

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

2021-22

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

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

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9/11/2022
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- 4392 /CS/HREC

Date: 29.09.2022

To,

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

- Shareholder-cum-Chairman

Dr. Virender Kumar Dahiya, IAS
Director State Transport,
Haryana, Chandigarh.

- Shareholder-cum-Managing Director

Subject:-Notice for holding 35th Annual General Meeting of HREC.

R/Sir,

Enclosed please find Notice for holding 35th Annual General Meeting of HREC scheduled to be held on Thursday, the 29th day of September, 2022 at 12:00 noon 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



Company Secretary

Endst. No. 4392 /CS/HREC

Date: 29.09.2022

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

1. Sh. Deepak Kundu, General Manager, HREC, Gurugram
2. Smt. Jyoti, Accounts Officer, HREC, Gurugram

Statutory Auditors

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

Yours sincerely,



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 fifth(35th)Annual General Meeting of the Members of “HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED”(“HREC”)will be held on 29.09.2022 at 12:00 Noon 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 2022, 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 2022 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 the Statutory Auditor, who will be appointed by the Comptroller & Auditor General of India(C&AG) u/s 139 (5) of the Companies Act, 2013 for the Financial Year 2022-23 as per terms & conditions issued by C & AG”

By the order of the Board of Directors

Shelley
Company Secretary
M. NO.-A24982

Date: 29/09/2022
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-U34101HR198756C029904

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-U34101HR198756C029904

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 29.09.2022 at 12:00 Noon 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 2022, 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 the Statutory Auditors, who will be appointed by the Comptroller & Auditor General of India(C&AG) for the Financial Year 2022-23.

Signed this _____ day of _____ 2022

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 2022, 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, 2022, 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 391.34 lacs	Note-15
ii.	Trade Payables	Rs.266.38 lacs	Note -7
iii.	Advances to suppliers	Rs.21.26 lacs	Note -17
Iv.	Other Current Liabilities: Advances from Customers	Rs. 929.63 lacs. (Previous Year 959.35)	Note -8
	Accumulated interest due on Advances Received from Transport Department, Government of Haryana	Rs. 2,111.02 lacs (Previous Year Rs. 1984.88 lacs)	

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



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 Annexures 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 controller 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, 2022 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

UDIN22017762ALYBLB8493

Place: Gurgaon

Date: 30.06.2022

“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, 2022:

- 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 for inventories.

(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 (31.03.2022) 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 incurred cash losses in the financial year 2021-22 amounting to Rs 3.18 crore and in the immediately preceding financial year i.e.2020-21 amounting to Rs.9.73 crore.
- 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 within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

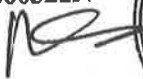
xx. a) The company does not have any unspent amount according to the compliances with second proviso to sub-section (5) of section 135 of the said Act and accordingly the provisions of clause 3 (xx) (a) of the Order are not applicable to the Company.

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 22017762ALYBLB8493

Place: Gurgaon

Date: 30.06.2022

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 2021-22

I.	<p>Whether, the company has system in place to process all the accounting transactions through IT system?</p> <p>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.</p>	<p>The company is maintaining books of accounts on Tally-ERP accounting system. The processes are not fully through IT system.</p> <p>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.</p>
II.	<p>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.</p> <p>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)</p>	<p>No</p> <p>Not Applicable</p>
III.	<p>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?</p> <p>List the case of deviation.</p>	<p>Nil</p> <p>Not Applicable</p>

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

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

Chartered Accountants

FRN.: 000321



Rattan Singh Sipayya

Partner

M.No. 017762

UDIN 22017762ALYBLB8493

Place: Gurgaon

Date: 30.06.2022

“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, 2022, 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, 2022, 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.: 0003218


Rattan Singh Sipayya
Partner

M.No. 017762

UDIN22017762ALYBLB8493

Place: Gurgaon

Date: 30.06.2022



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.: 0003217

Rattan Singh Sipayya

Partner

M.No. 017762

UDIN22017762ALYBLB8493

Place: Gurgaon

Date: 30.06.2022

Compliance Certificate

We have Conducted the Audit of Accounts of **HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED** for the year ended 31 March, 2022 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

UDIN22017762ALYBLB8493

Place: Gurgaon

Date: 30.06.2022

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31st March, 2022

Haryana Roadways Engineering Corporation Limited

CIN: U34101HR1987SGC029904

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

Balance Sheet as at 31st March, 2022

Particulars	Note	As at	As at
		31st March, 2022	31st March, 2021
		Rs.	Rs.
A. EQUITY AND LIABILITIES			
1. Shareholder's funds			
a) Share capital	3	6,80,00,000	6,75,00,000
b) Reserves and surplus	4	(8,09,79,520)	(2,28,00,263)
		(1,29,79,520)	4,46,99,737
2. Share application money pending allotment			
3. Non Current Liabilities			
a) Other Long term liabilities	5	76,78,905	74,50,905
b) Long term provisions	6	6,10,02,369	4,43,08,617
		6,86,81,274	5,17,59,522
4. Current liabilities			
a) Trade Payables	7		
-total outstanding dues of micro, small & medium enterprises		1,05,41,826	3,68,242
-total outstanding dues of creditors other than micro, small & medium enterprises		1,60,96,066	1,14,09,390
b) Other current liabilities	8	37,47,66,457	30,47,63,128
c) Short term provisions	9	1,84,19,840	85,50,356
		41,98,24,189	32,50,91,116
TOTAL		47,55,25,943	42,15,50,374
B. ASSETS			
1. Non current assets			
a) Fixed assets			
i. Property, Plant & Equipment	10	5,88,26,502	6,42,48,838
ii. Capital work in progress			
b) Deferred tax asset (net)	11	3,21,52,796	1,36,30,967
c) Long term loans and advances	12	35,34,412	44,12,823
d) Non Current Assets	13	1,20,000	2,40,000
		9,46,33,711	8,25,32,628
2. Current assets			
a) Inventories	14	4,87,72,482	2,92,58,282
b) Trade receivables	15	3,91,34,354	3,95,61,689
c) Cash and bank balances	16	25,35,92,963	22,82,99,403
d) Short-term loans and advances	17	3,92,80,598	4,10,98,495
e) Other current assets	18	1,11,836	7,99,876
		38,08,92,233	33,90,17,746
TOTAL		47,55,25,943	42,15,50,374

