

No. 22/9/2022-1T(1)

From

The Principal Secretary to Government Haryana,
Transport Department

To

The Secretary,
Haryana Vidhan Sabha
Chandigarh.

Dated Chandigarh, the 07-02-2024

Subject:- Laying down of Annual Reports of Haryana Roadways Engineering Corporation Limited for the financial year 2022-23 before the State Legislature in terms of section 395(b) of the Companies Act, 2013.

Sir,

I am directed to refer to the subject noted above to forward herewith Five Hard Copies including one authenticated copy of Annual Report along with copy of Annual Report in pen drive of Haryana Roadways, Engineering Corporation Limited for the financial year 2022-23 for placing the same on the table on the House of Haryana Vidhan Sabha as per the provision of section 395(b) of the Companies Act, 2013.

Yours Faithfully,

(Rajesh Kumar)
Superintendent Transport-I
for Principal Secretary to Government Haryana,
Transport Department.

Enclst No. 22/9/2022-1T(1)

Dated Chandigarh, the 07-02-2024

A copy of Annual Reports for the financial year 2022-23 is forwarded to the following for information and necessary action:-

1. The Principal Accountant General (Audit), Haryana, Chandigarh.
2. The Director General State Transport Haryana, Chandigarh.
3. The Nodal Officer O/o Director General State Transport Haryana, Chandigarh. He is requested to upload the Annual Report for the financial year 2022-23 of HREC through website immediately.

Rajesh Kumar
(Rajesh Kumar)

Superintendent Transport-I
for Principal Secretary to Government Haryana,
Transport Department

**ANNUAL REPORT
OF
HARYANA ROADWAYS
ENGINEERING CORPORATION
LIMITED (“HREC”)**

2022-23

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR1987S6C029904

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Mool Chand Sharma
Transport Minister,
Haryana

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR1987SGC029904

No- 3656/CS/HREC

Date: 28.12.2023

To,

Shri Navdeep Singh Virk, IPS, - Shareholder-cum-Chairman
Principal Secretary to Government of Haryana,
Transport Department, Chandigarh.

Shri Ashok Kumar Meena, IAS -Link Officer-Director State Transport Haryana

Ms. Sofia Dahiya, ICAS -Director
Secretary, Finance, Government of Haryana,
Chandigarh.

Subject:- Notice for holding 36th Annual General Meeting of HREC.

R/Sir,

Enclosed please find Notice for holding 36th Annual General Meeting of HREC scheduled to be held on the 28th day of December, 2023 at 4:30 P.M. at room no. 621, 6th floor, Haryana Civil Secretariat (new building), Sector-17, Chandigarh-160017.

Kindly make it convenient to attend the meeting.

Yours sincerely,
For Haryana Roadways Engineering Corporation Limited

Shelly
Company Secretary

Endst. No. 3656-3658 /CS/HREC

Date: 28.12.2023

Copy of Notice is sent to the following with a request to kindly attend the meeting, please:-

1. Sh. Dev Dutt, General Manager, HREC, Gurugram
2. Sh. Naresh Kumar, Accounts Officer, HREC, Gurugram
3. Sh. Arvind Gupta, C.A. on retainership, HREC, Gurugram

Statutory Auditors

M/s R.S. Sipayya & Co
Chartered Accountants

Yours sincerely,

Shelly
Company Secretary

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)

CIN-U34101HR1987SGC029904

NOTICE

NOTICE is hereby given that the Thirty sixth(36th)Annual General Meeting of the Members of "HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED"("HREC")will be held on 28th December, 2023 at 4:30 P.M. at room no. 621, 6th floor, Haryana Civil Secretariat (new building), Sector-17, Chandigarh-160017 to transact the following business-

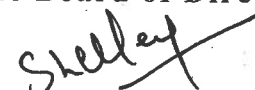
ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements as defined u/s 2(40) of the Companies Act, 2013 consisting of Audited Balance Sheet as at 31st March 2023, Statement of Profit and Loss for the period ended on that date, Cash Flow Statement for the period ended on that date and Reports of the Board of Directors, the Statutory Auditors and Principal Accountant General (Audit) Haryana, thereon and in this regard, pass the following resolution as **Ordinary Resolution**:

"**RESOLVED THAT** the audited Financial Statement of the Company for the Financial Year ended 31st March 2023 and the reports of the Board of Directors, Statutory Auditors and Principal Accountant General (Audit), Haryana, thereon laid before this meeting, be and are hereby considered and adopted."

2. To fix the remuneration of M/s R S Sipayya & Co., having registered office at D-7/503, 5th Floor, Tulip Petals, Sector 89, Pataudi Road, Gurgaon-122505, as the Statutory Auditors of the Company appointed by the Comptroller & Auditor General of India(C&AG) u/s 139 (5) of the Companies Act, 2013 for the Financial Year 2023-2024 as per terms & conditions issued by C & AG"

By the order of the Board of Directors


Company Secretary
M. NO.-A24982

Date: 28.12.2023
Place: Chandigarh

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)

CIN-U34101HR1987SGC029904

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING AND MUST BE IN WRITING IN THE PRESCRIBED FORM NO. MGT.11 (ATTACHED) AND IN THE MANNER AS SPECIFIED IN SECTION 105 OF THE COMPANIES ACT, 2013 AND RULE 19 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014.
3. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBERS HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR1987SGC029904

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):

Registered Address:

E-mail ID:

Folio No.

I/We, being the Member (s) of Equity shares of Rs. 100/- each of the above named Company, hereby appoint:

1. Name: _____ E-mail Id: _____

Address: _____

Signature: _____

or failing him

2. Name: _____ E-mail Id: _____

Address: _____

Signature: _____

or failing him

3. Name: _____ E-mail Id: _____

Address: _____

Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at Thirty fifth (35th) Annual General Meeting of the Members of "HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED" ("HREC") on 28th December 2023 at 4:30 P.M. at room no. 621, 6th floor, Haryana Civil Secretariat (new building), Sector-17, Chandigarh-160017 in respect of such resolutions as are indicated below:

1. Adoption of the Audited Balance Sheet as at 31st March 2023, Statement of Profit and Loss for the period ended on that date, Cash Flow Statement for the period ended on that date and reports of the Board of Directors and the Auditors and Principal Accountant General (Audit) Haryana.
2. To fix the remuneration of M/s R S Sipayya & Co., having registered office at D-7/503, 5th Floor, Tulip Petals, Sector 89, Pataudi Road, Gurgaon-122505, the Statutory Auditors of the Company appointed by the Comptroller & Auditor General of India(C&AG) for the Financial Year 2023-24.

Signed this _____ day of _____ 2023

Signature of Member(s): _____

Signature of Proxy holder(s): _____

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

INDEPENDENT AUDITOR'S REPORT

To the Members of **HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED**
 Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED** (the "company"), which comprises Balance Sheet as at 31st March 2023, the statement of Profit and Loss, statement of cash flows for the year then 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 the "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" section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended, ("AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and the statement of Profit and Loss , and statement of cash flows for the year the ended.

Basis for Qualified Opinion

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 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 Standalone Financial Statements under the provisions of the Act 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 Qualified Audit opinion on the standalone financial statements.

a) Balances

Balances in the following accounts are subject to reconciliation, verification and confirmation.

S.No	Particulars	Amount	Note
i.	Trade Receivables	Rs 124.79 lacs	Note-15
ii.	Trade Payables	Rs.630.14lacs	Note -7
iii.	Advances to suppliers	Rs.48.11 lacs	Note -17
iv.	Other Current Liabilities: Advances from Customers	Rs. 738.38 lacs.	Note -8
	Accumulated interest due on Advances Received from Transport Department, Government of Haryana	Rs. 2453.91lacs	
V	EMD	79.89lacs	Note-5

We are unable to quantify the impact of the adjustments, if any, arising from reconciliation and settlement of account balance on the financial statement.

b) Contingent Liabilities and commitments

The disclosures with regard to matters under litigations have been made based upon the management estimates. The sufficient and appropriate audit evidences for examining and verifying the quantum of contingent liabilities disclosed in note 29 to the financial statements not available for verification. In the absence of the adequate details, documents and pending responses to our confirmation requests in respect of the litigations at the corporate level, the impact of adjustments/disclosures, if any, on the financial statements is presently not ascertainable.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

Responsibility of Management for Financial Statements

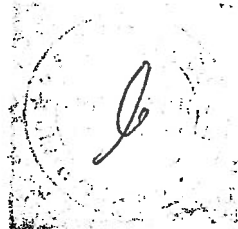
The company's Board of Directors is responsible for the matters stated in section of 134(5) of the Act, with respect to the preparation of these AS Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the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

In preparing the AS Financial Statements, management is responsible for assessing the company's ability to continue as 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.

Auditor's Responsibilities for Audit of AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the AS 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 AS Financial Statements.



As part of an audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- i. As required by the companies (auditor's report) rules, 2020 ("the order") issued by the central Government of India in terms of the sub section (11) of the section 143 of the act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the order, to the extent applicable.

- ii. The comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the companies Act 2013, the compliance of which is set out in "Annexure B"
- iii. As required by Section 143(3) of the Act, we report that:
- a. We have sought and except for the possible effects of the matter described in the basis for Qualified Opinion paragraph 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 possible effects of the matter described in the basis for Qualified Opinion paragraph 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 and statement of cash flows for the year then ended, and notes to the Financial Statements summary of significant accounting policies and other explanatory information dealt with in this report are in agreement with the books of accounts.
 - d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph in our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. The matters described under the Basis for Qualified Opinion in our opinion may have an adverse effect on functioning of the Company.
 - f. As per the information and explanation provided by the management, the company has taken written representation from the directors regarding their disqualification as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph.
 - h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure C.
 - i. With respect to the other matters to be included in 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:
 1. The Company has disclosed the impact of any pending litigations which effects its financial position in its AS Financial Statements.(Refer Note No. 29)
 2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses thereon does not arise
 3. There has not been an occasion in case of the company during the year under report to transfer any sums to Investor Education Protection Fund. The question of delay in transferring such sums does not arise.
 4. (i) the management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (ii) the management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (iii) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
5. No dividend has been declared or paid during the year by the company.

For R.S. SIPAYYA & CO.
Chartered Accountants
FRN.: 000321N



Rattan Singh Sipayya

Partner

M.No. 017762

UDIN23017762BHBLNO9480

Place: Gurugram

Date: 23-09-2023

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the AS Financial Statements of the Company for the year ended 31st March, 2023:

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
 - b) The Fixed Assets have been physically verified by the management in a phased manner, 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 nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the book's records and the physical fixed assets have been noticed.
 - c) In respect of moveable property (Land) documents relating to mutation only are held on record by the company.
 - d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
 - e) No proceedings have been initiated or are pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under.
- ii.
 - (a) The Inventory of the company has been physically verified by the management at the year end. In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business. The company has maintained proper records of inventory subject to non-maintenance of inventory record of scrap.
 - (b) The company has not been sanctioned any working capital, accordingly provisions of clause 3 (ii) (b) of the Order is not applicable to the Company.
- iii. The Company has not made any investments in, provided any guarantee or security or granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (f) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has not entered into any transaction covered under section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security. Accordingly, the provision of clause (iv) of the order are not applicable.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. As informed to us by management, the maintenance of Cost Records under sub-section(1) of Section 148 of the Companies Act, 2013 is not applicable to the company.

- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Goods & Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues on the last day of the financial year concerned (31.03.2023) for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us and based on the records of the company examined by us, there are no dues of Service tax and custom and Excise which have not been deposited on account of any disputes subject to that under Income Tax Act.
- viii. No transactions has been recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), Accordingly, the provision of clause (viii) of the order are not applicable.
- ix. According to the records of the company examined by us and the information and explanation given to us:
- (a) The Company has not defaulted in the repayment of term loans to banks.
- (b) The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The company has not taken any Term Loan during the year and there are no outstanding term loan at the beginning of the year and hence, reporting under clause 3 (ix) (c) of Order is not Applicable.
- (d) According to the information and explanation given to us, and the procedures performed by us, and on overall examination of the financial statement of the company, we report that no funds raised on short-term basis have been used for long term purposes by the company.
- (e) According to the information and explanation given to us, and the procedures performed by us, and on overall examination of the financial statement of the company, we report that company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. According to the records of the company examined by us and the information and explanation given to us:
- (a) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) a term loan. Hence the provisions of clause 3 (x) (a) of the Order are not applicable to the company.
- (b) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (x) (b) of the Order are not applicable to the Company and hence not commented upon.

