values.
- Fair value of debt approximates their carrying value subject to adjustments made for transaction cost if any
- Investments in liquid and short-term mutual funds are measured using their net asset value at the reporting date multiplied by the quantity held.
- During the current as well as previous financial years, there were no transfers between different levels of fair value measurement

48 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's financial liabilities comprise borrowings, capital creditors and trade and other payables, The main purpose of these financial liabilities is to finance the company's operations. The company's financial assets include trade and other receivables, cash and cash equivalents, investments at cost/fair value and deposit.

The Company is exposed to market risk. The company's senior management oversees the management of the risks. The Board of Directors reviews and agrees to policies for managing each of these risks, which are summarised below:

I) Market Risk

Market risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises of risk, such as raw material price risk. Financial instruments affected by market risk include FVTPL investments, trade payables, trade receivables, etc.

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH,
 2022

48 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES CONTD..

The table provides undiscounted cash flow towards non- derivative financial liability into relevant maturities based on the remaining period at balance sheet date to contractual maturity date.

(Rupees in Lakhs)

Particulars	Payable within 1 year	Payable in more than 1 year	Total
As at 31st March 2021.			
Non Current Borrowings	-	124	124
Current Borrowings	17,230	-	17,230
Trade Payables	9,054	-	9,054
Unpaid Shares/Debentures Proceeds	133	-	133
As at 31st March 2022			
Non Current Borrowings	-	15	15
Current Borrowings	14,659	-	14,659
Trade Payables	9,622	-	9,622
Unpaid Shares/Debentures Proceeds	-	-	-

49 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes Issued Equity Capital, Securities Premiums and all other Equity Reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the Share holder value. The Company manages its capital structure and makes adjustments in line with changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or sale assets to reduce debt. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, interest bearing long term loans and borrowings less cash and cash equivalents.

50 GEARING RATIO:

The Company has long term debt of Rs. 15 as on 31.03.2022 (PY - Rs. 124). Accordingly the Company has 100% gearing ratio as at 31st March 2022 & 31st March 2021.

(Rupees in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Net Long Term debt	15	124
Total Equity	113,609	109,444
Net Long Term debt to Value Ratio	100%	100%

51 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure of contingent liabilities. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

JUDGEMENTS

Fair value as Deemed Cost for Property Plant & Equipment.

Property, plant and equipment has been carried in accordance with previous GAAP carrying value as deemed cost at the date of transition , which has been considered as deemed cost. On transition, previous GAAP revaluation reserve has also been transferred to retained earnings.

Lease as Finance Lease

Lease as Finance Lease has been included in the Property, Plant and Equipment while considering the overall context of transfer of risk and rewards incidental to ownership.

Depreciation/Amortisation of and Impairment Loss on Property Plant and Equipment/Intangible Assets:

Property, Plant and Equipment are depreciated and intangible assets are amortised on straight line basis over the estimated useful lives (or Lease Term if shorter) in accordance with Schedule II of the Companies Act 2013, taking into account the estimated residual value, wherever applicable. The company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation/ amortisation expense to be recorded during any reporting period. This reassessment may result in change in depreciation expense in future periods.

51 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTD..

The Company reviews its carrying value of its Tangible and Intangible assets whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or recoverable amount.

Impairment loss on Trade Receivables:

The Company evaluated whether there is any objective evidence that trade receivable are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases the estimates on the ageing of the trade receivable balances, creditworthiness of the trade receivables and historical written off experience. If the financial conditions of the trade receivables were to deteriorate, actual writeoffs would be higher than estimated.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimations uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described above. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about the future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumption when they occur.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumption that may differ from actual developments in the future. These include the determination of the discount rate, future salary increase and mortality rates. Due to the complexities involved in the valuation and it's long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rate of government bonds in currencies consistent with the currencies of the post employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes.