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.: 00022114

Rattan Singh Sipayya

Partner

Membership No. 017762

Date: 30th June 2022

Place: Gurgaon

UDIN: 22017762AL4BLB88493



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

Dr. Virender Kumar Dahiya

Managing Director

DIN:08557939

Jyoti
Accounts OfficerDeepak Kundu
General Manager

Navdeep Singh Virk

Chairman

DIN:0009476058

Shelley
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, 2022

Particulars	Note	2021-22	2020-21
		Current Year Rs.	Previous Year Rs.
A. REVENUE			
Revenue from operations	19	12,35,10,638	1,82,89,407
Other income	20	1,16,57,054	2,45,13,360
Total Revenue		13,51,67,692	4,28,02,767
B. EXPENSES			
Cost of material consumed	21	9,84,15,235	1,11,41,688
Change in inventories	22	34,95,076	(17,71,269)
Employee benefit expense	23	8,23,44,288	6,63,36,899
Finance cost	24	1,26,15,468	1,45,06,258
Depreciation and amortization expenses	10	53,40,587	59,67,632
Other expenses	25	96,91,461	1,01,78,960
Total Expenses		21,19,02,115	10,63,60,168
C. Loss before Exceptional items and Extraordinary items and tax (A-B)		(7,67,34,423)	(6,35,57,401)
Exceptional Items			
D. Loss after Exceptional items but before extraordinary items and tax		(7,67,34,423)	(6,35,57,401)
Prior Period & Extraordinary Items	26	(33,337)	1,95,980
E. Loss after Exceptional items and extraordinary items but before tax		(7,67,01,086)	(6,37,53,381)
F. Tax expense:			
Current tax			
Earlier Years			
MAT Credit Entitlement			
Deferred tax Adjustment		(1,85,21,830)	3,36,65,965
		(1,85,21,830)	3,36,65,965
G. Profit(Loss) for the year after tax		(5,81,79,257)	(9,74,19,347)
Profit / (Loss) per share	27		
[nominal value of share Rs. 100/- (previous year Rs.100/-)]			
- Basic		(85.56)	(144.32)
- Diluted		(85.61)	(144.32)

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

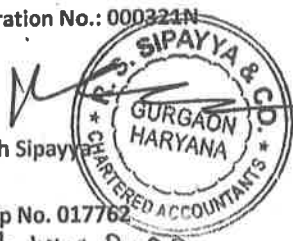
Partner

Membership No. 017762

Date: 30th June 2022

Place: Gurgaon

UDIN: 22017162ALYBLB8493



For and on behalf of the Board of Directors of

Haryana Roadways Engineering Corporation Limited

Dr. Virender Kumar Dahiya

Managing Director

DIN:08557939

Jyoti

Accounts Officer

Deepak Kundu

General Manager

Navdeep Singh Virk

Chairman

DIN:0009476058

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, 2022

Particulars	2021-22	2020-21
	Current Year Rs.	Previous Year Rs.
A. Cash Flow From Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	(7,67,01,086)	(6,37,53,381)
Adjustments for:		
-Depreciation	53,40,587	59,67,632
-Misc. Expenses Written Off	1,20,000	1,20,000
-Long term provisions (leave salary and Gratuity)	1,66,93,752	(17,01,047)
-(Surplus) /loss on Fixed Assets		
-Interest Income	(96,24,752)	(1,17,30,417)
Operating profit / (loss) before working capital changes	(6,41,71,499)	(7,10,97,213)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
-Inventories	(1,95,14,200)	11,12,485
-Trade receivables	4,27,336	29,66,204
-Short term loans and advances	18,17,897	1,74,78,332
-Other current assets	6,88,040.0	3,66,624
Adjustments for increase / (decrease) in operating liabilities:		
-Trade Payables	1,48,60,260	73,31,676
-Other Current liabilities	7,00,03,329	(18,75,74,873)
-Short term provisions	98,69,484	(40,30,122)
-Other Long term liabilities	2,28,000	1,70,004
Operating profit / (loss) after working capital change	1,42,08,648	(23,32,76,884)
Net income tax (paid) / refunds		
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	1,42,08,648	(23,32,76,884)
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(71,000)	(3,53,228)
Change in CWIP		
Sales of Fixed Assets	1,52,749	-
Long term loans and advances	8,78,411	6,27,556
Interest received & Misc. Income	96,24,752	1,17,30,417
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)	1,05,84,912	1,20,04,745
C. Cash Flow From Financing Activities		
Share allotment	5,00,000	-
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)	5,00,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	2,52,93,560	(22,12,72,140)
Cash and cash equivalents at the beginning of the year	22,82,99,403	44,95,71,543
Cash and Cash Equivalents at the end of the year	25,35,92,963	22,82,99,403
Net Increase / (Decrease) During The Year	2,52,93,560	(22,12,72,140)

A. J. G. D.
H. R. E. C.
Gurgaon.



Shelley

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, 2022

2021-22

2020-21

Notes to Cash flow statement

1. Components of cash & cash equivalents:

-Cash on hand		15,376
-Balances with banks	3,00,74,362	1,81,30,524
-Fixed deposit with bank	22,35,18,601	21,01,53,503
	<u>25,35,92,963</u>	<u>22,82,99,403</u>

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.: 00032



Rattan Singh Sipayya

Partner

Membership No. 017762

Date: 30th June 2022

Place: Gurgaon

UDIN: 22017762ALYBLB8493


For and on behalf of the Board of Directors of

Haryana Roadways Engineering Corporation Limited


Dr. Virender Kumar Dahiya
Managing Director
DIN:08557939


Deepak Kundu
Accounts Officer

Deepak Kundu
General Manager


Navdeep Singh Virk
Chairman
DIN:0009476058


Shelley Munjal
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, 2022

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.


H.R.E.C.
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, 2022

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, 2022

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.


H.R.E.C.
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, 2022

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

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, 2022

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, 2022.

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, 2022**Note 3 : Share capital**

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number	Rs.	Number	Rs.
Authorized capital				
Equity shares of Rs.100/- each	15,00,000	15,00,00,000	15,00,000	15,00,00,000
Issued, subscribed and paid up capital				
Equity shares of Rs.100/- each	6,80,000	6,80,00,000	6,75,000	6,75,00,000
TOTAL	6,80,000	6,80,00,000	6,75,000	6,75,00,000

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number	Rs.	Number	Rs.
At the beginning of the year	6,75,000	6,75,00,000	6,75,000	6,75,00,000
Shares issued during the year	5,000	5,00,000		
Bought back during the year				
Outstanding at the end of the year	6,80,000	6,80,00,000	6,75,000	6,75,00,000

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, 2022		As at 31st March, 2021	
	No. of shares held	% Holding	No. of shares held	% Holding
Government of Haryana through Principal Secretary, Transport Department and its nominees.	6,80,000	100.00%	6,75,000	100.00%

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Notes to financial statements for the year ended 31st March, 2022

Note 4 : Reserves and surplus

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Capital Reserve*		
Opening balance	87,21,386	87,21,386
Add : Addition during the year		
Less : Utilised/transferred during the year		
Closing balance	<u>87,21,386</u>	<u>87,21,386</u>
Surplus in the statement of profit and loss		
Balance as per the last financial statements	(3,15,21,649)	6,58,97,697
Less : Depreciation adjustment		
Add/Less : Profit(Loss) for the year	<u>(5,81,79,257)</u>	<u>(9,74,19,347)</u>
Net surplus in the statement of profit and loss	<u>(8,97,00,906)</u>	<u>(3,15,21,649)</u>
Total	(8,09,79,520)	(2,28,00,263)

