

STRENGTHEN.  
SUCCEED.  
SUSTAIN.



ANNUAL REPORT  
2013-14



## FORWARD LOOKING STATEMENT

In this annual report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## ACROSS THE PAGES

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Even as our downstream sector encountered immense difficulties, we are proud to have strengthened our operations.

The result was a year of stable revenues and margins on the one hand as well as improved cash to cash cycle on the other. This helped the Company reduce its debt and strengthen its financial statement.

This counter-cyclical performance demonstrated a commitment encapsulated in just three words.

**STRENGTHEN.**  
**SUCCEED.**  
**SUSTAIN.**

A decorative graphic consisting of a cluster of light gray hexagons of varying sizes, arranged in a honeycomb-like pattern, located in the bottom right corner of the page.

# STRENGTHEN.

*In an unpredictably volatile world,  
the first priority is to strengthen  
one's resolve.*



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IN A CHALLENGING 2013-14 EVEN AS DEMAND FROM DOWNSTREAM USERS REMAINED WEAK, HEG COUNTERED THE PREVAILING REALITY THROUGH VARIOUS INITIATIVES.

- **We thought differently:** We reorganised operations to maintain a healthy EBIDTA.
- **We challenged the norm:** By producing to order, we moderated our net working capital outlay.
- **We worked strategically:** Focus on risk mitigation measures including a tighter management of forex and acquisition of new customer approvals, we reported healthy results.

In doing so, we registered a topline of ₹1,458.91 crore (₹1,617.43 crore during 2012-13), net profit of ₹86.62 crore (₹105.79 crore during 2012-13) and EBIDTA of ₹267.76 crore.

In a period of intense competition, we built a strong platform, ensuring that we could be among the first to ride the wave, when it becomes favourable.

We registered a topline of

₹ **1,458** crore



# SUCCEED.

*In a working capital-intensive business,  
the second priority is to be successful  
in times of stress.*



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SENSING UNCERTAINTY, WE CONSIDERED IT PRUDENT TO MODERATE OUR DEPENDENCE ON BORROWED MONEY BY REDUCING OUR WORKING CAPITAL CYCLE.

- **We delved deeper:** Processed export incentive claims faster and reduced our debts.
- **We leveraged relationships:** Managed our geographical spread optimally and moderated the debtors' cycle.
- **We used flanking assets:** Reported the highest generation of our hydel facility

Although the year under review was one of the most challenging in recent memory, HEG generated ₹773 crore cash from operations, which helped strengthen the debt-equity ratio from 0.63 as on 31st March, 2013 to 0.39 as on 31st March, 2014.

We generated  
**₹ 773** crore  
 cash from operations, which  
 helped strengthen the  
 debt-equity ratio

# SUSTAIN.

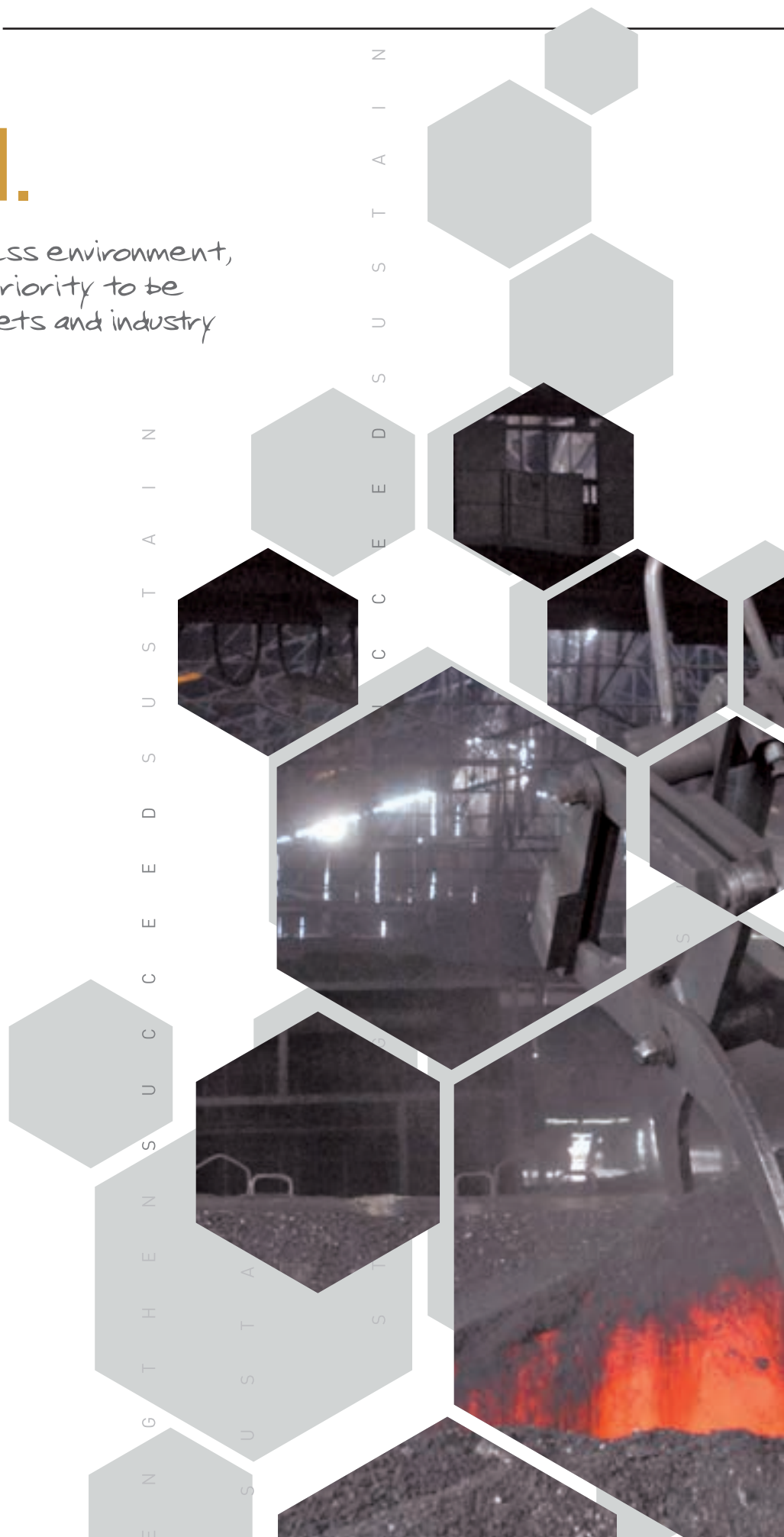
*In a competitive business environment, there is an overriding priority to be sustainable across markets and industry cycles.*