Future salary increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active market, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST
MARCH, 2022

52 Disclosures related to Analytical Ratios

Ratio	Current Period	Previous Period	% Variance
Current ratio	2.96	2.94	0.68%
<u>Numerator</u> : Current Assets			
<u>Denominator</u> : Current Liabilities			
Reason of Variance: Not Applicable			
Debt-equity ratio	0.13	0.16	-18.75%
<u>Numerator</u> : Total Borrowings			
<u>Denominator</u> : Shareholders Fund			
Reason of Variance: Not Applicable			
Debt service coverage ratio	7.91	3.74	111.50%
<u>Numerator</u> : Net Profit after Tax + Interest on Borrowings + Depreciation & Amortisation + Foreign Exchange Fluctuation + Gain/Loss on sale of assets			
<u>Denominator</u> : Interest on Borrowings + Principal Repayment commitment of Term Loan			
Reason of Variance: Debts have been repaid and finance cost is lower			
Return on equity ratio	5.00%	5.50%	-9.16%
<u>Numerator</u> : Net Profit after Tax - Preference Dividend			
<u>Denominator</u> : Average Shareholder's Equity			
Reason of Variance: Not Applicable			
Inventory turnover ratio	7.65	5.98	27.93%
<u>Numerator</u> : Sale of Products & Services			
<u>Denominator</u> : Average Inventory			
Reason of Variance: Increase in Turnover			
Trade receivables turnover ratio	5.64	5.11	10.37%
<u>Numerator</u> : Sale of Products & Services			
<u>Denominator</u> : Average Trade Receivables			
Reason of Variance: Not Applicable			
Trade payables turnover ratio	10.10	9.05	11.60%
<u>Numerator</u> : Sale of Products & Services			
<u>Denominator</u> : Average Trade Payables			
Reason of Variance: Not Applicable			
Net capital turnover ratio	1.63	1.24	31.45%
<u>Numerator</u> : Sale of Products & Services			
<u>Denominator</u> : Working Capital (Current Assets-Current Liabilities)			
Reason of Variance: Working capital is increased compared to previous year			
Net profit ratio	0.04%	0.05%	-18.18%
<u>Numerator</u> : Net Profit after Tax			
<u>Denominator</u> : Sale of Products & Services			
Reason of Variance: Not Applicable			
Return on capital employed	0.05%	0.05%	-12.94%
<u>Numerator</u> : Net Profit before interest & Tax			
<u>Denominator</u> : Tangible Net Worth + Total Borrowings (Long Term & Short Term) + Deferred Tax Liability			
Reason of Variance: Not Applicable			
Return on Investment	NIL	NIL	NIL
<u>Numerator</u> : Net Gain/Loss on Investment			
<u>Denominator</u> : Monthly average of Investment (Current & Non Current)			
Reason of Variance: No Income from Investments during the year			

HINDUSTHAN ENGINEERING & INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST
MARCH, 2022

53 Figures of the previous Year have been regrouped / rearranged whenever considered necessary.

The accompanying Notes No.2 to 53 are an integral part of the Consolidated Financial Statements

As per our Report of even date
For S Rastogi & Associates
Chartered Accountants
Firm Registration No. 318123E

For and on behalf of the Board of Director

V A Mody
Director
DIN : 00193192

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Date: 26th August,2022

P. K . Himatsingka
CFO

R K Agarwal
Co. Secretary

A K D Singh
Executive Director
(Tech.)
DIN : 07160198

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of Hindusthan Engineering & Industries Ltd. will be held on Friday, the 30th September, 2022 at 02.00 P.M. through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following business:

As Ordinary Business:

1. To receive, consider and adopt:
 - (a) the audited standalone Financial Statements of the Company for the financial year ended 31st March, 2022 and the Reports of the Board of Directors and Auditors thereon; and
 - (b) the audited consolidated Financial Statements of the Company for the financial year ended 31st March, 2022 and the Report of Auditors thereon.
2. To appoint a Director in place of Shri Vikram Aditya Mody (DIN: 00193192), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

As Special Business:

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) the remuneration as approved by the Board of Directors and details below, to be paid (apart from taxes as applicable and reimbursement of actual travel and out-of-pocket expenses) to the Cost Auditors M/s S.K. Sahu & Associates and Shri Than Mal Rathi, to conduct the Cost Audit for the financial year ending 31st March, 2023 be and is hereby ratified and approved."