- xi. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year, therefore the provisions of clause 3 (xi) (a) (b) & (c) of the Order are not applicable to the Company.
- xii. The Company is not a Nidhi Company. Hence provisions of clause 3(xii) (a, b& c) of the Order are not applicable on the company.
- xiii. According to the information and explanation given to us and based on our examination of the records of the company, there is no transaction with the related parties under section 177 and 188 of Companies Act, 2013 other than transactions with other state controlled enterprises. No disclosure is required under AS-18 as the company is state-controlled enterprises as regards related party relationships with other state-controlled enterprises.
- xiv. clause 3 (xiv) (b) of the Order in respect of Internal Audit is not applicable to the company.
- xv. In our opinion and according to the information and explanation given to us, during the period the company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. (a) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.
- (b) Based on our examination and the information and explanations given to us the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, and accordingly, the provisions of clause 3 (xvi) (c) of the Order are not applicable to the Company.
- (d) The provisions of clause 3 (xvi) (d) of the Order are not applicable to the Company.
- xvii. The company has not incurred any cash losses in the financial year 2022-23(cash loss in previous year Rs. 3.15 cr.)
- xviii. There has been not any resignation of the statutory auditors during the year, and accordingly, the provisions of clause 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanation given to us and on the basis of the financial ratios, ageing and expected dated of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and the when they fall due within a period of one year from the date of balance sheet.
We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due.

xx. a) The company does not have any unspent amount according to the compliances with second proviso to sub-section (5) of section 135 of the said Act and accordingly the provisions of clause 3 (xx) (a) of the Order are not applicable to the Company.

(b) The provisions of clause 3 (xx) (b) of the Order are not applicable to the Company.

For R.S. SIPAYYA & CO.

Chartered Accountants

FRN.: 000321N


Rattan Singh Sipayya

Partner

M.No. 017762

UDIN 23017762BHBLNO9480

Place: Gurugram

Date: 23-09-2023

Annexure B

Report on Directions issued by the Comptroller and Auditor General of India under section 143(5) of companies Act, 2013 indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **Haryana Roadways Engineering Corporation Limited** for the year 2022-23

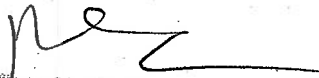
I.	Whether, the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company is maintaining books of accounts on Tally-ERP accounting system. The processes are not fully through IT system. The calculation of some transactions is through manual intervention. However, the accounting entries of the same is done through Tally ERP accounting software. There is no impact on the financial statements.
II.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender company)	No Not Applicable
III.	Whether funds (grants/subsidy, etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per term and conditions? List the case of deviation.	Nil Not Applicable

The above information has been verified based on the information and explanations furnished to us.

For **R.S. SIPAYYA & CO.**

Chartered Accountants

FRN.: 000321N



Rattan Singh Sipayya

Partner

M.No. 017762

UDIN 23017762BHBLNO9480

Place: Gurugram

Date: 23-09-2023

“ANNEXURE C” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE AS FINANCIAL STATEMENT OF HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the Financial Statements of the Company as of and for the year ended March 31, 2023, We have audited the internal financial controls over financial reporting of HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED (hereinafter referred to as “the company” or “corporation”)

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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of 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 was established and maintained and if such controls operated effectively in all material respects.

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

Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of trade receivables, trade payables and consequently could also impact the loss/profit of the company.

A ‘material weakness’ is a deficiency or a combination of deficiencies in IFCoFR such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

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 control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of AS 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 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 AS Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

In our opinion, with respect to the material weakness described above in the Basis for Qualified Opinion Paragraph, the Company has not maintained an adequate internal financial control system over financial reporting. The Internal Financial control system has not operated effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by 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.

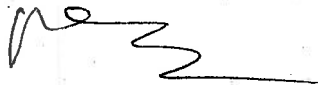
Other Matter

Our aforesaid reports under section 143(i) of the Act on the adequacy and operating effectively of the internal financial controls over financial reporting in so far as it relates to company, which is company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

For R.S. SIPAYYA & CO.

Chartered Accountants

FRN.: 000321N



Rattan Singh Sipayya

Partner

M.No. 017762

UDIN23017762BHBLNO9480

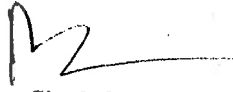
Place: Gurugram

Date: 23-09-2023

Compliance Certificate

We have Conducted the Audit of Accounts of **HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED** for the year ended 31 March, 2023 in accordance with the directions/sub directions issued by C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions/ sub directions issued to us subject to qualified opinion as stated in our Audit Report of the same date.

For R.S. SIPAYYA & CO.
Chartered Accountants
FRN.: 000321N



Rattan Singh Sipayya

Partner

M.No. 017762

UDIN23017762BHBLNO9480

Place: Gurugram

Date:23-09-2023

To the Members of Haryana Roadways Engineering Corporation Limited,
Sector Specific Sub-directions under Section 143(5) of the Companies Act, 2013

Transport

1. Are there any established norms for processing of tariff fixation? The cases of under recovery of cost shall be highlighted.

No tariff fixation clause is applicable as the company is in the manufacturing of the bodies on the chassis of buses.

2. Does the company have a set of operational norms? Has the management measured its performance against the norms and taken suitable action in case of deviation?

Not Applicable. The company is in the manufacturing the bodies on the chassis of busses and not operating any vehicle for transport.

3. The system for monitoring the recovery of lease rent obtained from contractors for Operation & Maintenance (O&M) of bus stands shall be examined and the non-recoveries may be quantified.

Not Applicable

4. Cases of diversion and surrender of unutilized funds received from Centre and State Government or its agencies under different schemes be reported.

NIL

5. Details of the works completed during the year and delay in ongoing work, if any be reported.

Not Applicable

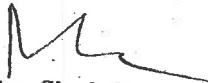
HREC is an wholly owned government undertaking in which 100% shareholding is of Transport Department, (Government of Haryana). Company is engaged in operations of fabricating bus body as per the requirement of Transport Department, Haryana.

Transport Department, Haryana gives instruction to company for bus fabrication. The Chassis are purchased by company directly from the suppliers. After fabrication of bus bodies, the complete buses are delivered to the different depots of Haryana Roadways as per the allotment issued by the Transport Department, Haryana. Company is not engaged in any works contracts under which company independently execute any contract of fabrication.

For R.S. SIPAYYA & CO.

Chartered Accountants

FRN.: 000321N



Rattan Singh Sipayya

Partner

M.No. 017762

UDIN 23017762BHBLNO9480

Place: Gurugram

Date: 23-09-2023

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31st March, 2023

Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

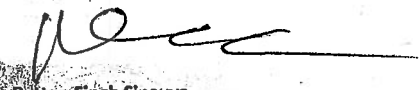
6th Milestone, Jaipur Gurgaon Highway, Behrampur Road, Khandsa, Gurgaon (Haryana)- 122001

Balance Sheet as at 31st March, 2023

Particulars	Note	As at	As at
		31st March, 2023	31st March, 2022
		Rs.	Rs.
A. EQUITY AND LIABILITIES			
1. Shareholder's funds			
a) Share capital	3	68,500,000	68,000,000
b) Reserves and surplus	4	(80,561,209)	(80,979,520)
		<u>(12,061,209)</u>	<u>(12,979,520)</u>
2. Share application money pending allotment			
		-	-
3. Non Current Liabilities			
a) Other Long term liabilities	5	7,989,905	7,678,905
b) Long term provisions	6	66,873,283	61,002,369
		<u>74,863,188</u>	<u>68,681,274</u>
4. Current liabilities			
a) Trade Payables	7		
-total outstanding dues of micro, small & medium enterprises		26,845,682	10,541,826
-total outstanding dues of creditors other than micro, small & medium enterprises		36,168,662	16,096,066
b) Other current liabilities	8	1,748,664,708	374,766,457
c) Short term provisions	9	39,804,385	18,419,840
		<u>1,851,483,437</u>	<u>419,824,189</u>
TOTAL		1,914,285,416	475,525,943
B. ASSETS			
1. Non current assets			
a) Fixed assets			
i. Property, Plant & Equipment	10	54,111,706	58,826,502
ii. Capital work in progress			
b) Deferred tax asset (net)	11	32,067,900	32,152,796
c) Long term loans and advances	12	3,241,041	3,534,412
d) Non Current Assets	13		120,000
		<u>89,420,647</u>	<u>94,633,711</u>
2. Current assets			
a) Inventories	14	746,012,828	48,772,482
b) Trade receivables	15	12,479,318	39,134,354
c) Cash and bank balances	16	897,776,357	253,592,963
d) Short-term loans and advances	17	168,556,350	39,280,598
e) Other current assets	18	39,917	111,836
		<u>1,824,864,770</u>	<u>380,892,233</u>
TOTAL		1,914,285,416	475,525,943

The accompanying notes are an integral part of the financial statements.
As per our report of even date

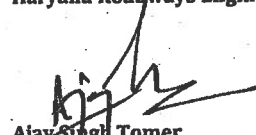
For R.S. SIPAYYA & CO.
Chartered Accountants
Firm Registration No.: 000321N



Rattan Singh Sipayya
Partner
Membership No. 017762
Date:
Place: Gurgaon
UDIN:


Ratan Tiwas
Accountant

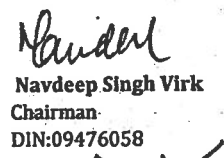
For and on behalf of the Board of Directors of
Haryana Roadways Engineering Corporation Limited

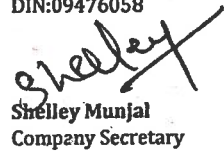


Ajay Singh Tomer
Managing Director
DIN:09786899


Anshu
Accounts Officer


Devdutt Jinagal
General Manager


Navdeep Singh Virk
Chairman
DIN:09476058


Shelley Munjal
Company Secretary

Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

6th Milestone, Jaipur Gurgaon Highway, Behrampur Road, Khandsa, Gurgaon (Haryana)- 122001

Statement of Profit and Loss for the year ended 31st March, 2023

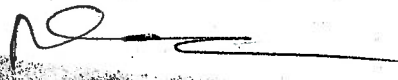
Particulars	Note	2022-23	2021-22
		Current Year Rs.	Previous Year Rs.
A. REVENUE			
Revenue from operations	19	819,584,104	123,510,638
Other income	20	36,766,939	11,657,054
Total Revenue		856,351,043	135,167,692
B. EXPENSES			
Cost of material consumed	21	1,269,717,169	98,415,235
Change in inventories	22	(591,450,798)	3,495,076
Employee benefit expense	23	92,071,511	82,344,288
Finance cost	24	34,291,510	12,615,468
Depreciation and amortization expenses	10	4,688,351	5,340,587
Other expenses	25	46,437,082	9,691,461
Total Expenses		855,754,825	211,902,115
C. Profit(Loss) before Exceptional items and Extraordinary items and tax (A-B)		596,218	(76,734,423)
Exceptional Items			
D. Profit(Loss) after Exceptional items but before extraordinary items and tax		596,218	(76,734,423)
Prior Period & Extraordinary Items	26		(33,337)
E. Profit(Loss) after Exceptional items and extraordinary items but before tax		596,218	(76,701,086)
F. Tax expense:			
Current tax		93,010	-
Earlier Years			
MAT Credit Entitlement			
Deferred tax Adjustment			
		84,896	(18,521,830)
G. Profit(Loss) for the year after tax		177,906	(18,521,830)
Profit / (Loss) per share			
[nominal value of share Rs. 100/- (previous year Rs.100/-)]	27		
- Basic		0.61	(85.56)
- Diluted		0.61	(85.61)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For R.S. SIPAYYA & CO.
Chartered Accountants
Firm Registration No.: 000321N

For and on behalf of the Board of Directors of
Haryana Roadways Engineering Corporation Limited



Rattan Singh Sipayya
Partner
Membership No. 017762
Date:
Place: Gurgaon
UDIN:


Ajay Singh Tomer
Managing Director
DIN:09786899


Navdeep Singh Virk
Chairman
DIN:09476058


Ram Niwas
Accountant


Jyoti
Accounts Officer


Devdutt Jinal
General Manager


Shelley Munjal
Company Secretary

Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

6th Milestone, Jaipur Gurgaon Highway, Behrampur Road, Khandsa, Gurgaon (Haryana)- 122001