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IN A CHALLENGING 2013-14, WE INVESTED IN A NUMBER OF INITIATIVES TO ENHANCE OUR VIABILITY.

- **We reduced dependence:** Reduced overall debt to the tune of ₹386.64 crore in 2013-14
- **We reduced forex risk:** Converted most of our short-term debts from foreign currencies to rupee denomination
- **We connected better:** Engaged in an ongoing dialogue with our diverse stakeholders
- **We prepared better:** Secured new customer approvals

We reduced overall debt by

₹ **387** crore

# HEG LIMITED. INDIA'S LARGEST GRAPHITE ELECTRODE EXPORTER.

HEADQUARTERED IN NOIDA (NCR-DELHI), INDIA.

PLANT AT MANDIDEEP. CERTIFIED WITH ISO 9001:2008, ISO 14001:2004; OHSAS 18000:2007.

GLOBAL PRESENCE ACROSS 35+ COUNTRIES. ENDURING RELATIONSHIPS WITH THE TOP 20 GLOBAL STEEL MAJORS.

SHARES LISTED ON THE BSE, THE NSE AND THE MADHYA PRADESH STOCK EXCHANGE.

## VISION

A vibrant globally acknowledged top league player in Graphite Electrodes and allied business with commitment to growth, innovation, quality and customer focus

## MISSION

To become a leading international player in Graphite Electrodes and allied business by leveraging our core competence and thereby enhancing value to our customers, shareholders, employees and society.