* 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 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Earnest money received	76,78,905	74,50,905
Total	76,78,905	74,50,905

Note 6 : Long term provisions

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Provisions for employees benefits		
-Compensated absence	2,65,89,151	2,83,68,237
-Gratuity	3,44,13,218	1,59,40,380
Total	6,10,02,369	4,43,08,617

Note 7 : Trade payables

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Total outstanding dues of micro, small & medium enterprises	1,05,41,826	3,68,242
Total outstanding dues of creditors other than micro, small & medium enterprises	1,60,96,066	1,14,09,390
Total	2,66,37,892	1,17,77,632

Note 8 : Other current liabilities

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Advances from customers	9,29,62,968	9,59,35,097
Advances from Headquarter	2,64,00,000	
Advances from Depot	2,59,33,662	
Interest Payable on advances-Transport Department Government of Haryana	21,11,02,531	19,84,88,301
Expenses payable	1,48,29,429	59,06,828
Security Deposit	90,000	50,000
Advance Lease Rental	4,00,000	4,00,000
Statutory dues payable	30,47,867	39,82,902
Total	37,47,66,457	30,47,63,128

Note 9 : Short term provisions

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Provisions for employees benefits		
-Compensated absence	67,37,520	29,13,850
-Gratuity	1,15,52,320	55,00,256
Provision for Audit fees	1,30,000	1,36,250
Total	1,84,19,840	85,50,356

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Notes to financial statements for the year ended 31st March, 2022

Note 10 : Property, plant and equipments

Particulars	Gross block			Accumulated depreciation			Net block			
	As at 1st April, 2021	Additions/ Adjustment during the year	Adjustment during the year	As at 31st March, 2022	As at 1st April, 2021	Depreciation during the year	Adjustment	As at 31st March, 2022	WDV as on 31st March, 2021	WDV as on 31st March, 2022
Tangible assets										
Land	1,12,40,235	-	-	1,12,40,235	-	-	-	4,83,35,223	1,12,40,235	1,12,40,235
Building	9,36,51,994	-	-	9,36,51,994	4,35,78,214	47,57,009	-	1,62,17,002	4,53,16,771	5,00,73,780
Plant and machinery	1,73,87,975	-	-	1,73,87,975	1,60,56,548	1,69,454	-	21,93,898	11,70,973	13,31,427
Furniture and fixtures	24,33,818	-	-	24,33,818	21,13,843	80,054	-	13,41,141	2,39,920	3,19,975
Vehicles	20,42,845	71,000	2,80,520	17,62,325	12,21,703	2,47,209	1,27,771	54,43,490	4,21,184	8,21,142
Office equipment	57,36,172	-	-	58,07,172	53,57,022	86,468	-	12,82,679	3,63,681	3,79,149
Electricity installation	13,56,416	-	-	13,56,416	12,73,286	9,393	-	-	73,737	83,130
Total	13,38,49,455	71,000	2,80,520	13,36,39,935	6,96,00,616	53,40,587	1,27,771	7,48,13,432	5,88,26,502	6,42,48,838
Previous year	13,34,96,227	3,53,228	-	13,38,49,455	6,36,32,985	59,67,632	-	6,96,00,616	6,42,48,838	6,98,63,242



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Notes to financial statements for the year ended 31st March, 2022

Note 11 : Deferred tax assets (Net)

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Deferred tax liability		
Difference between book balance and tax balance of fixed assets	36,18,905	1,52,22,985
Deferred tax assets		
On Provisions and others	3,57,71,702	2,88,53,952
Total	3,21,52,796	1,36,30,967

Note 12 : Long term loans and advances

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
a) Security deposits		
-Unsecured, considered good	30,22,820	30,22,820
b) Loans and advances to employees		
-Secured, considered good	5,11,592	13,90,003
Total	35,34,412	44,12,823

Note 13 : Other Non-Current Assets

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Misc. Expenditure not written off	1,20,000	2,40,000
Total	1,20,000	2,40,000

Note 14 : Inventories

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
As verified, valued and certified by the management		
a) Raw material (at cost)	4,63,07,263	2,32,97,987
b) Scrap in hand (at cost or market price whichever is less)	18,70,000	55,50,295
c) Finished goods (at cost)	5,95,219	4,10,000
Total	4,87,72,482	2,92,58,282

Note 15 : Trade receivables

Particulars	As at 31st March, 2022 Rs.	As at 31st March, 2021 Rs.
Outstanding for more than six months		
unsecured, considered good	2,20,19,203	3,95,61,689
Outstanding for less than six months		
unsecured, considered good	1,71,15,151	
Others		
unsecured, considered good		
Total	3,91,34,354	3,95,61,689

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Notes to financial statements for the year ended 31st March, 2022**Note 16 : Cash and bank balances**

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Cash and cash equivalents		15,376
-Cash in Hand		
-Deposit with Maturity Less than 3 months		
-In current accounts	3,00,74,362	1,81,30,524
Other bank balances		
-Deposits with maturity more than 3 months	22,35,18,601	21,01,53,503
Total	25,35,92,963	22,82,99,403

Note 17 : Short term loans and advances

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Loans and advances to employees	14,755	16,290
Unsecured, considered good		
Advances to suppliers	21,26,050	26,22,181
Unsecured, considered good		
Other advances	720	720
Unsecured, considered good		
[Advance for construction of bus stand and administration block]		
Prepaid expenses	50,012	1,36,878
Others		
Balance with Government authorities	77,98,466	73,97,050
Advance with GST/VAT Department	2,92,90,595	3,09,25,375
Advance income tax (net of provision Rs. NIL)		
Total	3,92,80,598	4,10,98,495

Note 18 : Other Current assets

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Accruals	(27,055)	7,86,299
Interest accrued on loans and advances to employees	19,557	
Interest accrued on FDR		
Others	1,19,334	13,577
Imprest to employees		
Total	1,11,836	7,99,876


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Notes to financial statements for the year ended 31st March, 2022

Note 19 : Revenue from operations

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Sales of product		
Buses	8,62,49,992	
Tyre retreated	88,88,257	80,92,843
Sales of services		
Repair of buses	1,78,89,964	72,71,219
Stores sales	14,86,018	28,87,675
Other operating revenues		
Sale of scrap	89,96,407	37,669
Total	12,35,10,638	1,82,89,407

Note 20 : Other income

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Interest income		
Interest from bank on deposits & Saving Bank	96,24,752	1,17,30,417
Other non operating income		
Lease Rent	12,00,000	12,00,000
Profit on sale of assets	50,000	1,10,48,047
Excess Provision written Back	1,82,036	
Interest on Loan to Staff	6,00,266	5,34,897
Miscellaneous income		
Total	1,16,57,054	2,45,13,360

