

Annual Report 2018-19



Hindusthan Engineering & Industries Limited

(An enterprise of THE HINDUSTHAN GROUP)



Hindusthan Engineering & Industries Limited

DIRECTORS

Shri R. P. Mody, Chairman
Shri Vikram Aditya Mody
Shri Satish Kapur
Shri Biswajit Choudhuri
Dr. Ranjan Ghosh
Smt. Archana Agarwal
Shri A. K. D. Singh, Executive Director (Technical)

CHIEF FINANCIAL OFFICER

Shri J. K. Singhania

COMPANY SECRETARY

Shri R. K. Agarwal

AUDITORS

M/s. S. Rastogi & Associates, Chartered Accountants

BANKERS

Axis Bank Limited
Indian Overseas Bank
Punjab National Bank
United Bank Of India

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 Second Annual Report and Audited Financial Statements of the Company for the financial year ended 31st March, 2019.

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

	<u>2018-2019</u>	<u>(Rs.'000)</u> <u>2017-2018</u>
The profit for the year after meeting all expenses but before providing for depreciation and taxation	97 78 80	71 72 55
From which have to be deducted: Depreciation for the current year	32 74 92	32 27 51
Provision for Income Tax - Current Tax	25 00 00	14 00 00
-Tax related to earlier years	2 26 14	-
- Deferred Tax	<u>(1 93 22)</u>	<u>55 33</u>
Net profit after tax	39 70 96	24 89 71
Other Comprehensive Income (Net of Tax)	<u>2 35 02</u>	<u>28 01</u>
Total Comprehensive Income	<u>42 05 98</u>	<u>25 17 72</u>

Dividend:

The Board, in order to conserve the resources of the Company, do not recommend any dividend for the year ended 31st March, 2019.

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 as compared to last year on account of change in material structure which were earlier supplied free by Indian Railway. Requirement of Indian Railways reduced, thereby resulting in under utilization of capacity and price of material went to uneconomical level resulting in lower profit in comparison to last year.

Hindusthan Chemicals Company, the company's chemical division at Olpad, Dist. Surat (Gujarat) has achieved higher sales as compared to last year. Unit has undertaken new environment standards and new technology, resulting increase in operational margin.

Dalhousie Jute Company, the company's jute division at Champdany, West Bengal has achieved higher sales as compared to last year and lower operating margin due to depressed market conditions and poor realization.

Share Capital

The paid-up equity share capital as on 31st March, 2019 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, Highlights of Performance of Subsidiary & Associate Companies and their contribution to the overall Performance of the Company

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 and four Associate Companies.

- i) 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 and its accounts have been considered in the consolidated financial results of the Company.

Directors' Report (Contd.)

- ii) Kanchan Stock Pvt. Ltd. (KSPL) is an Associate Company of the Company. The Company holds 49% of the Equity Share Capital of KSPL. The KSPL is engaged in dealing of securities. During the year KSPL reported a profit before tax of Rs.1,05,702/- and its accounts have been considered in the consolidated financial results of the Company.
- iii) Superb Finance Pvt. Ltd. (SFPL) is an Associate Company of the Company. The Company holds 48.95% of the Equity Share Capital of SFPL. The SFPL is engaged in dealing of securities. During the year SFPL reported a profit before tax of Rs.1,00,197/- and its accounts have been considered in the consolidated financial results of the Company.
- iv) Support Holding Pvt. Ltd. (SHPL) is an Associate Company of the Company. The Company holds 48.98% of the Equity Share Capital of SHPL. The SHPL is engaged in dealing of securities. During the year SHPL reported profit before tax of Rs.20,884/- and its accounts have been considered in the consolidated financial results of the Company.
- v) Unique Stock Pvt. Ltd. (USPL) is an Associate Company of the Company. The Company holds 48.96% of the Equity Share Capital of USPL. The USPL is engaged in dealing of securities. During the year USPL reported profit before tax of Rs.1,06,757/- and its accounts have been considered in the consolidated financial results of the Company.

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 and Associate Companies which forms part of the Annual Report. A statement containing the salient features of the financial statement of the Subsidiary and Associate Companies in Form AOC-1 is given in notes to the Consolidated Results of the Company.

As per Section 136 of the Companies Act, 2013, the Audited Financial Statements of the Subsidiary Company is available at the Company's website (www.heilindia.com) and the Company will make available a copy thereof to any member of the Company who may be interested in obtaining the same.

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, 2019, 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, 2019 and of the profit and loss of the Company for the year ended 31st March, 2019;
- (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.

Extract of the Annual Return:

An Extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 is given in **Annexure I**, which is attached hereto and forms part of the Directors' Report which is also placed on the Company's website at www.heilindia.com under Investors Section.

Directors:**a) Changes in Directors and Key Managerial Personnel:**

Shri Dileep Krishna Rohatgi, Independent Director of the Company passed away on 18th December 2018. Your Directors express their sincere condolences on the demise of Shri Dileep Krishna Rohatgi and place on record their deep appreciation

Directors' Report (Contd.)

for his valuable advices to the Company.

Pursuant to the provision of Section 152 (6) 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.

The term of office of Shri Satish Kapur, as an Independent Director, will expire on 2nd September 2019, The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Shri Satish Kapur, as an Independent Director of the Company for a second term of 5 (five) years on expiry of his terms of office.

The term of office of Shri Biswajit Choudhuri, as an Independent Director, will expire on 2nd September 2019, The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Shri Biswajit Choudhuri, as an Independent Director of the Company for a second term of 5 (five) years on expiry of his terms of office.

The term of office of Dr. Ranjan Ghosh, as an Independent Director, will expire on 2nd September 2019, The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Dr. Ranjan Ghosh, as an Independent Director of the Company for a second term of 5 (five) years on expiry of his terms of office.

The term of office of Smt. Archana Agarwal, as an Independent Director, will expire on 30th March 2020, The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Smt. Archana Agarwal, as an Independent Director of the Company for a second term of 5 (five) years on expiry of her terms of office.

Requisite Notices under section 160 of the Companies Act, 2013 have been received in respect of Directors, who have filed their consents to act as Director of the Company, if appointed. Appropriate resolutions seeking the appointment/re-appointment of Directors are appearing in the Notice convening the ensuing Annual General Meeting of the Company.

The details of above Directors about their qualification, other directorships 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 separately and annexed to 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 5 (five) times during the year. The meetings of the Board of Directors were held on 11.05.2018, 31.07.2018, 29.09.2018, 5.10.2018 and 28.01.2019. 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 Rajendra Prasad Mody	Non-Executive Director	5
2	Shri Biswajit Choudhuri	Independent Director	5
3	Shri Dileep Krishna Rohatgi #	Independent Director	4
4	Shri Satish Kapur	Independent Director	5
5	Dr. Ranjan Ghosh	Independent Director	5
6	Shri Vikram Aditya Mody	Non-Executive Director	5
7	Shri Anil Kumar Damari Singh	Executive Director	5
8	Smt. Archana Agarwal	Independent Director	5

passed away on 18.12.2018

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:

Directors' Report (Contd.)**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 31.07.2018, 5.10.2018 and on 28.01.2019. 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	3
2	Shri Satish Kapur	Member	Non-Executive Independent	3
3	Shri Dileep Krishna Rohatgi #	Member	Non-Executive Independent	2
4	Shri Anil Kumar Damari Singh	Member	Executive Director (Technical)	3
5	Dr. Ranjan Ghosh ##	Member	Non-Executive Independent	-

passed away on 18.12.2018

appointed on 28.01.2019

b) Nomination & Remuneration Committee Composition and attendance

The Committee met 2 (two) times during the year. The meetings of the Nomination and Remuneration Committee were held on 31.07.2018 and on 29.09.2018. 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 Biswajit Choudhuri	Chairman	Non-Executive Independent	2
2	Shri Dileep Krishna Rohatgi #	Member	Non-Executive Independent	2
3	Dr. Ranjan Ghosh	Member	Non-Executive Independent	2
4.	Shri Satish Kapur ##	Member	Non-Executive Independent	-

passed away on 18.12.2018

appointed on 28.01.2019

c) Stakeholders Relationship Committee Composition and attendance

The Stakeholders Relationship Committee met once during the year on 31.07.2018. 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 Dileep Krishna Rohatgi #	Chairman	Non-Executive Independent	1
2	Dr. Ranjan Ghosh	Member	Non-Executive Independent	1
3	Shri Anil Kumar Damari Singh	Member	Executive Director (Technical)	1
4	Shri Satish Kapur ##	Member	Non-Executive Independent	-
5	Shri Biswajit Choudhuri ##	Member	Non- Executive Independent	-

passed away on 18.12.2018

appointed on 28.01.2019

d) Corporate Social Responsibility Committee: Composition and attendance

The Corporate Social Responsibility Committee met once during the year on 31.07.2018. 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 Rajendra Prasad Mody	Chairman	Non-Executive	1
2	Shri Satish Kapur	Member	Non-Executive Independent	1
3	Shri Dileep Krishna Rohatgi #	Member	Non-Executive Independent	1
4	Shri Biswajit Chouduri ##	Member	Non-Executive Independent	-
5	Shri Ranjan Ghosh ##	Member	Non-Executive Independent	-

passed away on 18.12.2018

appointed on 28.01.2019

Directors' Report (Contd.)

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-2** 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(viii):** 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(2) 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 T.M. Rathi, as Cost Auditors to audit the cost records of the Company for the financial year 2019-2020. 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 2018-2019 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-3** 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.

Directors' Report (Contd.)

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 inter alia 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 28th January, 2019 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

Directors' Report (Contd.)

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

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 between the end of the financial year to which the Financial Statements relates and the date of this Directors' 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 2018-19.

Directors' Report (Contd.)**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 informations, 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 in to 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. The details of transactions with related parties are provided in Note No- 41 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- 4** 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 2018-2019.

Particulars of Loans, Guarantees or Investments:

The particulars of Loan & Investments made by the Company have 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

For and on behalf of the Board of Directors

Place: Kolkata

Date: the day of 25th June, 2019

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

R.P.Mody
Director
DIN:00140503

Directors' Report (Contd.)**Annexure-1****Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended 31.03.2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS**

i.	CIN	U93000WB1998PLC086303
ii.	Registration Date	12th January, 1998
iii.	Name of the Company	Hindusthan Engineering & Industries Ltd.
iv.	Category / Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	'Mody Building' 27, Sir R N Mukherjee Road, Kolkata - 700001 Tel: 033 22480166 Fax: 033 22481922 Email: ho@heilindia.com
vi.	Whether listed Company (Yes / No)	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	C B Management Services (P) Ltd. P-22, Bondel Road, Kolkata – 700 019 Tel: 033 40116700 Fax: 033 40116739 Email: rta@cbmsl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated.

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Jute Sacking bags	131	32.76%
2.	Wagon (Railway Rolling Stock)	302	45.89%
3.	Chemical	201	21.35%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Hindusthan Vidyut Coporation Ltd. 27, Sir R N Mukherjee Road, Kolkata – 700 001	U74899WB1995PLC205541	Wholly owned Subsidiary	100	2(87)
2	Kanchan Stocks Pvt. Ltd.. 27, Sir R N Mukherjee Road, Kolkata – 700 001	U70200WB1996PTC076846	Associate	49.00	2(6)
3	Superb Finance Pvt. Ltd. 27, Sir R N Mukherjee Road, Kolkata – 700 001	U70200WB1996PTC076845	Associate	48.95	2(6)
4	Support Holding Pvt. Ltd. 27, Sir R N Mukherjee Road, Kolkata – 700 001	U70200WB1996PTC076843	Associate	48.98	2(6)
5	Unique Stocks Pvt. Ltd. 27, Sir R N Mukherjee Road, Kolkata – 700 001	U70200WB1996PTC076844	Associate	48.96	2(6)

Directors' Report (Contd.)**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding:**

Category of Shareholder	Number of shares held at the beginning of the year (as on 01.04.2018)				Number of shares held at the end of the year (as on 31.03.2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	12298297	0	12298297	81.98	12298387	0	12298387	81.98	0.00
(e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total(A)(1)	12298297	0	12298297	81.98	12298387	0	12298387	81.98	0.00
(2) Foreign									
(a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total(A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	12298297	0	12298297	81.98	12298387	0	12298387	81.98	0.00
B. Public shareholding									
1. Institutions									
(a) Mutual Funds	69	143	212	0.00	69	143	212	0.00	0.00
(b) Banks/FI	0	13	13	0.00	0	13	13	0.00	0.00
(c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Government(s)	0	30034	30034	0.20	0	30034	30034	0.20	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	622162	0	622162	4.15	622162	0	622162	4.15	0.00
(g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Other (specify)									
(i-i) UTI	27549	341	27890	0.19	27549	341	27890	0.19	0.00
Sub-Total (B)(1)	649780	30531	680311	4.54	649780	30531	680311	4.54	0.00
2. Non-Institutions									
(a) Bodies Corporate									
(i) Indian	111094	39609	150703	1.00	113306	38734	152040	1.01	0.01
(ii) Overseas	959902	118643	1078545	7.19	959902	118643	1078545	7.19	0.00
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to Rs 1 lakh	202617	80384	283001	1.89	199478	78573	278051	1.86	-0.03

Directors' Report (Contd.)

Category of Shareholder	Number of shares held at the beginning of the year (as on 01.04.2018)				Number of shares held at the end of the year (as on 31.03.2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	368197	139666	507863	3.39	371704	139666	511370	3.41	0.02
(c) Others (specify)									
(c-i) Non-Resident Individuals	1769	243	2012	0.01	1785	243	2028	0.01	0.00
(c-ii) Trust	50	0	50	0.00	50	0	50	0.00	0.00
(c-iii) Clearing Members	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(2)	1643629	378545	2022174	13.48	1646225	375859	2022084	13.48	0.00
Total Public Shareholding (B)= (B)(1)+(B)(2)	2293409	409076	2702485	18.02	2296005	406390	2702395	18.02	0.00
C. Shares held by Custodians for GDRs & ADRs									
GRAND TOTAL (A)+(B)+(C)	14591706	409076	15000782	100.00	14594392	406390	15000782	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2018)				Shareholding at the end of the year (as on 31.03.2019)				% change in share holding during the year
		No. of Shares in Demat	No. of Shares in Physical	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares in Demat	No. of Shares in Physical	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Hindusthan Consultancy & Services Ltd.	1802223	0	12.01	0	1802313	0	12.01	0	0
2	Promain Ltd.	1434127	0	9.56	0	1434127	0	9.56	0	0
3	Magnum Traders Ltd.	764900	0	5.10	0	764900	0	5.10	0	0
4	Associated General Trading Society Ltd.	713426	0	4.76	0	713426	0	4.76	0	0
5	Jai Commercial Company Ltd.	651532	0	4.34	0	651532	0	4.34	0	0
6	Anuradha Investments Ltd.	650233	0	4.33	0	650233	0	4.33	0	0
7	Olympic General Trading Ltd.	627346	0	4.18	0	627346	0	4.18	0	0
8	Foster Engineering Industries Ltd.	543377	0	3.62	0	543377	0	3.62	0	0
9	Adarsh Commercial Company Ltd.	529927	0	3.53	0	529927	0	3.53	0	0
10	Rohini Traders and Exporters Ltd.	513487	0	3.42	0	513487	0	3.42	0	0
11	Mahanagar Commercial Company Ltd.	482553	0	3.22	0	482553	0	3.22	0	0
12	Carbo Industrial Holding Ltd.	479647	0	3.20	0	479647	0	3.20	0	0
13	Ratlam Industrial Ltd.	461684	0	3.08	0	461684	0	3.08	0	0

Directors' Report (Contd.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2018)				Shareholding at the end of the year (as on 31.03.2019)				% change in share holding during the year
		No. of Shares in Demat	No. of Shares in Physical	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares in Demat	No. of Shares in Physical	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
14	Gwalior Securities and Traders Ltd.	455493	0	3.04	0	455493	0	3.04	0	0
15	Senilis Trading Syndicate Ltd.	448270	0	2.99	0	448270	0	2.99	0	0
16	Paramount Enterprises Ltd.	439785	0	2.93	0	439785	0	2.93	0	0
17	Simco Business Ltd.	410492	0	2.74	0	410492	0	2.74	0	0
18	Orient Bonds & Stock Ltd.	354599	0	2.36	0	354599	0	2.36	0	0
19	Hindusthan Business Corporation Ltd.	262004	0	1.75	0	262004	0	1.75	0	0
20	Intercontinental Trading & Investment Co. Ltd.	147308	0	0.98	0	147308	0	0.98	0	0
21	Pradyumna Steels Ltd.	125884	0	0.84	0	125884	0	0.84	0	0
	Total	12298297	0	81.98	0	12298387	0	81.98	0	0

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Hindusthan Consultancy & Services Ltd. At the beginning of the year As on 11.05.2018- Purchase 42 shares As on 10.08.2018- Purchase 48 shares At the end of the year	1802223	12.01	1802223 1802265 1802313 1802313	12.01 12.01 12.01 12.01
2.	Promain Limited At the beginning of the year At the end of the year	1434127	9.56	1434127 1434127	9.56 9.56
3.	Magnum Traders Limited At the beginning of the year At the end of the year	764900	5.10	764900 764900	5.10 5.10
4.	Associated General Trading Society Limited At the beginning of the year At the end of the year	713426	4.76	713426 713426	4.76 4.76
5.	Jai Commercial Company Ltd. At the beginning of the year At the end of the year	651532	4.34	651532 651532	4.34 4.34
6.	Anuradha Investments Ltd. At the beginning of the year At the end of the year	650233	4.33	650233 650233	4.33 4.33
7.	Olympic General Trading Ltd. At the beginning of the year At the end of the year	627346	4.18	627346 627346	4.18 4.18
8.	Foster Engineering Industries Ltd. At the beginning of the year At the end of the year	543377	3.62	543377 543377	3.62 3.62

Directors' Report (Contd.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
9.	Adarsh Commercial Company Ltd. At the beginning of the year At the end of the year	529927	3.53	529927 529927	3.53 3.53
10.	Rohini Traders and Exporters Ltd. At the beginning of the year At the end of the year	513487	3.42	513487 513487	3.42 3.42
11.	Mahanagar Commercial Company Ltd. At the beginning of the year At the end of the year	482553	3.22	482553 482553	3.22 3.22
12.	Carbo Industrial Holdings Ltd. At the beginning of the year At the end of the year	479647	3.20	479647 479647	3.20 3.20
13.	Ratlam Industrial Ltd. At the beginning of the year At the end of the year	461684	3.08	461684 461684	3.08 3.08
14.	Gwalior Securities & Traders Ltd. At the beginning of the year At the end of the year	455493	3.04	455493 455493	3.04 3.04
15.	Senilis Trading Syndicate Ltd. At the beginning of the year At the end of the year	448270	2.99	448270 448270	2.99 2.99
16.	Paramount Enterprises Ltd. At the beginning of the year At the end of the year	439785	2.93	439785 439785	2.93 2.93
17.	Simco Business Ltd. At the beginning of the year At the end of the year	410492	2.74	410492 410492	2.74 2.74
18.	Orient Bonds and Stock Ltd. At the beginning of the year At the end of the year	354599	2.36	354599 354599	2.36 2.36
19.	Hindusthan Business Corporation Ltd. At the beginning of the year At the end of the year	262004	1.75	262004 262004	1.75 1.75
20.	Intercontinental Trading and Investments Company Ltd. At the beginning of the year At the end of the year	147308	0.98	147308 147308	0.98 0.98
21.	Pradyumna Steels Ltd. At the beginning of the year At the end of the year	125884	0.84	125884 125884	0.84 0.84

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Deutsche Bank Trust Company Americas At the beginning of the year At the end of the year	977204	6.51	977204 977204	6.51 6.51
2.	Life Insurance Corporation of India At the beginning of the year At the end of the year	470952	3.14	470952 470952	3.14 3.14
3.	Ajay Kumar Kayan At the beginning of the year At the end of the year	119393	0.80	119393 119393	0.80 0.80

Directors' Report (Contd.)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	Piyush Khajanchi At the beginning of the year At the end of the year	95000	0.63	95000 95000	0.63 0.63.
5.	General Insurance Corporation of India At the beginning of the year At the end of the year	65267	0.44	65267 65267	0.44 0.44
6.	ABN Global Securities Private Ltd. At the beginning of the year Increase 10-08-2018 - Purchase 32 Shares At the end of the year	49663	0.33	49663 49695 49695	0.33 0.33 0.33
7.	Sonex Investments Ltd At the beginning of the year At the end of the year	45956	0.31	45956 45956	0.31 0.31
8.	National Insurance Company Ltd. At the beginning of the year At the end of the year	35771	0.24	35771 35771	0.24 0.24
9.	Hitesh Ramji Javeri At the beginning of the year At the end of the year	34167	0.23	34167 34167	0.23 0.23
10.	Sumitra Devi Kejriwal At the beginning of the year At the end of the year	31692	0.21	31692 31692	0.20 0.21

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-	-	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (Rs. in '000)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	81 43 70	3 23 79	-	84 67 49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	56 01	-	-	56 01
Total (i + ii + iii)	81 99 71	3 23 79	-	85 23 50
Change in Indebtedness during the financial year				
· Addition	79 68 78	-	-	79 68 78
· Reduction	47 34 76	-	-	47 34 76
Net Change	32 34 02	-	-	32 34 02
Indebtedness at the end of the financial year:				
i) Principal Amount	1 12 75 13	3 23 79	-	1 15 98 92
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1 58 60	-	-	1 58 60
Total (i + ii + iii)	1 14 33 73	3 23 79	-	1 17 57 52

Directors' Report (Contd.)**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A . Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs in '000)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Shri Anil Kumar Damari Singh	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	31 92	31 92
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2 50	2 50
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission – as % of profit – others, specify	-	-
5.	Others, please specify Company's contribution to Provident Fund	2 19	2 19
	Total (A)	36 61	36 61
	Ceiling as per the Act	Up to maximum of Rs.120 Lacs p.a. plus 0.01% of the effective capital in excess of Rs.250 crores.	