Name of the Industry	Name of the Manufacturing Units and their locations	Name of the Cost Auditors	Remuneration (in Rs.)
Engineering	Bamunari Plant, Santragachi Plant & Tiljala Plant, West Bengal	M/s. S K Sahu & Associates	40,000
Jute	Dalhousie Jute Company, Champdany, West Bengal	M/s. S K Sahu & Associates	15,000
Chemical	Hindusthan Chemicals Company, Olpad, District: Surat, Gujarat	Shri Than Mal Rathi	40,000

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

4. **Power to Board to sell, transfer or otherwise dispose of the undertakings of the Company**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED that in supersession of all earlier resolutions and pursuant to the provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company and such other approvals, consents and permissions to the extent applicable and necessary, consent of the Company be and is hereby accorded to its Board of Directors of the company (hereinafter referred as the "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution), to sell, transfer, lease or otherwise dispose of one or more of the undertakings of the Company together with all specified tangible and intangible assets, including land, personnel / employees, plant and machinery and other assets in relation to the Undertaking, as a going concern / on a slump sale basis on an "as is where is" basis or in any other manner as the Board may deem fit in one or more tranches in the interest of the Company, to any person or persons including any subsidiary or associate of the Company for such consideration and on such terms and conditions as may be determined by the Board of Directors of the Company in the best interest of the company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalize, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to sell, transfer, lease or otherwise dispose of as aforesaid and also to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, with authorities as required and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

5. Borrowing Powers of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 180(1)(c) and all other applicable provisions of the Companies Act, 2013 and Rules made there under (which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) (including any statutory modification(s) or re-enactment thereof for the time being in force), and Articles of Association of the Company, consent of the Company be and is hereby given to the Board of Directors to borrow moneys, from time to time, whether as rupee loans, foreign currency loans, debentures, bonds and / or other instruments or non-fund based facilities or in any other form (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) from the Banks, Financial Institutions, Investment Institutions, Mutual Funds, Trusts, other Bodies Corporate or from any other source, located in India or abroad, whether unsecured or secured, on such terms and conditions as may be considered suitable by the Board of Directors up to an amount the aggregate outstanding of which should not exceed, at any given time, Rs. 2000 crore.”

“RESLOVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to negotiate and decide terms and conditions of such borrowings, finalise and execute all such deeds, documents and writing as may be necessary, desirable or expedient, settle any question, difficulty or doubt that may arise in this regard, do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable and to delegate all or any of these powers to any Committee of Directors or Managing Director or Whole time Director or Director or any other officer of the Company or any other person.”

6. Creation of Security on the Properties of the Company in favour of the Lenders

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 and Rules made there under as may be amended, from time to time and Articles of Association of the Company, consent of the Company be and is hereby given to the Board of Directors (which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) for creation of mortgage/hypothecation/ pledge / charge / security in any form or manner on the properties of the Company whether tangible, intangible or otherwise, both present and future, in favour of lenders including Banks, Financial Institutions, Investment Institutions, Mutual Funds, Trusts, other Bodies Corporate, Trustees for holders of debentures/ bonds and/ or other instruments to secure all credit facilities including rupee loans, foreign currency loans, debentures, bonds and /or other instruments or non-fund based facilities availed / to be availed by the company and / or for any other purpose, from time to time, upto the limits approved or as may be approved by the shareholders under section 180(1)(c) of the Act (including any statutory modifications or re-enactments thereof) and other applicable provisions, together with interest, further interest thereon, compound interest in case of default, accumulated interest, liquidated damages, all other costs, charges and expenses payable by the Company or the borrowing corporate / person including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange and the Board be and is hereby authorized to decide all terms and conditions in relation to such creation of charge, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to negotiate and decide terms and conditions of security, finalise and execute all deeds, documents and writings as may be necessary, desirable or expedient, settle any question difficulty or doubt that may arise in this regard, do all such acts, deeds, matters and things, as it may, in its absolute discretion deem necessary, proper or desirable and to delegate all or any of these powers to any Committee of Directors or Managing Director or Whole-time Director or Director or any other officer of the Company or any other person.”