Note 21 : Cost of material consumed

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Opening stock		
Raw material	2,32,97,987	2,61,81,741
Add : Purchases		
Buses	8,62,49,992	
Raw material	3,48,03,709	82,40,015
Freight and cartage	3,70,810	17,920
Store and tools		
Total (A)	14,47,22,498	3,44,39,676
Less : Closing Stock		
Raw material	4,63,07,263	2,32,97,987
Total (B)	4,63,07,263	2,32,97,987
Total (A-B)	9,84,15,235	1,11,41,689

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

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Inventories at the end of year		
Finished goods	5,95,219	4,10,000
Scrap in Hand	18,70,000	55,50,295
Inventories at beginning of the year		
Finished goods	4,10,000	
Scrap in Hand	55,50,295	41,89,026
Net increase/(decrease) of finished goods, work-in-progress and stock-in-trade	34,95,076	(17,71,269)



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Notes to financial statements for the year ended 31st March, 2022

Note 23 : Employee benefit expenses

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Salaries and wages	5,55,40,158	5,58,19,808
Contribution to provident fund and other funds	55,18,215	50,95,063
Gratuity	1,81,91,075	52,30,628
Leave Salary Contribution (compensated absences)	28,54,670	
Staff welfare expenses	2,40,170	1,91,400
Total	8,23,44,288	6,63,36,899

Note 24 : Finance cost

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Bank Charges	1,238	826
Interest expenses	1,26,14,230	1,45,05,432
Total	1,26,15,468	1,45,06,258

Note 25 : Other expenses

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Advertisement for tenders	-	85,360
Payment to auditors	90,000	1,40,000
Freight Outward	500	24,193
Gst Late filling fee	100	-
Honorarium	15,000	-
Labour charges	3,000	94,669
Legal and professional fee	8,42,733	4,52,010
Medical Reimbursemet	5,94,218	20,93,163
Office expenses	2,83,440	2,30,258
Postage and telegram	6,197	2,551
Power and fuel	18,44,103	21,92,234
Printing and stationery	1,80,214	1,07,933
Repairs and maintenance		
-Machinery	73,391	10,795
-Other	1,55,585	1,26,768
ROC fellings	5,200	-
Round off	-	-
Sample testing	31,300	18,312
Security expenses	48,42,233	34,93,881
Telephone	43,189	32,543
Travelling and conveyance	79,786	1,43,301
Workshop expenses	-	51,876
Business Promotion expenses	-	5,00,000
Insurance Outward	2,43,204	48,328
Rates and taxes	5,100	930
Membership and subscription	1,300	25,400
Other miscellaneous expenses	93,698	70,519
Software Expenses	-	12,371
Vehicle maintenance and running	86,421	1,01,566
Balance Written off	1,20,000	1,20,000
Loss on Sale of Fixed Assets	61,749	-
Total	96,91,461	1,01,78,960

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Notes to financial statements for the year ended 31st March, 2022

Note 26 : Extraordinary Items

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Prior Period Item	33,337	1,95,980
Old credit balance : remission of trade liabilities-Misc.		
Old credit balance : remission of trade liabilities		
Total	33,337	1,95,980

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

Particulars	As at	As at
	31st March, 2022	31st March, 2021
	Rs.	Rs.
Profit after tax for calculation of basic/diluted EPS	(5,81,79,257)	(9,74,19,347)
Number of equity shares in calculating basic EPS	6,80,000	6,75,000
Weighted average number of equity shares in calculating diluted EPS	6,79,589	6,75,000
Profit / (Loss) per share (basic)	(85.56)	(144.32)
Profit / (Loss) per share (diluted)	(85.61)	(144.32)

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Notes to financial statements for the year ended 31st March, 2022

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 Shatrueet Kapur, IPS Principal Secretary to Govt of Haryana, Transport Department	29.10.2020 to 06.09.2021
	b. Smt. Kala Ramachandran, IPS Principal Secretary to Govt of Haryana, Transport Department	06.09.2021 to 14.01.2022
	c. 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 Dahliya, IAS Director State Transport, Govt of Haryana	29.08.2019 to 17.02.2022 21.03.2022 to till date
	b. Sh. Pankaj Yadav, IAS Director State Transport, Govt of Haryana	14.03.2022 to 15.03.2022

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 1,94,901/- In previous year.

Note 30: Managerial Remuneration

Section 197 and Schedule V of the Companies Act, 2013 is applicable on the company but company does not provide any remuneration to directors as, the posts of the directors are ex-officio.

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. 52,99,180/- as at 31st March 2022 and Rs. 48,54,876/- as at 31st March 2021 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. 1,81,91,075.05/- (Previous Year Rs. 52,30,628/-) has been made for the year as per Actuarial valuation made in accordance with AS-15. Provision for Gratuity as on 31st March 2022 as Actuarial Valuation report is 7,43,19,019/-, out of which a sum of Rs.4,59,65,538/- lying in the books and Balance amount of Rs.2,83,53,481/- lying with HREC Gratuity Trust Fund paid to their account in earlier years.

-Compensated absences

The Provision for compensated absences amounting to Rs. 3,33,26,670.73/- is standing at the end of the year 2021-22 as against a closing balance of Rs. 3,12,82,087.20/- at the end of last year.

(i) Opening Balance as on 1st April 2021	3,12,82,087.20
(ii) Provided during the year	28,54,670.33
(iii) Paid during the year	8,10,086.80
(iv) Closing the year as on 31st March 2022	3,33,26,670.73

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.


H. R. E. C.

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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, 2022

Note 32 : Other notes to accounts

a. Provision of interest to Transport Department amounting to Rs. 1,26,14,229.5/- has been made in view of letter no. U.O No. 28/43/2010-IB&C, dated 9th March 2011 on amount received from Transport Department under various head and remained unutilized.

b. No provision for slow moving and obsolete items amounting to Rs. 5,72,026.83/- has been made as on 31st March, 2022 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. 2021-22 company has consolidated amount due to transport department haryana amounting Rs. 30.38 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. 22.35 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

Balances in parties accounts whether in debtors or creditors and loans and advances are subject to confirmation, reconciliation and verification.

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 2021-22: Rs 50,000/- 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.


A. J. C.
H. R. E. C.
Gurgaon.




Shelley

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 35th 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, 2022.