B. Remuneration to other Directors:

(Rs in '000)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
1.	Independent Directors	Shri Satish Kapur	Shri Biswajit Choudhuri	Shri Dileep Krishna Rohatgi	Dr Ranjan Ghosh	Smt. Archana Agarwal	
	Fee for attending board / committee meetings	70	75	70	65	50	3 30
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	70	75	70	65	50	3 30
2.	Other Non - Executive Directors	Shri Rajendra Prasad Mody	Shri Vikram Aditya Mody				
a)	Fee for attending board / committee meetings	55	50				1 05
b)	Commission	-	-				-
c)	Others, please specify	-	-				-
	Total (2)	55	50				1 05
	Total (B)=(1+2)						4 35
	Ceiling as per the Act	a) up to maximum of Rs.1 Lac per meeting of the Board or Committee thereof. b) up to maximum of 1% of the net profit of the Company.					
	Total Managerial Remuneration (A)+(B)						40 96

Directors' Report (Contd.)**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD:**

(Rs in '000)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Jayant Kumar Singhania, Chief Financial Officer	Shri Raj Kumar Agarwal Company Secretary	Total Amount
1	(a) Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20 26	15 03	35 29
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4 83	8 76	13 59
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961.	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission – as % of profit – others, specify.	-	-	-
5	Others, please specify Company's contribution to Provident Fund	1 44	1 06	2 50
	Total	26 53	24 85	51 38

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March, 2019.

For and on behalf of the Board of Directors

Place: Kolkata

Date: the day of 25th June, 2019

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

R.P.Mody
Director
DIN:00140503

Directors' Report (Contd.)**Annexure-2****Annual Report on Corporate Social Responsibility (CSR)**

1.	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and project or programs	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. The CSR Policy is stated and disclosed on the website of the Company and can be access from Weblink- www.heilindia.com/pdf/HEIL_CSR_Policy.pdf
2.	The Composition of the CSR Committee	1. Shri Rajendra Prasad Mody 2. Shri Satish Kapur 3. Shri Biswajit Choudhuri 4. Dr. Ranjan Ghosh
3.	Average net profit of the Company for last three financial years	Rs. 30,39,77,000/-
4.	Prescribed CSR Expenditure (two percent of the amount as in item no-3)	Rs. 60,80,000/-
5.	Details of CSR spent during the financial year	
	a) Total amount to be spent for the financial year	Rs.60,80,000/-
	b) Amount unspent, if any	NIL
	c) Manner in which the amount spent during the financial year	Given below

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Project or programs (1) Local area or other(2) specify the state and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subhead: (1) Direct Expenditure on the projects or program (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
(i)	Educational (Education to girl child)	Education	Lakshmangarh (Rajasthan)	Rs. 60,80,000/-	Rs. 60,80,000/-	Rs. 60,80,000/-	Through Implementing Agency Mody Education Foundation

6. In case the Company has failed to spent the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board Report. - **Not Applicable**

7. The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

Place: Kolkata

Date: the day of 25th June, 2019

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

R.P.Mody
Director
DIN:00140503

Directors' Report (Contd.)**Annexure-3**

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To
The Members,

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 M/s. **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, 2019 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, 2019, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (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 [**Not applicable to the Company during the audit period**];
- 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 specifically applicable to the Company:

For Jute Unit-

- (a) The Jute Packaging Materials (Compulsory use in Packing 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 & 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.

Directors' Report (Contd.)

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.
- 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 during the period under audit there are no specific events/ actions which have any major bearing on the Company's affairs.

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

For MKB & Associates
Company Secretaries

Neha Somani
(Partner) ACS no. 44522
COP no. 17322
FRN: P2010WB042700

Date: the day of 25th June, 2019
Place: Kolkata

ANNEXURE – A

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

Neha Somani
(Partner) ACS no. 44522
COP no. 17322
FRN: P2010WB042700

Date: the day of 25th June, 2019
Place: Kolkata

Directors' Report (Contd.)**Annexure - 4****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:

Old motors replaced by energy efficient Motors, Installation of new capacitors has resulted in the improvement of the average power factor. Replacement of High Watt MLL well luminaries with Low Watt LED luminaries. Installation of Variable Frequency Drive at Cooling water pump to save energy by reducing the RPM at desired load. The old transformer replaced with new energy efficient transformer. Substitution of Natural Gas in Boilers instead of Furnace Oil has resulted in savings. Improvement in energy efficiency by replacement of lighting equipment with more efficient LED Luminaries.

- 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

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, MetaPhenoxy 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)

Sl. No.	Technology Imported	Year of Import	Status regarding absorption	If not fully absorbed ,areas where absorption has not taken place and the reason thereof
1	JSC Murom Switch Works	2016-2017	Under absorption	Being under absorption in stages

Directors' Report (Contd.)

iv) The expenditure incurred on Research and Development

(Rs.'000)

i) Capital	Rs. 13 93
ii) Recurring	Rs. 30 51
iii) Total	Rs. 44 44
iv) Total R&D expenditure as % of turnover	0.05%

C) FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchanged earned in terms of actual inflows	Rs. 3 51 53
Foreign Exchange outgo in terms of actual outflows	Rs. 42 03 93

For and on behalf of the Board of Directors

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

R.P.Mody
Director
DIN:00140503

Place: Kolkata

Date: the day of 25th June, 2019

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, 2019**, 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, 2019**, 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, 2018.

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 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.

INDEPENDENT AUDITORS' REPORT (Contd.)

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 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.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the 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) The company is maintaining proper records showing full particulars including quantitative details & situation of fixed assets. On the basis of available records checked by us as well as according to information available, the physical verification of fixed assets has been carried out by the management during the year in a phased manner according to a regular programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As far as verified & reconciled during the year, no material discrepancies have been noticed on such verification. Based on the audit procedure applied by us & as per information available and explanations given to us, we report that the title deeds of immovable properties are held in the name of the company.
 - ii) The management has conducted physical verification of inventory at reasonable intervals. Discrepancies noticed on such verification of inventory as compared to book records, which were not material, have been appropriately adjusted in the accounts.
 - iii) The company has given loans to companies, firms & other parties covered in the register maintained under section 189 of the Companies Act, 2013. Based on the audit procedure applied by us & as per information available and explanations given to us, we are of the opinion that the terms & conditions of such loans granted during the year are not prejudicial to the interest of the company. According to the information available & explanation given to us, the repayment of principal amount & interest is not being received regularly. The total amount of loan & interest thereon remaining overdue for more than 90 days was Rs.9,253.38 lakh. We have been told that necessary persuasive & other steps for recovery of the same are being taken by the company for recovery of the same.
 - iv) According to the information available & explanations given to us, the company has complied with the provisions of Section 185 & 186 of the Act, wherever applicable, in respect of loans given and investments made during the year. We have been told that no guarantee or security has been issued by the company.
 - v) According to the information available & explanations given to us, the company has not accepted any deposit from public within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under.
 - vi) Based on the audit procedure applied by us & as per information available and explanations given to us, we report that the company has been maintaining cost records pursuant to the Companies (Cost Records and Audit) Rules 2014 specified by the Central Government of India under section 148 (1) of the Companies Act, 2013. We have, however, not made detailed examination of the same to determine whether they are complete & accurate.
 - vii) a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Income Tax, Provident Fund, ESI, Custom Duty, GST with appropriate authorities. According to the information available & 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.

INDEPENDENT AUDITORS' REPORT (Contd.)

- b) According to the information available & explanations given to us, following statutory dues were outstanding as at the year end on account of disputes pending before appropriate authorities:

Name of Statute	Nature of dues	Amount (Rupees in '000)	Period to which the amount relates	Forum where dispute is pending
W. B. Sales Tax Act, 1941	Sales Tax	1 09 54	1993-94	Appellate & Revisional Board
W. B. Sales Tax Act, 1994	Sales Tax	2 15 49	2000-01, 2003-04	Appellate & Revisional Board
W. B. Sales Tax Act, 1994	Sales Tax	1 21 78	2004-05	Additional Commissioner
Maharashtra VAT Act, 2002	Sales Tax	3 86	2014-15	Commissioner Appeal
Maharashtra VAT Act, 2002	Sales Tax	1 46	2012-13	Commissioner Appeal
W.B. VAT Act, 2003	Sales Tax	13 27 94	2005-06, 2011-16	Additional Commissioner/Sr. JCCT/DC
CST Act, 1956	Sales Tax	7 87 06	1993-94, 1998-2001, 2003-04, 2005-2016	Appellate & Revisional Board
CST Act, 1956	Sales Tax	5	1981-82	High Court
BFST Act, 1941	Sales Tax	1 02	1975-76,1984-85	Deputy Commissioner/Assist. Commissioner
WBST Act, 1954	Sales Tax	77	1987-88	Appellate & Revisional Board
M.P. Sales Tax Act	Sales Tax	3 85 03	1990-97	Appellate Authorities
Central Excise Act, 1944	Excise Duty	98 36	1998-99,2000-02, 2007-2019	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	14 89 71	1986-88, 1994-2004, 2008-09,2009-2016	CESTAT
Central Excise Act, 1944	Excise Duty	4 55	1992-95	High Court
Central Excise Act, 1944	Excise Duty	88 10	2013-17	Asst. Commissioner
Service Tax	Service Tax	43 06	2009-11	CESTAT
Income Tax Act,1961	Income Tax	2 14 15	2016-17	CIT(A)

- viii) 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 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. 223.24 lakhs payable on account of interest free sales tax loan which was repayable in equal half yearly instalments w.e.f. 4th September 2015. .
- ix) According to the information available & explanations given to us, the company has not raised any money by way of initial public offer or further public offer. Term loans raised during the year have been utilized for the purpose for which they are obtained.
- x) 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 available & explanations given to us, we have neither come across any incidence of fraud by or on the company by its officers or employees nor have we been informed of any such case by the management.
- xi) According to the information available & explanations given to us, the company has not paid any Managerial remuneration during the year.
- xii) The company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- xiii) Based on our audit procedures applied by us & as per the information available & explanations given to us, the company has complied with provisions of section 177 & 188 of the Act 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) The company has not made any preferential allotment or private placement of shares or convertible debentures during the year and hence reporting under clause (xiv) of Paragraph 3 of the Order is not applicable to the Company.
- xv) 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 has not entered into any non-cash transactions with directors or persons connected with them and hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable to the Company.

INDEPENDENT AUDITORS' REPORT (Contd.)

- xvi) 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.
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. The matters described in the basis for qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
 - f. On the basis of written representations received from the directors as on **31 March, 2019**, taken on record by the Board of Directors, none of the directors is disqualified as on **31 March, 2019**, from being appointed as a director in terms of Section 164 (2) of the Act.
 - g. 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'.
 - 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 has disclosed the impact of pending litigations on its financial position in its Standalone financial statements- Refer Note No. 30 to the Standalone Financial Statements.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S. Rastogi & Associates**
Chartered Accountants
Registration No. **318123E**

Place : Kolkata
Dated: the day of 25th June, 2019

(**CA S.Rastogi**)
Proprietor
Membership No. **053823**

INDEPENDENT AUDITORS' REPORT (Contd.)**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, 2019** 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.

INDEPENDENT AUDITORS' REPORT (Contd.)

Opinion

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

For **S. Rastogi & Associates**
Chartered Accountants
Registration No. **318123E**

Place : Kolkata
Dated: the day of 25th June, 2019

(CA S.Rastogi)
Proprietor
Membership No. **053823**

STANDALONE BALANCE SHEET AS AT 31st MARCH, 2019

(Rupees in '000)

PARTICULARS	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non Current Assets			
Property, Plant and Equipment	2	3 45 91 78	3 66 28 03
Capital Work-in-Progress	3	26 11 07	27 04 48
Intangible Assets	2	13 91 19	13 95 80
Financial Assets			
- Investments	4	1 21 93 42	26 74 45
Other Assets	5	47 80 51	66 23 74
Total Non Current Assets		5 55 67 97	5 00 26 50
Current Assets			
Inventories	6	2 56 66 79	2 07 19 28
Financial Assets			
- Investments	4	-	5 45 94
- Trade Receivables	7	1 37 90 84	1 50 49 85
- Cash and Cash Equivalents	8	1 66 29 54	1 51 18 97
- Loans	9	1 15 33 62	1 74 12 42
- Other Financial Assets	10	1 10 04 32	1 24 82 19
Other Assets	5	70 16 80	50 07 27
Total Current Assets		8 56 41 91	8 63 35 92
Total Assets		14 12 09 88	13 63 62 42
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	15 00 08	15 00 08
Other Equity	12	10 20 68 55	9 78 62 57
Total Equity		10 35 68 63	9 93 62 65
Liabilities			
Non Current Liabilities			
Financial Liabilities			
- Borrowings	13	86 48	1 11 62
Deferred Tax Liabilities (Net)	16	34 95 30	35 62 28
Provisions	17	60 09 27	62 77 15
Total Non Current Liabilities		95 91 05	99 51 05
Current Liabilities			
Financial Liabilities			
- Borrowings	13	1 15 19 19	83 55 87
- Trade Payables	14		
- Payable to micro & small enterprises		-	-
- Payable to other than micro & small enterprises		96 41 27	1 07 67 37
- Other Financial Liabilities	15	28 46 23	26 88 38
Provisions	17	8 16 77	7 39 77
Other Liabilities	18	32 26 74	44 97 33
Total Current Liabilities		2 80 50 20	2 70 48 72
Total Liabilities		3 76 41 25	3 69 99 77
Total Equity & Liabilities		14 12 09 88	13 63 62 42

SIGNIFICANT ACCOUNTING POLICIES

1

The accompanying Notes No. 2 to 51 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 Directors

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

R P Mody
Director
DIN : 00140503
A K D Singh
Executive Director (Tech.)
DIN : 07160198

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

(Rupees in '000)

PARTICULARS	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
INCOME			
Revenue from Operations	19	8 79 34 50	6 90 91 14
Other Income	20	31 08 05	27 07 64
Total Income		9 10 42 55	7 17 98 78
EXPENSES			
Cost of Materials Consumed	21	5 08 57 52	3 40 98 89
Purchase of Stock-in-Trade	22	4 20 42	39 30 52
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	23	(3 64 25)	(37 59 14)
Employee Benefit Expenses	24	1 28 56 44	1 22 35 47
Excise Duty Expense		-	10 13 52
Finance Cost	25	11 67 62	4 29 89
Depreciation and Amortisation Expenses	26	32 74 92	32 27 51
Other Expenses	27	1 63 26 00	1 66 77 08
Total Expenses		8 45 38 67	6 78 53 74
Profit/(Loss) before tax		65 03 88	39 45 04
Income Tax Expense			
- Income Tax related to earlier years		2 26 14	-
- Current Tax		25 00 00	14 00 00
- Deferred Tax		(1 93 22)	55 33
Total Tax Expense		25 32 92	14 55 33
Profit/(Loss) after tax		39 70 96	24 89 71
Other Comprehensive Income			
Items that may be reclassified to the Statement of Profit and Loss		-	-
Items that will not be reclassified to the Statement of Profit and Loss:			
- Remeasurements of the Defined Benefit Plans		3 61 26	43 05
- Income tax relating to items that will not be reclassified to the Statement of Profit and Loss		(1 26 24)	(15 04)
Other Comprehensive Income/(Loss) for the year, Net of Tax		2 35 02	28 01
Total Comprehensive Income/(Loss) for the year		42 05 98	25 17 72
Earnings per Equity Share (in Rupees)	28		
(Nominal value of shares Rs.10 each)			
- Basic		26.47	16.60
- Diluted		26.47	16.60

SIGNIFICANT ACCOUNTING POLICIES

1

The accompanying Notes No. 2 to 51 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 Directors

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

R P Mody
Director
DIN : 00140503
A K D Singh
Executive Director (Tech.)
DIN : 07160198

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(Rupees in '000)

PARTICULARS	Year ended March 31, 2019		Year ended March 31, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax		65 03 88		39 45 04
Adjustment for :				
Depreciation & Amortization Expenses	32 74 92		32 27 51	
(Profit)/Loss on sale/discard of Fixed Assets (net)	(26 15)		(15 70)	
(Gain)/Loss on Foreign Exchange Fluctuation	(1 09 39)		16 06	
Change in Fair Value of Investments	-		(31 18)	
Interest (net)	(16 20 41)		(15 88 85)	
Dividend Income	-		(19 07)	
(Gain)/Loss on Sale of Investments	(53)	15 18 44	-	15 88 77
Operating Profit before working capital changes		80 22 32		55 33 81
Adjustment for :				
Trade and other receivables	5 57 47		(54 98 75)	
Inventories	(49 47 51)		(56 67 64)	
Trade and other payables	(20 68 46)		43 50 77	
Direct Taxes paid (net of refunds)	(7 13 03)	(71 71 53)	(13 98 06)	(82 13 68)
Net Cash flow from operating activities		8 50 79		(26 79 87)
B. CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)/Decrease in Capital Work-in-Progress		93 41		(29 07)
Purchase of Fixed Assets		(13 49 67)		(11 04 00)
Sale/discard of Fixed Assets		1 41 76		99 50
Purchase of Investments		(95 18 97)		(16 10 00)
Sale of Investments		5 46 47		51 33 03
Loan/Deposit Given (Net)		58 78 80		(41 83 49)
Interest Received		27 88 03		20 18 74
Dividend Income		-		19 07
Gain/(Loss) on Foreign Exchange Fluctuation		1 09 39		(16 06)
Net Cash flow from investing activities		(13 10 78)		3 27 72
C. CASH FLOW FROM FINANCING ACTIVITIES				
Changes in Share Capital		-		-
Receipt/(Repayment) of Borrowings (Net)		31 38 18		42 72 44
Interest Paid		(10 81 31)		(3 74 93)
Foreign Exchange Rate difference on borrowings		(86 31)		(54 96)
Net Cash flow from financing activities		19 70 56		38 42 55
Net increase in Cash and Cash Equivalents		15 10 57		14 90 40
Cash and Cash Equivalents : Opening Balance		1 51 18 97		1 36 28 57
Cash and Cash Equivalents : Closing Balance		1 66 29 54		1 51 18 97
[Refer Note No. 8]				

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
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

R P Mody
Director
DIN : 00140503

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

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019**A. EQUITY SHARE CAPITAL**

(Rupees in '000)

PARTICULARS	Equity Shares	
	No. of Shares	Amount in Rupees
Balance as at April 1, 2017	15 00 07 82	15 00 08
Changes in Equity Share Capital during the year	-	-
Balance as at March 31, 2018	15 00 07 82	15 00 08
Changes in Equity Share Capital during the year	-	-
Balance as at March 31, 2019	15 00 07 82	15 00 08

B. OTHER EQUITY

(Rupees in '000)

PARTICULARS	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at April 1, 2017	10 41 36	4 36 31 30	1 87 44 03	3 23 91 85	(4 63 69)	9 53 44 85
Other Comprehensive Income/(Loss) for the year	-	-	-	-	28 01	28 01
Profit for the year	-	-	-	24 89 71	-	24 89 71
Balance as at March 31, 2018	10 41 36	4 36 31 30	1 87 44 03	3 48 81 56	(4 35 68)	9 78 62 57
Other Comprehensive Income/(Loss) for the year	-	-	-	-	2 35 02	2 35 02
Profit for the year	-	-	-	39 70 96	-	39 70 96
Balance as at March 31, 2019	10 41 36	4 36 31 30	1 87 44 03	3 88 52 52	(2 00 66)	10 20 68 55

Footnote:

For purpose & nature of Other Equity, refer 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

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

R P Mody
Director
DIN : 00140503
A K D Singh
Executive Director (Tech.)
DIN : 07160198

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**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/amortised 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 to thousands 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 liabilities 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 assets 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 provide on straight line method as per the useful life 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 amortised 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 amortised 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 recognised 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 months otherwise these are classified as non-current.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

The classification of financial instruments whether to be measured at amortised 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 Amortised 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 amortised cost.

The financial assets and financial liabilities subsequent to initial recognition are measured at amortised 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 amortised 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 months 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 liabilities/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.

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 include excise duty/cess but exclude CST/VAT/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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**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/Fixed Assets 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 fixed assets, are charged to Statement of Profit and Loss in the year in which these are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards incidental to the ownership of an asset to the company. All other leases are classified as operating leases.