**80,000** TPA  
Graphite electrode capacity

**76.5** MW  
Power generation capacity

**35+**  
Global presence (countries)

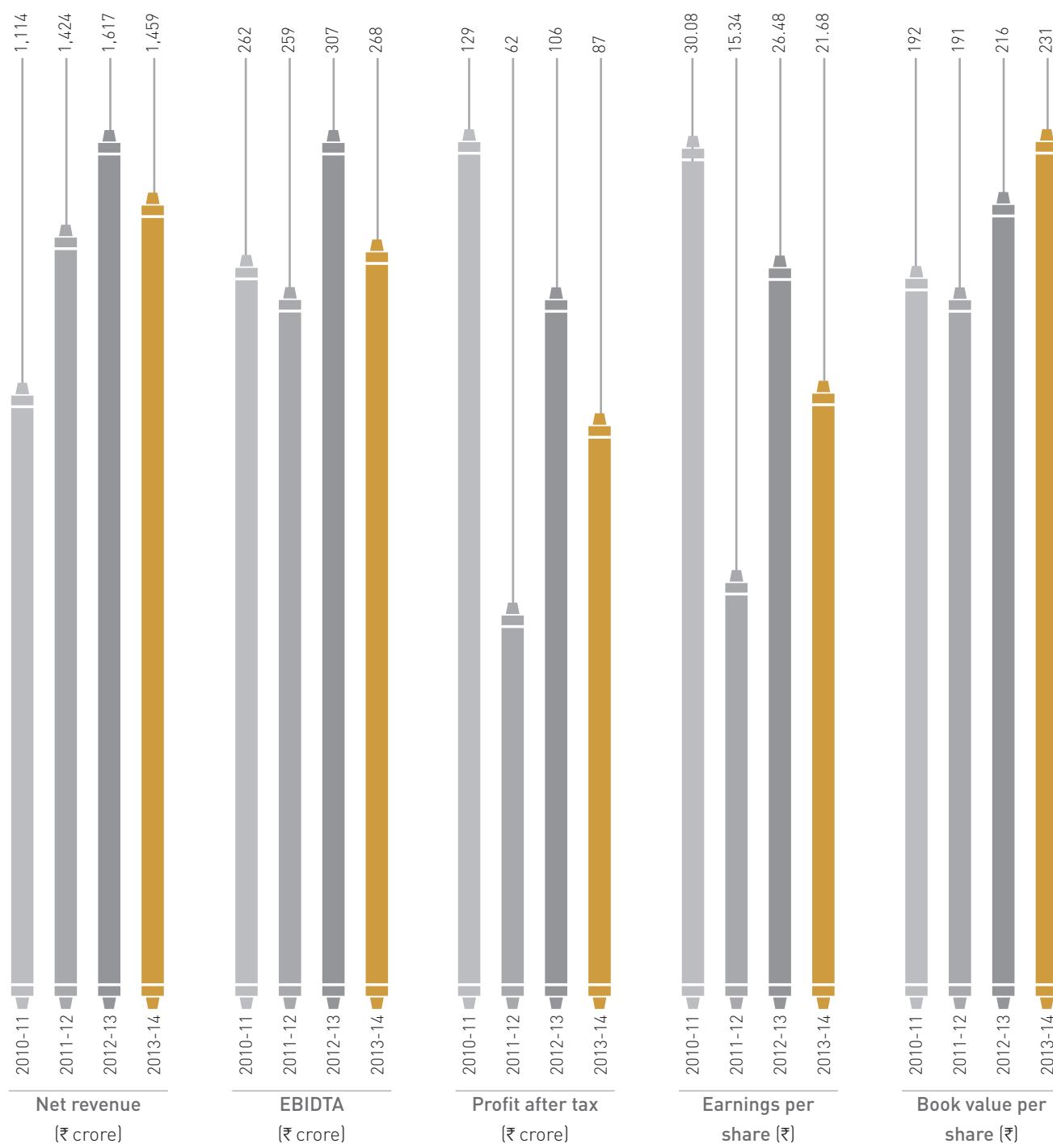
**₹ 804** crore  
Market capitalisation

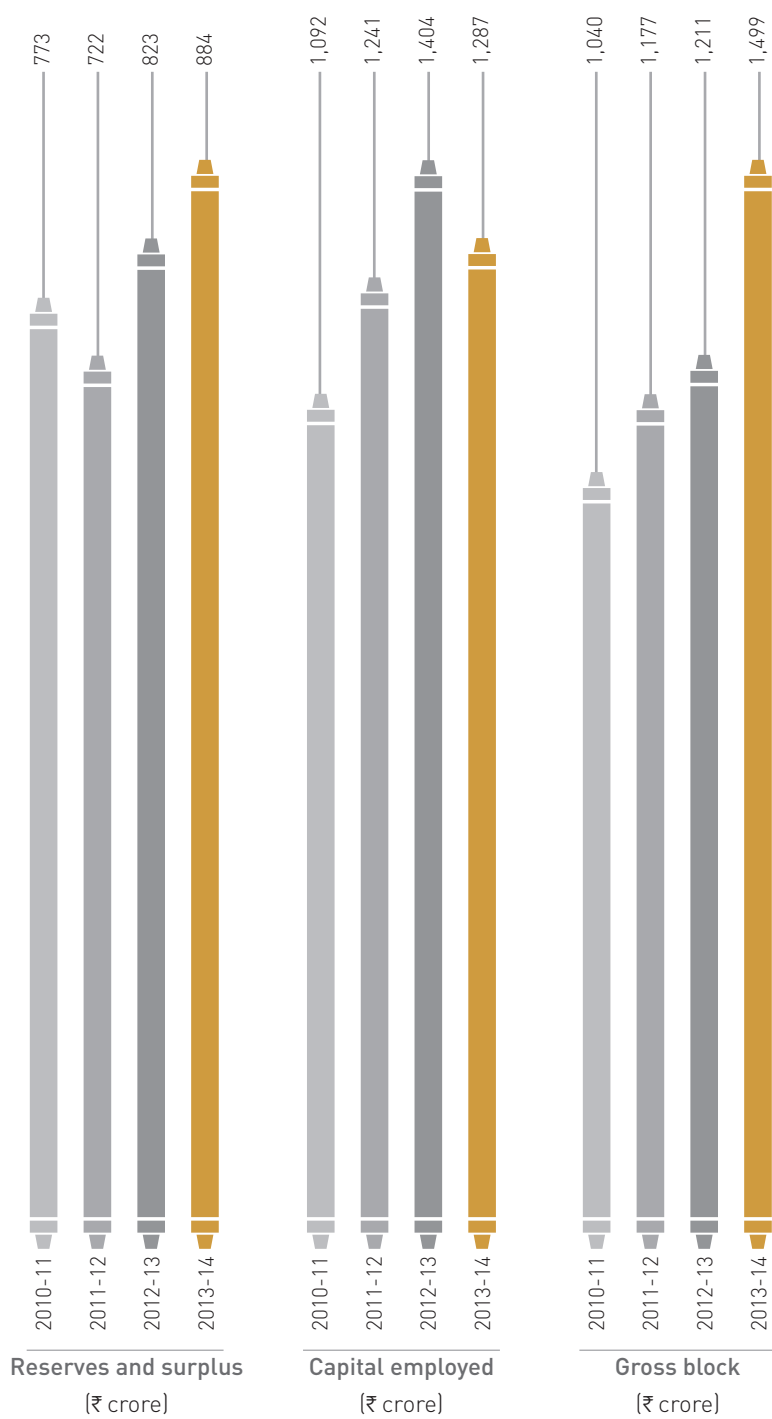
## Performance

(₹ crore)

	2013-14	2012-13
Net sales	1,458.91	1,617.43
EBIDTA (pre-forex)	267.76	306.70
Profit before tax	97.44	125.27
Profit after tax	86.62	105.79
Earnings per share (₹)	21.68	26.48
Book value per share (₹)	231.25	216.04
EBIDTA margin (%)	18.35	18.96
Net margin (%)	5.94	6.54