Registered Office
‘Mody Building’
27, Sir R.N. Mukherjee Road
Kolkata – 700 001
Date: 26th Day of August, 2022

CIN: U93000WB1998PLC086303
Phone: 033 2248 0166
Fax: 033 2248 1922
Email: ho@heilindia.com
Website: www.heilindia.com

By Order of the Board of Directors

R.K.Agarwal
Company Secretary
Membership No.FCS-5047

NOTES

1. The Explanatory Statements setting out the material facts pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
2. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 14/2020 Dated : 8th April, 2020, General Circular No. 17/2020 Dated : 13th April, 2020, General Circular No. 20/2020 Dated : 5th May, 2020, General Circular No. 02/2021 Dated : 13th January, 2021, General Circular No. 19/2021 Dated : 8th December, 2021, General Circular No. 21/2021 Dated : 14th December, 2021 and General Circular No. 2/2022 Dated : 5th May, 2022 (collectively referred to as “MCA Circulars”) permitted convening the Annual General Meeting (“AGM” / “Meeting”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (‘the Act’), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
3. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM, pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. M/s. S. Rastogi & Associates, Chartered Accountants, having Firm Registration No. 318123E (Proprietor:—CA. S. Rastogi, FCA, having CA Membership No. 053823) of 42, Kali Krishna Tagore Street, 1st Floor, Kolkata – 700007, have been appointed as the Statutory Auditors at the 21st Annual General Meeting of the Company for a period of five years. As per Companies (Amendment) Act, 2017 (Section 139 of the Companies Act, 2013), notified on 07 May, 2018, the requirement of ratification of appointment of the Statutory Auditor at every Annual General Meeting has been done away with. As such, resolution for ratification of appointment of Auditor is no longer required to be passed at the AGM.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2022 to 30th September, 2022 (both days inclusive) for the purpose of AGM.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
9. In compliance with the MCA Circulars the Annual Report for the financial year 2021-2022, Notice of the 25th AGM and instruction for remote e-voting are being sent by electronic mode to all members whose email IDs are registered with the Company/Depository Participants(s). In view of the current COVID – 19 pandemic physical copies of Annual Report and Notice for this AGM will not be sent in physical. The same is also available on the Company’s website www.heilindia.com. The Notice shall also be available on the e-Voting website of NSDL viz. www.evoting.nSDL.com.
10. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least 10 (ten) days in advance of the Annual General Meeting through email on ho@heilindia.com. The same will be replied by the Company suitably.

11. **The name and address of the Company's Registrar and Share Transfer Agent is C.B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata 700019. Hence, any correspondence relating to shares and debentures may be made with them only.**
12. Members holding shares in physical form, who have multiple accounts in identical names or joint accounts in the same order, are requested to send the Share Certificates to the Company's Share Transfer Agent for consolidation of such shareholdings in one account to facilitate better service.
13. To support the 'Green Initiative', the Members who have not registered their e-mail addresses, are requested to register the same with the Registrar in case of shares held in certificate form and with the Depositories in case of shares held in demat form. Rule 18(3)(i) of the Companies (Management and Administration) Rules, 2014 requires a Company to provide advance opportunity at least once in a financial year, to the Member to register his email address and any changes therein. In compliance with the same, we request the Members who do not have their email id registered with the Company to get the same registered with the Company. Members are also requested to intimate to the Company the changes, if any in their email address.
14. **Members are requested to avail the dematerialization facility of Company's shares. Demat ISIN No. allotted by National Securities Depository Ltd. and Central Depository Services (India) Ltd. is INE 665C01026. The address of the Company's interface Registrar is C.B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata-700019.**
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialised form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form shall submit their PAN details to the Company at its Registered Office or to the Registrar and Share Transfer Agents.
16. Pursuant to Section 113 of the Act and Rules framed thereunder, the Institutional/ Corporate members are entitled to appoint authorized representatives for the purpose of voting through remote e-Voting or for the purpose of participation and voting during the AGM. In this regard, the corporate members are requested to send a certified true copy of the board resolution together with attested specimen signature of authorized representative to the scrutinizer through email at scrutinizermb@gmail.com with a copy marked to evoting@nsdl.co.in.
17. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names as per the Register of Members will be entitled to vote. The voting rights of the member shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date.
18. Members are also requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, PAN, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, in case the shares are held by them in physical form.
19. Non-resident Indian members are requested to inform CB Management Services (P) Ltd., immediately of any change in their residential status on return to India for permanent settlement.
20. All documents referred to in the Notice and the Explanatory Statement shall be made available for inspection by the Members of the Company, without payment of fees upto and including the date of AGM. Members desirous of inspecting the same may send their requests at ho@heilindia.com from their registered e-mail addresses mentioning their names and folio numbers/demat account numbers.