Finance leases are capitalized at the inception of the lease at lower of its fair value and the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Any initial direct cost of the lessee is added to the amount recognized as an asset. Each lease payment is apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding amount of the liabilities.

Payments made under operating leases are recognized as expenses on a straight-line basis over the term of the lease.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Particulars	PROPERTY, PLANT AND EQUIPMENT										INTANGIBLE ASSETS			
	Land Freehold	Land - Leasehold	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, 2017	13 61 28	1 97 11	24 35 78	4 03 46 74	18 84	56 73	9 70	98 80	4 41 06	4 49 66 04	27 95	13 90 62	14 18 57	
Addition	-	-	10 47	9 99 05	-	15 99	-	13 01	65 48	11 04 00	-	-	-	
Disposal/Adjustments	-	-	-	78 51	-	-	-	20	20 20	98 91	-	-	-	
Gross Carrying amount as at March 31, 2018	13 61 28	1 97 11	24 46 25	4 12 67 28	18 84	72 72	9 70	1 11 61	4 86 34	4 59 71 13	27 95	13 90 62	14 18 57	
Addition	-	-	1 21 46	10 97 73	-	28 18	1 04	20 98	79 85	13 49 24	43	-	43	
Disposal/Adjustments	-	-	3 50	1 03 46	-	-	-	12	54 85	1 61 93	-	-	-	
Gross Carrying amount as at March 31, 2019	13 61 28	1 97 11	25 64 21	4 22 61 55	18 84	1 00 90	10 74	1 32 47	5 11 34	4 71 58 44	28 38	13 90 62	14 19 00	
Depreciation & Amortization														
As at April 1, 2017	-	5 71	3 68 28	55 81 07	2 30	5 17	1 43	22 67	1 46 79	61 33 42	20 05	-	20 05	
Charge for the year	-	2 89	1 90 29	29 55 99	65	3 19	62	11 11	60 05	32 24 79	2 72	-	2 72	
Disposal/Adjustments	-	-	-	73	-	-	-	5	14 33	15 11	-	-	-	
Total Depreciation/Amortisation upto March 31, 2018	-	8 60	5 58 57	85 36 33	2 95	8 36	2 05	33 73	1 92 51	93 43 10	22 77	-	22 77	
Charge for the year	-	2 82	1 75 64	30 09 08	65	5 28	64	11 82	63 95	32 69 88	5 04	-	5 04	
Disposal/Adjustments	-	-	3 33	4 27	-	-	-	11	38 61	46 32	-	-	-	
Total Depreciation/Amortisation upto March 31, 2019	-	11 42	7 30 88	1 15 41 14	3 60	13 64	2 69	45 44	2 17 85	1 25 66 66	27 81	-	27 81	
Net Block														
As at March 31, 2018	13 61 28	1 88 51	18 87 68	3 27 30 95	15 89	64 36	7 65	77 88	2 93 83	3 66 28 03	5 18	13 90 62	13 95 80	
As at March 31, 2019	13 61 28	1 85 69	18 33 33	3 07 20 41	15 24	87 26	8 05	87 03	2 93 49	3 45 91 78	57	13 90 62	13 91 19	

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 71.
- ii) Capital Subsidy received during the year Rs.32 58 (PY - Rs. 76 28) in respect of acquisition/construction of Building and Machinery has been included in disposal/adjustment and depreciation for the year has been calculated on the reduced value of respective assets.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 3 CAPITAL WORK IN PROGRESS**

(Rupees in '000)

PARTICULARS	Non-Current	
	As at March 31, 2019	As at March 31, 2018
Capital Work-in-Progress	26 11 07	27 04 48
Total	26 11 07	27 04 48

Note : 4 INVESTMENTS

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
Non-Current Investments		
A. Investment Carried at Cost		
Unquoted Equity Shares		
i) Subsidiary Company		
14,01,520 (PY: 14,01,520) Equity Shares of Rs.10/- each in Hindusthan Vidyut Corporation Ltd.	1 40 50	1 40 50
ii) Associate Company		
1,26,320 (PY: 1,26,320) Equity Shares of Rs.10/- each in Kanchan Stocks Pvt. Ltd.	7 21 82	7 21 82
1,21,320 (PY: 1,21,320) Equity Shares of Rs.10/- each in Superb Finance Pvt. Ltd.	6 93 25	6 93 25
1,20,100 (PY: 1,20,100) Equity Shares of Rs.10/- each in Support Holdings Pvt.Ltd.	5 53 84	5 53 84
1,22,500 (PY: 1,22,500) Equity Shares of Rs.10/- each in Unique Stocks Pvt.Ltd.	5 64 91	5 64 91
Unquoted Preference Shares		
9,51,89,700 (PY: Nil) Redeemable 1% non-cumulative, non-convertible Preference Share of Rs. 10/each in Hindusthan Urban Infrastructure Ltd.	95 18 97	-
B. Investments Carried at Fair Value Through OCI		
Other than Associate Company-Unquoted Equity Shares		
1,250 (PY: 1,250) equity shares of Rs.10/- each in Woodland Multispeciality Hospital Ltd.	13	13
Total	1 21 93 42	26 74 45
Current Investments		
Investment Carried at Fair Value Through OCI		
Investment in Units of Mutual Fund (Unquoted)		
DSP Blackrock Credit Risk Fund - Growth (Units - NIL; PY: 3,83,576.78)	-	1 09 75
HSBC Short Duration Fund -Growth (Units - NIL, PY: 3,81,424.62)	-	1 08 34
ICICI Pru Dyanamic-Regular Plan-Growth (Units - NIL, PY: 5,45,470.41)	-	1 08 14
L&T Income Opportunities Retail Fund-Growth (Units - NIL, PY: 5,54,585.03)	-	1 10 40
L&T Resurgent India Bond Fund-Growth (Units - NIL, PY:8,40,894.38)	-	1 09 31
Total	-	5 45 94

Note : 5 OTHER ASSETS

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Security Deposits	14 01 62	12 20 90	-	-
Loans & Advances				
- To Employees	60 42	71 26	80 59	77 69
- To Suppliers	-	-	11 13 00	8 87 40
- To Others	-	-	12 65 57	9 89 42
Export Incentive Receivable	-	-	-	5 32
Other Receivables	-	-	20 65	19 83
Prepaid Expenses	-	-	7 40	9 68
Assets held for Disposal	-	-	8 66	8 66
Payment of Income Tax (Net of Provision)	33 18 33	53 31 44	37	37
Balance with Statutory Authorities	14	14	45 20 56	30 08 90
Total	47 80 51	66 23 74	70 16 80	50 07 27

Footnote:

Payment of Income Tax (Net of Provisions) includes Rs.10 32 (PY: Rs.16 12) on account of TDS/tax Payment, credit of which is subject to admittance by the Tax Authorities.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 6 INVENTORIES**

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
(At lower of cost & net realisable value; as taken, valued and certified by the Management)		
- Raw Materials	1 48 95 00	1 02 98 10
- Stores and Spares	19 08 86	19 18 91
- Loose Tools	3 51 63	3 55 22
- Work-In-Progress	72 03 51	62 42 90
- Finished Goods	13 07 79	9 50 04
- Stock in Trade	-	9 54 11
Total	2 56 66 79	2 07 19 28

Note : 7 TRADE RECEIVABLES

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good	1 37 90 84	1 50 49 85
Total	1 37 90 84	1 50 49 85

Note : 8 CASH AND CASH EQUIVALENTS

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
Balances with Banks		
- In Current/Cash Credit Account	24 22 08	19 07 25
- In Deposit Account (Margin Money Deposit)	1 32 69 94	1 19 16 57
- In Deposit Account	8 87 30	12 45 00
Cash in hand	50 22	50 15
Total	1 66 29 54	1 51 18 97

Footnote:

- i) Balances in Deposit Account include Deposit with more than 12 months maturity Rs.19 07 03 (PY: Rs. 39 64 28)
ii) Balance in Cash Credit/Current Account includes Rs. 3 07 04 (PY: Rs.3 06 94) lying in accounts earmarked for redemption of Debentures/Shares.
iii) Balances with Banks Rs. 1 94 58 (PY: Rs. 6 65 00) is subject to confirmation.

Note : 9 LOANS

(Rupees in '000)

PARTICULARS	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Loans				
- To Related Parties (Note No.41)	-	-	20 22 30	91 01 10
- To Subsidiary Company (Note No.41)	-	-	8 01 07	8 01 07
-To Others	-	-	87 10 25	75 10 25
Total	-	-	1 15 33 62	1 74 12 42

Note : 10 OTHER FINANCIAL ASSETS

(Rupees in '000)

PARTICULARS	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Deposits with Companies	-	-	17 00 00	16 00 00
Loans & Advances				
-To Suppliers	-	-	1 65 34	92 98
Interest Receivable				
- from Related Parties (Note No.41)	-	-	72 31 08	95 32 40
- from Others	-	-	19 07 90	12 56 81
Total	-	-	1 10 04 32	1 24 82 19

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 11 EQUITY SHARE CAPITAL**

(Rupees in '000)

PARTICULARS	Equity Shares of Rs.10/- each		Preference Shares of Rs.10/- each	
	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital				
As at April 1, 2017	20 00 00 00	20 00 00	5 00 00 00	5 00 00
Increase/(decrease) during the year	-	-	-	-
As at March 31, 2018	20 00 00 00	20 00 00	5 00 00 00	5 00 00
Increase/(decrease) during the year	-	-	-	-
As at March 31, 2019	20 00 00 00	20 00 00	5 00 00 00	5 00 00
Issued Share Capital				
Equity shares of Rs. 10 each issued, subscribed and fully paid			No. of Shares	Amount
As at April 1, 2017			15 00 07 82	15 00 08
Changes during the year			-	-
As at March 31, 2018			15 00 07 82	15 00 08
Changes during the year			-	-
As at March 31, 2019			15 00 07 82	15 00 08
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, 2019		As at March 31, 2018	
	No. of Shares	% holding	No. of Shares	% holding
Hindusthan Consultancy & Services Ltd.	1 80 23 13	12.01%	1 80 22 23	12.01%
Promain Ltd.	1 43 41 27	9.56%	1 43 41 27	9.56%
Deutsche Bank Trust Company Americas	97 72 04	6.51%	97 72 04	6.51%
Magnum Traders Limited	76 49 00	5.10%	76 49 00	5.10%

Note : 12 OTHER EQUITY

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
A. CAPITAL REDEMPTION RESERVE		
Balance as at the beginning/end of the year	10 41 36	10 41 36
B. SECURITIES PREMIUM		
Balance as at the beginning/end of the year	4 36 31 30	4 36 31 30
C. GENERAL RESERVE		
Balance as at the beginning/end of the year	1 87 44 03	1 87 44 03
D. RETAINED EARNINGS		
Balance as at the beginning of the year	3 48 81 56	3 23 91 85
Net Profit/(Loss) for the year	39 70 96	24 89 71
Balance as at the end of the year	3 88 52 52	3 48 81 56
E. OTHER COMPREHENSIVE INCOME		
Balance as at the beginning of the year	(4 35 68)	(4 63 69)
Other Comprehensive Income for the year	2 35 02	28 01
Balance as at the end of the year	(2 00 66)	(4 35 68)
Total	10 20 68 55	9 78 62 57

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 used from time to time to transfer profits from Retained Earnings for appropriation purposes.
- iv) **Retained Earnings** generally represent the undistributed profits/amount of accumulated earnings of the Company. It includes Rs. 8 04 79 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. This will not be reclassified to Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 13 BORROWINGS**

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Buyer's credit in foreign currency (Secured)	-	-	4 74 35	19 35 65
Acceptance - Inland Bills Discounting	-	-	70 35 53	18 73 61
Bank Overdraft (Secured)	-	-	13 33 46	22 21 02
Interest free Sales Tax Loan (Unsecured)	79 73	1 11 62	1 43 51	1 11 62
Loan from WBIDC (Unsecured)	-	-	1 00 55	1 00 55
Term Loan from Bank (Secured)	6 75	-	31 53	31 20
Cash Credit from Banks (Secured)	-	-	24 00 26	20 82 22
Total	86 48	1 11 62	1 15 19 19	83 55 87

Footnote:

- i) Interest free Sales Tax Loan is repayable in Half yearly equal installments over a period of 7 years after an initial moratorium of 3 years from 4th September, 2012 (date of sanction of Rehabilitation Scheme by Hon'ble BIFR). 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) Letter of Credits, Letter of Guarantees, Buyers' Credit & 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. 32 19 (PY Rs. NIL) carries interest rate of 11.00% p.a as at the year end & the same is repayable in twenty four equal installment with effect from July 2018 and it is secured by hypothecation of fixed movable assets acquired out of said term loan.
- v) Term loan of Rs. 5 82 (PY Rs. NIL) carries interest rate of 12.00% p.a as at the year end & the same is repayable in Twelve equal installment with effect from September 2018 and it is secured by hypothecation of fixed movable assets acquired out of said term loan.
- vi) Term loan of Rs. 27 (PY Rs. NIL) carries interest rate of 12.05% p.a as at the year end & the same is repayable in Six equal installment with effect from March 2019 and it is secured by hypothecation of fixed movable assets acquired out of said term loan.
- vii) Term loan of Rs. NIL (PY Rs. 8) carries interest rate of 10.50% p.a as at the year end & the same repayable in Six equal installment with effect from October 2017 and it is secured by hypothecation of fixed movable assets acquired out of said term loan.
- viii) Term loan of Rs. NIL (PY Rs. 24 42) carries interest rate of 11.60% p.a as at the year end & the same repayable in Twelve equal installment with effect from November 2017 and it is secured by hypothecation of fixed movable assets acquired out of said term loan.
- ix) Term loan of Rs. NIL (PY Rs. 3 44) carries interest rate of 11.60% p.a as at the year end & the same repayable in Six equal installment with effect from November 2017 and it is secured by hypothecation of fixed movable assets acquired out of said term loan.
- x) Term loan of Rs. NIL (PY Rs. 3 26) carries interest rate of 10.45% p.a as at the year end & the same repayable in Six equal installment with effect from January 2018 and it is secured by hypothecation of fixed movable assets acquired out of said term loan.

Note : 14 TRADE PAYABLES

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Trade Payables				
- Due to Micro, Medium and Small Enterprise	-	-	-	-
- Others	-	-	96 41 27	1 07 67 37
Total	-	-	96 41 27	1 07 67 37

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 15 OTHER FINANCIAL LIABILITIES**

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Interest accrued & not due on Borrowings	-	-	1 58 60	56 01
Security Deposit from Dealers	-	-	28 10	28 10
Other Payables	-	-	23 52 49	22 97 33
Unclaimed Equity Shares Redemption Proceeds	-	-	42 67	42 57
Unclaimed Preference Shares Redemption Proceeds	-	-	-	-
Total	-	-	28 46 23	26 88 38

Note : 16 DEFERRED TAX LIABILITIES

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
I Deferred Tax Liabilities		
Timing differences in respect of depreciation	59 55 95	60 73 00
Timing differences in respect of Income	-	16 05
	59 55 95	60 89 05
II Deferred Tax Assets		
Timing differences in respect of Expenses	24 60 65	25 26 77
	24 60 65	25 26 77
Deferred Tax Liability (Net) (I - II)	34 95 30	35 62 28

Note : 17 PROVISIONS

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits				
- Gratuity	57 02 16	59 48 45	7 45 40	6 71 55
- Leave Encashment	3 07 11	3 28 70	71 37	68 22
Total	60 09 27	62 77 15	8 16 77	7 39 77

Note : 18 OTHER LIABILITIES

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Statutory Liabilities	-	-	5 44 28	5 93 21
Advance from Customers	-	-	21 96 45	34 67 17
Other Payables	-	-	4 86 01	4 36 95
Total	-	-	32 26 74	44 97 33

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 19 REVENUE FROM OPERATIONS**

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Products (Based on Business Segment)		
i) Manufactured Goods		
- Ammonium Sulphate	1 88 30	2 75 66
- Cyanide	1 23 87 15	1 01 00 73
- Diphenyl Guanidine	9 01 14	8 27 63
- Mandelonitrile	22 13 94	9 60 80
- MPBAD Cyanohydrin	11 10 19	4 48 65
- Jute Goods	2 87 04 02	2 58 25 68
- Points & Crossing	40 75 78	28 57 16
- Railway Rolling Stock	2 63 23 70	1 41 81 61
- Steel Casting	84 61 20	75 93 87
- Others	10 00 21	12 77 30
	8 53 65 63	6 43 49 09
ii) Stock in Trade	9 80 28	31 14 43
Total Revenue from Contracts with Customers	8 63 45 91	6 74 63 52
Other Operating Revenue		
- Income from Electricity Generation	3 07 73	2 68 35
- Export-Import Benefit/Incentive	1 02 93	8 28
- Scrap Sales	11 77 93	11 30 52
- Other	-	2 20 47
Total	8 79 34 50	6 90 91 14
PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Disaggregation of Revenue		
Revenue Based on Geography		
Within India	8 75 82 98	6 74 70 71
Outside India	3 51 52	16 20 43
Revenue from Operation	8 79 34 50	6 90 91 14
Revenue Based on Business Segment		
Chemical	1 87 77 46	1 66 04 13
Engineering	2 88 07 89	2 58 65 46
Jute	4 03 49 15	2 66 21 55
	8 79 34 50	6 90 91 14
Reconciliation of Revenue From Operation with Contract Price		
Revenue as per contracted price	8 84 98 30	6 91 25 50
Adjustments		
Sales return	9 65	-
Rate Difference	3 45 59	22 21
Quantity Claim	1 53	12 15
Discounts	2 07 03	-
Total	8 79 34 50	6 90 91 14

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 20 OTHER INCOME**

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income (Gross)	27 88 03	20 18 74
Dividend	-	19 07
Change in Fair Value of Investments	-	31 18
Profit on Sale/Discard of Fixed Assets (Net)	26 15	15 70
Profit on Sale of Investments	53	-
Sundry Balance Written Back(Net)	1 60 26	-
Net Gain on Foreign Exchange Fluctuation	1 09 39	-
Other Non Operating Income	23 69	6 22 95
Total	31 08 05	27 07 64

Note : 21 COST OF MATERIALS CONSUMED

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019		For the year ended March 31, 2018	
Inventory at the beginning of the year		1 02 98 10		81 96 55
Add: Purchases during the year		5 54 54 42		3 62 00 44
Less: Inventory at the end of the year		(1 48 95 00)		(1 02 98 10)
Total		5 08 57 52		3 40 98 89
Details of Raw Materials Consumed				
Castic Soda/Potash		21 52 32		21 10 42
Ammonia Liquid		12 48 12		12 16 96
Natural Gas		6 70 08		5 31 68
Raw Jute		1 72 74 20		1 37 16 36
Scrap		24 05 48		19 05 88
Steel		2 44 40 93		1 30 83 69
Others		26 66 39		15 33 90
		5 08 57 52		3 40 98 89
Breakup of Consumption of Raw Materials	%age	Amount	%age	Amount
Imported	4.51%	22 92 38	7.76%	26 47 33
Indigenous	95.49%	4 85 65 14	92.24%	3 14 51 56
	100.00%	5 08 57 52	100.00%	3 40 98 89

Note 22 PURCHASE OF STOCK-IN-TRADE

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Stock in Trade	4 20 42	39 30 52
Total	4 20 42	39 30 52

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE**

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories (Opening Stock)		
- Finished Goods	9 50 04	19 38 46
- Stock in Trade	9 54 11	-
- Work-in-Progress	62 42 90	25 12 08
	81 47 05	44 50 54
Inventories (Closing Stock)		
- Finished Goods	13 07 79	9 50 04
- Stock in Trade	-	9 54 11
- Work-in-Progress	72 03 51	62 42 90
	85 11 30	81 47 05
Increase/(Decrease) in Excise duty on stock of Finished Goods	-	(62 63)
Net (Increase)/Decrease	(3 64 25)	(37 59 14)

Note : 24 EMPLOYEE BENEFIT EXPENSES

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, Wages and Other Allowances	1 16 38 76	1 10 52 82
Contribution to Provident and Other Funds	11 13 73	10 87 62
Staff Welfare Expenses	1 03 95	95 03
Total	1 28 56 44	1 22 35 47

Note : 25 FINANCE COST

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	10 81 31	3 74 93
Foreign Exchange rate difference applicable to borrowing cost	86 31	54 96
Total	11 67 62	4 29 89

Note : 26 DEPRECIATION & AMORTISATION EXPENSES

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on Tangible Assets	32 69 88	32 24 79
Amortization of Intangible Assets	5 04	2 72
Total	32 74 92	32 27 51

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Note : 27 OTHER EXPENSES**

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019		For the year ended March 31, 2018	
Consumption of Stores & Spares		39 26 89		34 40 39
Power, Fuel & Water Charges		56 23 30		51 96 10
Payment to Auditors:				
- Statutory Audit Fee		2 12		2 12
- Tax Audit Fee		-		27
Brokerage & Commission		4 61 94		5 14 80
Bank Charges		6 01 64		3 93 97
Charity & Donation *		63 80		68 31
Director Fee		4 35		2 90
Freight & Transport (Net)		7 81 33		5 72 58
Insurance Charges		66 47		75 29
Net Loss on Foreign Exchange Fluctuation		-		16 06
Rent (Net)		83 96		84 31
Rates & Taxes **		70 44		10 90 86
Repairs				
- Building		1 56 28		2 43 07
- Machinery		4 69 10		6 49 24
- Others		4 82 86		5 15 86
Research & Development Expenses		30 51		23 37
Jobs on Contract		23 33 87		20 40 00
Stores & Spares Written off		-		2 54 91
Sundry Debtors/Balances Written off (Net)		-		1 20 45
Travelling & Conveyance		1 99 31		2 17 93
Miscellaneous Expenses		9 67 83		11 54 29
Total		1 63 26 00		1 66 77 08
Breakup of Consumption of Stores & Spares	%age	Amount	%age	Amount
Imported	1.16%	45 63	12.35%	4 25 05
Indigenous	98.84%	38 82 80	87.65%	30 15 34
Total	100.00%	39 28 43	100.00%	34 40 39

Footnote :

i)* Includes amount paid on account of Corporate Social Responsibility (CSR) activities Rs. 60 80 (P.Y: Rs.65 43).

ii)** Includes Rs Nil (PY Rs 9 84 76) relates to earlier years.