Cash Flow Statement for the year ended 31st March, 2023

Particulars	2022-23	2021-22
	Current Year Rs.	Previous Year Rs.
A. Cash Flow From Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	503,208	(76,701,086)
Adjustments for:		
-Depreciation	4,688,351	5,340,587
-Misc. Expenses Written Off	120,000	120,000
-Long term provisions (leave salary and Gratuity)	5,870,914	16,693,752
-(Surplus) /loss on Fixed Assets	(95,155)	-
-Interest Income	(33,097,352)	(9,624,752)
Operating profit / (loss) before working capital changes	(22,010,034)	(64,171,499)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
-Inventories	(697,240,346)	(19,514,200)
-Trade receivables	26,655,035	427,336
-Short term loans and advances	(129,275,752)	1,817,897
-Other current assets	71,919.5	688,040
Adjustments for increase / (decrease) in operating liabilities:		
-Trade Payables	36,376,452	14,860,260
-Other Current liabilities	1,373,898,251	70,003,329
-Short term provisions	21,384,545	9,869,484
-Other Long term liabilities	311,000	228,000
Operating profit / (loss) after working capital change	610,171,071	14,208,648
Net income tax (paid) / refunds		
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	610,171,071	14,208,648
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(35,400)	(71,000)
Change in CWIP		
Sales of Fixed Assets	157,000	152,749
Long term loans and advances	293,371	878,411
Interest received & Misc. Income	33,097,352	9,624,752
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)	33,512,323	10,584,912
C. Cash Flow From Financing Activities		
Share allotment	500,000	500,000
Share application money pending allotment and share Capital		
Refund of Share Application Money		
Proceeds from borrowing from repayment of Loans		
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)	500,000	500,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	644,183,394	25,293,560
Cash and cash equivalents at the beginning of the year	253,592,963	228,299,403
Cash and Cash Equivalents at the end of the year	897,776,357	253,592,963
Net Increase / (Decrease) During The Year	644,183,394	25,293,560

Haryana Roadways Engg. Corp.
GURGAON



Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

6th Milestone, Jaipur Gurgaon Highway, Behrampur Road, Khandsa, Gurgaon (Haryana)- 122001

Cash Flow Statement for the year ended 31st March, 2023

2022-23

2021-22

Notes to Cash flow statement

1. Components of cash & cash equivalents:

- Cash on hand
- Balances with banks
- Fixed deposit with bank

40,050,316	30,074,362
857,726,041	223,518,601
897,776,357	253,592,963

2. The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinued operations.

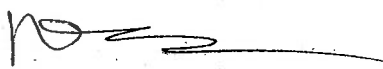
3. Cash flows are reported using indirect method in accordance with Accounting Standard - 3 "Cash flow statement" prescribed by the Companies (Accounting Standards) Rules, 2006, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of the past or future cash receipts or payments. Cash flows from regular revenue generating, financing and investing activities of the Company have been segregated and disclosed separately.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For R.S. SIPAYYA & CO.
Chartered Accountants
Firm Registration No.: 000321N

For and on behalf of the Board of Directors of
Haryana Roadways Engineering Corporation Limited



Rattan Singh Sipayya
Partner
Membership No. 017762
Date:
Place: Gurgaon
UDIN:


Ajay Singh Tomer
Managing Director
DIN:09786899


Navdeep Singh Virk
Chairman
DIN:09476058


Raj Niwas
Accountant


Jyoti
Accounts Officer


Devdutt Jinagal
General Manager


Shelley Mural
Company Secretary



Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

6th Milestone, Jaipur Gurgaon Highway, Behrampur Road, Khandsa, Gurgaon (Haryana)- 122001

Significant accounting policies and Notes to financial statements for the year ended 31st March, 2023

Note 1 : Corporate information

Haryana Roadways Engineering Corporation Limited is a company incorporated 27th November 1987 under the provisions of the Companies Act, 1956. The company's registered office is situated at Haryana. Haryana Roadways Engineering Corporation Limited is engaged in the business of manufacturing of bus bodies, retreading of tyres etc. mainly for Transport Department, Haryana.

Note 2 : Significant accounting policies

a. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, unless otherwise mentioned.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Inventories

- (i) Raw Materials, Stores and consumable stores are valued at cost method.
- (ii) Chassis are valued at actual cost.
- (iii) Work in progress for buses has been valued at estimated weighted average cost method and proportionate value of overhead.
- (iv) Closing stock of finished buses are valued at cost price.
- (v) Closing stock of Scrap has been valued at Cost or Market Price whichever is lower.

d. Cash and Cash equivalents

Cash and cash equivalents comprise of cash in hand and bank balances in current accounts and deposits account.

e. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales

Sales comprise of sale of buses, stores, repair of buses, bus washing machine, tyre retreaded and scrap. Revenue is recognized on delivery of buses and store materials, if any.

The company has cost plus profit margin arrangement for fixing price of buses etc. with Transport Department, Haryana. Materials and stores issued to Haryana Roadways Depots have been charged on market price or book value (weighted average), whichever is higher. Revenue against sale of scrap is recognized at the time of sale. Closing stock of the same had not been determined.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

f. Property, plant and equipments

Property, plant and equipment are stated at cost less accumulated depreciation and impairment if any. The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management and the initial estimate of the cost of dismantling, removing the item and restoring the site on which it is located, referred to as 'decommissioning, restoration and similar liabilities', the obligation for which an enterprise incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during the period.

Borrowing costs relating to acquisition of an item of property, plant and equipment which takes substantial period to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital Work-in-Progress'.

Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

Repairs & Maintenance costs are recognized in the net profit in the Statement of Profit & Loss when incurred. The costs and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit & Loss.

Haryana Roadways Engg. Corp.
GURGAON



Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

6th Milestone, Jaipur Gurgaon Highway, Behrampur Road, Khandsa, Gurgaon (Haryana)- 122001

Significant accounting policies and Notes to financial statements for the year ended 31st March, 2023

g. Depreciation and amortization

Depreciation on fixed assets is calculated on a written down value (WDV) method. The rates of depreciation used are those which have been calculated as per the method specified in Schedule II of the Companies Act, 2013. The Companies Act, 2013 prescribes that the asset should be written off over its useful life as estimated by the management and provides the indicative useful lives for the different class of assets. In case the useful life of the asset has expired but the asset is still in use it is carried at a nominal value of 5% of the original cost in the books. Where the useful life of the asset has ended and the value as at March 31, 2014 is higher than 5% of the original cost, the difference has been transferred to the General Reserve. Other assets are depreciated over their balance useful life.

The useful life as estimated by the management and corresponding depreciation rates for the different category of assets recognised in the books are as under:

Assets	Useful life in years
Factory Building	30
Plant and machinery	15
Electrical installation	10
Computers	3
Office equipment	5
Furniture and fittings	10
Vehicles	
- Motor cars	8

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the asset is ready for use. Depreciation on sale/ deduction from fixed assets is provided for up to the date of sale, deduction and discarding as the case may be.

h. Foreign currency transactions

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they

i. Investments

The company does not have any investments (Current as well as Non-current) as at 31st March, 2023

j. Employee benefits

Short-term employee benefits

All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the statement of profit and loss in the period in which the employee renders the related service.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The company has the following two defined benefit plans:-

- Leave Encashment
- Gratuity

Gratuity:

Gratuity is defined benefit plan for its employees. The costs of providing benefits under the plan are determined on the basis of arithmetical valuation at each year-end and charged to Statement of profit & loss. The company has a Gratuity Fund and the incremental provision is remitted to the Fund.

Haryana Roadways Engg. Corp.
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Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

6th Milestone, Jaipur Gurgaon Highway, Behrampur Road, Khandsa, Gurgaon (Haryana)- 122001

Significant accounting policies and Notes to financial statements for the year ended 31st March, 2023

Compensated Absences:

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the arithmetical calculation and incremental value is provided for by debit to the statement of profit and loss and are not deferred.

k. Borrowing costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those asset, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in Statement of profit and loss in the period in which they are incurred.

l. Leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight-line basis over the lease term.

m. Earning per share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, "Earnings per Share" of Companies (Accounting Standards) Rules, 2014.

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

n. Taxation

Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

o. Impairment of assets

Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized in statement of profit or loss. However, an impairment loss on a revalued asset is recognized directly against any revaluation surplus to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

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Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

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Significant accounting policies and Notes to financial statements for the year ended 31st March, 2023

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Such a reversal is recognized in the statement of profit or loss.

p. Intangible assets

The company does not have any intangible assets for the year ended 31st March, 2023.

q. Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

r. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.



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Notes to financial statements for the year ended 31st March, 2023

Note 3 : Share capital

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Number	Rs.	Number	Rs.
Authorized capital				
Equity shares of Rs.100/- each	1,500,000	150,000,000	1,500,000	150,000,000
Issued, subscribed and paid up capital				
Equity shares of Rs.100/- each	685,000	68,500,000	680,000	68,000,000
TOTAL	685,000	68,500,000	680,000	68,000,000

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Number	Rs.	Number	Rs.
At the beginning of the year	680,000	68,000,000	675,000	67,500,000
Shares issued during the year	5,000	500,000	5,000	500,000
Bought back during the year	-	-	-	-
Outstanding at the end of the year	685,000	68,500,000	680,000	68,000,000

b. Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 100 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend if and when proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the

c. Details of shareholder(s) holding more than 5% of equity shares in the company

Name of shareholder	As at 31st March, 2023		As at 31st March, 2022	
	No. of shares held	% Holding	No. of shares held	% Holding
Government of Haryana through Principal Secretary, Transport Department and its nominees.	685,000	100.00%	680,000	100.00%

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Notes to financial statements for the year ended 31st March, 2023

Note 4 : Reserves and surplus

Particulars	As at 31st March,	As at 31st March,
	2023	2022
	Rs.	Rs.
Capital Reserve*		
Opening balance	8,721,386	8,721,386
Add : Addition during the year	-	-
Less : Utilised/transferred during the year	-	-
Closing balance	8,721,386	8,721,386
Surplus in the statement of profit and loss		
Balance as per the last financial statements	(89,700,906)	(31,521,649)
Less : Depreciation adjustment	-	-
Add/Less : Profit(Loss) for the year	418,311	(58,179,257)
Net surplus in the statement of profit and loss	(89,282,595)	(89,700,906)
Total	(80,561,209)	(80,979,520)

* The amount represents the value of assets transferred by the Haryana Government through Financial Commissioner and Principal Secretary, Transport Department, Haryana at the time of incorporation.

Note 5 : Other long term liabilities

Particulars	As at	As at 31st March,
	31st March, 2023	2022
	Rs.	Rs.
Earnest money received	7,989,905	7,678,905
Total	7,989,905	7,678,905

Note 6 : Long term provisions

Particulars	As at	As at 31st March,
	31st March, 2023	2022
	Rs.	Rs.
Provisions for employees benefits		
-Compensated absence	21,970,964	26,589,151
-Gratuity	44,902,319	34,413,218
Total	66,873,283	61,002,369

Note 7 : Trade payables

Particulars	As at	As at 31st March,
	31st March, 2023	2022
	Rs.	Rs.
Total outstanding dues of micro, small & medium enterprises	26,845,682	10,541,826
Total outstanding dues of creditors other than micro, small & medium enterprises	36,168,662	16,096,066
Total	63,014,344	26,637,892

Note 8 : Other current liabilities

Particulars	As at	As at 31st March,
	31st March, 2023	2022
	Rs.	Rs.
Advances from customers	73,838,112	92,962,968
Advances from Headquarter	26,400,000	26,400,000
Advances from Depot	1,383,421,952	25,933,662
Interest Payable on advances-Transport Department Government of Haryana	245,391,205	211,102,531
Expenses payable	4,948,291	14,829,429
Security Deposit	112,009	90,000
Advance Lease Rental	400,000	400,000
Interest accrued on loans and advances to employees	243,248	-
Statutory dues payable	13,909,890	3,047,867
Total	1,748,664,708	374,766,457

Note 9 : Short term provisions

Particulars	As at	As at 31st March,
	31st March, 2023	2022
	Rs.	Rs.
Provisions for employees benefits		
-Compensated absence	11,684,554	6,737,520
-Gratuity	27,855,821	11,552,320
Provision for Income Tax	93,010	-
Provision for Audit fees	171,000	130,000
Total	39,804,385	18,419,840

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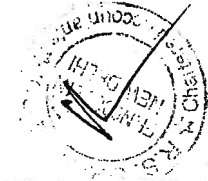
Notes to financial statements for the year ended 31st March, 2023