# 2013-14 IN RETROSPECT





## OTHER HIGHLIGHTS

### Finance

- Instituted disciplined working capital management, which reduced the working capital cycle
- Repaid ₹195.66 crore worth of term debts

### Graphite electrode business

- Streamlined processes to reduce wastage and optimise consumption of energy and other consumables
- Received product approvals from prominent global customers

### Power

- Recorded the highest power generation in our hydel power unit
- Improved process controls at the thermal power plants, optimising input consumption





10 MINUTES WITH THE MANAGEMENT

*"At HEG, we are focused on profitable growth, which, we expect, will enhance shareholder value."*

*Dear Shareholders,*

Fiscal 2013-14 was one of the most challenging years for the international graphite electrode industry due to a number of concurrent factors: slow economic growth, political inertia in India, weak global steel industry (excluding China), decline in graphite electrode realisations and rising inventory. Not surprisingly, some of the largest global electrode manufacturers reported losses.



**Ravi Jhunjunwala**

*Chairman & Managing Director*

As conveyed to you in my previous address, the global situation continued to demonstrate volatility as the eurozone crisis subsided only marginally during the year under review. The continued pressures faced by the electric arc furnace steel sector exerted a downward pressure on prices through the year.

My assessment this time is that we have hit the trough and hereon we should see a recovery, albeit a slow and steady one. We were back to the wall, fighting all these factors and the entire team at HEG showed exceptional resilience and a resolve to do better. Adversity invariably brings out the best in the brave.

At HEG, we utilised these circumstances to strengthen our various operational areas, customer relationships and cost reduction initiatives to achieve reasonable success in difficult times. We were abundantly helped in our endeavours by our raw material suppliers through reduced costs and timely deliveries to bring down inventories. Having sustained these trying times and come out reasonably unscathed, we are confident of capitalising on our strengths whenever the tide turns in our favour.

### The way forward

The big message that I would like to leave with our shareholders is that if this is how we performed in the most challenging of markets, then we are optimistic of prospects as soon as our sector rebounds, for the following reasons:

- Two global electrode majors announced capacity closure, virtually removing 90,000 TPA of capacity from the marketplace. Going ahead, we are optimistic that this evacuation will correct the industry oversupply, improve realisations and encourage competitive players to aspire for higher growth.
- The share of EAF in steel making is expected to increase especially in the US (due to shale gas find), and the Middle East due to the large DRI volumes available, scrap reservoirs and low energy costs.
- Input costs are expected to moderate; needle coke prices are expected to decline in 2014-15 as new capacities are progressively commissioned.
- The Company holds a superior order book (31st March, 2014) than the previous year, which is expected to enhance capacity utilisation in 2014-15.

### Message to shareholders

Even as the industry reality remains challenging, HEG is optimistic of its prospects. Going ahead, the Company will focus on profitable growth. We are optimistic that this will translate into superior margins, returns on employed capital and market capitalisation, enhancing value in the hands of all those who own shares in our company.

Warm regards

**Ravi Jhunjhunwala**

*Chairman & Managing Director*

The Company holds a superior order book (31st March, 2014) than the previous year

## A - I - Z

HEG's Mandideep facility is the largest, single-location graphite electrode facility in the world, generating attractive economies of scale

The average power generating cost at our 63 MW thermal captive power plants, lower than the power tariff of the Madhya Pradesh SEB



Labour cost as a percentage of sales (2013-14), significantly lower than the wage bill of players in advanced economies

of the customers of HEG are repeat customers for the last five years

A low debt-equity ratio which provides an attractive base for further growth

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# MANAGEMENT DISCUSSION AND ANALYSIS



## Overview

Graphite electrodes are largely used by electric arc furnace steel makers. There was a decline in the volume offtake as well as realisations. Even as the price erosion commenced in April 2013 in the smaller markets, the trend became increasingly pronounced in

May and June 2013. In this challenging environment, a forward-looking and competitive manufacturer like HEG reported a healthy bottomline, showcasing its competence in being able to strengthen, succeed and sustain.

2013-14 was a period marked by declining volumes and realisations



## ECONOMIC PROGRESSION

### 1 Global economy

The year witnessed continued volatility in the first half of the year. In the advanced economies steel and graphite electrode demand improved slightly towards the end of the year. The global gross domestic product (GDP) growth came down from 3.2% in 2012 to 2.9% in 2013. In the emerging market economies, domestic demand was subdued, but export push helped drive growth. The global trade also revived marginally in the second half of 2013.

**Outlook:** IMF forecasts showed emerging markets still accounting for a significant quantum of global growth. In the advanced economies, the US is expected to emerge as the key growth driver; the eurozone appeared to be turning a corner following the recession and is expected to report positive growth in 2014.

**Estimates:** Based on the forecasts, global growth is projected to be slightly higher at around 3.7% in 2014 and rising to 3.9% in 2015 *(Source: IMF)*.



**Global GDP Growth**  
(Percent, quarter over quarter, annualised)



Source: IMF staff estimates





## 2 Indian economy

India's economic growth rate in 2013-14 was estimated at 4.7%, growing faster than in the previous year growth of 4.5%, mainly on the back of an improved performance in its agriculture and allied sectors. Gross Fixed Capital Formation (GFCF), an indicator of investment, was forecast at ₹32.2 lac crore at current prices as against ₹30.7 lac crore in 2012-13.