Note : 28 EARNING PER SHARE

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Number of Weighted Average Equity Shares outstanding at year end	15 00 07 82	15 00 07 82
Nominal Value of each Equity Share (Rs.)	10	10
Profit attributable to equity shareholders	39 70 96	24 89 71
Earning per Share		
- Basic (Rs)	26.47	16.60
- Diluted (Rs)	26.47	16.60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

- 29 Malanpur Steel Ltd.(MSL) had been 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.

		(Rupees in '000)	
		As at March 31, 2019	As at March 31, 2018
30	Contingent Liabilities not Provided for		
	Claims against the Company not acknowledged as debts (to the extent ascertained)		
	(i) Sales Tax matters under appeal	29 54 00	25 01 84
	Net of payment already made & Included in Loans & Advances Rs. 2 75 04 (PY: Rs. 2 39 66)		
	(ii) Central Excise matters under appeal	16 80 72	16 19 53
	Net of payment already made & Included in Loans & Advances Rs.8 24 59 (PY: Rs. 8 53 38)		
	(iii) Service Tax matters under appeal	43 06	43 06
	Net of payment already made & Included in Loans & Advances		
	(iv) Goods & Service Tax matters		6 57
	(v) Income Tax demand under appeal/subject to rectification	2 14 15	7 24 64
	Net of payments Rs NIL (PY 24 74 58)		
	(vi) Others	82 77 67	82 68 70
	Net of payment already made & included in Security Deposits Rs. 20 00 (PY: Rs. 56 80)		
31	Capital Commitments not provided for (Net of advances)	7 52 77	2 72 39
			(Rupees in '000)
32	Expenses include following payments to Wholetime Director (s) :-	For the year ended March 31, 2019	For the year ended March 31, 2018
	Salary and other allowances	38 26	34 88
	Contribution to Provident Fund	2 19	2 04
33	Research and Development expenses include :	For the year ended March 31, 2019	For the year ended March 31, 2018
	Employee Benefit Expenses	29 19	22 35
	Stores and Spares Consumed	1 02	53
	Miscellaneous Expenses	30	49
34	Loan to Subsidiary (Note No. 9) include advances given and administrative & other expenses allocated aggregating to Rs. 8 01 07 (PY: Rs. 8 01 07) for project of Company's subsidiary. 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. 20 22 30 (PY: Rs. 20 32 30), 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 are being recovered where principal amounts have been fully realized and amount outstanding is Rs. 72 31 08 (PY: Rs. 72 31 08).		
36	Loans to other include Rs. 5 00 00 (PY: Rs. 5 00 00) which are 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, Advances, Trade Payables, Statutory Dues/claims are subject to confirmation and consequential reconciliation/adjustments.		
38	Trade Receivables and Advances aggregating to Rs. 79 82 20 (PY: Rs. 68 83 53), pending outcome of persuasive and other steps being taken by the company, are considered good and recoverable.		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**39 a) Information about Business segments**

(Rupees in '000)

	Chemicals		Jute Goods		Engineering		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
REVENUE								
External Sales/Other Income (Gross)	1 87 92 46	1 66 20 91	2 88 13 63	2 59 00 20	4 03 49 14	2 67 65 40	8 79 55 23	6 92 86 51
Inter-segment Sales/Other Income	-	-	1 54	1 68	-	-	1 54	1 68
Total Revenue	1 87 92 46	1 66 20 91	2 88 15 17	2 59 01 88	4 03 49 14	2 67 65 40	8 79 56 77	6 92 88 19
RESULT	51 33 87	21 39 49	1 97 53	7 39 78	14 21 29	10 72 29	67 52 69	39 51 56
Unallocated Expenses (Net of Unallocated Income)							18 69 75	16 45 62
Operating profit							48 82 94	23 05 94
Interest Expenses							11 67 62	4 29 89
Interest/Dividend Income							27 88 03	20 37 81
Net Gain/(Loss) on sale of Investments							53	-
Changes in Fair Value of Investments							-	31 18
Income Taxes								
Current Tax							27 26 14	14 00 00
Deferred Tax							(1 93 22)	55 33
Net Profit							39 70 96	24 89 71
OTHER INFORMATION								
<u>Segment assets</u>	1 03 34 49	1 22 19 27	80 64 79	77 73 52	4 89 28 85	4 17 16 28	6 73 28 13	6 17 09 07
Unallocated assets							7 38 81 75	7 46 53 35
Total assets							14 12 09 88	13 63 62 42
<u>Segment liabilities</u>	17 26 50	29 33 87	87 06 16	89 20 75	1 17 02 01	1 27 15 38	2 21 34 67	2 45 70 00
Unallocated Liabilities							1 55 06 58	1 24 29 77
Total Liabilities							3 76 41 25	3 69 99 77
<u>Capital expenditure (Including CWIP)</u>	2 94 63	96 60	7 47 72	6 42 67	2 13 49	3 17 52	12 55 84	10 56 79
Unallocated							42	-
Total							12 56 26	10 56 79
<u>Depreciation</u>	6 89 49	7 12 89	2 39 62	1 61 91	6 52 49	6 63 41	15 81 60	15 38 21
Unallocated							16 93 32	16 89 30
Total							32 74 92	32 27 51
Break-up of Segment Revenue:-								
Sales	1 84 66 98	1 63 28 35	2 88 09 43	2 58 65 46	4 02 48 98	2 64 00 22	8 75 25 39	6 85 94 03
<u>Other Income</u>								
Export Incentive	2 76	7 42	-	-	1 00 16	85	1 02 92	8 27
Operating/Non-Operating Income	3 19 04	2 77 99	-	19 44	-	3 64 33	3 19 04	6 61 76
Profit on sale of Assets (Net)	3 32	47	4 20	15 30	-	-	7 52	15 77
Sundry Balances/Liabilities	36	6 68	-	-	-	-	36	6 68
Written Back (Net)								
Total Revenue	1 87 92 46	1 66 20 91	2 88 13 63	2 59 00 20	4 03 49 14	2 67 65 40	8 79 55 23	6 92 86 51

Footnote :

Since there was no sale at steel unit, information about 'Steel' segment has not been given herein above & the figures belonging to 'Steel' unit have been included with unallocated items.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**39 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.

Identified Segments

- i) Chemicals
- ii) Jute
- iii) Engineering

Manufacturing and sale of :

Sodium Cyanide, Ammonium Sulphate, Diphenyl Guanidine
Jute Goods
Castings, Points & Crossings, Railway Rolling Stock, Steel Wires

(Rupees in '000)

d) Geographical segments considered for disclosure are

Sales

- within India
- Outside India

	For the year ended March 31, 2019	For the year ended March 31, 2018
	8 61 82 60	6 58 43 09
	1 64 86	16 20 43
Total :	8 63 47 46	6 74 63 52

Trade Receivables

- within India
- Outside India

	As at March 31, 2019	As at March 31, 2018
	1 10 29 84	1 10 29 84
	40 20 01	40 20 01
Total :	1 50 49 85	1 50 49 85

40 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 '000)

Particulars	Gratuity (Unfunded)	Leave (Unfunded)
Present Value of Obligation- April 1,2017	66 53 70	3 63 77
Current Service Cost	2 91 13	1 06 22
Interest Cost	4 88 94	21 39
Benefits/Settlement paid	(6 89 61)	(1 75 57)
Actuarial loss/(gain):	(1 24 16)	81 11
Present Value of Obligation- March 31,2018	66 20 00	3 96 92
Current Service Cost	2 79 75	63 10
Interest Cost	4 90 38	23 50
Benefits/Settlement paid	(5 02 88)	(1 83 47)
Actuarial loss/(gain):	(4 39 68)	78 42
Present Value of obligation- March 31,2019	64 47 56	3 78 48

2. Recognised in Statement of Profit and Loss

(Rupees in '000)

Particulars	Gratuity (Unfunded)	Leave (Unfunded)
Current Service Cost	2 91 13	1 06 22
Interest Cost	4 88 94	21 39
For the year ended March 31,2018	7 80 07	1 27 60
Current Service Cost	2 79 75	63 10
Interest Cost	4 90 38	23 50
For the year ended March 31,2019	7 70 13	86 60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**3. Recognised in Other Comprehensive Income**

(Rupees in '000)

Particulars	Gratuity (Unfunded)	Leave (Unfunded)
Remeasurement		
Actuarial loss/(gain) for the year ended March 31,2018	(1 24 16)	81 11
Actuarial loss/(gain) for the year ended March 31,2019	(4 39 68)	78 42

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 31,2019	Year ended March 31,2018
Attrition rate	1% to 8%	1% to 8%
Discount rate	7.70%	7.75%
Expected rate of increase in salary	6.00%	6.00%
Expected rate of return on plan assets	-	-
Mortality rate	IALM(2006-08) 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:

(Rupees in '000)

Particulars	Change in Assumption	Effect on Gratuity obligation	
		Year ended March 31,2019	Year ended March 31,2018
(a) Gratuity			
Discount rate	>1%	(3 83 86)	(5 52 46)
	<1%	4 25 12	2 87 71
Salary Growth rate	>1%	4 50 94	3 15 63
	<1%	(4 12 81)	(5 83 31)
Withdrawal Rate	>1%	35 96	12 54 10
	<1%	(38 79)	(1 98 29)
(b) Leave Encashment			
Effect on Leave obligation			
Discount rate	>1%	(23 47)	(25 22)
	<1%	26 57	28 56
Salary Growth rate	>1%	27 60	29 86
	<1%	(24 67)	(26 68)
Withdrawal Rate	>1%	2 86	3 20
	<1%	(3 16)	(3 54)

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 '000)

Particulars	Year ended March 31,2019	Year ended March 31,2018
Gratuity	64 47 56	66 20 00
Leave Encashment	3 78 48	3 96 92
Total	68 26 04	70 16 92

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**41 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:	Kanchan Stocks Pvt. Ltd. Superb Finance Pvt. Ltd. Support Holdings Pvt. Ltd. Unique Stocks Pvt. Ltd.
Key Managerial Personnel (KMPs):	Shri R P Mody (Chairman) Shri V A Mody (Director) (w.e.f. 06.10.2017) Shri R A Mody (Director) (upto 06.10.2017) Shri A K D Singh (Executive Director-Technical) Shri J K Singhanian (Chief Financial Officer) Shri R K Agarwal (Secretary) (w.e.f. 20.02.2018) Shri P K Agarwal (Secretary) (upto 14.02.2018)
Enterprise over which KMP/Shareholders/Close family have significant influence:	Adarsh Commercial Co. Ltd. Anuradha Investments Ltd. Associated General Trading Society Ltd. Carbo Industrial Holdings Ltd. Foster Engineering Industries Ltd. Gwalior Securities & Traders Ltd. Hindusthan Consultancy & Services Ltd. Hindusthan Urban Infrastructure Ltd. Jai Commercial Co. Ltd. Magnum Traders Ltd. Mahanagar Commercial Co. Ltd. Olympic General Trading Ltd. Paramount Enterprises Ltd. Promain Ltd. Rohini Traders & Exporters Ltd. Senilis Trading Syndicate Ltd. Simco Business 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 preceding year.	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

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

(Rupees in '000)

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/ Shareholders/relatives have significant influence	KMP	Total
<u>In relation to the statement of Profit and Loss Account (Exclusive of Taxes):</u>					
<u>Remuneration/Commission</u>					
Shri A K D Singh	2018-2019			38 26	38 26
	2017-2018			38 36	38 36
<u>Director Sitting Fee</u>					
Shri R P Mody	2018-2019			55	55
	2017-2018			45	45
Shri R A Mody	2018-2019			-	-
	2017-2018			15	15
Shri V A Mody	2018-2019			50	50
	2017-2018			10	10
<u>Salary</u>					
Shri J K Singhania	2018-2019			25 22	25 22
	2017-2018			22 02	22 02
Shri R K Agarwal	2018-2019			23 79	23 79
	2017-2018			2 79	2 79
Shri P K Agarwal	2018-2019			-	-
	2017-2018			16 67	16 67
<u>Rent Paid (Exclusive of taxes)</u>					
Hindusthan Consultancy & Services Ltd.	2018-2019			65	65
	2017-2018			70	70
Hindusthan Urban Infrastructure Ltd.	2018-2019			-	-
	2017-2018			1	1
Paramount Enterprises Ltd.	2018-2019			96 54	96 54
	2017-2018			96 54	96 54
Promain Ltd.	2018-2019			18	18
	2017-2018			18	18
Magnum Traders Ltd.	2018-2019			1 20	1 20
	2017-2018			1 20	1 20
<u>Consultancy Service & Maintenance Charges etc.</u>					
Hindusthan Consultancy & Services Ltd.	2018-2019			1 00 71	1 00 71
	2017-2018			98 23	98 23
Paramount Enterprises Ltd.	2018-2019			8 76	8 76
	2017-2018			8 73	8 73
<u>Repairs & Maintenance Charges etc.</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019			-	-
	2017-2018			7 93	7 93
<u>Sale of Machine Tools/Scrap</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019			-	-
	2017-2018			4 65	4 65
<u>Interest Received</u>					
Hindusthan Urban Infrastructure Ltd.	2018-2019			1 65 39	1 65 39
	2017-2018			4 73 21	4 73 21
<u>Rent Received</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019			12	12
	2017-2018			12	12
<u>Electricity Charges-Received</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019			3 68	3 68
	2017-2018			-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

(Rupees in '000)

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/ Shareholders/relatives have significant influence	KMP	Total
In relation to Balance Sheet :					
<u>Loan/Advances/Security Deposits given/(Repayment Received)</u>					
Hindusthan Vidyut Corporation Ltd.	2018-2019 2017-2018	- 7	- -		- 7
Hindustan Urban Infrastructure Ltd.	2018-2019 2017-2018		93 70 12 36 57		93 70 12 36 57
Magnum Traders Ltd.	2018-2019 2017-2018		60 -		60 -
Promain Ltd.	2018-2019 2017-2018		20 20 10 20		20 20 10 20
<u>Balance outstanding at the year end - Debit Loan Given/Repayment Received</u>					
Adarsh Commercial Co. Ltd.	2018-2019 2017-2018		1 46 00 1 46 00		1 46 00 1 46 00
Anuradha Investments Ltd.	2018-2019 2017-2018		1 08 00 1 08 00		1 08 00 1 08 00
Associated General Trading Society Ltd.	2018-2019 2017-2018		22 00 22 00		22 00 22 00
Carbo Industrial Holdings Ltd.	2018-2019 2017-2018		1 22 25 1 22 25		1 22 25 1 22 25
Foster Eng. Industries Ltd.	2018-2019 2017-2018		1 57 25 1 57 25		1 57 25 1 57 25
Gwalior Securities & Traders Ltd.	2018-2019 2017-2018		47 50 47 50		47 50 47 50
Hindusthan Urban Infrastructure Ltd.	2018-2019 2017-2018		- 70 68 80		- 70 68 80
Jai Commercial Co. Ltd.	2018-2019 2017-2018		1 76 50 1 76 50		1 76 50 1 76 50
Magnum Traders Ltd.	2018-2019 2017-2018		4 73 00 4 73 00		4 73 00 4 73 00
Mahanagar Commercial Co. Ltd.	2018-2019 2017-2018		48 00 48 00		48 00 48 00
Promain Ltd.	2018-2019 2017-2018		1 19 80 1 29 80		1 19 80 1 29 80
Rohini Traders & Exporters Ltd.	2018-2019 2017-2018		1 26 75 1 26 75		1 26 75 1 26 75
Senilis Trading Syndicate Ltd.	2018-2019 2017-2018		69 25 69 25		69 25 69 25
Simco Business Ltd.	2018-2019 2017-2018		4 06 00 4 06 00		4 06 00 4 06 00
Hindusthan Vidyut Corporation Ltd.	2018-2019 2017-2018	8 01 07 8 01 07			8 01 07 8 01 07
<u>Loan Given to KMP/(Repayment Received)</u>					
<u>Interest Receivables</u>					
Adarsh Commercial Co. Ltd.	2018-2019 2017-2018		7 39 08 7 39 08		7 39 08 7 39 08
Anuradha Investments Ltd.	2018-2019 2017-2018		4 85 07 4 85 07		4 85 07 4 85 07
Associated General Trading Society Ltd.	2018-2019 2017-2018		7 15 28 7 15 28		7 15 28 7 15 28
Carbo Industrial Holdings Ltd.	2018-2019 2017-2018		4 34 24 4 34 24		4 34 24 4 34 24

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

(Rupees in '000)

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/ Shareholders/relatives have significant influence	KMP	Total
Foster Eng. Industries Ltd.	2018-2019 2017-2018		4 77 72 4 77 72		4 77 72 4 77 72
Gwalior Securities & Traders Ltd.	2018-2019 2017-2018		4 09 83 4 09 83		4 09 83 4 09 83
Hindusthan Urban Infrastructure Ltd.	2018-2019 2017-2018		- 23 01 32		- 23 01 32
Jai Commercial Co. Ltd.	2018-2019 2017-2018		1 05 88 1 05 88		1 05 88 1 05 88
Mahanagar Commercial Co. Ltd.	2018-2019 2017-2018		3 76 18 3 76 18		3 76 18 3 76 18
Magnum Traders Ltd.	2018-2019 2017-2018		6 15 18 6 15 18		6 15 18 6 15 18
Olympic General Trading Ltd.	2018-2019 2017-2018		4 40 00 4 40 00		4 40 00 4 40 00
Promain Ltd.	2018-2019 2017-2018		11 10 13 11 10 13		11 10 13 11 10 13
Rohini Traders & Exporters Ltd.	2018-2019 2017-2018		4 22 21 4 22 21		4 22 21 4 22 21
Senilis Trading Syndicate Ltd.	2018-2019 2017-2018		3 81 96 3 81 96		3 81 96 3 81 96
Simco Business Ltd.	2018-2019 2017-2018		5 18 32 5 18 32		5 18 32 5 18 32
Advances/Security Deposits given					
Magnum Traders Ltd.	2018-2019 2017-2018		23 82 24 42		23 82 24 42
Promain Ltd.	2018-2019 2017-2018		2 11 75 2 21 95		2 11 75 2 21 95
Investment in Preference Shares					
Hindusthan Urban Infrastructure Ind. Ltd.	2018-2019 2017-2018		95 18 97 -		95 18 97 -
Sale Proceeds Receivable					
Hindusthan Urban Infrastructure Ltd.	2018-2019 2017-2018		- 4 65		- 4 65
Balance outstanding at the year end - Credit Salary					
Shri J K Singhania	2018-2019 2017-2018			2 27 2 39	2 27 2 39
Shri R K Agarwal	2018-2019 2017-2018			2 10 2 12	2 10 2 12
Rent Paid Payable					
Hindusthan Consultancy & Services Ltd.	2018-2019 2017-2018		4 33		4 33
Magnum Traders Ltd.	2018-2019 2017-2018		6 45 5 85		6 45 5 85
Consultancy Service & Maintenance Charges etc.					
Hindusthan Consultancy & Services Ltd.	2018-2019 2017-2018		6 18 41 13		6 18 41 13
Hindusthan Urban Infrastructure Ltd.	2018-2019 2017-2018		- 7 93		- 7 93

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**42 Expenditure & Earning in Foreign currency**

(Rupees in '000)

	For the year ended March 31, 2019	For the year ended March 31, 2018
CIF VALUE OF IMPORTS		
Raw Materials	36 14 18	43 44 93
Stores and Spare Parts	12 08	4 47 43
Finish Goods	2 61 89	-
Capital Goods	1 87 64	3 09 70
EXPENDTURE IN FOREIGN CURRENCY		
Travelling	80 58	80 61
Interest	14 75	43 45
Commission	21 00	1 66 49
Others	11 82	34 30
EARNING IN FOREIGN CURRENCY		
Export (F.O.B Value)	3 51 53	16 20 42

43 Unhedged Foreign Currency:

(Amount in '000)

	As at March 31, 2019		As at March 31, 2018	
	USD	EURO	USD	EURO
Payables				
Buyer's Credit	6 86	-	11 58	-
Interest	5	-	14	-
Advance From Customers	1 97	-	1 97	-
Trade Payables	-	-	20 94	11
Receivables				
Trade Receivables	28 82	2 23	61 64	13
Cash/Bank Balances	-	1	15	2
Insurance Claim	3 36	-	-	-
Advance to Suppliers	6	2	2 74	15

44 FINANCIAL INSTRUMENTS DISCLOSURE**CATEGORIES OF FINANCIAL INSTRUMENTS** (Rupees in '000)

PARTICULARS	Note No	As at March 31, 2019	As at March 31, 2018
Financial Assets			
Measured at Amortised Cost			
Investments - Non-Current	4	1 21 93 42	26 74 45
Trade Receivables	7	1 37 90 84	1 50 49 85
Cash and Cash Equivalents	8	1 66 29 54	1 51 18 97
Loans	9	1 15 33 62	1 74 12 42
Other Financial Assets	10	1 10 04 32	1 24 82 19
Total Financial Assets Measured at Amortised Cost		6 51 51 74	6 27 37 88

Measured at Fair Value through Statement of Profit or Loss	Note No	As at March 31, 2019	As at March 31, 2018
Investments - Current	4	-	5 45 94
Total Financial Assets measured at Fair Value through Statement of Profit or Loss		-	5 45 94

Financial Liabilities	Note No	As at March 31, 2019	As at March 31, 2018
Measured at Amortised Cost			
Borrowings	13	1 16 05 67	84 67 49
Trade Payables	14	96 41 27	1 07 67 37
Other Financial liabilities	15	28 46 22	26 88 38
Total Financial Liabilities measured at Amortised Cost		2 40 93 16	2 19 23 24

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

(Rupees in '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Mutual Funds	-	5 45 94
Non Current Investments, other than Investments in Subsidiary and Associates	13	13

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**(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 year ended 31st March 2019 and 31st March 2018, there were no transfers between different levels of fair value measurement.