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 2022 with comparative position of the previous year is as under:-

Particulars	Year ended 31.03.2022 (in Rs.)	Year ended 31.03.2021 (in Rs.)
<u>INCOME</u>		
• Revenue from Operations	12,35,10,638	1,82,89,407
• Other Income	1,16,57,054	2,45,13,360
	13,51,67,692	4,28,02,767
<u>EXPENSES</u>		
• Cost of material consumed	9,84,15,235	1,11,41,688
• Change in inventories	34,95,076	(17,71,269)
• Employee benefit expense	8,23,44,288	6,63,36,899
• Finance cost	1,26,15,468	1,45,06,258
• Depreciation and Amortization expenses	53,40,587	59,67,632
• Other expenses	96,91,461	1,01,78,960
	21,19,02,115	10,63,60,168
• Loss before Exceptional & extraordinary items and tax	(7,67,34,423)	(6,35,57,401)
• Prior Period & extra ordinary Items	(33,337)	1,95,980
• Deferred tax Adjustment	(1,85,21,830)	3,36,65,965
• (Loss)/Profit for the year after tax	(5,81,79,257)	(9,74,19,347)

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2. REVIEW OF BUSINESS OPERATIONS AND FUTURE OUTLOOK

- Total Revenue from the operations of the Company is 12.35 cr. and other income is Rs. 1.16 crore, during the year ending 31.3.2022.
- The Company has incurred loss of Rs. 5.81 crores in the Financial Year ending 31.03.2022.

STATUS OF BUSINESS

During the year, the High Power Purchase Committee accepted the tender for the supply of Standard Bus Chassis of Standard diesel Engine Bus Chassis meeting BS-VI emission for operation in Haryana Roadways, in its meeting held on 12.06.21. In this regard, the directions have been received from the office of Director of State Transport, Haryana for bus body fabrication on newly purchased 809 nos. (400 nos. by M/s Ashok Leyland Ltd. and 409 by M/s Tata Motors Ltd.) vide memo no. 1209/SPA-1/Tech dated 05.08.2021.

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 2021-22, 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 2021-22, the company has allotted 5,000 equity shares of Rs. 100/- each on 29.03.2022. As on 31st March, 2022 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. 6,80,00,000/- consisting of 6,80,000 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 2021-22. 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 2021-22 due to loss incurred by the Company.

8. GENERAL AND OTHER RESERVES

No General Reserve has been created by the Company during the F.Y. 2021-22.

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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 31.03.2022 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, the Statutory Auditors of the Company will be appointed by the office of the Comptroller & Auditor General, India (CAG).

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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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, 2022, 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/HREC/BS-2021-22/2022-23/1391 dated 19.09.2022 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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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.	Dr. Virender Kumar Dahiya, IAS (DIN 08557939)	Managing Director	21.03.2022

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

The composition of the Board of Directors has undergone some changes during the F.Y. 2021-22. The following Directors have been appointed/ceased to be Directors of the Company from April, 2021 till date of this report:-

Sr. no.	Name	Designation	DIN	Date of Appointment	Date of cessation
1.	Shri Shatrujeet Kapur, IPS	Chairman	07631220	29.10.2020	06.09.2021
2.	Smt. Kala Ramachandran, IPS	Chairman	09319842	06.09.2021	14.01.2022
3.	Shri Navdeep Singh Virk, IPS	Chairman	09476058	14.01.2022	-
4.	Dr. Virender Kumar Dahiya, IAS	Managing Director	08557939	29.08.2019	17.02.2022
5.	Sh. Pankaj Yadav	Managing Director	08861705	14.03.2022	15.03.2022
6.	Dr. Virender Kumar Dahiya, IAS	Managing Director	08557939	21.03.2022	-

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. 2021-22, 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.	25.06.2021	02	02	100%
2.	19.08.2021	02	02	100%
3.	03.12.2021	02	02	100%
4.	29.03.2022	02	02	100%

Sr. No.	Date of Board Meeting	Shri Shatrujeet Kapur, IPS	Smt. Kala Ramachandran, IPS	Shri Navdeep Singh Virk, IPS	Dr. Virender Kumar Dahiya, IAS
1.	25.06.2021	P	N.A.	N.A.	P
2.	19.08.2021	P	N.A.	N.A.	P
3.	03.12.2021	N.A.	P	N.A.	P
4.	29.03.2022	N.A.	N.A.	P	P

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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.

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 34th Annual General Meeting of Shareholders of the Company for the Financial Year 2020-21 was held on 09.12.2021 through video conferencing. The Shareholders passed resolution related to adoption of Financial Statements for the FY 2020-21 and fixing the remuneration of Statutory Auditors for the FY 2021-22.

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.

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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.

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

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Particulars	Steps taken
C-Foreign Exchange earnings and outgo	
i. Actual earnings	NIL
ii. Actual outgo	NIL

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 2022, 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


29.09.2022
Dr. Virender Kumar Dahiya, IAS
Managing Director
DIN: 08557939


Navdeep Singh Virk, IPS
Chairman
DIN: 09476058

Place: Chandigarh
Date: 29.09.2022

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Annexure-I

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March 2022

[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 Milestone 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	675000	675000	100	NIL	680000	680000	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	675000	675000	100	NIL	680000	680000	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	675000	675000	100	NIL	680000	680000	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
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Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)

CIN-U34101HR1987SGC029904

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)	-	675000	675000	100	-	680000	680000	100	NIL

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
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(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	675000	100	NIL	680000	100	NIL	-
	Total	675000	100	NIL	680000	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	675000	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 29.03.2022	5000	-		
	At the End of the year	680000	100	-	-

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

SI. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year	Cumulative Shareholding during the year
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HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
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	Name of Shareholder	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	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
	Name of Director/KMP				
	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
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL

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CIN-U34101HR1987SGC029904

Particular	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
• Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
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
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	NIL				NIL
	- as % of profit					
	- others, specify...					
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					
	Total (1)	-	-	-	-	-
2.	Other Non-Executive Directors					
	• Fee for attending board committee meetings	-	-	-	-	-
	• Commission					
	• Others, please specify					

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED
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CIN-U34101HR1987SGC029904

Sl. no	Particulars of Remuneration	Name of Directors				Total Amount
	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. 10,33,251/-	-	Rs. 10,33,251/-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	-	Rs. 10,33,251/-	-	Rs. 10,33,251/-

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
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

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

(A GOVERNMENT OF HARYANA UNDERTAKING)

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CIN-U34101HR198756C029904

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)
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


Dr. Virender Kumar Dahiya, IAS
Managing Director
DIN: 08557939


Navdeep Singh Virk, IPS
Chairman
DIN: 09476058

Place: Chandigarh
Date: 29.09.2022

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

Regd. Office: 6th Mile Stone, Jaipur Highway, Behrampur Road, Khandsa, Gurugram(Haryana)
CIN-U34101HR19875GC029904

Management Reply on Qualified Opinion of Statutory Auditors (FY 2021-22)