During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Act shall be made available for inspection upon login at NSDL e-Voting system at <https://www.evoting.nsd.com>

21. Since the AGM will be held through VC/OAVM, the route map of the venue of the meeting is not annexed hereto

22. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amended Rules, 2015, the Company is pleased to provide its members facility to exercise their right to vote on the resolution proposed to be considered at the AGM by electronic means and the business may be transacted through e -Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than the venue of AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

III. The remote e-voting period will commence on 27th September, 2022 (9.00 am) and end on 29th September, 2022 (5.00 pm). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e. 23rd September, 2022 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

IV. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on 27th September, 2022 at 09:00 A.M. and ends on 29th September, 2022 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 23rd September, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 23rd September, 2022.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be

	<p>redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
6. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to scrutinizermb@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. **23rd September, 2022**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. **1800 1020 990 and 1800 22 44 30** . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. **23rd September, 2022** may follow steps mentioned in the Notice of the AGM under Step 1: "Access to NSDL e-Voting system" (Above).
3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com to reset the password.
4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to and /or Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to rt@cbmsl.com & to ho@heilindia.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to rt@cbmsl.com & to ho@heilindia.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "Join Meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at ho@heilindia.com from Tuesday, 20th September, 2022 (9:00 A.M.) to Thursday, 22nd September, 2022 (5:00 PM).
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Chairman of the Meeting/the Company reserves the right to restrict the number of questions, time allotted and number of speakers to ensure smooth conduct of the AGM.
7. When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed.
8. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
9. Members who need assistance before or during the AGM, can contact Ms. Pallavi Mhatre, Senior Manager, NSDL at evoting@nsdl.co.in or call 1800 1020 990 / 1800 22 44 30.
 - V. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - VI. The voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 23rd September, 2022.
 - VII. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
 - VIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at AGM.

- IX. The Company has appointed Shri Raj Kumar Banthia, (Membership No. ACS 17190 & CP No. 18428) Partner, M/s MKB & Associates, Company Secretaries, Kolkata as the Scrutinizer to scrutinize the e-voting process and voting process at AGM in a fair and transparent manner.
- X. The Scrutinizer shall after the conclusion of the voting at the Annual General Meeting, will first count the votes cast at the meeting and there after unblock the votes cast through remote e-voting in presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall counter sign the same and declare the result of the voting forthwith.
- XI. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.heilindia.com and on the website of NSDL immediately after the declaration of the result by the Chairman or a person authorised by him in writing.
- XII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the meeting i.e., 30th September, 2022.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013.

Resolution at Item No. 2

Details of Directors seeking Appointment / Re-appointment in the ensuing Annual General Meeting of the Company.