46 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:

l) 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.

(i) Foreign currency risk

The company undertakes transactions denominated in different foreign currency primarily in USD & EURO and consequently exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as disclosed under Note No. 43.

Foreign Currency Sensitivity

The company is principally exposed to foreign currency risk against USD. Sensitivity of profit or loss arises mainly from USD denominated receivables and payables.

As per management assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

Particulars	Changes in USD Rate	Foreign Currency Receivable (Net)	Foreign Currency Payable (Net)	Effect on Profit/(Loss) before tax (Net)	Changes in EURO Rate	Foreign currency Receivable (Net)	Foreign currency Payable (Net)	Effect on Profit/(loss) before tax (Net)	Effect on Profit/(loss) before tax (Net)
	%	(Rs.) in 000	(Rs.) in 000	(Rs.) in 000	%	(Rs.) in 000	(Rs.) in 000	(Rs.) in 000	(Rs.) in 000
Outstanding as at March 31, 2018		41 97 30	22 52 46			24 19	8 87		
Weakening of INR	5%	44 07 17	23 65 08	97 24	5%	25 40	9 31	77	98 01
Strengthening of INR	-5%	39 87 44	21 39 84	(97 24)	-5%	22 98	8 43	(77)	(98 01)
Outstanding as at March 31, 2019		22 30 31	6 13 91			1 75 22	-		
Weakening of INR	5%	23 41 83	6 44 60	80 82	5%	1 83 98	-	8 76	89 58
Strengthening of INR	-5%	21 18 80	5 83 21	(80 82)	-5%	1 66 46	-	(8 76)	(89 58)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's debt obligations with floating interest rates.

(iii) Raw material Price risk

The company is impacted by the price volatility of certain commodities of raw materials. To mitigate the volatility in market price of major raw materials, the Company in general undertakes longterm contract.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**II) Credit Risks**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade Receivables

Credit quality of a customer is assessed based on an appraisal of customer creation form and individual credit limits are defined in accordance with this assessment and performance of the customer. Outstanding customer receivables are regularly monitored.

III) Liquidity Risk

The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirement at all times. The need of the funds of the company are being met by internal accrual and borrowings. The short and medium terms requirements are met through the committed lines of credit.

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 '000)

Particulars	Payable within 1 year	Payable in more than 1 year	Total
As at 31st March 2018			
Non Current Borrowings	-	1 11 62	1 11 62
Current Borrowings	83 55 87	-	83 55 87
Trade Payables	1 07 67 37	-	1 07 67 37
Unpaid Shares/Debentures Proceeds	3 06 94	-	3 06 94
As at 31st March 2019			
Non Current Borrowings	-	86 48	86 48
Current Borrowings	1 15 19 19	-	1 15 19 19
Trade Payables	96 41 27	-	96 41 27
Unpaid Shares/Debentures Proceeds	3 07 03	-	3 07 03

47 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.

48 GEARING RATIO:

The Company has long term debt of Rs.86 48 as on 31.03.2019 (PY - Rs. 1 11 62). Accordingly the Company has 100% gearing ratio as at 31st March 2019 & 31st March 2018.

(Rupees in '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Net Long Term debt	86 48	1 11 62
Total Equity	10 35 68 63	9 93 62 65
Net Long Term debt to Value Ratio	100%	100%

49 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**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.

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 mangement 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, there 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.

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

51 These Financial statements have been approved by the Board of Directors of the Company on 25th June, 2019 for issue to the shareholders for their adoption.

The accompanying Notes No. 2 to 51 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 Directors

R P Mody
Director
DIN : 00140503

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhanian
Chief Financial Officer

R K Agarwal
Company Secretary

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

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT

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") and its associates, which comprise the Balance Sheet as at **31st March, 2019**, 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, 2019**, 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. Paragraph (c) under 'Principles of Consolidation' in Note No. 1(B) – 'Significant Accounting Policies' which states that in the absence of information in respect of net assets and profit/loss of the associates as on the date of acquisition/change in holding of shares of respective associates, goodwill or capital reserve, as the case may be, on consolidation, has been calculated on the basis of the latest audited financial statements immediately preceding the date of acquisition of shares of respective associates. In case of consolidated financial statements of the associates, such goodwill or capital reserve, as the case may be, on consolidation, has not been recognised in the consolidated accounts. This constitutes a departure from the Accounting Standard – 23 "Accounting for Investments in Associates in Consolidated Financial Statements" impact of which on the consolidated financial statements 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, 2018.

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.

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

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

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. 1,210.94 lakhs and net assets of Rs. 140.15 lakhs as at 31st March, 2019, total revenue of Rs. Nil and net cash flows of Rs. (-) 0.33 lac for the year ended on that date as considered in the consolidated financial statements. The consolidated financial statements also include Group's share in net profit/loss of Rs. 1.31 lakhs for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of four associates, whose financial statements have not been audited by us. These 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 & associates, 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 & associates, 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. The matters described in the basis for qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
- f. On the basis of written representations received from the directors as on **31 March, 2019**, taken on record by the Board of Directors, none of the directors is disqualified as on **31 March, 2019**, from being appointed as a director in terms of Section 164(2) of the Act.
- g. 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'.
- 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 has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements-Refer Note No. 30 to the Consolidated Financial Statements.

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S. Rastogi & Associates**
Chartered Accountants
Registration No. **318123E**

CA S. Rastogi
Proprietor
Membership No. **053823**

Place: Kolkata
Dated: the day of 25th June, 2019

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”) and its associates as of **31st March, 2019** in conjunction with our audit of the Consolidated 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.

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT (Contd.)

Opinion

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

For **S. Rastogi & Associates**
Chartered Accountants
Registration No. **318123E**

Place: Kolkata
Dated: the day of 25th June, 2019

CA S. Rastogi
Proprietor
Membership No. **053823**

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2019

(Rupees in '000)

PARTICULARS	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non Current Assets			
Property, Plant and Equipment	2	3 45 91 89	3 66 28 19
Capital Work-in-Progress	3	37 96 58	38 89 48
Goodwill on Consolidation		35	35
Intangible Assets	2	13 91 19	13 95 80
Financial Assets			
- Investments	4	1 21 44 79	26 24 04
Other Assets	5	47 80 51	66 23 74
Total Non Current Assets		5 67 05 31	5 11 61 60
Current Assets			
Inventories	6	2 56 66 79	2 07 19 28
Financial Assets			
- Investments	4	-	5 45 94
- Trade Receivables	7	1 37 90 84	1 50 49 85
- Cash and Cash Equivalents	8	1 66 29 87	1 51 19 57
- Loans	9	1 07 32 55	1 66 11 35
- Other Financial Assets	10	1 10 14 32	1 24 92 19
Other Assets	5	70 31 80	50 22 30
Total Current Assets		8 48 66 17	8 55 60 48
Total Assets		14 15 71 48	13 67 22 08
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	15 00 08	15 00 08
Other Equity	12	10 21 60 42	9 79 52 66
Total Equity		10 36 60 50	9 94 52 74
Liabilities			
Non Current Liabilities			
Financial Liabilities			
- Borrowings	13	86 48	1 11 62
Deferred Tax Liabilities (Net)	16	34 95 30	35 62 28
Provisions	17	60 09 27	62 77 15
Total Non Current Liabilities		95 91 05	99 51 05
Current Liabilities			
Financial Liabilities			
- Borrowings	13	1 15 19 19	83 55 87
- Trade Payables	14	-	-
- Dues to Micro & Small Enterprises			
- Dues to other than Micro & Small Enterprises		96 41 27	1 07 67 37
- Other Financial Liabilities	15	31 15 96	29 57 95
Provisions	17	8 16 77	7 39 77
Other Liabilities	18	32 26 74	44 97 33
Total Current Liabilities		2 83 19 93	2 73 18 29
Total Liabilities		3 79 10 98	3 72 69 34
Total Equity & Liabilities		14 15 71 48	13 67 22 08

Significant Accounting Policies

1

The accompanying Notes No. 2 to 52 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 Directors

R P Mody
Director
DIN : 00140503

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

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

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Rupees in '000)

PARTICULARS	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
INCOME			
Revenue from Operations	19	8 79 34 50	6 90 91 14
Other Income	20	31 08 05	27 19 34
Total Income		9 10 42 55	7 18 10 48
EXPENSES			
Cost of Materials Consumed	21	5 08 57 52	3 40 98 89
Purchase of Stock-in-Trade	22	4 20 42	39 30 52
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	23	(3 64 25)	(37 59 14)
Employee Benefit Expenses	24	1 28 56 44	1 22 35 47
Excise Duty Expense		-	10 13 52
Finance Cost	25	11 67 62	4 29 89
Depreciation and Amortisation Expenses	26	32 74 92	32 27 51
Other Expenses	27	1 63 26 00	1 66 88 78
Total Expenses		8 45 38 67	6 78 65 44
Profit/(Loss) before tax		65 03 88	39 45 04
Income Tax Expense			
- Income Tax related to earlier years		2 26 14	-
- Current Tax		25 00 00	14 00 00
- Deferred Tax		(1 93 22)	55 33
Total Tax Expenses		25 32 92	14 55 33
Profit/(Loss) after tax & before shares in profit of Associates		39 70 96	24 89 71
Share of Profit/(Loss) of Associates (Net)		1 31	16
Profit/(Loss) after tax		39 72 27	24 89 87
Profit/(Loss) attribute to Owner of the Company		39 72 27	24 89 87
Profit/(Loss) attribute to Non Controlling Interest		-	-
Other Comprehensive Income			
Items that may be reclassified to the Statement of Profit and Loss		-	-
Items that will not be reclassified to the Statement of Profit and Loss:			
- Remeasurements of the Defined Benefit Plans		3 61 26	43 05
- Changes in fair values of investment in equities carried at fair value through OCI		47	26
- Income tax relating to items that will not be reclassified to the Statement of Profit and Loss		(1 26 24)	(15 04)
Other Comprehensive Income/(Loss) for the year, Net of Tax		2 35 49	28 27
Total Comprehensive Income/(Loss) for the year		42 07 76	25 18 14
Earnings per Equity Share (in Rupees) (Nominal value of shares Rs.10 each)	28		
- Basic		26.48	16.60
- Diluted		26.48	16.60

Significant Accounting Policies

1

The accompanying Notes No. 2 to 52 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 Directors

R P Mody
Director
DIN : 00140503

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(Rupees in '000)

PARTICULARS	Year ended March 31, 2019		Year ended March 31, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax		65 03 88		39 45 04
Adjustment for :				
Depreciation & Amortization Expenses	32 74 92		32 27 51	
(Profit)/Loss on sale/discard of Fixed Assets (net)	(26 15)		(15 70)	
(Gain)/Loss on Foreign Exchange Fluctuation	(1 09 39)		16 06	
Change in Fair Value of Investments	-		(31 18)	
Interest (net)	(16 20 41)		(15 88 85)	
Dividend Income	-		(19 07)	
(Gain)/Loss on Sale of Investments	(53)	15 18 44	-	15 88 77
Operating Profit before working capital changes		80 22 32		55 33 81
Adjustment for :				
Trade and other receivables	5 57 50		(54 98 78)	
Inventories	(49 47 51)		(56 67 64)	
Trade and other payables	(20 68 25)		43 50 95	
Direct Taxes paid (net of refunds)	(7 13 03)	(71 71 29)	(13 98 06)	(82 13 53)
Net Cash flow from operating activities		8 51 03		(26 79 72)
B. CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)/Decrease in Capital Work-in-Progress		92 90		(29 92)
Purchase of Fixed Assets		(13 49 67)		(11 04 00)
Salev/discard of Fixed Assets		1 41 76		99 50
Purchase of Investments		(95 18 97)		(16 10 00)
Sale of Investments		5 46 47		51 33 03
Loan/Deposit Given (Net)		58 78 80		(41 83 42)
Interest Received		27 88 03		20 18 74
Dividend Income		-		19 07
Gain/(Loss) on Foreign Exchange Fluctuation		1 09 39		(16 06)
Net Cash flow from investing activities		(13 11 29)		3 26 94
C. CASH FLOW FROM FINANCING ACTIVITIES				
Changes in Share Capital		-		-
Receipt/(Repayment) of Borrowings (Net)		31 38 18		42 72 44
Interest Paid		(10 81 31)		(3 74 93)
Foreign Exchange Rate difference on borrowings		(86 31)		(54 96)
Net Cash flow from financing activities		19 70 56		38 42 55
Net increase in Cash and Cash Equivalents		15 10 30		14 89 77
Cash and Cash Equivalents : Opening Balance		1 51 19 57		1 36 29 80
Cash and Cash Equivalents : Closing Balance		1 66 29 87		1 51 19 57
[Refer Note No. 8]				

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

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

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

For and on behalf of the Board of Directors

R P Mody
Director
DIN : 00140503

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019**A. EQUITY SHARE CAPITAL**

(Rupees in '000)

PARTICULARS	Equity Shares	
	No. of Shares	Amount in Rupees
Balance as at April 1, 2017	15 00 07 82	15 00 08
Changes in Equity Share Capital during the year	-	-
Balance as at March 31, 2018	15 00 07 82	15 00 08
Changes in Equity Share Capital during the year	-	-
Balance as at March 31, 2019	15 00 07 82	15 00 08

B. OTHER EQUITY

(Rupees in '000)

PARTICULARS	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at April 1, 2017	10 41 36	4 36 31 30	1 87 44 03	3 25 14 35	(4 60 18)	9 54 70 86
Adjustment on account of Consolidation				(36 34)	-	(36 34)
Other Comprehensive Income/(Loss) for the year	-	-	-	-	28 27	28 27
Profit for the year	-	-	-	24 89 87	-	24 89 87
Balance as at March 31, 2018	10 41 36	4 36 31 30	1 87 44 03	3 49 67 88	(4 31 91)	9 79 52 66
Other Comprehensive Income/(Loss) for the year	-	-	-	-	2 35 49	2 35 49
Profit for the year	-	-	-	39 72 27	-	39 72 27
Balance as at March 31, 2019	10 41 36	4 36 31 30	1 87 44 03	3 89 40 15	(1 96 42)	10 21 60 42

Footnote:

For purpose & nature of Other Equity, refer 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

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

R P Mody
Director
DIN : 00140503

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**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 & its subsidiary together with its associates 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 following Subsidiary & Associates, all incorporated in India:

Particulars	Proportion of ownership As at 31st, March 2019
i <u>Subsidiary</u>	
Hindusthan Vidyut Corporation Ltd.	100%
ii <u>Associates</u>	
Kanchan Stocks Pvt. Ltd.	49.00%
Superb Finance Pvt. Ltd.	48.95%
Support Holdings Pvt. Ltd.	48.98%
Unique Stocks Pvt. Ltd.	48.96%

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

(Rupees '000)

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
Parents				
Hindusthan Engineering & Industries Ltd.	99.91%	10 35 68 63	99.96%	42 05 98
Subsidiary (Indian)				
Hindusthan Vidyut Corporation Ltd.	-	-	-	-
Minority Interest in Subsidiary Shares in Associates	-	-	-	-
Share of Profit in Associates	0.09%	91 87	0.04%	1 78
Consolidated	100.00%	10 36 60 50	100.00%	42 07 76

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 Accounting Standard (AS) 21 - "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.
- Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements". However, since the portion of net assets & profit/loss as on the date of acquisition of shares of respective associate company is not available, the same has been taken as per the latest audited financial statements for the purpose of determining goodwill or capital reserve, as the case may be on consolidation and also for the purpose of determining share of profit in Associates.
- The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Profit and Loss Statement, to the extent such change is attributable to the associate's Profit and Loss Statement and through its reserves for the balance based on available information.
- The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified/disclosed in the financial statements as Goodwill or Capital Reserve as the case may be.

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/amortised costs at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

The consolidated Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest to thousands 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 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 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**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.

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 include excise duty/cess but exclude CST/VAT/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/Fixed Assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)**Research and Development**

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards incidental to the ownership of an asset to the company. All other leases are classified as operating leases.

Finance leases are capitalized at the inception of the lease at lower of its fair value and the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Any initial direct cost of the lessee is added to the amount recognized as an asset. Each lease payment is apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding amount of the liabilities.