Note 10 : Property, plant and equipments

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1st April, 2022	Additions/ Adjustment during the year	Adjustment during the year	As at 31st March, 2023	As at 1st April, 2022	Depreciation during the year	Adjustment	As at 31st March, 2023	WDV as on 31st March, 2022
Tangible assets									
Land	11,240,235	-	-	11,240,235	48,335,223	4,305,093	-	11,240,235	11,240,235
Building	93,651,994	-	-	93,651,994	16,217,002	-	-	41,011,678	45,316,771
Plant and machinery	17,387,975	-	-	17,387,975	2,193,898	59,328	-	1,039,561	1,170,973
Furniture and fixtures	2,433,818	-	241,720	2,433,818	1,341,141	122,302	179,875	180,592	239,920
Vehicles	1,762,325	35,400	-	1,520,605	5,443,490	63,255	-	237,037	421,184
Office equipment	5,807,172	-	-	5,842,572	1,282,679	6,961	-	335,827	363,682
Electricity installation	1,356,416	-	-	1,356,416	-	-	-	66,776	73,737
Total	133,639,935	35,400	241,720	133,433,615	74,813,433	4,688,351	179,875	54,111,706	58,826,502
Previous year	133,849,455	71,000	280,520	133,639,935	69,600,616	5,340,587	127,771	58,826,502	64,248,838

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Notes to financial statements for the year ended 31st March, 2023**Note 11 : Deferred tax assets (Net)**

Particulars	As at 31st March, 2023 Rs.	As at 31st March, 2022 Rs.
Deferred tax liability Difference between book balance and tax balance of fixed assets	3,703,802	3,618,905
Deferred tax assets On Provisions and others	35,771,702	35,771,702
Total	32,067,900	32,152,796

Note 12 : Long term loans and advances

Particulars	As at 31st March, 2023 Rs.	As at 31st March, 2022 Rs.
a) Security deposits -Unsecured, considered good	3,022,820	3,022,820
b) Loans and advances to employees -Secured, considered good	218,221	511,592
Total	3,241,041	3,534,412

Note 13 : Other Non-Current Assets

Particulars	As at 31st March, 2023 Rs.	As at 31st March, 2022 Rs.
Misc. Expenditure not written off		120,000
Total		120,000

Note 14 : Inventories

Particulars	As at 31st March, 2023 Rs.	As at 31st March, 2022 Rs.
As verified, valued and certified by the management		
a) Raw material (at cost)	152,096,811	46,307,263
b) Scrap in hand (at cost or market price whichever is less)	3,642,689	1,870,000
c) Finished goods (at cost)		595,219
d) Stock of Chasis	590,273,328	
Total	746,012,828	48,772,482

Note 15 : Trade receivables

Particulars	As at 31st March, 2023 Rs.	As at 31st March, 2022 Rs.
Outstanding for more than six months unsecured, considered good	15,012,278	22,019,203
Less: Provision for Doubtful Debts	(12,500,545)	
Outstanding for less than six months unsecured, considered good	9,967,585	17,115,151
Others unsecured, considered good		
Total	12,479,318	39,134,354

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Notes to financial statements for the year ended 31st March, 2023

Note 16: Cash and bank balances

Particulars	As at 31st March, 2023 Rs.	As at 31st March, 2022 Rs.
Cash and cash equivalents		
-Cash in Hand		
-Deposit with Maturity Less than 3 months		
-In current accounts		
Other bank balances	40,050,316	30,074,362
-Deposits with maturity more than 3 months	857,726,041	223,518,601
Total	897,776,357	253,592,963

Note 17: Short term loans and advances

Particulars	As at 31st March, 2023 Rs.	As at 31st March, 2022 Rs.
Loans and advances to employees		
Unsecured, considered good	11,141	14,755
Advances to suppliers		
Unsecured, considered good	4,810,958	2,126,050
Other advances		
Unsecured, considered good [Advance for construction of bus stand and administration block]	720	720
Prepaid expenses		
Others		50,012
Balance with Government authorities		
Advance with GST/VAT Department	141,374,900	7,798,466
Advance income tax (net of provision Rs. NIL)	22,358,631	29,290,595
Total	168,556,350	39,280,598

Note 18: Other Current assets

Particulars	As at 31st March, 2023 Rs.	As at 31st March, 2022 Rs.
Accruals		
Interest accrued on loans and advances to employees		(27,055)
Interest accrued on FDR		19,557
Others	20,001	
Imprest to employees		
Total	19,916	119,334
	39,917	111,836

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Notes to financial statements for the year ended 31st March, 2023

Note 19 : Revenue from operations

Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Sales of product		
Buses	795,027,270	86,249,992
Tyre retreaded	10,713,601	8,888,257
Sales (Diesel)	24,710	-
Sales of services		
Repair of buses	3,402,938	17,889,964
Stores sales	4,499,352	1,486,018
Other operating revenues		
Sale of scrap	5,916,233	8,996,407
Total	819,584,104	123,510,638

Note 20 : Other income

Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Interest Income		
Interest from bank on deposits & Saving Bank	33,097,352	9,624,752
Other non operating income		
Lease Rent	1,200,000	1,200,000
Profit on sale of assets	95,155	-
Excess Provision written Back	-	50,000
Interest on Loan to Staff	35,908	182,036
Interest on I.Tax Refund	1,919,009	-
Miscellaneous income	419,515	600,266
Total	36,766,939	11,657,054

Note 21 : Cost of material consumed

Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Opening stock		
Raw material	46,307,263	23,297,987
Add : Purchases		
Chasis	990,527,263	86,249,992
Raw material	380,765,509	34,803,709
Freight and cartage	949,857	370,810
Freight Inward	3,264,088	-
Total (A)	1,421,813,980	144,722,498
Less : Closing Stock		
Raw material	152,096,811	46,307,263
Total (B)	152,096,811	46,307,263
Total (A-B)	1,269,717,169	98,415,235

Note 22 : Change in inventories of finished goods, work in progress and stock in trade

Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Inventories at the end of year		
Finished goods	-	595,219
Scrap in Hand	3,642,689	1,870,000
Stock of Chasis	590,273,328	-
Inventories at beginning of the year		
Finished goods	595,219	410,000
Scrap in Hand	1,870,000	5,550,295
Net increase/(decrease) of finished goods, work-in-progress and stock-in-trade	(591,450,798)	3,495,076

Haryana Roadways Engg. Corp.
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Notes to financial statements for the year ended 31st March, 2023

Note 23 : Employee benefit expenses

Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Salaries and wages	52,263,414	55,540,158
Contribution to provident fund and other funds	5,587,544	5,518,215
Gratuity	23,257,865	18,191,075
Leave Salary Contribution (compensated absences)	10,328,847	2,854,670
Staff welfare expenses	633,841	240,170
Total	92,071,511	82,344,288

Note 24 : Finance cost

Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Bank Charges	2,836	1,238
Interest expenses	34,288,674	12,614,230
Total	34,291,510	12,615,468

Note 25 : Other expenses

Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Advertisement Exp	12,539	-
Payment to auditors	-	-
-Audit fee - Current year	140,000	90,000
Freight Outward	-	500
Gst Late filling fee	260	100
Honorarium	65,000	15,000
Labour charges	22,290,510	3,000
Legal and professional fee	440,580	842,733
Medical Reimbursemet	-	594,218
Office expenses	206,571	283,440
Postage and telegram	2,300	6,197
Power and fuel	3,272,896	1,844,103
Printing and stationery	101,547	180,214
Repairs and maintenance	-	-
-Machinery	148,264	73,391
-Repair Building	6,550	-
-Other	258,027	155,585
ROC fellings	9,200	5,200
Sample testing	463,470	31,300
Security/Manpower expenses	5,714,092	4,842,233
Telephone	7,372	43,189
Travelling and conveyance	67,758	79,786
Insurance Outward	330,033	243,204
Rates and taxes	-	5,100
Membership and subscription	7,100	1,300
Other miscellaneous expenses	154,308	93,698
Vehicle maintenance and running	35,058	86,421
Provision for Doubtful Debts	12,500,545	-
Balance Written off	120,000	120,000
Rent Exp. (Frata Fan on Rent)	59,400	-
BOD Meeting Exp	23,702	-
Loss on Sale of Fixed Assets	-	61,749
Total	46,437,082.00	9,691,461

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Notes to financial statements for the year ended 31st March, 2023

Note 26 : Extraordinary Items

Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Prior Period Item	-	33,337
Old credit balance : remission of trade liabilities-Misc.	-	-
Old credit balance : remission of trade liabilities	-	-
Total	-	33,337

Note 27 : Basic and diluted earning per share (EPS)

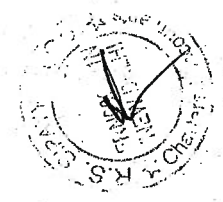
Particulars	As at	As at
	31st March, 2023	31st March, 2022
	Rs.	Rs.
Profit after tax for calculation of basic/diluted EPS	418,311	(58,179,257)
Number of equity shares in calculating basic EPS	685,000	680,000
Weighted average number of equity shares in calculating diluted EPS	684,589	679,589
Profit / (Loss) per share (basic)	0.61	(85.56)
Profit / (Loss) per share (diluted)	0.61	(85.61)

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Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

6th Milestone, Jaipur Gurgaon Highway, Behrampur Road, Khandsa, Gurgaon (Haryana)- 122001

Notes to financial statements for the year ended 31st March, 2023

Note 28: Related party transactions

Related party relationships / transactions warranting disclosures under Accounting Standard - 18 "Related party disclosures" prescribed under the Companies (Accounting Standard) Rules, 2006 are as under:

a. List of related parties where control exists and / or with whom transactions have taken place and relationships:

Nature of Relationship	Name of party	Period
Chairman Cum Director	a. Shri Navdeep Singh Virk, IPS Principal Secretary to Govt of Haryana, Transport Department	14.01.2022 to till date
Managing Director	a. Dr. Virender Kumar Dahiya, IAS Director State Transport, Govt of Haryana	21.03.2022 to 24.02.2023
	b. Sh. Ajay Singh Tomer, IAS Director State Transport, Govt of Haryana	12.04.2023 to till date
Director	a.Ms. Sofia Dahiya	08.12.2022 to till date

b. Transactions during the year with related parties :

1. The Posts of the Directors are ex-officio. As such, no remuneration is being paid to them.
2. There is no any transaction entered with related parties during the year.

Note 29: Contingent liabilities and commitments (to the extent not provided for):

(a) The employees of corporation have filed various suits relating to service matters which are lying at various stages in different courts and liability, the amount if any in this respect is unascertainable and depends on the judgement of court of law.

b. Demand on TDS Defaults by Income Tax Deptt. For Various Years Rs 2,02,410/-.

Note 30 : Managerial Remuneration

Section 197 shall not apply to a Government Company, Vide Notification No.CSR 463(E) dated 5th June 2015

Note 31 : Employee Benefit Plans

Defined Contribution Plans

The company makes Provident fund contributions which are defined contribution plans, for qualifying employees. Under the schemes, the company is required to contribute a specified percentage of the payroll costs to fund the benefits. The company recognized Rs. 53,68,112/- as at 31st March 2023 and Rs. 52,99,180/- as at 31st March 2022 for Provident fund contributions. The contributions payable to these plans by the Company are at the rates specified in the rules of the Schemes.

Defined Benefit Plans

-Gratuity

Gratuity is defined benefit plan for employees. In the current year Provision for Gratuity amount to Rs. 2,32,57,865/- (Previous Year Rs. 1,81,91,075/-) has been made for the year as per Actuarial valuation made in accordance with AS-15. Provision for Gratuity as on 31st March 2023 as Actuarial Valuation report is 7,27,58,139/-.

-Compensated absences

The Provision for compensated absences amounting to Rs. 3,36,55,517/- is standing at the end of the year 2022-23 (previous Year Rs. 3,33,26,671)

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the arithmetical calculation and incremental value is provided for by debit to the statement of profit and loss and are not deferred.

-Ex-gratia

Payment of Ex-gratia has been recognized by the Corporation in the year in which it is declared by Haryana Government.