**Outlook and estimates:** Indicating that the worst appears to be over for India, the country's growth is projected higher at around 5.6% in 2014, rising to an estimated 6.0% in 2015 (*Source: RBI*).

### ECONOMY GROWTH AT 4.7%

#### GDP at factor (in %)

2013-14	01	4.7
	02	5.2
	03	4.7
	04	4.6

#### For full fiscal

'12-13*	4.5
'13-14**	4.7

\* First revised estimate

\*\* Provisional estimate

#### Percentage change in growth for Jan-March quarter

	2012-13	2013-14
Agriculture, forestry & fishing	1.6	6.3
Mining & quarrying	-4.8	-0.4
Manufacturing	3.0	-1.4
Electricity, gas & water supply	0.9	7.2
Construction	2.4	0.7
Trade, hotels transport	4.8	3.9
Financing, real estate	11.2	12.4
Community & social services	2.8	3.3

## INDUSTRY OVERVIEW

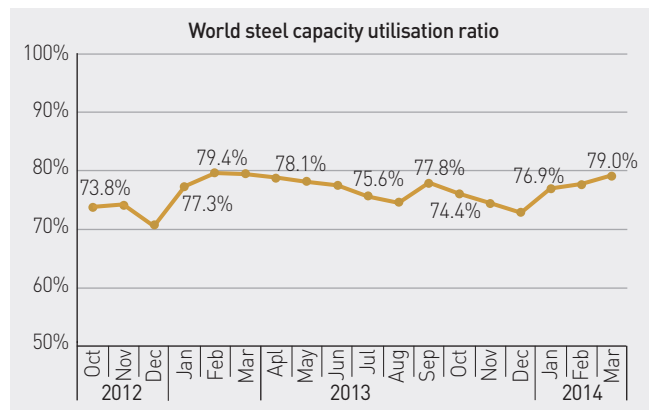
Steel represents the building block of modern society given that it is used in almost every aspect of development - buildings, vehicles, equipment and even a food can. The steel industry rides the growth of its user industries, namely automobiles, consumer durables and infrastructure. Interestingly, the volume of steel consumed is often interpreted as a reliable barometer in measuring a country's economic progress.

### 1 Global perspective

According to the World Steel Association, global steel production in 2013 was estimated at 1,607 million tonnes, representing an increase of about 3.5% over 2012. However, without China, world steel production would have been lower in 2013 compared with 2012. Some growth was seen in Asia and the Middle East. All other regions, including the EU, Americas and CIS, reported a marginal production decline. China's steel production increased by 7.5% to about 779 million tonnes in 2013.

International data from different sources indicates that there is an excess global steel capacity estimated at 525 million tonnes equivalent to almost 26% of the total capacity in the world.

Outlook: Recent Chinese data revealed a sharp drop in PMI; steel production data showed a growth of 3.5% in the first few months of 2014 against 6% in 2013. It is however expected that the global steel industry is likely to report a recovery in 2014 led by a rebound in Europe and the rest of the world, offsetting the Chinese slowdown (expected to rise just by 3.5% in 2014). With steel demand from developed economies expected to return to positive growth, the global steel production is projected to increase by about 3.6% in 2014 even as it remains structurally impaired by excess capacity and low pricing power.





## 2 India's performance and prospects

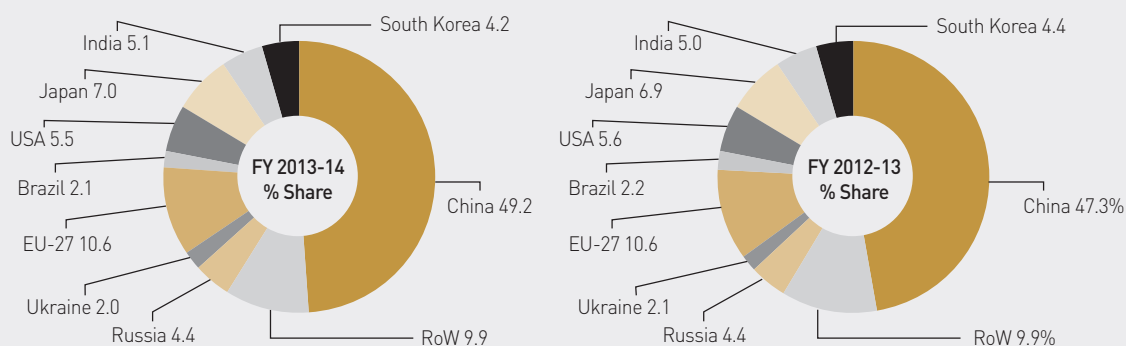
India remained the world's fourth largest steel producer after China, Japan and the US, reporting an output of about 81 million tonnes (MT) in 2013. However, end-user steel demand in India continued to decline on account of project implementation delays by a number of infrastructural projects owing to delayed environmental and other clearances. There was also a consumption slowdown across sectors like automobiles and consumer durables. The result is that short-term prospects for the Indian steel industry remain muted; demand is expected to rebound in 2015 following the implementation of major 12th Five Year Plan.

The Indian steel industry's profitability declined due to deterioration in the demand-supply equation on the back of national macro-economic challenges (which has led to a steady inventory build-up for Indian steel players) on one hand, and a rapidly increasing supply on the other.