Payments made under operating leases are recognized as expenses on a straight-line basis over the term of the lease.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	PROPERTY, PLANT AND EQUIPMENT										INTANGIBLE ASSETS		
	Land Freehold	Land-Leasehold	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
Closing Gross Carrying amount as at March 31, 2017	13 61 28	1 97 11	24 35 78	4 03 47 08	18 84	56 73	9 70	98 80	4 41 06	4 49 66 38	27 95	13 90 62	14 18 57
Addition	-	-	10 47	9 99 05	-	15 99	-	13 01	65 48	11 04 00	-	-	-
Disposal/Adjustments	-	-	-	78 51	-	-	-	20	20 20	98 91	-	-	-
Closing Gross Carrying amount as at March 31, 2018	13 61 28	1 97 11	24 46 25	4 12 67 62	18 84	72 72	9 70	1 11 61	4 86 34	4 59 71 47	27 95	13 90 62	14 18 57
Addition	-	-	1 21 46	10 97 73	-	28 18	1 04	20 98	79 85	13 49 24	43	-	43
Disposal/Adjustments	-	-	3 50	1 03 46	-	-	-	12	54 85	1 61 93	-	-	-
Closing Gross Carrying amount as at March 31, 2019	13 61 28	1 97 11	25 64 21	4 22 61 89	18 84	1 00 91	10 74	1 32 47	5 11 34	4 71 58 79	28 38	13 90 62	14 19 00
Depreciation & Amortization													
As at April 1, 2017	-	5 71	3 68 28	55 81 19	2 30	5 17	1 43	22 67	1 46 79	61 33 54	20 05	-	20 05
Charge for the year	-	2 89	1 90 29	29 56 05	65	3 19	62	11 11	60 05	32 24 85	2 72	-	2 72
Disposal/Adjustments	-	-	-	73	-	-	-	5	14 33	15 11	-	-	-
Total Depreciation/Amortisation upto March 31, 2018	-	8 60	5 58 57	85 36 51	2 95	8 36	2 05	33 73	1 92 51	93 43 28	22 77	-	22 77
Charge for the year	-	2 82	1 75 64	30 09 14	65	5 28	64	11 82	63 95	32 69 93	5 04	-	5 04
Disposal/Adjustments	-	-	3 33	4 27	-	-	-	11	38 61	46 32	-	-	-
Total Depreciation upto March 31, 2019	-	11 42	7 30 88	1 15 41 38	3 61	13 64	2 69	45 44	2 17 85	1 25 66 90	27 81	-	27 81
Net Block													
As at March 31, 2018	13 61 28	1 88 51	18 87 67	3 27 31 12	15 88	64 37	7 65	77 88	2 93 83	3 66 28 19	5 18	13 90 62	13 95 80
As at March 31, 2019	13 61 28	1 85 69	18 33 33	3 07 20 55	15 23	87 27	8 05	87 04	2 93 49	3 45 91 89	57	13 90 62	13 91 19

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 71.
- ii) Capital Subsidy received during the year Rs.32 58 (PY - Rs. 76 28) in respect of acquisition/construction of Building and Machinery has been included in disposal/adjustment and depreciation for the year has been calculated on the reduced value of respective assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 3 CAPITAL WORK IN PROGRESS**

(Rupees in '000)

PARTICULARS	Non-Current	
	As at March 31, 2019	As at March 31, 2018
Capital Work-in-Progress	37 96 58	38 89 48
Total	37 96 58	38 89 48

Note : 4 INVESTMENTS

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
Non-Current Investments		
A. Investment Carried at Cost		
Unquoted Equity Shares		
i) Associate Company		
1,26,320 (PY: 1,26,320) Equity Shares of Rs.10/- each in Kanchan Stocks Pvt. Ltd.	7 56 87	7 56 38
1,21,320 (PY: 1,21,320) Equity Shares of Rs.10/- each in Superb Finance Pvt. Ltd.	7 10 14	7 09 64
1,20,100 (PY: 1,20,100) Equity Shares of Rs.10/- each in Support Holdings Pvt.Ltd.	5 83 16	5 82 99
1,22,500 (PY: 1,22,500) Equity Shares of Rs.10/- each in Unique Stocks Pvt.Ltd.	5 75 52	5 74 90
Unquoted Preference Shares		
9,51,89,700 (PY: Nil) Redeemable 1% non-cumulative , non-convertible Preference Share of Rs. 10/each in Hindusthan Urban Infrastructure Ltd.	95 18 97	-
B. Investments Carried at Fair Value Through OCI		
i) Other than Associate Company - Unquoted Equity Shares		
1,250 (PY: 1,250) equity shares of Rs.10/- each in Woodland Multispeciality Hospital Ltd.	13	13
Total	1 21 44 79	26 24 04
Current Investments		
Investment Carried at Fair Value Through OCI		
Investment in units of Mutual Fund (Unquoted)		
DSP Blackrock Credit Risk Fund - Growth (Units - NIL: PY: 3,83,576.78)	-	1 09 75
HSBC Short Duration Fund -Growth (Units - NIL , PY: 3,81,424.62)	-	1 08 34
ICICI Pru Dyanamic-Regular Plan-Growth (Units - NIL, PY: 5,45,470.41)	-	1 08 14
L&T Income Opportunities Retail Fund-Growth (Units - NIL, PY: 5,54,585.03)	-	1 10 40
L&T Resurgent India Bond Fund-Growth (Units - NIL, PY:8,40,894.38)	-	1 09 31
Total	-	5 45 94

Note : 5 OTHER ASSETS

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Security Deposits	14 01 62	12 20 90	15 00	15 00
Loans & Advances				
- to Employees	60 42	71 26	80 59	77 69
- to Suppliers	-	-	11 13 00	8 87 40
- to Others	-	-	12 65 57	9 89 42
Export Incentive Receivable	-	-	-	5 32
Other Receivables	-	-	20 65	19 83
Prepaid Expenses	-	-	7 40	9 68
Assets held for Disposal	-	-	8 66	8 66
Payment of Income Tax (Net of Provision)	33 18 33	53 31 44	37	37
Balance with Statutory Authorities	14	14	45 20 56	30 08 93
Total	47 80 51	66 23 74	70 31 80	50 22 30

Footnote:

Payment of Income Tax (Net of Provisions) includes Rs. 10 32 (PY: Rs.16 12) on account of TDS/Tax payment, credit of which is subject to admittance by the Tax Authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 6 INVENTORIES**

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
(At lower of cost & net realisable value; as taken, valued and certified by the Management)		
- Raw Materials	1 48 95 00	1 02 98 10
- Stores and Spares	19 08 86	19 18 91
- Loose Tools	3 51 63	3 55 22
- Work-In-Progress	72 03 51	62 42 90
- Finished Goods	13 07 79	9 50 04
- Stock in Trade	-	9 54 11
Total	2 56 66 79	2 07 19 28

Note : 7 TRADE RECEIVABLES

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good	1 37 90 84	1 50 49 85
Total	1 37 90 84	1 50 49 85

Note : 8 CASH AND CASH EQUIVALENTS

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
Balances with Banks		
- In Current/Cash Credit Account	24 22 36	19 07 83
- In Deposit Account (Margin Money Deposit)	1 32 69 94	1 19 16 57
- In Deposit Account	8 87 30	12 45 00
Cash in hand	50 27	50 17
Total	1 66 29 87	1 51 19 57

Footnote:

- i) Balances in Deposit Account include Deposit with more than 12 months maturity Rs. 20 18 39 (PY: Rs. 39 64 28)
ii) Balance in Cash Credit/Current Account includes Rs. 3 07 04 (PY: Rs. 3 06 94) lying in accounts earmarked for redemption of Debentures/Shares.
iii) Balance with Bank Rs. 1 94 58 (PY: Rs. 6 65 00) is subject to confirmation.

Note : 9 LOANS

(Rupees in '000)

PARTICULARS	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Loans				
- To Related Parties (Note No. 42)	-	-	20 22 30	91 01 10
-To Others	-	-	87 10 25	75 10 25
Total	-	-	1 07 32 55	1 66 11 35

Note : 10 OTHER FINANCIAL ASSETS

(Rupees in '000)

PARTICULARS	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
- Security Deposits	-	-	10 00	10 00
Deposits with Companies	-	-	17 00 00	16 00 00
Loans & Advances				
-To Suppliers	-	-	1 65 34	92 98
Interest Receivable				
- from Related Parties (Note No. 42)	-	-	72 31 08	95 32 40
- from Others	-	-	19 07 90	12 56 81
Total	-	-	1 10 14 32	1 24 92 19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 11 EQUITY SHARE CAPITAL**

(Rupees in '000)

PARTICULARS	Equity Shares of Rs.10/- each		Preference Shares of Rs.10/- each	
	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital				
As at April 1, 2017	20 00 00 00	20 00 00	5 00 00 00	5 00 00
Increase/(decrease) during the year	-	-	-	-
As at March 31, 2018	20 00 00 00	20 00 00	5 00 00 00	5 00 00
Increase/(decrease) during the year	-	-	-	-
As at March 31, 2019	20 00 00 00	20 00 00	5 00 00 00	5 00 00
Issued Share Capital				
Equity shares of Rs. 10 each issued, subscribed and fully paid			No. of Shares	Amount
As at April 1, 2017			15 00 07 82	15 00 08
Changes during the year			-	-
As at March 31, 2018			15 00 07 82	15 00 08
Changes during the year			-	-
As at March 31, 2019			15 00 07 82	15 00 08
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, 2019		As at March 31, 2018	
	No. of Shares	% holding	No. of Shares	% holding
Hindusthan Consultancy & Services Ltd.	1 80 23 13	12.01%	1 80 22 23	12.01%
Promain Ltd.	1 43 41 27	9.56%	1 43 41 27	9.56%
Deutsche Bank Trust Company Americas	97 72 04	6.51%	97 72 04	6.51%
Magnum Traders Limited	76 49 00	5.10%	76 49 00	5.10%

Note : 12 OTHER EQUITY

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
	A. CAPITAL REDEMPTION RESERVE	
Balance as at the beginning/end of the year	10 41 36	10 41 36
B. SECURITIES PREMIUM		
Balance as at the beginning/end of the year	4 36 31 30	4 36 31 30
C. GENERAL RESERVE		
Balance as at the beginning/end of the year	1 87 44 03	1 87 44 03
D. RETAINED EARNINGS		
Balance as at the beginning of the year	3 49 67 88	3 25 14 35
Net Profit/(Loss) for the year	39 72 27	24 89 87
Adjustment on account of consolidation		(36 34)
Balance as at the end of the year	3 89 40 15	3 49 67 88
E. OTHER COMPREHENSIVE INCOME		
Balance as at the beginning of the year	(4 31 91)	(4 60 18)
Other Comprehensive Income for the year	2 35 49	28 27
Balance as at the end of the year	(1 96 42)	(4 31 91)
Total	10 21 60 42	9 79 52 66

Footnote :

Nature & Purpose of Other Equity:

- Capital Redemption Reserve** represents amount created on account of buyback/redemption of shares in earlier years.
- Securities Premium** represents amount received in excess of par value of shares issued.
- General Reserve** is used from time to time to transfer profits from Retained Earnings for appropriation purposes.
- Retained Earnings** generally represent the undistributed profits/amount of accumulated earnings of the Company. It includes Rs. 8 04 79 represented by Revaluation Reserve as on the date of the transition which is not available for distribution as dividend.
- Other Comprehensive Income** represents the balance in equity relating to gain/losses on re-measurement of defined benefit obligations. This will not be reclassified to Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 13 BORROWINGS**

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Buyer's credit in foreign currency (Secured)	-	-	4 74 35	19 35 65
Acceptance - Inland Bills Discounting	-	-	70 35 53	18 73 61
Bank Overdraft (Secured)	-	-	13 33 46	22 21 02
Interest free Sales Tax Loan (Unsecured)	79 73	1 11 62	1 43 51	1 11 62
Loan from WBIDC (Unsecured)	-	-	1 00 55	1 00 55
Term Loan from Bank (Secured)	6 75	-	31 53	31 20
Cash Credit from Banks (Secured)	-	-	24 00 26	20 82 22
Total	86 48	1 11 62	1 15 19 19	83 55 87

Footnote:

- i) Interest free Sales Tax Loan is repayable in Half yearly equal installments over a period of 7 years after an initial moratorium of 3 years from 4th September, 2012 (date of sanction of Rehabilitation Scheme by Hon'ble BIFR). 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) Letter of Credits, Letter of Guarantees, Buyers' Credit & 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. 32 19 (PY Rs. NIL) carries interest rate of 11.00% p.a as at the year end & the same is repayable in twenty four equal installment with effect from July 2018 and it is secured by hypothecation of fixed assets acquired out of said term loan.
- v) Term loan of Rs. 5 82 (PY Rs. NIL) carries interest rate of 12.00% p.a as at the year end & the same is repayable in Twelve equal installment with effect from September 2018 and it is secured by hypothecation of fixed assets acquired out of said term loan.
- vi) Term loan of Rs. 2 7 (PY Rs. NIL) carries interest rate of 12.05% p.a as at the year end & the same is repayable in Six equal installment with effect from March 2019 and it is secured by hypothecation of fixed assets acquired out of said term loan.
- vii) Term loan of Rs. NIL (PY Rs. 8) carries interest rate of 10.50% p.a as at the year end & the same repayable in Six equal installment with effect from October 2017 and it is secured by hypothecation of fixed assets acquired out of said term loan.
- viii) Term loan of Rs. NIL (PY Rs. 24 42) carries interest rate of 11.60% p.a as at the year end & the same repayable in Twelve equal installment with effect from November 2017 and it is secured by hypothecation of fixed assets acquired out of said term loan.
- ix) Term loan of Rs. NIL (PY Rs. 3 44) carries interest rate of 11.60% p.a as at the year end & the same repayable in Six equal installment with effect from November 2017 and it is secured by hypothecation of fixed assets acquired out of said term loan.
- x) Term loan of Rs. NIL (PY Rs. 3 26) carries interest rate of 10.45% p.a as at the year end & the same repayable in Six equal installment with effect from January 2018 and it is secured by hypothecation of fixed assets acquired out of said term loan.

Note : 14 TRADE PAYABLES

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Trade Payables				
- Due to Micro, Medium and Small Enterprise	-	-	-	-
- Others	-	-	96 41 27	1 07 67 37
Total	-	-	96 41 27	1 07 67 37

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 15 OTHER FINANCIAL LIABILITIES**

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Interest accrued & not due on Borrowings	-	-	1 58 60	56 01
Security Deposit from Dealers	-	-	28 10	28 10
Other Payables	-	-	26 22 22	25 66 90
Unclaimed Equity Shares Redemption Proceeds	-	-	42 67	42 57
Unclaimed Debentures Redemption Proceeds	-	-	2 64 37	2 64 37
Total	-	-	31 15 96	29 57 95

Note : 16 DEFERRED TAX LIABILITIES

(Rupees in '000)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
I Deferred Tax Liabilities		
Timing differences in respect of depreciation	59 55 95	60 73 00
Timing differences in respect of Income	-	16 05
	59 55 95	60 89 05
II Deferred Tax Assets		
Timing differences in respect of Expenses	24 60 65	25 26 77
Losses available for set off	-	-
	24 60 65	25 26 77
Deferred Tax Liability (Net) (I - II)	34 95 30	35 62 28

Note : 17 PROVISIONS

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits				
- Gratuity	57 02 16	59 48 45	7 45 40	6 71 55
- Leave Encashment	3 07 11	3 28 70	71 37	68 22
Total	60 09 27	62 77 15	8 16 77	7 39 77

Note : 18 OTHER LIABILITIES

(Rupees in '000)

PARTICULARS	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Statutory Liabilities	-	-	5 44 28	5 93 21
Advance from Customers	-	-	21 96 45	34 67 17
Other Payables	-	-	4 86 01	4 36 95
Total	-	-	32 26 74	44 97 33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 19 REVENUE FROM OPERATIONS**

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Products		
i) Manufactured Goods		
- Ammonium Sulphate	1 88 30	2 75 66
- Cyanide	1 23 87 15	1 01 00 73
- Diphenyl Guanidine	9 01 14	8 27 63
- Mandelonitrile	22 13 94	9 60 80
- MPBAD Cyanohydrin	11 10 19	4 48 65
- Jute Goods	2 87 04 02	2 58 25 68
- Points & Crossing	40 75 78	28 57 16
- Railway Rolling Stock	2 63 23 70	1 41 81 61
- Steel Casting	84 61 20	75 93 87
- Others	10 00 21	12 77 30
	8 53 65 63	6 43 49 09
ii) Stock in Trade	9 80 28	31 14 43
Total Revenue from Contracts with Customers	8 63 45 91	6 74 63 52
Other Operating Revenue		
- Income from Electricity Generation	3 07 73	2 68 35
- Export-Import Benefit/Incentive	1 02 93	8 28
- Scrap Sales	11 77 93	11 30 52
- Other	-	2 20 47
Total	8 79 34 50	6 90 91 14
Disaggregation of Revenue		
Revenue Based on Geography		
Within India	8 75 82 98	6 74 70 71
Outside India	3 51 52	16 20 43
Revenue from Operation	8 79 34 50	6 90 91 14
Revenue Based on Business Segment		
Chemical	1 87 77 46	1 66 04 13
Engineering	2 88 07 89	2 58 65 46
Jute	4 03 49 15	2 66 21 55
	8 79 34 50	6 90 91 14
Reconciliation of Revenue From Operation with Contract Price		
Revenue as per contracted price	8 84 98 30	6 91 25 50
Adjustments		
Sales return	9 65	-
Rate Difference/De-esclation	3 45 59	22 21
Quantity Claim	1 53	12 15
Discounts	2 07 03	-
	8 79 34 50	6 90 91 14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 20 OTHER INCOME**

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income (Gross)	27 88 03	20 18 74
Dividend	-	19 07
Change in Fair Value of Investments	-	31 18
Profit on Sale/Discard of Fixed Assets (Net)	26 15	15 70
Profit on Sale of Investments	53	-
Sundry Balance written-back (Net)	1 60 26	-
Net Gain on Foreign Exchange Fluctuation	1 09 39	11 70
Other Non Operating Income	23 69	6 22 95
Total	31 08 05	27 19 34

Note : 21 COST OF MATERIALS CONSUMED

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019		For the year ended March 31, 2018	
Inventory at the beginning of the year		1 02 98 10		81 96 55
Add: Purchases during the year		5 54 54 42		3 62 00 44
Less: Inventory at the end of the year		(1 48 95 00)		(1 02 98 10)
Total		5 08 57 52		3 40 98 89
Details of Raw Materials Consumed				
Castic Soda/Potash		21 52 32		21 10 42
Ammonia Liquid		12 48 12		12 16 96
Natural Gas		6 70 08		5 31 68
Raw Jute		1 72 74 20		1 37 16 36
Scrap		24 05 48		19 05 88
Steel		2 44 40 93		1 30 83 69
Others		26 66 39		15 33 90
		5 08 57 52		3 40 98 89
Breakup of Consumption of Raw Materials	%age	Amount	%age	Amount
Imported	4.51%	22 92 38	7.76%	26 47 33
Indigenous	95.49%	4 85 65 14	92.24%	3 14 51 56
	100.00%	5 08 57 52	100.00%	3 40 98 89

Note : 22 PURCHASE OF STOCK-IN-TRADE

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Stock in Trade	4 20 42	39 30 52
Total	4 20 42	39 30 52

Note : 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories (Opening Stock)		
- Finished Goods	9 50 04	19 38 46
- Stock in Trade	9 54 11	-
- Work-in-Progress	62 42 90	25 12 08
	81 47 05	44 50 54
Inventories (Closing Stock)		
- Finished Goods	13 07 79	9 50 04
- Stock in Trade	-	9 54 11
- Work-in-Progress	72 03 51	62 42 90
	85 11 30	81 47 05
Increase/(Decrease) in Excise duty on stock of Finished Goods	-	(62 63)
Net (Increase)/Decrease	(3 64 25)	(37 59 14)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 24 EMPLOYEE BENEFIT EXPENSES**

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, Wages and Other Allowances	1 16 38 76	1 10 52 82
Contribution to Provident and Other Funds	11 13 73	10 87 62
Staff Welfare Expenses	1 03 95	95 03
Total	1 28 56 44	1 22 35 47

Note : 25 FINANCE COST

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	10 81 31	3 74 93
Foreign Exchange rate difference applicable to borrowing cost	86 31	54 96
Total	11 67 62	4 29 89

Note : 26 DEPRECIATION & AMORTISATION EXPENSES

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on Tangible Assets	32 69 88	32 24 79
Amortization of Intangible Assets	5 04	2 72
Total	32 74 92	32 27 51

Note : 27 OTHER EXPENSES

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019		For the year ended March 31, 2018	
Consumption of Stores & Spares		39 26 89		34 40 39
Power, Fuel & Water Charges		56 23 30		51 96 10
Payment to Auditors:				
- Statutory Audit Fee		2 12		2 12
- Tax Audit Fee		-		27
Brokerage & Commission		4 61 94		5 14 80
Bank Charges		6 01 64		3 93 97
Charity & Donation *		63 80		68 31
Director Fee		4 35		2 90
Freight & Transport (Net)		7 81 33		5 72 58
Insurance Charges		66 47		75 29
Net Loss on Foreign Exchange Fluctuation		-		27 76
Rent (Net)		83 96		84 31
Rates & Taxes **		70 44		10 90 86
Repairs				
- Building		1 56 28		2 43 07
- Machinery		4 69 10		6 49 24
- Others		4 82 86		5 15 86
Research & Development Expenses		30 51		23 37
Jobs on Contract		23 33 87		20 40 00
Stores & Spares Written off		-		2 54 91
Sundry Debtors/Balances Written off (Net)		-		1 20 45
Travelling & Conveyance		1 99 31		2 17 93
Miscellaneous Expenses		9 67 83		11 54 29
Total		1 63 26 00		1 66 88 78
Breakup of Consumption of Stores & Spares	%age	Amount	%age	Amount
Imported	1.16%	45 63	12.35%	4 25 05
Indigenous	98.84%	38 81 26	87.65%	30 15 34
Total	100.00%	39 26 89	100.00%	34 40 39

Footnote :

i)* Includes amount paid on account of Corporate Social Responsibility (CSR) activities Rs. 60 80 (P.Y: Rs.65 43).

ii)** Includes Rs Nil (PY Rs 9 84 76) relates to earlier years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Note : 28 EARNING PER SHARE**

(Rupees in '000)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Number of Weighted Average Equity Shares outstanding at year end	15 00 07 82	15 00 07 82
Nominal Value of each Equity Share (Rs.)	10	10
Profit attributable to equity shareholders	39 72 27	24 89 87
Earning per Share		
- Basic (Rs)	26.48	16.60
- Diluted (Rs)	26.48	16.60

29 Malanpur Steel Ltd. (MSL) had been 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.

(Rupees in '000)

30 Contingent Liabilities not Provided for

	As at March 31, 2019	As at March 31, 2018
--	-------------------------	-------------------------

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

(i) Sales Tax matters under appeal	29 54 00	25 01 84
Net of payment already made & Included in Loans & Advances Rs. 2 75 03 (PY: Rs. 2 39 66)		
(ii) Central Excise matters under appeal	16 80 72	16 19 53
Net of payment already made & Included in Loans & Advances Rs.8 24 59 (PY: Rs. 8 53 38)		
(ii) Service Tax matters under appeal	43 06	43 06
Net of payment already made & Included in Loans & Advances Rs.3 49 (PY: Rs. 3 49)		
(ii) Goods & Service Tax matters	-	6 57
(iii) Income Tax demand under appeal/subject to rectification	2 14 15	7 24 64
Net of payments Rs NIL (PY 24 74 58)		
(v) Others	82 77 67	82 68 70
Net of payment already made & included in Security Deposits Rs. 20 00 (PY: Rs. 56 80)		

31 Capital Commitments not provided for (Net of advances)

	7 52 77	2 72 39
--	---------	---------

(Rupees in '000)

32 Expenses include following payments to Wholetime Director (s) :-

	For the year ended March 31, 2019	For the year ended March 31, 2018
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Salary and other allowances	38 26	34 88
Contribution to Provident Fund	2 19	2 04

(Rupees in '000)

33 Research and Development expenses include :

	For the year ended March 31, 2019	For the year ended March 31, 2018
--	---	---

Salaries, Wages, P.F etc	29 19	22 35
Stores and Spares	1 02	53
Miscellaneous	30	49

34 In terms of Orders of Hon'ble Calcutta High Court in respect of certain loans given in earlier years and remaining outstanding Rs. 20 22 30 (PY: Rs. 20 32 30), 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 are being recovered where principal amounts have been fully realized and amount outstanding is Rs. 72 31 08 (PY: Rs. 72 31 08).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019

- 35 Loans to other include Rs. 5 00 00 (PY: Rs. 5 00 00) which are 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, Advances, Trade Payables, Statutory Dues/claims are subject to confirmation and consequential reconciliation/adjustments.
- 37 Trade Receivables and Advances aggregating to Rs. 79 82 20 (PY: Rs. 68 83 53), pending outcome of persuasive and other steps being taken by the company, are considered good and recoverable.
- 38 The Subsidiary of the Company was awarded the aforesaid 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 is 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 2.1.2007, has awarded a sum of Rs.11 40 33/- 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.