Name	Shri Vikram Aditya Mody
DIN	00193192
Date of Birth	17.11.1961
Age	61 Years
Nationality	Indian
Qualification	Graduate in Commerce
Experience and Expertise in specific functional area	Wide business experience across the variety of industries.
Terms and Condition of appointment / reappointment	Liable to Retire by Rotation
Remuneration sought to be paid	Shall be paid Sitting fees for the meeting of Board and Committees.
Remuneration last drawn by such person	Rs. 45,000
Date of first Appointment on the Board of the Company	06.10.2017
Shareholding in the Company	100 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL
Number of Meetings of the Board attended during the Financial Year 2021-2022	4 (Four)
List of other Directorships held	1 (One) - Hindusthan Vidyut Corporation Limited
Membership/Chairmanship of the Committees of other Boards	Nil

Resolution at Item No. 3

In accordance with the provision of Section 148 of the Companies Act, 2013 read with and the Companies (Audit and Auditors) Rules, 2014 the remuneration of the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors shall be ratified by the members. Accordingly ratification by the member is sought to the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2023 by passing an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financial or otherwise, in the resolution.

The Board of Directors recommends the resolution for approval of Shareholders.

Resolution at Item No. 4

The Company is principally engaged in the business of manufacture and sale of railway wagons, steel castings, railway crossings & switches, steel, sodium and potassium cyanides and jute goods at its various units / undertakings namely Engineering Unit, Hindusthan Chemicals Company and Dalhousie Jute Company. It also has 2 plants closed since long i.e. Malanpur Steel Plant closed since 1998 and Bharatpur Plant closed since 2013.

For proper and effective growth and expansion of diverse business activities of the Company, it is considered necessary as a matter of long term strategy to carry out a restructuring plan by hiving off one or more units/undertakings of the Company, by way of slump sale or demerger or otherwise, either as a direct transfer or indirectly through one or more subsidiaries or associates or in any other manner, at such time in one or more tranches and in such manner as the Board may deem appropriate in the best interest of the company, The proposed restructuring shall lead to greater focus and attention on different businesses on individual basis.

The formulation of the business restructuring plan or the decision of hiving off of the business units(s) and finalisation of the terms and conditions, and other terms and conditions of such restructuring plan/ hiving off shall be taken by the Board of Directors of the Company in accordance with the prevailing market conditions in the best interest of the company.

As per Section 180(1)(a) of the Companies Act, 2013, any sale or disposal of whole or substantially the whole or any of the undertakings of the Company requires approval of the shareholders in a General Meeting by way of a Special Resolution.

The proposed resolution is accordingly being recommended by the Board for approval of the shareholders.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financial or otherwise, in the resolution except to the extent of their shareholding / directorship, if any.

Resolution at Item No. 5 & 6

The shareholder of the company had, in their meeting on 3rd September 2014, increased the borrowing limits of the company and authorized the Board of Directors to borrow funds, from time to time, for the business of the company, up to an amount, the aggregate, outstanding of which should not exceed, at any given time Rs.1000 crores and to create charge on properties of the Company to secure the repayments of the borrowings.

Keeping in view, the existing borrowing and the additional fund requirements for meeting the capital expenditure for the ongoing / future projects, capacity expansion, acquisitions and enhanced long term working capital needs of the Company, the Board of Directors had, in its meeting held on 26th August, 2022, considered and approved subject to the approval of the shareholders, the borrowing limits of the company to Rs. 2000 crores and creation of security on the properties of the Company and recommends Resolution no. 5 & 6 of the accompanying Notice to the shareholder for their approval by way of special resolution.

Pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act 2013, approval of the Shareholder by way of special resolution is required to authorize the Board of Director to borrow moneys up to the said limits and create security in respect thereof.

The proposed resolutions at item nos. 5 & 6 are accordingly being recommended by the Board for approval of the shareholders.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 5 & 6 except to the extent of their shareholding / directorship, if any.

Registered Office
'Mody Building'
27, Sir R.N. Mukherjee Road
Kolkata – 700 001
Date: 26th Day of August, 2022

By Order of the Board of Directors

CIN: U93000WB1998PLC086303
Phone: 033 2248 0166
Fax: 033 2248 1922
Email: ho@heilindia.com
Website: www.heilindia.com

R.K.Agarwal
Company Secretary
Membership No.FCS-5047