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"> <thead> <tr> <th align="center">S.N o</th> <th align="center">Particulars</th> <th align="center">Amount</th> </tr> </thead> <tbody> <tr> <td align="center">i.</td> <td>Trade Receivables</td> <td align="right">Rs 391.34 lacs</td> </tr> <tr> <td align="center">ii.</td> <td>Trade Payables</td> <td align="right">Rs.266.38 lacs</td> </tr> <tr> <td align="center">iii.</td> <td>Advances to suppliers</td> <td align="right">Rs.21.26 lacs</td> </tr> <tr> <td align="center">iv.</td> <td>Other Current Liabilities: Advances from Customers</td> <td align="right">Rs. 929.63 lacs. (Previous Year 959.35)</td> </tr> <tr> <td></td> <td>Accumulated interest due on Advances Received from Transport Department, Government of Haryana</td> <td align="right">Rs. 2,111.02 lacs (Previous Year Rs. 1984.88 lacs)</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	i.	Trade Receivables	Rs 391.34 lacs	ii.	Trade Payables	Rs.266.38 lacs	iii.	Advances to suppliers	Rs.21.26 lacs	iv.	Other Current Liabilities: Advances from Customers	Rs. 929.63 lacs. (Previous Year 959.35)		Accumulated interest due on Advances Received from Transport Department, Government of Haryana	Rs. 2,111.02 lacs (Previous Year Rs. 1984.88 lacs)	<p><u>i.Trade Receivables Rs. 391.34 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. 266.38 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 2022 payment in respect of which has already been made during the current year.</p> <p><u>iii Advances to suppliers Rs.21.26 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. 21.26 Lakhs.</p> <p><u>iv. Other current liabilities: Advances from customers Rs. 929.63 lacs and Accumulated interest due on Advances Received from Transport Department, Government of Haryana Rs. 2111.02 Lakhs.</u></p>
S.N o	Particulars	Amount																		
i.	Trade Receivables	Rs 391.34 lacs																		
ii.	Trade Payables	Rs.266.38 lacs																		
iii.	Advances to suppliers	Rs.21.26 lacs																		
iv.	Other Current Liabilities: Advances from Customers	Rs. 929.63 lacs. (Previous Year 959.35)																		
	Accumulated interest due on Advances Received from Transport Department, Government of Haryana	Rs. 2,111.02 lacs (Previous Year Rs. 1984.88 lacs)																		

HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED


(A GOVERNMENT OF HARYANA UNDERTAKING)

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CIN-U34101HR1987SGC029904

		<p><u>Department, Government of Haryana Rs. 2111.02 Lakhs.</u></p> <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 in Interest payable account to Transport department Haryana.</p>
2.	<p><u>b) Contingent Liabilities and commitments</u></p> <p>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 at Annexure-I</p>

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


Dr. Virender Kumar Dahiya, IAS
Managing Director
DIN: 08557939


Navdeep Singh Virk, IPS
Chairman
DIN: 09476058

Place: Chandigarh
Date: 29.09.2022

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 31.03.2022 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

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13	S. R. Inds. V/s GM, HREC	Arbitration case	Execution petition has been filed in Honb'le 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
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CIN-U34101HR1987SGC029904

Management Reply on Comments from C&AG (FY 2021-22)

Annexure - III

CAG Comments	Reply of Management
<p>A Statement of Profit and Loss Account A.1 Total revenue 13.52 crore A.1.1 Revenue from operations (Note-19) 12.35 crore</p> <p>The above includes an amount of Rs 8.62 crore from the sale of buses. Reference is invited to Significant Accounting Policies and notes to financial statements for the year ended 31st March 2022 (Note No. 2 e) w.r.t. Revenue Recognition specially of sales wherein it has been stated "Sales comprise of sale of buses, stores, repairs 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".</p> <p>Accounting Standard 9 further states that a key criterion for determining when to recognize revenue from a transaction involving the sale of goods is that the seller has transferred the property in the goods to the buyer for a consideration.</p> <p>In the instant case the Director State Transport, Haryana has placed two different purchase orders on M/S Ashok Leyland for supply of 400 bus chassis and M/S Tata Motors for 409 bus chassis including 09 free of cost bus chassis @ Rs.17.25 lakh per bus inclusive of GST of Rs. 3.77 lakh each bus @ 28 per cent. Out of this delivery of 64 bus chassis were made by supplier's upto 31 March 2022 which were supplied during August 2021 to March 2022. Although no delivery of buses has taken place, upto 31st March 2022 as the work order of fabrication of bus bodies was placed on 31 May 2022 on two different firms.</p> <p>But the Company has booked all the supplies of bus chassis upto 31 March 2022 as sales to various depots of Haryana Roadways in contravention of declared accounting policy as well as Accounting Standard 9, which resulted in overstatement of sales and understatement of closing stock to the extent of Rs. 8.62 crore. The independent Auditor's report is deficient to that extent.</p>	<p>As per the term & Condition of the tender with the Ashok Leyland and Tata Motors HREC is liable to release the payment within 30 days from the date of Invoice/Delivery. HREC was not in such conditions to pay them, Due to financial crisis. Hence HREC has required payment from the Depots and as per GST Act we can issue only TAX Invoice to claim payment from depots, hence we have issued the Tax Invoices to the Depots and received the payment and release to the Ashoka/Tata and booked the same in our books as sale.</p> <p>Further The Word "Sales comprise of sale of buses" included the sale of chassis and work of fabrication is also done on chassis by HREC. The company recognized the revenue after the Tax Invoice issued as per the compliance of the GST Act. Further the treasury not considers the said transfer and even not pays the consideration till the issuance of Tax Invoice for supply of the said Bus chassis to the depots.</p>

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


Dr. Virender Kumar Daniya, IAS
Managing Director
DIN: 08557939


Navdeep Singh Virk, IPS
Chairman
DIN: 09476058

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Management letter from CAG	Reply of Management
<p>1. Consolidated Balance Sheet</p> <p>Equity and Liabilities</p> <p>Share Holder's Fund- Share Capital (Note-3)- Rs. 6.80 Crore</p> <p>The issued share capital of the Corporation was 6.75 lakh shares @ Rs 100 each at the beginning of the year i.e. 1st April 2021. During the year the State Government through Transport Department released a sum of Rs 5,00,000 on account of share capital. The HREC allotted 5,000 shares @ Rs. 100 on 29th March 2022 to the State Government on this account. Thereafter the issued share capital increase to 6,80,000 shares. The value of diluted earnings per share (DPS) has been worked out to Rs (86.19) per share. However, the company has calculated DPS @ Rs. (85.61) per share and diluted number of share were taken as 679589 instead of 675041. Thus negative earnings per share has been understated to the extent of Rs 0.58 per share</p>	<p>We have taken the Date of allotment as 29.02.2022 instead of 29.03.2022 for calculation of weighted average no. of share.</p> <p>Further the same has been noted for the future compliance.</p>
<p>2. Current Liabilities</p> <p>Other Current Liabilities (Note- 8): Rs. 37.48 Crore</p> <p>The above includes Advance from Headquarters amounting to Rs. 2.64 crore. Although the amount has been released for advance against material by Faridabad depot, this should be treated as advance from customers instead of advance from Headquarters i.e. Director State Transport Haryana.</p> <p>This has resulted into understatement of advance from customers and overstatement of advance from Headquarters to the extent of Rs. 2.64 crore.</p>	<p>The advance of Rs. 2.64 is Received from Headquarter through the Faridabad depot hence treated as advance from Headquarter.</p> <p>Further the same has been noted for the future compliance.</p>
<p>3. Assets</p> <p>Current Assets-</p> <p>Cash and Bank Balance-Note No. 16- Rs. 25.36 Crore</p> <p>The above includes Bank balance of Rs 2.43 crore with State Bank of India as on 31 March 2022. However, as per pass book the balance with the State Bank of India as on 31 March 2022 has been Rs. 2.44 crore. The difference between both the balances has been due to</p>	<p>The Cheque is still in the possession of the parties and no intimation received from parties and the parties not return back the said cheques that why the same is shown in Bank Reconciliation Statement and the company continuous following up with the parties.</p>