Aggravating the reality, India's 95 million tonnes of installed steel capacity is expected to be supplemented by about 13-15 million tonnes in 2014-15. On the other hand, a moderate growth in steel consumption is expected to sustain in 2014-15 in the backdrop of higher GDP growth projection in the country as well as improvement in the fortunes of key end-user sectors (construction, infrastructure and automobiles).

The Twelfth Five Year Plan projects infrastructural investment of US\$ 1 trillion, which could accelerate steel off take. This increase in infrastructural spending could translate into an additional demand of approximately 40 MT per annum between 2012-13 and 2016-17.

Region wise graph FY 2013-14 vs 2012-13





## GRAPHITE ELECTRODE SPACE



### Overview

The global market size for graphite electrodes is estimated at about 1.1 million tonnes. Of this, about 800,000 tonnes (following the closure of 90,000 tonnes capacity) is accounted by the UHP grade of graphite electrodes and around 250,000 to 300,000 tonnes of non-UHP grade of graphite electrodes mainly produced by Chinese manufacturers.

The overall UHP grade graphite electrode demand is addressed by four large players, one each in the US, Europe and two in Japan, with annual production capacities ranging between 100,000 to 200,000 MT each, followed by two Indian players and a couple of other Japanese, Chinese and a Russian manufacturers. The remaining market

is mainly catered to by a number of low end Chinese manufacturers.

### Performance in 2013

The graphite electrode market encountered a challenging 2013; demand was subdued due to a less-than-expected growth of the EAF steel sector. This put a pressure on prices and profits for players; global majors reported losses in CY 2013 followed by closures. Correspondingly, coke prices declined as well, which could benefit users as soon as they increase production and capacity utilisation.

There is an optimism of a graphite electrode sectoral rebound for the following reasons:

### Capacity closures

Two major graphite industry players announced a permanent closure of four graphite electrode plants aggregating to nearly 10% of the global capacity.

### Input costs

The costs of inputs are expected to remain subdued, strengthening the viability of graphite electrode manufacturers.

### Improved prospects in the medium-term:

China, currently the largest importer of scrap, is likely to become self-sufficient and emerge as a net scrap exporter by 2020, which will boost not only its electric arc steel production but increase global scrap availability. Besides, the US shale gas revolution is helping create substantial new capacities of direct reduction iron, which provides supplementary raw material in EAF steelmaking.

Electrode demand strengthened in the Middle East catalysed by competitive fuel costs and high steel demand. More than 90-92% of the Middle East's steel is produced through the electric arc furnace route compared with an average 30% in the rest of the world, underlining the popularity of this steelmaking route.

**Needle coke prices softening:** Needle coke accounts for the single largest direct cost in the manufacture of graphite electrodes. In 2013 and 2014, needle coke prices declined and are expected to soften further in 2015 on the back of capacity additions in this segment. Going forward, needle coke availability may not be a critical issue considering the planned installation of two new units in China and Korea.

# BUSINESS OPERATIONS

## 1 Graphite electrodes

**80,000** TPA  
Installed capacity

**₹ 1,434** crore  
Revenue

**₹ 88** crore  
Profit before interest  
and tax



### Overview

HEG is one of the leading global manufacturers of graphite electrodes, focusing on the manufacture of large sizes and addressing the needs of the critical UHP segment. The Company is a leading exporter of graphite electrodes; international sales contributed more than 80% of revenues during the year under review.

### Competitive advantages

- HEG is one of the world's most competitive graphite electrode manufacturers

- The Company operates the largest single location graphite electrode facility in the world
- The Company is India's largest graphite electrode exporter with an active global presence in 35+ countries
- The Company's revenues are driven by enduring relationships with leading global steel producers
- The Company's captive power generation enables continuous production and lower operating costs

### 2013-14 initiatives

The Company strengthened its business

through the following initiatives:

- Widened the raw material supplier base
- Optimised its power consumption
- Improved operational efficiencies
- Achieved new customer approvals

### Outlook, 2014-15

Your Company believes that the worst is over, as evidenced by indications of price stabilisation, pressure on needle coke prices due to commissioning of additional capacities in the later part of CY2014, and product approvals from new global clients.



## 2 Power generation

**76.5** MW  
Capacity

**₹ 229** crore  
Revenue

**₹ 100** crore  
Profit before interest  
and tax



### Overview

Over the years, the Company created a captive power generation capacity of 76.5 MW (comprising of two thermal power plants and a hydroelectric power facility) leading to sustained supplies of reliable, low-cost energy; excess power generated was sold in the market through IEX and a power purchase agreement with the state electricity board.

### 2013-14 initiatives

The Company strengthened its business through the following initiatives:

- Improved operational efficiencies resulting in reduced specific fuel consumption
- A favourable monsoon enhanced water reserves leading to a significant increase in hydel power generation

### Outlook, 2014-15

The captive power generation will continue to be a major source of support to enhance organisational profitability. Moreover, linking of all grids to a common frequency in the country could enhance realisations related to the sale of surplus power.

## Driver of excellence - 1

## Quality assurance

Qualitative excellence represents the single most critical success driver in the global graphite electrode industry for some good reasons. Although the proportion of graphite electrodes in the overall cost of EAF steelmaking is only 2-3%, the product accounts for mission-critical importance as it is needed to resist the challenging conditions created by arcing within the furnace to convert scrap into molten steel.