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Haryana Roadways Engg. Corp.
GURGAON



Haryana Roadways Engineering Corporation Limited

CIN: U41101HR2018PTSC0019904

Plot, Maestros, Sector Gurgaon Highway, Sector 14, Gurgaon, Haryana - 122001

Notes to financial statements for the year ended 31st March, 2023

Note 32 : Other notes to accounts

a. Provision of interest to Transport Department amounting to Rs. 1,36,50,899.98/- has been made in view of letter no. E.O No. 28/43/2010-IB&C dated 9th March 2011 on amount received from Transport Department under various head and remained unutilized upto Rs. 1,36,57,754/- on Rs. 65 crore received from Transport Deptt. kept as idr and interest recived on same is treated as Income and also booked as expenditure being interest refundable to the transport Department

b. No provision for slow moving and obsolete items amounting to Rs. 5,72,026.83/- has been made as on 31st March, 2023 as the same are likely to be sent from time to time to Haryana Roadways at book value.

c. In case of Haryana Roadways, initially sale bills are raised on estimated cost plus margin basis and subsequently when cost is finalized by Board of Directors then a supplementary invoice is raised for the difference amount to all the customers as agreed mutually between HREC and them.

d. During the current year i.e 2022-23 company has consolidated amount due to transport department haryana amounting Rs. 31.90 Crores. The fund was given by transport department Haryana for utilization in specific purpose and the same has been lying in fixed deposits and Accrued Interest thereon of Rs. 24.54 Crores with different banks. The Amount is Subject to Reconciliation.

e. The Company is complying the provisions of receiving relevant information from its suppliers about their coverage under the Micro, Small and Medium Development Act, 2006.

f. Account Receivable/Payable/other

Balances in parties accounts whether in debtors or creditors, loans and advances are subject to confirmation, reconciliation and verification. Further Amount reflected in 26AS for Interest from Bank U/s 194A Rs.58496/- and TDS 5850/- & Principle amount there on will be booked after confirmation and reconciliation.

g. The figures have been rounded off to the nearest rupee.

h. Segment reporting

The company is organizationally as a unified entity. There are no separate segments operational or geographical within the company as defined in Accounting Standard - 17 "Segment Reporting".

i. Corporate Social Responsibility

The Ministry of Corporate Affairs notified Section 135 and Schedule VII of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014, which relates to Corporate Social Responsibility. As the company does not fulfil the criteria as mentioned under sub-section 1 of Section 135, the provision relevant to Corporate Social Responsibility are not applicable to the company.

j. Previous year's figures

Previous year figures have been regrouped / reclassified, where necessary, to confirm to this year's classification.

k. Auditor remuneration:

During the year amount payable to the Auditor is given below:
Provision for Statutory Audit 2022-23: Rs 1,00,000/- Previous Year Rs 50,000/-.

The accompanying notes are an integral part of the financial statements

l. Foreign Currency Transactions

Foreign Currency Transactions Inward and Outward NIL previous Year NIL

Shelley

Haryana Roadways Engineering Corporation Limited
GURGAON

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram (Haryana)
CIN-U34101HR1987SGC029904

BOARD'S REPORT

To,

**The Shareholders,
Haryana Roadways Engineering Corporation Limited
Gurugram.**

Dear Members,

Your Directors have pleasure in presenting the 36th Annual Report on the business and operations of the Company together with the Audited Accounts, Auditors' Report and comments of the Comptroller and Auditor General of India thereon for the financial year ended 31st March, 2023.

1. BACKGROUND & OPERATIONS

Haryana Roadways Engineering Corporation Limited ("HREC") was incorporated on 27th November 1987 under the Companies Act 1956. The Company is wholly owned by the State Government Haryana. The main object of the Company is to promote, establish, administer, manage Bus Body Building workshop and fabricate the bus bodies mainly for Transport Department, Haryana.

The Company has increased its capacity by way of installation of a tyre retreading plant in its premises with an investment of Rs. 31.59 lakhs and its installed capacity is 50-60 tyres per day in three shifts.

1. FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March 2023 with comparative position of the previous year is as under:-

Particulars	Year ended 31.03.2023 (in Rs.)	Year ended 31.03.2022 (in Rs.)
<u>INCOME</u>		
• Revenue from Operations	81,95,84,104	12,35,10,638
• Other Income	3,67,66,939	1,16,57,054
	85,63,51,043	13,51,67,692
<u>EXPENSES</u>		
• Cost of material consumed	1,26,97,17,169	9,84,15,235
• Change in inventories	(59,14,50,798)	34,95,076
• Employee benefit expense	9,20,71,511	8,23,44,288
• Finance cost	3,42,91,510	1,26,15,468
• Depreciation and Amortization expenses	46,88,351	53,40,587
• Other expenses	4,64,37,082	96,91,461
	85,57,54,825	21,19,02,115
• Loss before Exceptional & extraordinary items and tax	5,96,218	(7,67,34,423)
• Prior Period & extra ordinary Items	-	(33,337)
• Current tax	93,010	-
• Deferred tax Adjustment	84,896	(1,85,21,830)
• Profit(Loss)/Profit for the year after tax	4,18,311	(5,81,79,257)

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
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CIN-U34101HR1987SGC029904

2. REVIEW OF BUSINESS OPERATIONS AND FUTURE OUTLOOK

- Total Revenue from the operations of the Company is 81.95 cr. and other income is Rs. 3.67 crore, during the year ending 31.3.2023.
- The Company has earned profit of Rs. 4.18 lacs in the Financial Year ending 31.03.2023.

STATUS OF BUSINESS

During the year, the High Power Purchase Committee in its meeting held on 13.05.2022, decided to allot 60% of the total ordered quantity to original L-1 firm i.e. M/s Bhavi Agencies, Gurugram and 40% to the original L-2 firm i.e. M/s Dinesh Enterprises, Charkhi Dadri on the revised negotiated landed rates, i.e. Rs. 68,000/- per bus, for fabrication of bus bodies on newly purchased 809 nos. (400 nos. by M/s Ashok Leyland Ltd. and 409 by M/s Tata Motors Ltd.) bus chassis by the Transport Department, Haryana.

3. CHANGE IN NATURE OF BUSINESS

There is no change in nature of business of the HREC during the period under review.

4. COVID-19

In the FY 2022-23, the COVID-19 pandemic developed rapidly into a global crisis. The Company focused to ensure health and well-being of all employees along with minimizing disruption to the work.

5. CAPITAL STRUCTURE

During the year under review, there was no change in the authorized equity share Capital of the Company. During the financial year 2022-23, the company has allotted 5,000 equity shares of Rs. 100/- each on 27.06.2022. As on 31st March, 2023 the Authorized Share Capital of the company was Rs. 15.00 crore consisting of 15 lacs equity shares of Rs. 100/- each. The issued & paid up share capital was Rs. 6,85,00,000/- consisting of 6,85,000 equity shares of Rs. 100/- each. The entire paid-up share capital is held by the State Government of Haryana through Principal Secretary and its nominees.

6. SHARES

The Company has not issued equity shares with differential voting rights, sweat equity shares, preference shares, employee stock options. The Company has not created any provision for purchase of its own shares by way of "purchase by employees or by trustees for the benefit of employees" in the financial year 2022-23. Further there is NIL disclosure as required under provisions of Section 67 of Companies Act 2013.

7. DIVIDEND

The Company had not declared any dividend for the Financial Year 2022-23.

8. GENERAL AND OTHER RESERVES

No General Reserve has been created by the Company during the F.Y. 2022-23.

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9. DEPOSITS

The Company has not accepted any deposit from the public within the purview of Section-73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. There were no outstanding deposits on the date of the Financial Statement.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186

There were no loans, guarantees or investments made by the Company exceeding the limits specified under Section 186 of the Companies Act, 2013 during the year under review and, hence, the said provision is not applicable.

11. PARTICULARS OF EMPLOYEES

Since, HREC is a Government Company, the provisions of section-197 of the Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are not applicable pursuant to Notification dated 05.06.2015 by Ministry of Corporate Affairs.

12. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments, if any, which affect the financial position of HREC which have occurred between the end of the Financial Year on 31.03.2023 and the date of the Board Report.

13. MAINTENANCE OF COST RECORDS

Maintenance of cost records as per 148(1) of the Companies Act, 2013, is not applicable on the Company.

14. STATUTORY AUDITORS

By virtue of being a Government Company, pursuant to the provisions of Section 139(5) of the Companies Act, 2013, M/s R S Sipayya & Co., was appointed as Statutory Auditors of the Company for the F.Y. 2023-24 by the office of the Comptroller & Auditor General, India (CAG) vide letter no. CA.V/COY/HARYANA, HRODW(1)/525 dated 14.09.2023

15. AUDITORS REPORT

There are no frauds reported U/s 143(12) of the Companies Act, 2013, by the Statutory Auditors, requiring disclosure in the Directors Report or reporting to the Central Government. However, the reply of the management on the qualifications / observations made by the Statutory Auditors in their report are annexed to the Financial Statements, which form part of the Annual Report. Replies to observations of Statutory Auditors are enclosed as **Annexure-II** to Board's Report.

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CIN-U34101HR1987SGC029904

16. C&AG COMMENTS

The Comptroller & Auditor General of India have conducted Supplementary audit of the financial statements of the Corporation for the year ended 31st March, 2023, U/s 143(6)(b). The comments of Comptroller & Auditor General of India U/s 143(6)(b) have also been received vide letter No. AMG-II/2023-2024/DIS-1382609 dated 26th December 2023 which are also annexed to the Financial Statements, which form part of the Annual Report alongwith the reply / explanation by the management on the same. Replies to observations of C&AG are enclosed as **Annexure-III** to Board's Report.

17. SECRETARIAL AUDIT REPORT

Secretarial Audit Report u/s 204 of the Companies Act, 2013 is not applicable on the Company.

18. CORPORATE GOVERNANCE CERTIFICATE

HREC being an unlisted Company, hence, provisions related to Corporate Governance is not applicable to the Company.

19. DEVELOPMENT & IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY

The provision of Section 135 of the Companies Act-2013 regarding Corporate Social Responsibility are not applicable to the Company as the Company is not covered by any of the conditions regarding Net-Worth, Turnover & PBT (Profit Before Tax) as stipulated under Section 135 of the Companies Act, 2013. Therefore, there is no obligation for the Company regarding Corporate Social Responsibility.

20. DEVELOPMENT & IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company management keeps on identifying, evaluating and managing all significant risks faced by the Company. In the opinion of the Board, there is no significant external risk to HREC except change in Government policy/regulations such as taking over the project by Transport Department or State Government, Haryana.

21. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture or associate company. Hence, the provision regarding incorporation of a separate segment for disclosure of financial positions and performance of the subsidiary, associate and joint venture companies is not applicable to the company.

22. INTERNAL FINANCIAL CONTROL & ITS ADEQUACY

HREC is having adequate internal financial control commensurate to its nature and size of business.

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(A GOVERNMENT OF HARYANA UNDERTAKING)

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23. MATERIAL AND SIGNIFICANT ORDERS PASSED BY REGULATORS & COURTS

No significant and material orders have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future.

24. VIGIL MECHANISM

The provisions of Section-177(9) of the Companies Act, 2013 regarding the development of Vigil Mechanism or Whistle Blower Policy are not applicable to the Company. However the company being the Government Company is guided by code of conduct as per Government guidelines.

25. RIGHT TO INFORMATION

In order to promote transparency and accountability, an appropriate mechanism has been set up across the Company in line with the Right to Information Act, 2005. Company has nominated SPIOs and Appellate Authorities to provide required information under the provisions of the Act.

26. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company strives to provide a safe and conducive work environment and to redress complaints received regarding sexual harassment. Neither any complaint was filed nor was any complaint pending for disposal under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 against the company during the Financial Year under review.

27. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

No amount was required to be transferred to Investor Education and Protection Fund during the year.

28. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There is no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future during the financial year under review.

29. BOARD OF DIRECTORS

The Directors of the Company are appointed by the State Government, Haryana. The composition of the Board of Directors of HREC as on the date of this report is as under:-

Sr. no.	Name of the Director on the Board	Designation	Date of Appointment
1.	Shri Navdeep Singh Virk, IPS (DIN 09476058)	Chairman	14.01.2022
2.	Ms. Sofia Dahiya (DIN 00406113)	Nominee Director	08.12.2022

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

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CIN-U34101HR1987SGC029904

30. CHANGES IN THE BOARD & KEY MANAGERIAL PERSONNEL (KMP)

The composition of the Board of Directors has undergone some changes during the F.Y. 2022-23. The following Directors have been appointed/ceased to be Directors of the Company from April, 2022 till date of this report:-

Sr. no.	Name	Designation	DIN	Date of Appointment	Date of cessation
1.	Shri Navdeep Singh Virk, IPS	Chairman	09476058	14.01.2022	-
2.	Ms. Sofia Dahiya, ICAS	Nominee Director	00406113	08.12.2022	-
3.	Dr. Virender Kumar Dahiya, IAS	Managing Director	08557939	21.03.2022	24.02.2023
4.	Shri Ajay Singh Tomer, IAS	Managing Director	09786899	12.04.2023	18.09.2023

The Board places on record its deep sense of gratitude and appreciation to -outgoing Directors for immense contribution, strategic guidance provided by them during their tenure in the Company.