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(A GOVERNMENT OF HARYANA UNDERTAKING)

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CTIN-U34101HR1987SGC029904

<p>issue of four cheques amounting to Rs 46,237 issued to 3 different parties during 06 January 2020 and 31 May 2021 which were not honoured by bank upto 31 March 2022. As the validity of these cheques has been expired they became stale cheques. Therefore, these cheques should be cancelled and the parties to whom these cheques had been issued shall become our creditors and bank balance should be increased by Rs. 46,237 and therefore the balance of cash book and pass book would be similar on that day.</p> <p>Non cancellation of these stale cheques has resulted into understatement of Cash and Bank Balance and understatement of creditors to the extent of Rs. 46,237.</p>	<p>Further the same has been noted for the future compliance.</p>
<p>4. Consolidated Balance Sheet</p> <p>Assets</p> <p>Current Assets-</p> <p>Cash and Bank Balance-Note No. 16- Rs. 25.36 Crore</p> <p>The above includes deposit accounts with various banks amounting to Rs. 3.01 Crore. Included in the above is balance with Allahabad Bank, Chandigarh for Rs. 1,21,127. However, audit could not verify the genuineness of the figure due to non-availability of Bank certificate with the Company. The same may be obtained from the bank for audit verification and genuineness of depiction in the Balance sheet. The disclosure in this regard has also not been given in the notes to accounts and qualification to the effect has also not been given by Statutory Auditor in the Auditor's Report.</p>	<p>The said Allahabad Bank A/c is maintained at headquarter level and the request for Statement/Certificate was already share to the headquarter and the same will be available to the audit party when the same is being received from headquarter.</p>
<p>5.</p> <p>Short term loans and advances- Note No. 17- Rs. 3.93 Crore</p> <p>The above includes an amount of Rs.2.93 crore on account of advance income tax/tax collection at source, mainly pertaining to tax deducted at source by banks on interest earned by HREC on fixed deposits. As the Company has been continuously running into losses all the amount deducted and deposited by banks as TDS/TCS has been refunded back after filing income tax return. As per details provided by the Company, out of Rs. 2.93 crore an amount of Rs. 0.14 crore pertains to the year 2022-23. Whereas as per 26 AS form provided by the company the amount of tax collected at source has been Rs.0.12 crore. Thus there has been difference of Rs. 0.02 crore, which has resulted into overstatement of current assets and understatement of loss to the extent of Rs. 0.02 crore</p>	<p>The TDS is Booked in Books as per Accounting entries however the TDS Amount of Rs. 0.02 crore is not shown in 26AS due to non-updating of the same by the Respective Deductor.</p> <p>In this regard the company is continuous following up with the deductor to update the 26AS.</p> <p>The same will be available to the audit party when the same is being got rectify/update by the deductor.</p>



<p>6. Other Current Assets- Note No. 18- Rs. 1.11 lakh The above includes a negative amount of Rs.0.27 lakh on account of interest accrued on loans and advances to employees, in other current assets. This amount represent over recovery of interest on loans given to its employees by HREC. As this excess recovery is payable to the employees in near future it should be shown in other current liabilities (Schedule No. 8) instead of showing as negative balance in other current assets. This has resulted into understatement of other current assets and other current liabilities to the extent of Rs.0.27 lakh.</p>	<p>The same has been noted for the future compliance</p>

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


Dr. Virender Kumar Daniya, IAS
Managing Director
DIN: 08557939


Navdeep Singh Virk, IPS
Chairman
DIN: 09476058

Place: Chandigarh
Date: 29.09.2022

 सत्यमेव जयते	प्रधानमंत्री कार्यालय (संस्थापना) हरियाणा प्लॉट नं. 5, सेक्टर 33 - बी, दक्षिण मार्ग, चण्डीगढ़ - 160020 OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT) HARYANA, PLOT NO.5, SECTOR 33-B, DAKSHIN MARG, CHANDIGARH-160020	
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No. AMG-II/HREC/BS-2021-22/2022-23/1391

Dated:- 19-09-2022

सेवा में,

प्रबन्ध निदेशक,
हरियाणा रोडवेज इंजीनियरिंग कारपोरेशन लि.,
बहरामपुर रोड, खांडसा,
गुरुग्राम

विषय : कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत हरियाणा रोडवेज इंजीनियरिंग कारपोरेशन लि., गुरुग्राम के 31 मार्च 2022 को समाप्त हुये वर्ष के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां एवं प्रबंधन पत्र ।

महोदय,

मैं इसके साथ कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत हरियाणा रोडवेज इंजीनियरिंग कारपोरेशन लि., गुरुग्राम के 31 मार्च 2022 को समाप्त हुये वर्ष के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां एवं प्रबंधन पत्र संलग्न करता हूँ

भवदीय,

25/9/22
व. उप-महालेखाकार (ए.एम.जी.-II)

संलग्न: उपरोक्त

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013, ON THE FINANCIAL STATEMENTS OF HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED (HREC) FOR THE YEAR ENDED 31 MARCH 2022.

The preparation of financial statements of Haryana Roadways Engineering Corporation Limited for the year ended 31 March 2022 in accordance with financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30.06.2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary audit of financial statements of Haryana Roadways Engineering Corporation Limited for the year ended 31 March 2022 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) read with section 129 (4) 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 related audit report:

A Statement of Profit and Loss Account

A.1 Total revenue 13.52 crore

A .1.1 Revenue from operations (Note-19) 12.35 crore

The above includes an amount of Rs 8.62 crore from the sale of buses. Reference is invited to Significant Accounting Policies and notes to financial statements for the year ended 31st March 2022 (Note No. 2 c) w.r.t. Revenue Recognition specially of sales wherein it has been stated "Sales comprise of sale of buses, stores, repairs of buses, bus washing machine, tyre retreaded and scrap. Revenue is recognized on delivery of buses and store materials, if any". Accounting Standard 9 further states that a key criterion for determining when to recognize revenue from a transaction involving the sale of goods is that the seller has transferred the property in the goods to the buyer for a consideration.