- 39 Investment in Equity shares of Associates & Goodwill on Consolidation: (Rupees in '000)

Associates	Investment in Associates		Goodwill on consolidation	Share in Profit of Associates (upto 31.03.2019)
	No. of Shares	Investment Value		
Kanchan Stocks Pvt. Ltd.	12 63 20	7 21 82	7 09 81	35 05
Superb Finance Pvt. Ltd.	12 13 20	6 93 25	6 81 79	16 89
Support Holdings Pvt. Ltd.	12 01 00	5 53 84	5 43 66	29 32
Unique Stocks Pvt. Ltd.	12 25 00	5 64 91	5 54 53	10 62
Goodwill on Consolidation of Associates			24 89 79	
Goodwill on Consolidation of Subsidiary			35	

Statement containing salient features of the financial statement of Subsidiaries & Associate Companies.**Part A- Subsidiary Company:**

(Rupees in '000)

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 Subsidiary	N.A
Share Capital	1 40 15
Reserves & Surplus	-
Total Assets	12 10 94
Total Liabilities	10 70 79
Investments	-
Turnover	-
Profit before taxation	-
Provision for taxation	-
Profit after taxation	-
Proposed Dividend	-
% of shareholding	100%

Notes

Name of the Subsidiary which are yet to commence the operation	Hindusthan Vidyut Corp. Ltd.
Name of the Subsidiary which have been liquidated or sold during the year	None

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**Part B- Associates :**

(Rupees in '000)

Name of Associates	Kanchan Stocks Pvt. Ltd.	Superb Finance Pvt. Ltd.	Support Holdings Pvt. Ltd.	Unique Stocks Pvt. Ltd.
Latest audited Balance Sheet Date	31.03.2019	31.03.2019	31.03.2019	31.03.2019
Date on which the Associate held by the Company	25.04.2014	25.04.2014	25.04.2014	25.04.2014
Shares of Associate held by the Company on the year end				
No. of shares	12 63 20	12 13 20	12 01 00	12 25 00
Amount of Investment in Associates	7 56 87	7 10 14	5 83 16	5 75 53
Extend of Holding %	49.00%	48.95%	48.98%	48.96%
Description of how there is significant influence	Control of Capital in excess of the limit specified in Sec.2(6)			
Reason why the Associate is not consolidated	N.A	N.A	N.A	N.A
Net worth attributable to Shareholding as per latest audited Consolidated Balance Sheet	46 85	28 36	39 49	21 00
Profit/Loss for the year				
i. Considered in Consolidation	49	50	17	63
ii. Not Considered in Consolidation	-	-	-	-

Notes

Name of the Associates which are yet to commence the operation	Nil
Name of the Associates which have been liquidated or sold during the year	Nil

40 a) Information about Business segments

(Rupees in '000)

PARTICULARS	Chemicals		Jute Goods		Engineering		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
REVENUE								
External Sales/Other Income (Gross)	1 87 92 46	1 66 20 91	2 88 13 63	2 59 00 20	4 03 49 14	2 67 65 40	8 79 55 23	6 92 86 51
Inter-segment Sales/Other Income	-	-	1 54	1 68	-	-	1 54	1 68
Total Revenue	1 87 92 46	1 66 20 91	2 88 15 17	2 59 01 88	4 03 49 14	2 67 65 40	8 79 56 77	6 92 88 19
RESULT	51 33 87	21 39 49	1 97 53	7 39 78	14 21 29	10 72 29	67 52 69	39 51 56
Unallocated Expenses (Net of Unallocated Income)							18 69 75	16 45 62
Operating profit							48 82 94	23 05 94
Interest Expenses							11 67 62	4 29 89
Interest/Dividend Income							27 88 03	20 37 81
Net Gain/(Loss) on sale of Investments							53	-
Changes in Fair Value of Investments							-	31 18
Income Taxes								
Current Tax							27 26 14	14 00 00
Deferred Tax							(1 93 22)	55 33
Net Profit							39 70 96	24 89 71
OTHER INFORMATION								
Segment assets	1 03 34 49	1 22 19 27	80 64 79	77 73 52	4 89 28 85	4 17 16 28	6 73 28 13	6 17 09 07
Unallocated assets							7 42 43 34	7 50 13 01
Total assets							14 15 71 47	13 67 22 08
Segment liabilities	17 26 50	29 33 87	87 06 16	88 89 55	1 17 02 01	1 27 15 38	2 21 34 67	2 45 38 80
Unallocated Liabilities							1 57 76 30	1 27 30 54
Total Liabilities							3 79 10 97	3 72 69 34
Capital expenditure (Including CWIP)	2 94 63	96 60	7 47 72	6 42 67	2 13 49	3 17 52	12 55 84	10 56 79
Unallocated							42	91
Total							12 56 26	10 57 70
Depreciation	6 89 49	7 12 89	2 39 62	1 61 91	6 52 49	6 63 41	15 81 60	15 38 21
Unallocated							16 93 32	16 89 30
Total							32 74 92	32 27 51
Break-up of Segment Revenue:-								
Sales	1 84 66 98	1 63 28 35	2 88 09 43	2 58 65 46	4 02 48 98	2 64 00 22	8 75 25 39	6 85 94 03
Other Income								
Export Incentive	2 76	7 42	-	-	1 00 16	85	1 02 92	8 27
Operating/Non-Operating Income	3 19 04	2 77 99	-	19 44	-	3 64 33	3 19 04	6 61 76
Profit on Sale of Assets (Net)	3 32	47	4 20	15 30	-	-	7 52	15 77
Sundry Balances/Liabilities W/Back (Net)	36	6 68	-	-	-	-	36	6 68
Total Revenue	1 87 92 46	1 66 20 91	2 88 13 63	2 59 00 20	4 03 49 14	2 67 65 40	8 79 55 23	6 92 86 51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019

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.

Identified Segments

- i) Chemicals
- ii) Jute
- iii) Engineering

Manufacturing and sale of :

Sodium Cyanide, Ammonium Sulphate, Diphenyl Guanidine
Jute Goods
Castings, Points & Crossings, Railway Rolling Stock, Steel Wires

(Rupees in '000)

d) Geographical segments considered for disclosure are

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sales		
- within India	8 59 94 39	6 58 43 09
- Outside India	3 51 52	16 20 43
Total :	<u>8 63 45 91</u>	<u>6 74 63 52</u>
	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
- within India	1 10 29 84	1 10 29 84
- Outside India	40 20 01	40 20 01
Total :	<u>1 50 49 85</u>	<u>1 50 49 85</u>

41 Gratuity & Other Post Employment Benefit Plans

This unit of the 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 unit of the company also extends benefit of compensated absences to the employees, where by they are eligible to carry forward their entitlement of earned leave for encashment. This is also an unfunded plan.

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 '000)

Particulars	Gratuity (Unfunded)	Leave (Unfunded)
Present Value of Obligation- April 1,2017	66 53 70	3 63 77
Current Service Cost	2 91 13	1 06 22
Interest Cost	4 88 94	21 39
Benefits/Settlement paid	(6 89 61)	(1 75 57)
Actuarial loss/(gain):	(1 24 16)	81 11
Present Value of Obligation- March 31,2018	66 20 00	3 96 92
Current Service Cost	2 79 75	63 10
Interest Cost	4 90 38	23 50
Benefits/Settlement paid	(5 02 88)	(1 83 47)
Actuarial loss/(gain):	(4 39 68)	78 42
Present Value of obligation- March 31,2019	64 47 56	3 78 48

2. Recognised in Statement of Profit and Loss

(Rupees in '000)

Particulars	Gratuity (Unfunded)	Leave (Unfunded)
Current Service Cost	2 91 13	1 06 22
Interest Cost	4 88 94	21 39
For the year ended March 31,2018	7 80 07	1 27 61
Current Service Cost	2 79 75	63 10
Interest Cost	4 90 38	23 50
For the year ended March 31,2019	7 70 13	86 60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**3. Recognised in Other Comprehensive Income**

(Rupees in '000)

Particulars	Gratuity (Unfunded)	Leave (Unfunded)
Remeasurement		
Actuarial loss/(gain) for the year ended March 31,2018	(1 24 16)	81 11
Actuarial loss/(gain) for the year ended March 31,2019	(4 39 68)	78 42

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	For the year ended March 31,2019	For the year ended March 31,2018
Attrition rate	1% to 8%	1% to 8%
Discount rate	7.70%	7.75%
Expected rate of increase in salary	6.00%	6.00%
Expected rate of return on plan assets	0.00%	0.00%
Mortality rate	IALM(2006-08) Table	

5. Sensitivity Analysis:

(Rupees in '000)

Particulars	Change in Assumption	Effect on Gratuity obligation	
		For the year ended March 31,2019	For the year ended March 31,2018
(a) Gratuity			
Discount rate	> 1%	(3 83 86)	(5 52 46)
	<1%	4 25 12	2 87 71
Salary Growth rate	> 1%	4 50 94	3 15 63
	<1%	(4 12 81)	(5 83 31)
Withdrawal Rate	> 1%	35 96	12 54 10
	<1%	(38 79)	(1 98 29)
(b) Leave Encashment			
Effect on Leave obligation			
Discount rate	> 1%	(23 47)	(25 22)
	<1%	26 57	28 56
Salary Growth rate	> 1%	27 60	29 86
	<1%	(24 67)	(26 68)
Withdrawal Rate	> 1%	2 86	3 20
	<1%	(3 16)	(3 54)

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 as when calculating the defined benefit obligation recognised within the Balance sheet.

6. Statement of Employee Benefit Provision

(Rupees in '000)

Particulars	For the year ended March 31,2019	For the year ended March 31,2018
Gratuity	64 47 56	66 20 00
Leave Encashment	3 78 48	3 96 92
Total	68 26 04	70 16 92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**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:	Kanchan Stocks Pvt. Ltd. Superb Finance Pvt. Ltd. Support Holdings Pvt. Ltd. Unique Stocks Pvt. Ltd.
Key Managerial Personnel (KMPs):	Shri R P Mody (Chairman) Shri V A Mody (Director) (w.e.f. 06.10.2017) Shri R A Mody (Director) (upto 06.10.2017) Shri A K D Singh (Executive Director-Technical) Shri J K Singhania (Chief Financial Officer) Shri R K Agarwal (Secretary) (w.e.f. 20.02.2018) Shri P K Agarwal (Secretary) (upto 14.02.2018)
Enterprise over which KMP/Shareholders/Close family have significant influence:	Adarsh Commercial Co.Ltd. Anuradha Investments Ltd. Associated General Trading Society Ltd. Carbo Industrial Holdings Ltd. Foster Engineering Industries Ltd. Gwalior Securities & Traders Ltd. Hindusthan Consultancy & Services Ltd. Hindusthan Urban Infrastructure Ltd. Jai Commercial Co. Ltd. Magnum Traders Ltd. Mahanagar Commercial Co. Ltd. Olympic General Trading Ltd. Paramount Enterprises Ltd. Promain Ltd. Rohini Traders & Exporters Ltd. Senilis Trading Syndicate Ltd. Simco Business 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 preceding year.	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019

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

(Rupees in '000)

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/Shareholders/relatives have significant influence	KMP	Total
<u>In relation to the statement of Profit and Loss Account (Exclusive of Taxes):</u>					
<u>Remuneration/Commission</u>					
Shri A K D Singh	2018-2019 2017-2018			38 26 38 36	38 26 38 36
<u>Director Sitting Fee</u>					
Shri R P Mody	2018-2019 2017-2018			59 49	59 49
Shri R A Mody	2018-2019 2017-2018			- 15	- 15
Shri V A Mody	2018-2019 2017-2018			50 10	50 10
<u>Salary</u>					
Shri J K Singhania	2018-2019 2017-2018			25 22 22 02	25 22 22 02
Shri R K Agarwal	2018-2019 2017-2018			23 79 2 79	23 79 2 79
Shri P K Agarwal	2018-2019 2017-2018			- 16 67	- 16 67
<u>Rent Paid (Exclusive of taxes)</u>					
Hindusthan Consultancy & Services Ltd.	2018-2019 2017-2018			65 70	65 70
Hindusthan Urban Infrastructure Ltd.	2018-2019 2017-2018			- 1	- 1
Paramount Enterprises Ltd.	2018-2019 2017-2018			96 54 96 54	96 54 96 54
Promain Ltd.	2018-2019 2017-2018			18 18	18 18
Magnum Traders Ltd	2018-2019 2017-2018			1 20 1 20	1 20 1 20
<u>Consultancy Service & Maintenance Charges etc.</u>					
Hindusthan Consultancy & Services Ltd.	2018-2019 2017-2018			1 00 71 98 23	1 00 71 98 23
Paramount Enterprises Ltd.	2018-2019 2017-2018			8 76 8 73	8 76 8 73
<u>Repairs & Maintenance Charges etc.</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019 2017-2018			- 7 93	- 7 93
<u>Sale of Machine Tools/Scrap</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019 2017-2018			- 4 65	- 4 65
<u>Interest Received</u>					
Hindusthan Urban Infrastructure Ltd.	2018-2019 2017-2018			1 65 39 4 73 21	1 65 39 4 73 21
<u>Rent Received</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019 2017-2018			12 12	12 12
<u>Electricity Charges-Received</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019 2017-2018			3 68 -	3 68 -
<u>In relation to Balance Sheet :</u>					
<u>Loan/Advances/Security Deposits given/(Repayment Received)</u>					
Hindustan Urban Infrastructure Ltd.	2018-2019 2017-2018			(93 70 12) (36 57)	(93 70 12) (36 57)
Magnum Traders Ltd.	2018-2019 2017-2018			(60) -	(60) -
Promain Ltd.	2018-2019 2017-2018			20 20 10 20	20 20 10 20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/Shareholders/relatives have significant influence	KMP	Total
Balance outstanding at the year end					
Loan Given/Repayment Received					
Adarsh Commercial Co. Ltd.	2018-2019		1 46 00		1 46 00
	2017-2018		1 46 00		1 46 00
Anuradha Investments Ltd.	2018-2019		1 08 00		1 08 00
	2017-2018		1 08 00		1 08 00
Associated General Trading Society Ltd.	2018-2019		22 00		22 00
	2017-2018		22 00		22 00
Carbo Industrial Holdings Ltd.	2018-2019		1 22 25		1 22 25
	2017-2018		1 22 25		1 22 25
Foster Eng. Industries Ltd.	2018-2019		1 57 25		1 57 25
	2017-2018		1 57 25		1 57 25
Gwalior Securities & Traders Ltd.	2018-2019		47 50		47 50
	2017-2018		47 50		47 50
Hindusthan Urban Infrastructure Ltd.	2018-2019		-		-
	2017-2018		70 68 80		70 68 80
Jai Commercial Co. Ltd.	2018-2019		1 76 50		1 76 50
	2017-2018		1 76 50		1 76 50
Magnum Traders Ltd.	2018-2019		4 73 00		4 73 00
	2017-2018		4 73 00		4 73 00
Mahanagar Commercial Co. Ltd.	2018-2019		48 00		48 00
	2017-2018		48 00		48 00
Promain Ltd.	2018-2019		1 19 80		1 19 80
	2017-2018		1 29 80		1 29 80
Rohini Traders & Exporters Ltd.	2018-2019		1 26 75		1 26 75
	2017-2018		1 26 75		1 26 75
Senilis Trading Syndicate Ltd.	2018-2019		69 25		69 25
	2017-2018		69 25		69 25
Simco Business Ltd.	2018-2019		4 06 00		4 06 00
	2017-2018		4 06 00		4 06 00
Loan Given to KMP/(Repayment Received)					
Interest Receivables					
Adarsh Commercial Co. Ltd.	2018-2019		7 39 08		7 39 08
	2017-2018		7 39 08		7 39 08
Anuradha Investments Ltd.	2018-2019		4 85 07		4 85 07
	2017-2018		4 85 07		4 85 07
Associated General Trading Society Ltd.	2018-2019		7 15 28		7 15 28
	2017-2018		7 15 28		7 15 28
Carbo Industrial Holdings Ltd.	2018-2019		4 34 24		4 34 24
	2017-2018		4 34 24		4 34 24
Foster Eng. Industries Ltd.	2018-2019		4 77 72		4 77 72
	2017-2018		4 77 72		4 77 72
Gwalior Securities & Traders Ltd.	2018-2019		4 09 83		4 09 83
	2017-2018		4 09 83		4 09 83
Hindusthan Urban Infrastructure Ltd.	2018-2019		-		-
	2017-2018		23 01 32		23 01 32
Jai Commercial Co. Ltd.	2018-2019		1 05 88		1 05 88
	2017-2018		1 05 88		1 05 88
Mahanagar Commercial Co. Ltd.	2018-2019		3 76 18		3 76 18
	2017-2018		3 76 18		3 76 18
Magnum Traders Ltd.	2018-2019		6 15 18		6 15 18
	2017-2018		6 15 18		6 15 18
Olympic General Trading Ltd.	2018-2019		4 40 00		4 40 00
	2017-2018		4 40 00		4 40 00
Promain Ltd.	2018-2019		11 10 13		11 10 13
	2017-2018		11 10 13		11 10 13
Rohini Traders & Exporters Ltd.	2018-2019		4 22 21		4 22 21
	2017-2018		4 22 21		4 22 21
Senilis Trading Syndicate Ltd.	2018-2019		3 81 96		3 81 96
	2017-2018		3 81 96		3 81 96
Simco Business Ltd.	2018-2019		5 18 32		5 18 32
	2017-2018		5 18 32		5 18 32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019

Nature of Transactions	Year	Subsidiary Companies	Enterprise over which KMP/Shareholders/relatives have significant influence	KMP	Total
Advances/Security Deposits given					
Magnum Traders Ltd.	2018-2019 2017-2018		23 82 24 42		23 82 24 42
Promain Ltd.	2018-2019 2017-2018		2 11 75 2 21 95		2 11 75 2 21 95
Investment in Preference Shares					
Hindusthan Urban Infrastructure Ind. Ltd.	2018-2019 2017-2018		95 18 97 -		95 18 97 -
Sale Proceeds Receivable					
Hindusthan Urban Infrastructure Ltd.	2018-2019 2017-2018		- 4 65		- 4 65
Balance outstanding at the year end - Credit Salary					
Shri J K Singhania	2018-2019 2017-2018			2 27 2 39	2 27 2 39
Shri R K Agarwal	2018-2019 2017-2018			2 10 2 12	2 10 2 12
Rent Paid Payable					
Hindusthan Consultancy & Services Ltd.	2018-2019 2017-2018		4 33		4 33
Magnum Traders Ltd.	2018-2019 2017-2018		6 45 5 85		6 45 5 85
Consultancy Service & Maintenance Charges etc.					
Hindusthan Consultancy & Services Ltd.	2018-2019 2017-2018		6 18 41 13		6 18 41 13
Hindusthan Urban Infrastructure Ltd.	2018-2019 2017-2018		- 7 93		- 7 93

43 Expenditure & Earning in Foreign currency

(Rupees in '000)

	For the year ended March 31, 2019	For the year ended March 31, 2018
CIF VALUE OF IMPORTS		
Raw Materials	36 14 18	43 44 93
Stores and Spare Parts	12 08	4 47 43
Finish Goods	2 61 89	-
Capital Goods	1 87 64	3 09 70
EXPENDTURE IN FOREIGN CURRENCY		
Travelling	80 57	80 61
Interest	14 75	43 45
Commission	21 00	1 66 49
Others	11 82	34 30
EARNING IN FOREIGN CURRENCY		
Export (F.O.B Value)	3 51 53	16 20 42

44 Unhedged Foreign Currency:

(Amount in '000)

	As at March 31, 2019		As at March 31, 2018	
	USD	EURO	USD	EURO
Payables				
Buyer's Credit	6 86	-	11 58	-
Interest	5	-	14	-
Advance From Customers	1 97	-	1 97	-
Trade Payables	-	-	20 94	11
Receivables				
Trade Receivables	28 82	2 23	61 64	13
Cash/Bank Balances	-	1	15	2
Insurance Claim	3 36	-	-	-
Advance to Suppliers	6	2	2 74	15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**45 FINANCIAL INSTRUMENTS DISCLOSURE****CATEGORIES OF FINANCIAL INSTRUMENTS**

(Rupees in '000)

PARTICULARS	Note No:	As at March 31, 2019	As at March 31, 2018
Financial Assets			
Measured at Amortised Cost			
Investments - Non-Current	4	1 21 44 79	26 24 04
Trade Receivables	7	1 37 90 84	1 50 49 85
Cash and Cash Equivalents	8	1 66 29 87	1 51 19 57
Loans	9	1 07 32 55	1 66 11 35
Other Financial Assets	10	1 10 14 32	1 24 92 19
Total Financial Assets Measured at Amortised Cost		6 43 12 37	6 18 97 00
Measured at Fair Value through Statement of Profit or Loss			
	Note No:	As at March 31, 2019	As at March 31, 2018
Investments - Current	4	-	5 45 94
Total Financial Assets measured at Fair Value through Statement of Profit or Loss		-	5 45 94
Financial Liabilities			
Measured at Amortised Cost			
Borrowings	13	1 15 19 19	83 55 87
Trade Payables	14	96 41 27	1 07 67 37
Other Financial liabilities	15	31 15 96	29 57 95
Total Financial Liabilities measured at Amortised Cost		2 42 76 42	2 20 81 19

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

(Rupees in '000)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Mutual Funds	-	5 45 94
Non Current Investments, other than Investments in Subsidiary and Associates	13	13

(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 year ended 31st March 2019 and 31st March 2018, 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:

l) 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 paybles, trade receivables, etc.