31. MEETING OF THE BOARD OF DIRECTORS & ATTENDANCE

The Board meets at regular intervals to discuss and decide Board businesses and matters. The notice and agenda of Board Meetings is given well in advance to all the Directors. During the F.Y. 2022-23, 4 meetings of the Board of Directors were held and presence of Directors in these meetings is mentioned hereunder.

Sr. No.	Date of the meeting	Total of Directors on the date of the meeting	No. of Director attended	% of attending
1.	27.06.2022	02	02	100%
2.	29.09.2022	02	02	100%
3.	16.01.2023	03	03	100%
4.	28.03.2023	02	02	100%

Sr. No.	Date of Board Meeting	Shri Navdeep Singh Virk, IPS	Dr. Virender Kumar Dahiya, IAS	Ms. Sofia Dahiya, ICAS
1.	27.06.2022	Present	Present	N.A.
2.	29.09.2022	Present	Present	N.A.
3.	16.01.2023	Present	Present	Present
4.	28.03.2023	Present	N.A.	Present

32. STATEMENT REGARDING DECLARATION GIVEN BY INDEPENDENT DIRECTOR U/S 149(7)

Being the private Government Company, the appointment of Independent Director u/s 149(7) of the Companies Act, 2013 is not applicable on the Company.

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33. RELATION BETWEEN DIRECTORS INTER-SE

None of the Directors of the Company are related to each other within the meaning of Relative as per Section-2(77) of the Companies Act, 2013.

34. COMMITTEES OF THE BOARD OF DIRECTORS

Being the private Government Company, the provisions of the Companies Act, 2013 in respect of constitution of different committees of the Board of Directors is not applicable on the Company.

35. GENERAL MEETING OF SHAREHOLDERS

During the year, the 35th Annual General Meeting of Shareholders of the Company for the Financial Year 2021-22 was held on 29.09.2022. The Shareholders passed resolution related to adoption of Financial Statements for the FY 2021-22 and fixing the remuneration of Statutory Auditors for the FY 2022-23.

36. EXTRACT OF THE ANNUAL RETURN

In accordance with the provisions of Section-92(3) of the Companies Act 2013 read with Rule-12 of the Companies (Management & Administration) Rules, 2014, extract of Annual Return in Form MGT-9 is attached as **Annexure-I** to this report.

37. POLICY ON DIRECTORS APPOINTMENT & REMUNERATION

Constitution of the Nomination & Remuneration Committee u/s 178 of the Companies Act, 2013 is not applicable on the Company.

38. DIRECTORS APPOINTMENT & REMUNERATION

The Directorship of the Company is an ex-officio post, nominated by State Government, Haryana. Being a state PSU, the criteria for qualification and remuneration of Directors and Key Managerial Personnel is decided by the State Govt. and the Government of India. Ministry of Corporate Affairs (MCA), vide Notification GSR 463, dated 5th June, 2015 notified that sub-sections 2, 3 & 4 of Section 178 of the Companies Act, 2013 shall not apply to Govt. Companies except with regard to appointment of "Senior Management" and other employees. In view of exemption granted by MCA, the issue with respect to appointment and other matters related to Directors are no more applicable to HREC, since, the power to nominate / appoint the Directors vests with the State Government, Haryana.

39. APPOINTMENT & REMUNERATION OF KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Appointment of Key Managerial personnel and other employees is done based upon the provisions of the Companies Act, 2013 and Employees Service Rules, 2013 of HREC.

40. EVALUATION OF BOARD'S PERFORMANCE

Performance of each Board member is evaluated as per the evaluation methodology of the State Government, Haryana.

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41. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

The Company has not entered into any contract or arrangement / transaction with related parties during the year under review hence the provisions of Section-188(1) of the Companies Act, 2013 are not applicable to the company and accordingly, disclosure in Form AOC-2 is not required. The details of the transactions with related parties are also provided in the Company's Annual Financial Statement in accordance with the Accounting Standards read with Accounting Policies.

42. INFORMATION PURSUANT TO RULE 8 OF COMPANIES (ACCOUNTS) RULES, 2014

PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Rule 8(3) of Companies (Accounts) Rules, 2014 is as under

Particulars	Steps taken
A- Conservation of energy	
i. Steps taken or impact on energy conservation	Efforts are being made to conserve energy in the operations and activities of HREC.
ii. Steps taken for utilizing alternate sources of energy	HREC is committed to use alternate sources of energy wherever possible
iii. Capital investment on energy conservation equipments	NIL
Particulars	Steps taken
B- Technology Absorption	
i. Efforts made towards technology absorption	There is no scope of technology absorption in the operations of HREC
ii. The benefits derived like product improvement, cost reduction, product development and import substitution	Not applicable
iii. Details related to imported technology	Not applicable as HREC is not using imported technology
iv. Expenditure on Research & development	NIL
Particulars	Steps taken
C-Foreign Exchange earnings and outgo	
i. Actual earnings	NIL
ii. Actual outgo	NIL

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram (Haryana)
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43. DIRECTORS' RESPONSIBILITY STATEMENT


Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts for the Financial Year ended 31st March 2023, the applicable Accounting Standards have been followed along with proper explanation to material departures;
2. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company, for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.
5. The Company being unlisted, sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements:

The Directors wish to place on record their sincere gratitude for the co-operation extended by Transport Department, Haryana, Contractors, Business associates, bankers, various government agencies and others.

For and on behalf of the Board of Directors
Haryana Roadways Engineering Corporation Limited


Navdeep Singh Virk, IPS
Chairman
DIN: 09476058

Place: Chandigarh
Date: 28.12.2023

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Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)

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Annexure-I

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March 2023

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- U34101HR1987SGC029904
- ii) Registration Date: 27/11/1987
- iii) Name of the Company: **HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED**
- iv) Category / Sub-Category of the Company: **State Government Company**
- v) Address of the registered office and contact details: **6th Milesstone Jaipur Gurgaon Highway, Behrampur Road Khandsa, Gururam-122001(Haryana), Phone No. 0124 221 5660 Email id: gm.hrec27@gmail.com**
- vi) Whether listed company: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any – **Not Applicable**

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	Manufacturing of bus bodies, retreading of tyres etc. mainly for Transport Department, Haryana	C11	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –N.A.

S. No	Name and address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
-	-	-	-	-	-

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IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt (s)	NIL	680000	680000	100	NIL	685000	685000	100	NIL
d) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A)(1)	NIL	680000	680000	100	NIL	685000	685000	100	NIL
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A)(2)									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	680000	680000	100	NIL	685000	685000	100	NIL
B. Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
(A GOVERNMENT OF HARYANA UNDERTAKING)

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CIN-U34101HR1987S6C029904

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2.Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others - specify									
Sub-total (B)(2):-									
Total Public Shareholding (B) = (B)(1) +(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	-	680000	680000	100	-	685000	685000	100	NIL

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
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Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
 CIN-U34101HR1987SGC029904

(ii) Shareholding of Promoters:

SI N o.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Government of Haryana through Principal Secretary Govt. of Haryana Transport Department and its Nominees	680000	100	NIL	685000	100	NIL	-
	Total	680000	100	NIL	685000	100	NIL	-

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

SI N o.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Government of Haryana through Principal Secretary Govt. of Haryana Transport Department and its Nominees				
	At the beginning of the year	680000	100	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease. (e.g. allotment /transfer/ bonus/ sweat equity etc): 5,000 equity shares of Rs. 100/- each allotted on 27.06.2022	5000	-		
	At the End of the year	685000	100	-	-

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
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Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR1987SGC029904

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): There are no other top ten shareholders

Sl. No.	For Each of the Top 10 Shareholders Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors or Key Management Personnel is holding any shares.

Sl. No	For Each of the Directors and KMP Name of Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

V. INDEBTEDNESS

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

Particular	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)

CIN-U34101HR1987SGC029904

Particular	Secured Loans Excluding deposits	Unsecure d Loans	Deposi ts	Total Indebtednes s
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **NIL**

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	N.A.	

Remuneration to other directors: **NIL**

Sl. no	Particulars of Remuneration	Name of Directors	Total Amount
	1. Independent Directors		
	• Fee for attending board/ committee meetings	-	-
	• Commission	-	-
	• Others, please specify	-	-

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR1987SGC029904

Sl. no	Particulars of Remuneration	Name of Directors				Total Amount
	Total (1)	-	-	-	-	-
	2. Other Non-Executive Directors					
	<ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = (1 + 2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	N.A.				

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

Sl. no	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	Rs. 12,60,982/-	-	Rs. 12,60,982/-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	-	Rs. 12,60,982/-	-	Rs. 12,60,982/-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD/NCL T/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

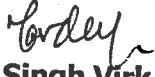
(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)

CIN-U34101HR1987SGC029904

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD/NCL T/COURT]	Appeal made, if any (give Details)
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS : N.A.					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors
Haryana Roadways Engineering Corporation Limited


Navdeep Singh Virk, IPS
Chairman
DIN: 09476058

Place: Chandigarh
Date: 28.12.2023

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
 CIN-U34101HR1987SGC029904

Management Reply on Qualified Opinion of Statutory Auditors (FY 2022-23)

S.N o.	Auditors Observation	Management Reply																								
1	<p>a) Balances Balances in the following accounts are subject to reconciliation, verification and confirmation.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S.N o</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Note</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">i.</td> <td>Trade Receivables</td> <td style="text-align: right;">Rs. 124.79 lacs</td> <td style="text-align: center;">Note-15</td> </tr> <tr> <td style="text-align: center;">ii.</td> <td>Trade Payables</td> <td style="text-align: right;">Rs. 630.14 lacs</td> <td style="text-align: center;">Note-7</td> </tr> <tr> <td style="text-align: center;">iii.</td> <td>Advances to suppliers</td> <td style="text-align: right;">Rs. 48.11 lacs</td> <td style="text-align: center;">Note-17</td> </tr> <tr> <td style="text-align: center;">iv.</td> <td>Other Current Liabilities: Advances from Customers Accumulated interest due on Advances Received from Transport Department, Government of Haryana</td> <td style="text-align: right;">Rs. 738.38 lacs. Rs. 2453.91 lacs</td> <td style="text-align: center;">Note-8</td> </tr> <tr> <td style="text-align: center;">v.</td> <td>EMD</td> <td style="text-align: right;">Rs. 79.89 lacs</td> <td style="text-align: center;">Note-5</td> </tr> </tbody> </table> <p>We are unable to quantify the impact of the adjustments, if any, arising from reconciliation and settlement of account balance on the financial statement.</p>	S.N o	Particulars	Amount	Note	i.	Trade Receivables	Rs. 124.79 lacs	Note-15	ii.	Trade Payables	Rs. 630.14 lacs	Note-7	iii.	Advances to suppliers	Rs. 48.11 lacs	Note-17	iv.	Other Current Liabilities: Advances from Customers Accumulated interest due on Advances Received from Transport Department, Government of Haryana	Rs. 738.38 lacs. Rs. 2453.91 lacs	Note-8	v.	EMD	Rs. 79.89 lacs	Note-5	<p><u>i. Trade Receivables Rs.124.79 Lacs</u></p> <p>HREC is maintaining the details of amount receivable from Trade Receivables and the company also maintains the reconciliation of the bills pending towards the Debtors.</p> <p>HREC is continuously sending letters to the Depots for confirmation of the balances however the company has not received any confirmation from their side.</p> <p><u>ii. Trade payables Rs. 630.14 lacs</u></p> <p>The amount due to Trade Payable is reconciled, further the major balance is relating to the bills received during the month of March 2023 payment in respect of which has already been made during the current year.</p> <p><u>iii Advances to suppliers Rs.48.11 lacs</u></p> <p>The advance to suppliers is reconciled and being timely followed-up, HREC has reduced its balance of advance with the suppliers in this year to Rs. 48.11 Lakhs.</p> <p><u>iv. Other current liabilities: Advances from customers Rs. 738.38 lacs and Accumulated interest due on Advances Received from Transport Department, Government of Haryana Rs. 2453.91 Lakhs.</u></p>
S.N o	Particulars	Amount	Note																							
i.	Trade Receivables	Rs. 124.79 lacs	Note-15																							
ii.	Trade Payables	Rs. 630.14 lacs	Note-7																							
iii.	Advances to suppliers	Rs. 48.11 lacs	Note-17																							
iv.	Other Current Liabilities: Advances from Customers Accumulated interest due on Advances Received from Transport Department, Government of Haryana	Rs. 738.38 lacs. Rs. 2453.91 lacs	Note-8																							
v.	EMD	Rs. 79.89 lacs	Note-5																							

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)

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		<p>These amounts relates to parking of funds transferred from Transport department Haryana to HREC to meet special purpose</p> <p>However above funds are lying in FDR and interest due to Transport department Haryana on these parking of Funds has already been credited in Interest payable account to Transport department Haryana.</p> <p>v. EMD Rs. 79.89 Lacs:- The value of EMD of Rs. 79.89 lacs relate to the different suppliers submitted during the Tender Process and stand in the books for not claimed by the vendors or in some cases Tender are under process.</p>
2.	<p><u>b) Contingent Liabilities and commitments</u> The disclosures with regard to matters under litigations have been made based upon the management estimates. The sufficient and appropriate audit evidences for examining and verifying the quantum of contingent liabilities disclosed in note 29 to the financial statements not available for verification. In the absence of the-adequate details, documents and pending responses to our confirmation requests in respect of the litigations at the corporate level, the impact of adjustments/disclosures. If any, on the financial statements is presently not ascertainable.</p>	<p>These cases are lying at various stages in different courts and the liability, if any, in this respect is unascertainable, depends on the judgment of court of law and do not have any financial impact currently.</p> <p>List of cases attached.</p>

For and on behalf of the Board of Directors
Haryana Roadways Engineering Corporation Limited



Navdeep Singh Virk, IPS
Chairman
DIN: 09476058

Place: Chandigarh
Date: 28.12.2023

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR1987SGC029904

List of Court cases pending as on 31.03.2023 at Hon'ble Court.