Over the years, the Company strengthened its quality systems to emerge as the largest consistent exporter of the product from India. This quality orientation was reinforced through rigorous employee training and quality control. Besides, the Company successfully reduced quality deviations through active customer engagement; it reduced dispersions across operational areas; it reduced the resistivity of larger-sized products and nipples to improving

tested values; it strengthened procedural discipline; it invested in best-in-class equipment.

In 2013-14, the Company strengthened efficiency through the following initiatives:

- Strengthening of process controls and parameters
- Reduction in energy consumption and operational savings

## Driver of excellence - 2

## Research and development

The Company's focus on R&D resulted in the development of products and variants expected to generate attractive returns. The R&D

team addressed decisive aspects related to the manufacturing process, making it possible to test new raw material variants, usher procedural progress,

reduce wastage, scale output and improve technology absorption.

## Driver of excellence - 3

## Human capital and industrial relations

The Company's human capital focus was reinforced through its well-defined people-centric strategy. The Company's 1,016-member team combined youthful energy and experience.

The Company's objective was to address organisational challenges, expand aggressively, establish sectoral superiority, innovate effectively and ensure career growth. All people initiatives and programmes were aligned with the Company's business needs. The Company provided performance-based incentives and groomed leaders through rigorous training (customised exercises across functional and behavioural competencies). The Company recruited

from the best institutes, creating a strong leadership pipeline and optimum talent pool. The Company guaranteed continuous learning, introspection, collaboration and development. The Company strengthened its performance management system through superior goal-setting, identifying relevant measures and sharing organisational information. The 'Balanced Scorecard' method was utilised to enhance organisational performance in line with global benchmarks.

The Company's learning and development agenda was mediated through coaching and mentoring, competency mapping, behavioural training, vertical-wise capability

development (graphite, hydro and thermal power, daily work management and standard operating procedures) and on-the-job training.

Industrial relations: The Company reinforced its commitment to the environment and society. Workers were made aware of the competitive global landscape, dynamic business realities and organisational challenges to be addressed. Industrial relations remained cordial throughout the year. The Company concluded a long-term settlement within three months from the date of expiry of the earlier settlement. The new settlement specified management requirements and linking a part of the wage hike to performance.

## Opportunities and threats

The fortunes of the graphite electrode sector are directly linked to the growth of the steel industry and more particularly EAF steelmaking.

### Opportunities

Global steel consumption trends indicated a mild recovery. In 2014, apparent steel consumption is expected to pick up by 3.6% with a significant rise in consumption in the Middle East, Africa, Latin America and China.

New EAF installations were preferred over BOFs (Basic Oxygen Furnaces) as they proved cost-effective, strengthening prospects for electrode demand.

The growth in India's steel industry is a result of domestic consumption, which has been driven primarily by infrastructural investments and consumer durables. India's Twelfth Five Year Plan projects an infrastructural investment of US\$ 1 trillion, which could accelerate steel consumption. As estimated, this increase in infrastructural spending could lead to an additional demand of approximately 40 MT per annum between 2012-13 and 2016-17.

### Threats

The prolonged slowdown in the

European Union poses a challenge for the graphite electrode sector for the following reasons:

- Reduced steel consumption could lead to a moderated demand for graphite electrodes
- This could compel graphite electrode manufacturers in that geography to export products and depress international prices
- A sizeable capacity increase in the graphite electrodes business in the US and China is expected to add to the overcapacity.

## Internal control

The Company has a sound system of internal control in place to ensure the achievement of goals, evaluation of risks and reliable financial and operational reporting. This efficient internal control procedure is driven by a robust system of checks and balances that ensures safeguarding of assets, compliance with all regulatory

norms and procedural and systemic improvements on a periodic basis.

The Company uses an ERP (Enterprise Resource Planning) package supported by in-built controls which guarantee unswerving and well-timed financial reporting. The audit system periodically reviews the control mechanism and

legal, regulatory and environmental compliances. The internal audit team also checks the effectiveness of internal controls and initiates necessary changes arising out of inadequacies, if any. All financial and audit controls are also reviewed by the Audit Committee of the Board of Directors.

## Financial performance

Net sales decreased by 9.80% from ₹1,617.43 crore in 2012-13 to ₹1,458.91 crore in 2013-14 and the EBITDA (before foreign exchange fluctuations) decreased from ₹306.72 crore to ₹267.76 crore during the corresponding period.

More importantly, the Company streamlined internal operations to maximise resource utilisation and reduce energy consumption, which

resulted in capping an increase in operational costs.

Profit after Tax (PAT) decreased by 18.12% from ₹105.79 crore in 2012-13 to ₹86.62 crore in 2013-14 and a corresponding decrease was also seen in EPS numbers from ₹26.48 to ₹21.68.

HEG is well-positioned today having invested in capacity-building during the industry down cycle and is ready to reap

the benefits with the up-turn of the cycle, the signs of which have now become quite palpable.

Buoyed by a healthy demand outlook over the near future and operational efficiencies as a result of modernisation and investment in cost-effective equipments, the outlook for the business is encouraging.

# RISK MANAGEMENT

“Fear of failure must never be a reason not to try something.”

– Frederick Smith

Irrespective of bullish and bearish markets, every corporate is always under threat from unforeseen contingencies which can affect prospects. At HEG, we recognise the impact of industry uncertainties and their outcomes. We leverage this knowledge to engage in counter-measures that strengthen our viability across verticals, products, geographies and market cycles.