(i) Foreign currency risk

The company undertakes transactions denominated in different foreign currency primarily in USD & EURO and consequently exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as disclosed under Note No.44 above.

Foreign Currency Sensitivity

The company is principally exposed to foreign currency risk against USD. Sensitivity of profit or loss arises mainly from USD denominated receivables and payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019

As per management assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

Particulars	Changes in USD Rate	Foreign Currency Receivable (Net)	Foreign Currency Payable (Net)	Effect on Profit/(Loss) before tax (Net)	Changes in EURO Rate	Foreign currency Receivable (Net)	Foreign currency Payable (Net)	Effect on Profit/(loss) before tax (Net)	Effect on Profit/(loss) before tax (Net)
	%	(Rs.) in 000	(Rs.) in 000	(Rs.) in 000	%	(Rs.) in 000	(Rs.) in 000	(Rs.) in 000	(Rs.) in 000
Outstanding as at March 31, 2018		41 97 30	22 52 46			24 19	8 87		
Weakening of INR	5%	44 07 17	23 65 08	97 24	5%	25 40	9 31	77	98 01
Strengthening of INR	-5%	39 87 44	21 39 84	(97 24)	-5%	22 98	8 43	(77)	(98 01)
Outstanding as at March 31, 2019		22 30 31	6 13 91			1 75 22	-		
Weakening of INR	5%	23 41 83	6 44 60	80 82	5%	1 83 98	-	8 76	89 58
Strengthening of INR	-5%	21 18 80	5 83 21	(80 82)	-5%	1 66 46	-	(8 76)	(89 58)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's debt obligations with floating interest rates.

(iii) Raw material Price risk

The company is impacted by the price volatility of certain commodities of raw materials. To mitigate the volatility in market price of major raw materials, the Company in general undertakes longterm contract.

II) Credit Risks

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade Receivables

Credit quality of a customer is assessed based on an appraisal of customer creation form and individual credit limits are defined in accordance with this assessment and performance of the customer. Outstanding customer receivables are regularly monitored.

III) Liquidity Risk

The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirement at all times. The need of the funds of the company are being met by internal accrual and borrowings. The short and medium terms requirements are met through the committed lines of credit.

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.

Particulars	(Rupees in '000)		
	Payable within 1 year	Payable in more than 1 year	Total
As at 31st March 2018			
Non Current Borrowings	-	1 11 62	1 11 62
Current Borrowings	83 55 87	-	83 55 87
Trade Payables	1 07 67 37	-	1 07 67 37
Unpaid Shares/Debentures	3 06 94	-	3 06 94
As at 31st March 2019			
Non Current Borrowings	-	86 48	86 48
Current Borrowings	1 15 19 19	-	1 15 19 19
Trade Payables	96 41 27	-	96 41 27
Unpaid Shares/Debentures	3 07 03	-	3 07 03

48 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes Issued Equity Capital, Share 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019**49 GEARING RATIO:**

The Company has long term debt of Rs.86 48 as on 31.03.2019 (PY - Rs. 1 11 62). Accordingly the Company has 100% gearing ratio as at 31st March 2019 & 31st March 2018.

Particulars	(Rupees in '000)	
	As at March 31, 2019	As at March 31, 2018
Net Long Term debt	86 48	1 11 62
Total Equity	10 36 60 50	9 94 52 74
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. Unncertainty 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 transfered 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.

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 mangement 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, there 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2019

51 Figures of the previous year have been regrouped/rearranged wherever considered necessary.

52 These Financial statements have been approved by the Board of Directors of the Company on 25th June, 2019 for issue to the shareholders for their adoption.

The accompanying Notes No.2 to 52 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 Directors

R P Mody
Director
DIN : 00140503

CA S. Rastogi
Proprietor
Membership No: 053823
Place: Kolkata
Dated: the day of 25th June, 2019

J K Singhania
Chief Financial Officer

R K Agarwal
Company Secretary

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

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of Hindusthan Engineering & Industries Ltd. will be held on Saturday, the 17th August, 2019 at 11.00 A.M. at Auditorium of Bengal National Chamber of Commerce & Industry, BNCCI House, 23, R. N. Mukherjee Road, Kolkata-700 001 to transact the following business:

As Ordinary Business:

1. To receive, consider and adopt:
 - (a) the audited Financial Statements of the Company for the financial year ended 31st March, 2019 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, 2019 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 a **Special Resolution**:

To Re-appoint Shri Satish Kapur as an Independent Director and in this regard, pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 Shri Satish Kapur (DIN: 00051163), who was appointed as an Independent Director and who holds office up to 2nd September 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (Five) consecutive years, from 3rd September 2019 to 2nd September 2024"
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

To Re-appoint Shri Biswajit Choudhuri as an Independent Director and in this regard, pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 Shri Biswajit Choudhuri(DIN: 00149018), who was appointed as an Independent Director and who holds office up to 2nd September 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (Five) consecutive years, from 3rd September 2019 to 2nd September 2024".
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

To Re-appoint Dr. Ranjan Ghosh as an Independent Director and in this regard, pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Dr. Ranjan Ghosh (DIN: 03094522), who was appointed as an Independent Director and who holds office up to 2nd September 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (Five) consecutive years, from 3rd September 2019 to 2nd September 2024"
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

To Re-appoint Smt. Archana Agarwal as an Independent Director and in this regard, pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 Smt. Archana Agarwal (DIN: 07144282), who was appointed as an Independent Director and who holds office up to

NOTICE (Contd.,)

30th March 2020 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (Five) consecutive years, from 31st March 2020 to 30th March 2025"

7. To consider and if thought fit, to pass with or without modifications(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 T. M Rathi, to conduct the Cost audit for the financial year ending 31st March 2020 be and is hereby ratified. “

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 T. M 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.”

Registered Office
 'Mody Building'
 27, Sir R.N. Mukherjee Road
 Kolkata – 700 001
 Date: the day of 25th June, 2019

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

NOTICE (Contd.,)**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. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 IN NUMBER AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.
3. The instrument of Proxy (enclosed separately), in order to be effective must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the AGM.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 11th August, 2019 to 17th August, 2019 (both days inclusive) for the purpose of AGM.
5. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of AGM.
6. The Annual Report for the financial year 2018-2019, Notice of the 22nd AGM and instruction for remote e-voting along with Attendance Slip and Proxy form are being sent by electronic mode to all members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of above mentioned documents are being sent in permitted mode. The same is also available on the Company's website www.heilindia.com. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on all working days. A route map showing direction to reach the venue of the 22nd AGM is annexed.
7. 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.
8. Due to prohibitive cost of paper and printing, additional copies of the Annual Report may not be available for distribution at the AGM. Members are requested to bring their copies of the Annual Report for the meeting.
9. **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. Telephone No. 033- 4011 6700, Fax No. 033- 4011 6739 and email rta@cbmsl.com. Hence, any correspondence relating to shares and debentures may be made with them only.**
10. 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.
11. Members who hold shares in dematerialized form are requested to indicate without fail their DP ID and Client ID numbers in attendance slip.
12. 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.
13. **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. Telephone No. 033- 4011 6700, Fax No. 033- 4011 6739 and email rta@cbmsl.com**

NOTICE (Contd.,)

- 14. 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, C.B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata-700019. Telephone No. 033- 4011 6700, Fax No. 033- 4011 6739 and email rta@cbmsl.com**
15. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the meeting.
16. 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.
17. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days advance notice in writing is given to the Company.
18. Members/proxies/Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s) and copy(ies) of their Annual Report.
- 19. 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, C.B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata- 700019. Telephone No. 033- 4011 6700, Fax No. 033- 4011 6739 and email rta@cbmsl.com in case the shares are held by them in physical form.**
20. Attendance Slip and Proxy Form are being annexed to this Notice of the 22nd Annual General Meeting.
21. 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.
22. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting. The register of contracts or arrangements in which director are interested under section 189 of the Companies Act, 2013 will be available for inspection at the Annual General Meeting.
23. 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 facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through ballot paper.
 - III. 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.
 - IV. The remote e-voting period will commence on 14th August, 2019 (9.00 am) and end on 16th August, 2019 (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. 10th August, 2019 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.

NOTICE (Contd.,)**V. Process and manner for remote e-voting are as under.**

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

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

Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/>

1. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
2. A new screen will open. You will have to enter your User ID, your Password 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/](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.
3. 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***

4. Your password details 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 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, your 'initial password' is communicated to you on your postal address.
5. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

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.

Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

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.

NOTICE (Contd.,)

6. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box
7. Now, you will have to click on “Login” button.
8. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
 2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
 3. Select “EVEN” of company for which you wish to cast your vote.
 4. Now you are ready for e-Voting as the Voting page opens.
 5. 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.
 6. Upon confirmation, the message “Vote cast successfully” will be displayed.
 7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or contact NSDL at the following toll free number 1800-222-990.
- VII. 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).
- VIII. 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 10th August, 2019.
- IX. Any person who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 10th August, 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to RTA at rta@cbmsl.com.
- 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 contact NSDL at the following toll free no: 1800-222-990.
- X. 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.
- XI. 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 through ballot paper.
- XII. 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.
- XIII. 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 authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail (scrutinizermkb@gmail.com) to with a copy marked to evoting@nsdl.co.in.

NOTICE (Contd.,)

- XIV. 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?" option available on www.evoting.nsdl.com to reset the password.
- XV. Your login id and password can be used by you exclusively for e-voting on the resolution placed by the Companies in which you are the shareholder.
- XVI. The Chairman shall at the AGM at the end of the discussion on the resolutions on which voting is to be held allow voting with the assistance of the Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XVII. 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.
- XVIII. 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.
- XIX. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the meeting i.e., 17h August, 2019.
24. A route map showing direction to reach the venue of the 22nd Annual General Meeting forms part of the notice as per requirement of the Secretarial Standard – 2 on "General Meeting".

ANNEXURE TO THE NOTICE**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013.****Resolution at Item No.3.**

Shri Satish Kapur (DIN 00051163) was appointed as an Independent Director of the Company and he holds the office as an Independent Director of the Company up to 2nd September 2019("first Term")

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Shri Satish Kapur as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contributions made by him during his tenure, the contributed association of Shri Satish Kapur would be beneficial to the Company and it is desirable to continue to avail his service as an Independent Director. Accordingly, it is proposed to re-appoint Shri Satish Kapur as an Independent Director of the Company, not liable to retire by rotation for a second term of 5 (five) consecutive years on the Board of the Company.

Shri Satish Kapur is not disqualified from the being appointed as Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has also received declaration from Shri Satish Kapur that he meets the criteria of the Independence as prescribed under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Shri Satish Kapur fulfils the conditions for appointment as an Independent Director as specified in the Act and the Rules made thereunder. Shri Satish Kapur is independent of the management.

Details of Shri Satish Kapur are provided in the "Annexure" to the notice. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act.

NOTICE (Contd.,)

Copy of draft letter of appointment of Shri Satish Kapur setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Shri Satish Kapur is interested in the resolution set out at Item No. 3 of the Notice with regard to his re-appointment. Relatives of Shri Satish Kapur may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Companies Act, 2013

The Board commends the Special Resolution set out at Item No. 3 of the Notice for approvals by the members.

Resolution at Item No.4

Shri Biswajit Choudhury (DIN 00149018) was appointed as an Independent Director of the Company and he holds the office as an Independent Director of the Company upto 2nd September 2019("first Term")

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Shri Biswajit Choudhury as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contributions made by him during his tenure, the contributed association of Shri Biswajit Choudhury would be beneficial to the Company and it is desirable to continue to avail his service as an Independent Director. Accordingly, it is proposed to re-appoint Shri Biswajit Choudhury as an Independent Director of the Company, not liable to retire by rotation for a second term of 5 (five) consecutive years on the Board of the Company.

Shri Biswajit Choudhury is not disqualified from the being appointed as Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has also received declaration from Shri Biswajit Choudhury that he meets the criteria of the Independence as prescribed under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Shri Biswajit Choudhury fulfils the conditions for appointment as an Independent Director as specified in the Act and the Rules made thereunder. Shri Biswajit Choudhury is independent of the management.

Details of Shri Biswajit Choudhury are provided in the "Annexure" to the notice. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act.

Copy of draft letter of appointment of Shri Biswajit Choudhury setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Shri Biswajit Choudhury is interested in the resolution set out at Item No. 4 of the Notice with regard to his re-appointment. Relatives of Shri Biswajit Choudhury may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Companies Act, 2013

The Board commends the Special Resolution set out at Item No. 4 of the Notice for approvals by the members.

Resolution at Item No.5

Dr. Ranjan Ghosh (DIN 00149018) was appointed as an Independent Director of the Company and he holds the office as an Independent Director of the Company upto 2nd September 2019("first Term")

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Dr. Ranjan Ghosh as an Independent Director for a second term of 5 (Five) consecutive years on the Board of the Company.

NOTICE (Contd.,)

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contributions made by him during his tenure, the contributed association of Dr. Ranjan Ghosh would be beneficial to the Company and it is desirable to continue to avail his service as an Independent Director. Accordingly, it is proposed to re-appoint Dr. Ranjan Ghosh as an Independent Director of the Company, not liable to retire by rotation for a second term of 5 (five) consecutive years on the Board of the Company.

Dr. Ranjan Ghosh is not disqualified from the being appointed as Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has also received declaration from Dr. Ranjan Ghosh that he meets the criteria of the Independence as prescribed under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr. Ranjan Ghosh fulfils the conditions for appointment as an Independent Director as specified in the Act and the Rules made thereunder. Dr. Ranjan Ghosh is independent of the management.

Details of Dr. Ranjan Ghosh are provided in the "Annexure" to the notice. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act.

Copy of draft letter of appointment of Dr. Ranjan Ghosh setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Dr. Ranjan Ghosh is interested in the resolution set out at Item No. 5 of the Notice with regard to his re-appointment. Relatives of Dr. Ranjan Ghosh may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Companies Act, 2013

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approvals by the members.

Resolution at Item No. 6

Smt. Archana Agarwal (DIN 00149018) was appointed as an Independent Director of the Company and she holds the office as an Independent Director of the Company upto 30th March 2020("first Term")

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Smt. Archana Agarwal as an Independent Director for a second term of 5 (Five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given her background and experience and contributions made by her during her tenure, the contributed association of Smt. Archana Agarwal would be beneficial to the Company and it is desirable to continue to avail her service as an Independent Director. Accordingly, it is proposed to re-appoint Smt. Archana Agarwal as an Independent Director of the Company, not liable to retire by rotation for a second term of 5 (five) consecutive years on the Board of the Company.

Smt. Archana Agarwal is not disqualified from the being appointed as Director in terms of Section 164 of the Act and has given her consent to act as a Director.

The Company has also received declaration from Smt. Archana Agarwal that she meets the criteria of the Independence as prescribed under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Smt. Archana Agarwal fulfils the conditions for appointment as an Independent Director as specified in the Act and the Rules made thereunder Smt. Archana Agarwal is independent of the management.

Details of Smt. Archana Agarwal are provided in the "Annexure" to the notice. She shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act.

Copy of draft letter of appointment of Smt. Archana Agarwal setting out the terms and conditions of appointment is available

NOTICE (Contd.,)

for inspection by the members at the registered office of the Company.

Smt. Archana Agarwal is interested in the resolution set out at Item No. 6 of the Notice with regard to her re-appointment. Relatives of Smt. Archana Agarwal may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Companies Act, 2013

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approvals by the members.

Resolution at Item No.7

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, 2020 by passing an Ordinary Resolution as set out at Item no.6 of the Notice.

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 set out at Item no.7 of the Notice.

The Board of Directors commends the resolution for approval of Shareholders by way of Ordinary Resolution as set out in Item no-7

Details of Directors seeking Appointment / Re-appointment in the ensuing Annual General Meeting scheduled to be held on 17th August , 2019.

Particulars	Shri Vikram Aditya Mody	Shri Satish Kapur	Shri Biswajit Choudhuri	Dr. Ranjan Ghosh	Smt. Archana Agarwal
DIN	00193192	00051163	00149018	03094522	07144282
Date of Birth	17-11-1961	27-01-1945	30-04-1942	16-10-1944	12-04-1988
Age	58 years	74 years	77 years	75 years	31 years
Nationality	Indian	Indian	Indian	Indian	Indian
Date of First Appointment	06-10-2017	03-09-2014	03-09-2014	03-09-2014	31-03-2015
Qualification	Graduate in Commerce	Graduate in Commerce	B.Tech (Hons), FCMA	B.Tech (IIT KGP), M.S. (Stanford) M.S., D.Sc (Columbia)	B.Com(Hons), CMA (Intermediate)
Experience and Expertise in specific functional area	Wide business experience across the variety of industries.	Wide business experience across the variety of industries.	Has over more than 51 years of vast experience in Engineering, Finance, Banking and Management.	Wide business experience across the variety of industries.	Experience in Finance and MIS Management
Number of Shares held in the Company	Nil	Nil	Nil	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	Shri Vikram Aditya Mody is the son of Shri Rajendra Prasad Mody and hence they are related to each other	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel	Not related to any Director/ Key Managerial Personnel
Number of Board Meeting attended during the Financial Year 2018-19	5 (Five)	5 (Five)	5 (Five)	5 (Five)	5 (Five)

NOTICE (Contd.,)

Particulars	Shri Vikram Aditya Mody	Shri Satish Kapur	Shri Biswajit Choudhuri	Dr. Ranjan Ghosh	Smt. Archana Agarwal
List of outside Directorships held		<ul style="list-style-type: none"> • Vertex Paperboard Marketing Pvt Ltd • Vaikunt Paperboard Pvt Ltd • VISA Minmetal Limited • VISA Infrastructure Limited • Vantage Paperboard Pvt Ltd • Triling Marketing Pvt Ltd • Bharat Chamber of Commerce • Ospak Cyfox Paper Co Pvt Ltd. • VISA International Limited • Jayshree Chemicals Limited • Fort Gloster Electric Limited • Helles Investments Pvt Ltd • Ludlow Jute & Specialities Limited • Crossley & Towers LLP • B N Kapur LLP 	<ul style="list-style-type: none"> • Ludlow Jute & Specialities Limited • Godawari Power And Ispat Limited • R.R.Ispat Limited • Hira Ferro Alloys Limited • Aditya Birla Chemicals (India) Limited 		<ul style="list-style-type: none"> • Olympic General Trading Limited • Mahanagar Commercial Co Ltd
Chairman / Member of the Committee of the Board of Directors of the Public Company	Nil	Committee Member of the Indian Chamber of Commerce and Sr. Vice President of Bharat Chamber of Commerce, the two leading Chambers of Commerce in Eastern India.	Nil	Nil	Nil
Terms and Condition of appointment / reappointment	Liable to Retire by Rotation	Re- appointment as an Independent Director, not liable to retire by rotation, for 5 (five) consecutive years from date of re appointment.			
Remuneration last drawn by such person (Sitting fees)	Rs. 50,000	Rs. 70,000	Rs. 75,000	Rs. 65,000	Rs. 50,000
Remuneration sought to be paid	Shall be paid Sitting fees for the meeting of Board and Committees.	Reappointed as Independent Directors shall be paid Sitting Fees for the meeting of Board and Committees.			

Registered Office
'Mody Building'
27, Sir R.N. Mukherjee Road
Kolkata – 700 001
Date: the day of 25th June, 2019

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