In the instant case the Director State Transport, Haryana had placed two different purchase orders on M/S Ashok Leyland for supply of 400 bus chassis and M/S Tata Motors for 400 bus chassis including 09 free of cost bus chassis @ Rs.17.25 lakh per bus inclusive of GST of Rs. 3.77 lakh each bus @ 28 per cent. Out of this, delivery of 64 bus chassis were made by suppliers upto 31 March 2022 which were supplied during August 2021 to March 2022 to HREC for fabrication. Work order of fabrication of these bus bodies was placed on 30th and 31 May 2022 on two different firms. No delivery of fabricated buses was made to HREC in 2021-22.

However, the Company had booked all the supplies of bus chassis upto 31 March 2022 as sales to various depots of Haryana Roadways in contravention of declared accounting policy as well as Accounting Standard 9, which resulted in overstatement of sales and understatement of closing stock to the extent of Rs. 8.62 crore. The independent Auditor's report is also deficient to that extent.



Place: Chandigarh

Date: 19.9.2022

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

Vishal Bansal

(VISHAL BANSAL)
Principal Accountant General (Audit)
Haryana

 <p>सत्यमेव जयते</p>	<p>कार्यालय (प्रधान महालेखाकार) लेखापरीक्षा (हरियाणा, प्लॉटसंख्या 4-5, सेक्टर-33 बी, दक्षिणमार्ग, चंडीगढ़ 160020 Office of the Principal Accountant General (Audit) Haryana, Plot No. 4-5, Sector 33-B, Dakshin Marg, Chandigarh 160020</p>	
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No. AMG-II/HREC/BS/2021-22/2022-23/ 1396

Date- 19/09/2022

To

✓ The Managing Director,
Haryana Roadways Engineering Corporation Limited
6th Milestone Jaipur-Gurgaon Highway, Behrampur Road
Gurugram

Subject : Management letter

Sir,

The annual accounts of Haryana Roadways Engineering Corporation Limited for the year 2021-2022 has been audited and the draft comments of comptroller and Auditor General of India thereon have been issued vide letter no. AMG-II/2021-22/PSU HREC/1058 dated 17/8/2022. During the course of audit, the following deficiencies were noticed and same are being brought to your notice for remedial action.

STAND ALONE FINANCIAL STATEMENT

**1 Consolidated Balance Sheet
Equity and Liabilities
Share Holder's Fund- Share Capital (Note-3)- Rs. 6.80 Crore**

The issued share capital of the Corporation was 6.75 lakh shares @ Rs 100 each at the beginning of the year i.e. 1st April 2021. During the year the State Government through Transport Department released a sum of Rs 5,00,000 on account of share capital. The HREC allotted 5000 shares @ Rs. 100 on 29th March 2022 to the State Government on this account. Thereafter the issued share capital increase to 680000 shares.

The value of diluted earnings per share (DPS) has been worked out to Rs (86.19) per share. However, the company has calculated DPS @ Rs. (85.61) per share and diluted number of share

were taken as 679589 instead of 675041. Thus, negative earnings per share has been understated to the extent of Rs 0.58 per share.

2 Current Liabilities

Other Current Liabilities (Note- 8): Rs. 37.48 Crore

The above includes advance from Headquarters amounting to Rs. 2.64 crore. Although the amount has been released for advance against material by Faridabad depot, this should be treated as advance from customers instead of advance from Headquarters i.e. Director State Transport Haryana.

This has resulted into understatement of advance from customers and overstatement of advance from Headquarters to the extent of Rs. 2.64 crore.

3 Assets

Current Assets-

Cash and Bank Balance-Note No. 16- Rs. 25.36 Crore

The above includes Bank balance of Rs 2.43 crore with State Bank of India as on 31 March 2022. However, as per pass book the balance with the State Bank of India as on 31 March 2022 has been Rs. 2.44 crore. The difference between both the balances has been due to issue of four cheques amounting to Rs 46,237 issued to 3 different parties during 06 January 2020 and 31 May 2021 which were not honoured by bank upto 31 March 2022. As the validity of these cheques has been expired, they became stale cheques. Therefore, these cheques should be cancelled and the parties to whom these cheques had been issued shall become our creditors and bank balance should be increased by Rs. 46,237 and therefore the balance of cash book and pass book would be similar on that day.

Non cancellation of these stale cheques has resulted into understatement of Cash and Bank Balance and understatement of creditors to the extent of Rs. 46,237.

4 Consolidated Balance Sheet

Assets

Current Assets-

Cash and Bank Balance-Note No. 16- Rs. 25.36 Crore

The above includes deposit accounts with various banks amounting to Rs. 3.01 Crore. Included in the above is balance with Allahabad Bank, Chandigarh for Rs. 1,21,127. However, audit could not verify the genuineness of the figure due to non-availability of Bank certificate with the

Company. The disclosure in this regard has also not been given in the notes to accounts and qualification to the effect has also not been given by Statutory Auditor in the Auditor's Report.

5 Short term loans and advances- Note No. 17- Rs. 3.93 Crore

The above includes an amount of Rs.2.93 crore on account of advance income tax/tax collection at source, mainly pertaining to tax deducted at source by banks on interest earned by HREC on fixed deposits. As the Company has been continuously running into losses all the amount deducted and deposited by banks as TDS/TCS has been refunded back after filing income tax return. As per details provided by the Company, out of Rs. 2.93 crore an amount of Rs. 0.14 crore pertains to the year 2022-23. Whereas as per 26 AS form provided by the company the amount of tax collected at source has been Rs.0.12 crore. Thus, there has been difference of Rs. 0.02 crore, which has resulted into overstatement of current assets and understatement of loss to the extent of Rs. 0.02 crore

6 Other Current Assets- Note No. 18- Rs. 1.11 lakh


The above includes a negative amount of Rs.0.27 lakh on account of interest accrued on loans and advances to employees, in other current assets. This amount represent over recovery of interest on loans given to its employees by HREC. As this excess recovery is payable to the employees in near future it should be shown in other current liabilities (Schedule No. 8) instead of showing as negative balance in other current assets.

This has resulted into understatement of other current assets and other current liabilities to the extent of Rs.0.27 lakh.

Yours Faithfully,


Sr. Dy. Accountant General (AMG-II)

Copy is being forwarded to the Statutory Auditor: R.S.Sipayya & Co., D-7/ 503, 5th Floor, Tulip Petals, Sector-89, Pataudi Road, Gurugram-122505


Sr. Dy. Accountant General (AMG-II)