Sr. No	Title of case	Nature of case	Remarks
1	CWP No. 8120/2001 Om Sarup V/s HREC	Service matter	The matter is related to grating of benefits of military services to ex-service man
2	CWP No. 3721/2005 Rakesh V/s HREC	Service matter	For reinstated of services and Petitioner challenge his termination order vide no. 325/29/HREC dtd. 13.09.2004.
3	CWP No. 12235/03 HREC V/s Beer Singh	Service matter	Challenging the labour court award dated 30.05.2003, challenge his termination. Hon'ble court granted stay.
4	CWP No. 14384/2012 Krishan Kumar V/s HREC	Service matter	Petition by petitioner (non ITI holder) for granting equal pay for equal work at par ITI holders.
5	Bhushan Power Ltd V/s GM, HREC FAO No. 5202/2013	Arbitration case	Appeal filed against the Arbitration Award dated 24.09.2007 in favour of HREC, in dispute of non supply of CRGI pipes.
6	HREC V/s New Model Industries CNR No. CHCH020045572017	-do-	HREC has filed execution application in civil court Chandigarh for rule of court in award dated 25.5.2014.
7	Narender Singh V/s HREC CWP No. 20174/2014	Service matter	Petition by petitioner (ITI holder) for granting equal pay at par ITI holders having ITI certificate.
8	Ram Niwas V/s Hr. Roadways Engg. Corpn. CWP No. 26246/2014 Employee retires.	-do-	Petitioner Challenged the promotion order of Shri Om Bir Singh, Head Carpenter(earlier Head sheet metal panel maker)
9	CWP No. 10647/2015, LPA 1308/2016 V.K. Datta V/s State of Haryana Employee retires.	Service matter	HREC has filed SLP no. 025422/2018, diary no. 30812/2018. against the award of Hon'ble High Court dated 4.7.2018, against the promotion to the post of GM, HREC.
10	CWP No. 9148/2015 Birender Singh V/s HREC	-do-	For entitlement/benefits of old pension schemes applicable to employees to HREC prior to 1.1.2006.
11	Dhoop Singh Vs HREC CWP No. 25891/2015	-do-	Petitioner filed CWP against the post of Head Sheet metal panel maker converted into Glass cutter
12	S.R. Beeding V/s GM, HREC	Arbitration case	Execution petition has been filed in Honb'le Civil court, Chandigarh for award for sole Arbitrator award dated 25.06.2004 and Award in FAO No. 4750/2008, 15.03.2016

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
(A GOVERNMENT OF HARYANA UNDERTAKING)

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR1987SGC029904

13	S. R. Inds. V/s GM, HREC	Arbitration case	Execution petition has been filed in Hon'ble Civil court, Chandigarh for award for sole Arbitrator award.
14	HREC v/s Arun Sharma Dairy No.3076971 LPA-1721-2019 Employee retires.	Service matter	HREC has filed LPA against the award of Hon'ble High court in CWP-26160-2015, Final Award on 10.05.2019.
15	HREC V/s Khurshid Ahemed RSA/1377/1997	-do-	HREC has filed appeal against the judgment dated 14.12.1995 and 14.10.1996,ADJ Gurgaon.
16	Smt. Beena Devi, V/s HREC and others. CWP No. 17424/2020	Ex-Gratia Appointment matter	Petitioner filed case for the ex-gratia appointment.

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

(A GOVERNMENT OF HARYANA UNDERTAKING)


Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR1987SGC029904

Management Reply on Comments of C&AG (FY 2022-23)

Management letter from CAG	Reply of Management
<p>A. Balance Sheet A.1 Equity and Liabilities <u>Long term provision Note-6- Rs. 6.69 Crore</u> <u>Short Term provision Note-9- Rs. 3.98 Crore</u></p> <p>A.1.1 Above Includes provision for compensated absences of 3.37 crore(long term 2.20 crore and short term 1.17 crore) The same has been worked out considering the basic salary of employees as on 31 Mach 2022 instead of 31 March 2023 and <u>Dearness allowance of 31 per cent instead of 42 per cent.</u> Further short-term provision also includes 50.56 lakhs payable to employees who superannuated during 2022-23. The Correct amount of long-term provision and short-term provision (excluding 50.56 lakh payable to superannuated employees during 2022-23) works out to 2.42 crore and 0.76 crore respectively. This has resulted in understatement of long-term provision by 0.22 crore overstatement of short-term provision by 0.41 crore, understatement of current liabilities by 0.51 crore and overstatement of profit by 31.65 lakh.</p>	<p>For the calculation of leave and encashment provision for the FY 2022-23 figures were taken based on pre-revised/old formula of Earned Leave, which has been changed vide letter dated 20.09.2022, 05.07.2023,17.10.2023 & 30.10.2023.</p> <p>However, for the FY 2023-2024, HREC will appoint ACTURIAL for accurate calculation of Leave encashment provision.</p> <p>Further noted for future compliance.</p>
<p>A.2 Assets Current Assets <u>Inventories (Note 14) Rs. 74.60 crore</u> <u>Cost of Chassis 59.03 crore</u></p> <p>A.2.1 As per significant accounting policies No. 2 (c)(iii) and (iv), work in progress for buses are valued at estimated weighted average cost and proportionate value of overhead and closing stock of finished buses is valued at cost price respectively. Above does not include work in progress of 8.18 crore in respect of 42 buses (at various stages of completion ranging from 40 to 80 precent and Finished stock of 19.27 crore in respect of 80 fabricated buses as on 31st March 2023. This has resulted in understatement of work in progress by 8.18 crore and understatement of finished stock by 19.27 crore.</p>	<p>Work in Progress(WIP) That 42 Number of chassis were not complete, and were in process of fabrication at different stages. Hence the value of 42 number of Chassis/ cost of Fabrication were taken under Raw material//stock of chassis. And fabrication expenses also booked on delivered buses only, which is also taken by the CAG Audit for evaluations of WIP.</p> <p>Finished Goods That 80 Number of Buses were not complete in all respect, Hence Cost of 80 number of Chassis/ cost of Fabrication were taken under Raw material//stock of chassis.</p> <p>In future, the value of actual status of bus body fabrication will be calculated.</p> <p>Further the same has been noted for the future compliance.</p>

For and on behalf of the Board of Directors
Haryana Roadways Engineering Corporation Limited

Place:- Chandigarh
Date:- 28.12.2023


Navdeep Singh Virk, IPS
Chairman
DIN: 09476058



सत्यमेव जयते

PRINCIPAL ACCOUNTANT GENERAL (AUDIT), HARYANA
प्रधान महालेखाकार (लेखापरीक्षा), हरियाणा
Plot NO. 5, Dakshin Marg, Sector 33-B
agauHaryana@cag.gov.in



लोकहितार्थं सर्वनिष्ठा
Dedicated to Truth in Public Interest

Ltr No: AMG-II/2023-2024/DIS-1382609
Date: 26 Dec 2023

To,

The Managing Director
Haryana Roadways Engineering Corporation Ltd.
6th Mile Stone Jaipur Highway,
Behrampur Road, Khandsa,
Gurugram.

Subject: Issue of comment (CAG HQ) : PR-80103

Sir/Madam,

I am to forward herewith the comment (CAG HQ), comments on accounts of Haryana Roadways Engineering Corporation for the year 2022-23 and to request that your replies may be arranged to be furnished to this office along with your specific remarks within four weeks from the date of receipt of this report. This is system generated email. Kindly send your response on otherrecptrs.har.au@cag.gov.in

The receipt of the comment (CAG HQ) may kindly be acknowledged.

Yours faithfully,

Encls: As above

Sd/-

KAMAL ARORA
Sr. Audit Officer

Copy to:-

Ltr No : AMG-II/2023-2024/DIS-1382609/C1

1 R. S. SIPAYYA & CO. Chartered Accountant, D-7/503 5th floor Tulip petals, Sector 89 Pataudi Road
Gurugram 122505

Ltr No : AMG-II/2023-2024/DIS-1382609/C2

2 AAO AMG II



COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON FINANCIAL STATEMENTS OF HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED, GURUGRAM FOR THE YEAR ENDED 31 MARCH 2023

The preparation of Financial Statements of Haryana Roadways Engineering Corporation Limited, Gurugram for the year ended 31st March 2023 in accordance with financial reporting framework prescribed under the Companies Act, 2013, is the responsibility of the Management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Companies Act, 2013, are responsible for expressing opinion on these Financial Statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 September, 2023.

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

Based on my Supplementary Audit, I would like to highlight the following significant matters under Section 143(6) (b) of the Act which have come to my attention and which, in my view, are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Balance Sheet

A.1 Equity and Liabilities

Long term provision (Note-6): ₹6.69 Crore

Short Term provision (Note-9): ₹3.98 Crore

A.1.1 Above includes provision for compensated absences of ₹ 3.37 crore (long-term: ₹2.20 crore and short-term: ₹ 1.17 crore). The same has been worked out considering the basic salary of employees as on 31 March 2022 instead of 31 March 2023 and dearness allowance of 31 *per cent* instead of 42 *per cent*. Further, short-term provision also includes ₹ 50.56 lakh payable to employees who superannuated during 2022-23. The correct amount of long term provisions and short term provisions (excluding ₹ 50.56 lakh payable to superannuated

employees during 2022-23) works out to ₹ 2.42 crore and ₹ 0.76 crore respectively. This has resulted in understatement of long- term provisions by ₹ 0.22 crore, overstatement of short-term provisions by ₹ 0.41 crore, understatement of current liabilities by ₹ 0.51 crore and overstatement of profit by ₹ 31.65 lakh.

A.2 Assets

Current Assets

Inventories (Note 14): ₹ 74.60 crore

Cost of chassis: ₹ 59.03 crore

A.2.1 As per significant accounting policy No. 2(c)(iii) and (iv), work in progress for buses are valued at estimated weighted average cost and proportionate value of overhead and closing stock of finished buses is valued at cost price respectively. Above does not include Work in progress of ₹ 8.18 crore in respect of 42 buses (at various stages of completion ranging from 40 to 80 per cent) and Finished stock of ₹ 19.27 crore in respect of 80 fabricated buses as on 31st March 2023. This has resulted in understatement of work in progress by ₹ 8.18 crore and understatement of finished stock by ₹ 19.27 crore.

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

Place: Chandigarh

Date:

Sd/-

(Shailendra Vikram Singh)

**Principal Accountant General (Audit)
Haryana, Chandigarh**



202] HREC C/M 26/11/23
20-11-2023 Acctd CS HREC

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
10, BAHADUR SHAH ZAFAR MARG, NEW DELHI - 110 124

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No./CA. V/COY/HARYANA, HROADW(1)/525
Dated : 14/09/2023

To
THE MANAGING DIRECTOR
HARYANA ROADWAYS ENGG CORP LTD
6TH MILESTONE, GURGAON-JAIPUR HIGHWAY,
BEHRAMPUR,
GURUGRAM-
HARYANA

Subject : Appointment of Auditors under section 139 of the Companies Act, 2013 for the financial year 2023-2024

Sir/Madam,

I am directed to state that in exercise of the powers conferred by section 139 of the Companies Act 2013, the Comptroller and Auditor General of India is pleased to appoint the Chartered Accountant firms/Limited Liability Partnerships As per Annexure - II as the Statutory/Joint Statutory/ Branch Auditors of the company for the year(s) : 2023-2024. Statutory/Joint Statutory Auditor (s) of holding company shall also be the auditors of Consolidated Financial Statements under section 139 read with section 129(4) of the Companies Act, 2013.

2. You are requested to contact the concerned auditors individually under intimation to this office
3. The supplementary/test audit under sections 143 (6) & (7) of the Companies Act, 2013 of your company is entrusted to
PRINCIPAL ACCOUNTANT GENERAL(AUDIT), HARYANA
PLOT NO.5, SECTOR 33-B,
DAKSHIN MARG
CHANDIGARH-160047
4. The remuneration and other allowances payable to the auditors may be regulated as per the provisions of section 142 of the Companies Act 2013 read with guidelines issued by the Department of Company Affairs vide no. 7/76 dated 8th April, 1976 and no. 8/6/83 dated 07th June, 1984.
5. The audit fees paid/payable to the auditors as intimated by the Company has been indicated in Annexure-II. Any revision in the audit fees payable (including fees for consolidation) for the year 2023-2024 and item-wise details of all remuneration paid to the auditors for other services (other than statutory audit) alongwith the amount of TA/DA paid for 2022-2023 may be intimated.
The said information may be provided as soon as the Accounts for the year 2022-2023 is finalised so as to enable this office to review the appointment/ re-appointment of the appointed auditors.
6. The above appointment is subject to the other conditions stipulated in Annexure-I(available on the CAG's website <http://care.cag.gov.in/policy/terms.pdf>).

Yours faithfully,

(Rajesh Rappal)

Sr. Administrative Officer

Phone : 011-23509240 Fax : 91-11-23237730, 91-11-23509241 E-mail : saoca5@cag.gov.in,
sao2ca5@cag.gov.in

ANNEXURE - II

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LIST OF CHARTERED ACCOUNTANT FIRMS FOR THE YEAR 2023-2024

Sl. No.	Firm Name	PSU Code Unit Code	Station	Audit Details	Fees per annum in Rs (As intimated by the PSU)
STATUTORY AUDITOR					
1	R S SIPAYYA & CO (DE0253) D-7/503, 5th Floor Tulip Petals Sector 89 Pataudi Road. GURUGRAM GURUGRAM - 122505.HARYANA	HROADW CGARH (3)	GURUGRAM		50000

Any change/revision in the audit fee payable to each of the auditor (s) mentioned above should be immediately intimated to this office for record and reference as the selection of auditors is based on the audit fees paid/payable.

OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA
10, BAHADUR SHAH ZAFAR MARG, NEW DELHI-110 002

Appointment of auditors of Government Company/Government controlled other company under Section 139 (5 & 7) of the Companies Act, 2013

1. CONDITIONS FOR THE COMPANY

1. The Company may send a list of Directors and the previous Auditors of the Company giving their names and addresses to the newly appointed Auditors immediately on receipt of this letter.
2. While the auditor is responsible for forming and expressing an independent opinion on the financial statements, the responsibility for their preparation is that of the management of the enterprise. The audit of the financial statements does not relieve the management of its responsibilities relating to the maintenance of adequate accounting records, internal controls and safeguarding of the assets of the enterprise. As provided in Section 134 of the Act, the Company should submit to the auditors the Financial Statements/Consolidated Financial Statements duly approved by the Board of Directors for their report thereon.
3. According to Section 143 (1) of the Act, the books of accounts and vouchers may be made available to the Auditors. A suitable program of audit in consultation with the statutory auditors and the concerned MAB/AG be drawn up so as to complete the audit within the prescribed time schedule. Details of transactions or explanation called for by the Statutory Auditors must be furnished expeditiously.
- 4 (i). The remuneration payable to the Auditors fixed by the Company in accordance with section 142 of the Companies Act, 2013 may be intimated immediately to this office and to the auditors.
(ii) While fixing the auditor's remuneration, due consideration might be given to the volume of work involved, amount of time normally spent by the partners/chartered accountant employees and the audit clerks of the firm/LLP.
(iii) While fixing audit fee due consideration might also be given to the notification No 1-CA (7)/93/2006 dated 18th September 2006 and any subsequent recommendations issued from time to time by the Institute of Chartered Accountants of India prescribing minimum audit fee. It has been clarified that city/town referred to in the Notification refers to city/town of the Head office or Branch office of the auditor to which the audit is actually allotted.
(iv) In cases where audits are allotted to the Branch office of the Firm/LLP no TA/DA should be paid for the audit of the Company/Units located at the same station of the branch.
5. In the interest of maintaining the independence of auditors, no assignment for consultancy, Directorship or other services including those specified in section 144 of the Companies Act, 2013 and Non-audit assignments that involve performing management functions or making management decisions will be provided to the firm/LLP or its Partners, directly or indirectly as per explanation given under section 144 of the Companies Act, 2013, of the Company or its holding company or partly owned subsidiaries of the Company (irrespective of the shareholding) or joint ventures of the company whether under production sharing contract or otherwise, during the year of audit and for one year (to be counted from the date of conclusion of the relevant Annual General Meeting of the Company) after the firm/LLP ceases to be auditor. The above restriction will also be applicable to audit of annual accounts of subsidiary companies /Joint Ventures/Associates except where auditors of such subsidiary companies /Joint Ventures/Associates are appointed by CAG. This condition would not apply in case of auditors being entrusted assignments for the tax audit under Income Tax Act, review of Quarterly/ half yearly accounts as per SEBI guidelines, VAT audit required under various State Legislations and other statutory certificates related to the audit assignment
- 6(a) The Company should confirm past audit details including audit fees. The changes in details including the fees in the future may be intimated to this office from time to time. Any other remuneration like TA/DA, Certification fees, tax audit fees, quarterly/half yearly review fees, VAT audit etc. paid to the Statutory/Branch Auditors in addition to the audit fees in the last three years and in future may also be intimated. The remuneration for other work like review of quarterly accounts as per SEBI guidelines, fees for tax audit, other statutory certificates etc. should be restricted to a reasonable the percentage of the total audit fee payable to the auditors and which in total should not exceed the fee payable for carrying out the statutory audit. The details of such remuneration may also be intimated to this office for record.
- 6(b) The Auditors have to comply with the directions issued by this office under Section 143 (5) of the Companies Act, 2013 and for this purpose the auditors have to attend meetings called by the concerned DG/PAG/MAB/AG. For attending such meetings, reasonable expenditure on TA/DA incurred by the auditors may be reimbursed by the company.
7. Proposals for re-organisation of units in the future may be sent to this Office well before the beginning of the financial year the accounts of which are to be audited.
8. The Company may also intimate to this office (i) the date of commencement of audit; and the date on which the comments of the C&AG of India along with the Auditors Report is placed in AGM as per the provisions of 143 (6) of the Companies Act, 2013.
9. To reduce the arrears, in case of Companies whose accounts are in arrears, and to avoid delays in appointing auditors for the past few accounting years in arrears, the Company may initiate action for appointment of auditors for the subsequent years soon after the completion of audit of the preceding years. A copy of such certified accounts may be made available direct to the Principal Director (Commercial) in this Office. If the process is repeated in succession, the Company can hold a series of meetings of the shareholders and present the accounts. It can thus clear the accounts for 3-4 years within a period of one year.

II. CONDITIONS FOR THE AUDITORS

1. The Firm/LLP may please intimate their acceptance as auditors of the Company within 3 weeks of receipt of this appointment letter (i) to the Company (ii) to this Office (iii) to the concerned DG/PAG/AG/MAB entrusted with the Supplementary Audit of the Company. If for any reason the Auditors are not in a position to accept the appointment, they may intimate all the above-mentioned offices immediately along with the reasons for their decision.
2. The appointment / re-appointment of Firm/LLP is subject to its performance in the previous years' audit being adjudged as satisfactory by the DG/PAG/AG /MAB concerned.
3. The appointment/re-appointment of the auditors is subject to the Auditors making the following declarations/undertakings:
 - (i) That the firm/LLP is not disqualified under section 141 of the Companies Act, 2013
 - (ii) That no unreasonable TA/DA, out of pocket expenses will be claimed from the company.
 - (iii) In case an audit is allotted to the firm on the basis of having a Branch office at a particular location, no TA/DA should be claimed by the firm from the company for the audit of the Company/Units located at the same station of the branch. In case any payment of such allowances is noticed, suitable action will be taken against the firm including but not limited to withdrawal of allotted audit.**
 - (iv) That during the year of audit, and for one year (to be counted from the date of conclusion of the relevant Annual General Meeting of the Company) after the Firm/LLP ceases to be Auditor, the Firm/LLP or its partner, cannot accept Directorship or any assignment for consultancy or other services including those specified in section 144 of the Companies act, 2013 and non-audit assignments that involve performing management functions or making management decisions, directly or indirectly (as per explanation given under section 144 of the Companies Act, 2013), of the company or its holding company / subsidiaries (irrespective of the shareholding) / joint ventures of the Company whether under production sharing contract or otherwise. The above restriction would also be applicable to audit of annual accounts of subsidiary companies /Joint Ventures/Associates except where auditors of such subsidiary companies /Joint Ventures/Associates are appointed by CAG. This condition would not apply to assignments for the tax audit under Income Tax Act, VAT audit required under various State Legislations, review of Quarterly/half yearly accounts as per SEBI guidelines and other statutory certificates related to the audit assignment
 - (v) That no partner/chartered accountant employee of the firm /LLPs has been held guilty of professional misconduct by the Institute of Chartered Accountants of India during last year (in case any partner of the firm/LLP has been held guilty of professional misconduct by the Institute of Chartered Accountant of India, please furnish details thereof).
 - (vi) The audit should not be conducted by a person (i) who is not a CA partner /CA employee/ CA article of the firm/LLP to which the audit has been allotted; (ii) who was earlier associated with the audit of the said PSU as a partner/employee of the retiring auditor.
 - (vii) No partner of the firm/LLP would hold post of Director (except in the case of financial companies) of any Private organization/ Company which is in the same line of business or having any business relation with that of the PSU. Further, no partner of the firm/LLP or firm/ LLP would undertake audit or any other job/assignment of any Private organization/ Company which is in the same line of business or having any business relation with that of the PSU.
4. The auditor may start the audit of the Company immediately on receipt of the accounts of the Company. However, they should certify the accounts for the year only after the audited accounts for the previous year has been laid before the AGM for their consideration. In case audited accounts of the previous years has been considered but finally not adopted by the shareholders, the auditor can certify the accounts of the succeeding year indicating the fact of the non-adoption of the previous years' accounts in their report.
5. The time schedule for conducting the audit may be drawn up with scheduling of audit i.e indicating the period of audit of different departments/ units of the PSU and also the name of personnel & their qualification who will be deployed for audit of each unit. A copy of the time schedule so fixed may be sent to the concerned DG/PAG/AG/MAB so that they may also draw their time schedule for supplementary audit.
6. The Firm/LLP must complete the audit of the units/branches allotted to them within the time schedule stipulated by the management so that the statutory time schedule for placing the accounts in the AGM could be adhered to.
7. Record of audit work done in the form of working papers should be retained with sufficient information so as to support the auditors' significant conclusions and judgments.
8. The Auditors shall have to comply with the directions issued by this office under 143(5) of the Companies Act, 2013. The remuneration is inclusive of the fee on account of the additional work involved in this regard. Directions under section 143(5) is available at this office's official website i.e. [www. saiindia.gov.in](http://www.saiindia.gov.in) (CA Empanelment)
9. Statutory auditors of the companies who have adopted SAP should deploy at least one partner/employee having ISA/CISA qualification to conduct the audit. Auditors appointed for Listed PSU should have a valid peer review certificate issued by Peer Review Board of ICAI.
10. The Company/Auditors will have to comply with all the provisions of the Companies Act, 2013. as also all other applicable statutes including directions/guidelines issued by various Regulatory Bodies/ Authorities viz. Securities & Exchange Board of India, Reserve Bank of India, Insurance Regulatory Development Authority etc.
11. The appointment as auditor of a Company can be withdrawn at any time if violation of any of the above conditions by the appointed auditor comes to the notice of this office.