## 1 An economic downturn and steel consumption slowdown could jeopardise the Company's medium-term growth.

Risk mitigation: Economists suggest that the worst is over for the global and Indian economies. The US is expected to report better growth in 2014, while Europe is expected to record positive GDP growth after a gap of 5 years. In India, a dynamic Central Government

could lead to policy clearances. The steel industry is expected to register a positive growth as Europe resumes its growth journey. It is expected that majority of the steel capacity addition, especially in the US and the Middle East, would be through the EAF route, catalysing the

demand for graphite electrodes. HEG sustained revenue growth and business profitability despite a challenging economic environment in 2013-14, showcasing its ability to strengthen, succeed and sustain.

## 2 The Company may not be able to achieve business volumes to meet its growth target

Risk mitigation: HEG enjoys an active presence in more than 35 countries; it enjoys healthy relationships with the top 20 global steel manufacturers. The

Company's superior value proposition and customer service helped carve a major share of the market. The Company's order book position at the

close of 2013-14 was better than what it was at the year-start, setting the stage for an improved 2014-15.

## 3 Softening of electrode prices could affect the Company's profitability.

Risk mitigation: A slowdown in the global steel sector in 2013 adversely impacted the fortunes of the global graphite electrode manufacturers, consequently

leading to capacity closures. This may allow the other players to operate at higher capacities and gradually strengthen graphite electrode prices.

Moreover, the expected softening of needle coke prices (key raw material for graphite electrodes) could facilitate in sustaining, if not, expanding margins.

## 4 The strengthening of the rupee against the dollar could adversely impact margins.

Risk mitigation: For HEG, where about 80% of its revenues are derived from exports, this is a cause for concern. The impact of a strengthening rupee

on export realisations would be partly neutralised by the effect of raw material (needle coke) imports, repayment commitments towards long-term ECB's,

foreign currency denominated working capital borrowings and selective use of hedging tools.

## 5 Inability to mobilise adequate working capital could impact growth and profitability.

Risk mitigation: The graphite electrode business warrants timely working capital infusion. In 2013-14, the Company

institutionalised a stringent inventory and debtor management protocol, which significantly reduced the working capital

cycle and increased organisational liquidity – ₹773 crore net cash from operations was generated in 2013-14.

## RESPONSIBLY SOCIAL. SOCIALLY RESPONSIBLE.



At HEG, corporate social responsibility (CSR) represents an integral part of the business that extends beyond statutory obligations.

HEG's efforts are primarily mediated towards improving the quality of life of the people living in and around its facilities.

HEG has been conducting these activities directly and in-directly through a dedicated trust in the name of 'LNJ Bhilwara HEG Lok-Nyas'.

The Company has been allocating significant budgets for sustaining past initiatives which included yield-enhancing initiatives in two villages (Berkhera Setu and Bakharia) and education and support to families in these villages in the sourcing of superior quality seeds/fertilisers for yield improvement.

Besides, through BAIF (Society for Promotion of Eco-friendly Sustainable Development), we continued our support in administering vaccination and veterinary support under the Barkhera Setu panchayat area resulting in sustenance of higher survival animal rate and increased milk output.

Our recent initiatives included:

### Healthcare

- Established OPD centre (dispensary) at Mandideep for providing medical consultation from qualified doctors.
- Conducted medical health camps for check-up of villagers/employees and their families and medical facilities were also extended to all the needy patients.
- Drinking Water system was started in three villages with the help of the PHE Department under a PPP scheme, covering all houses.
- Facilitated clean drinking water at the Graphite Higher Secondary School and four government schools of Mandideep by installing RO water system/water coolers.

### Infrastructure

- Rebuilt the steel bridge on Betawa River at Tumarakhera village.
- Repaired the primary school building at Tumrakhera/Thikri.

- Constructed anganwadi building at Tumrakhera/Barkherasetu village along with boundary wall.
- Paved a 1 km-long RCC road at Satlapur village near Mandideep.
- Built a bridge along with a 1.5km-long gravel road from Nadore to Thikree village.
- Repaired road and stop dam on Betwa River near Barkhera Setu village.

### Educational

The Graphite Higher Secondary School reported continuous progress across academics, science-based activities and sports. The school commenced a new academic year (2014-15) in two shifts with more than 1,250 students. A new building plan has been proposed to educate students as per CBSE and ICSE syllabi.

In this way, your Company is catalysing the socio economic rural realities towards self-reliance.



# Directors' Report

*Dear members,*

Your Directors have the pleasure of presenting their 42nd Annual Report and audited statements of accounts for the year ended 31st March, 2014.

(₹ in crore)

## 1. (i) Financial results

	2013-14	2012-13
Net sales	1458.91	1617.43
Other operating income	7.90	5.18
<b>Total income from operations (Net)</b>	<b>1466.81</b>	<b>1622.61</b>
Other income	21.77	13.60
<b>Total income</b>	<b>1488.58</b>	<b>1636.21</b>
<b>Profit before exceptional items, finance cost, depreciation and amortisation</b>	<b>267.76</b>	<b>306.71</b>
Exceptional items	(25.36)	(55.20)
Profit before finance cost, depreciation and amortisation	242.40	251.51
Finance cost	72.30	63.60
Profit before depreciation and amortisation	170.10	187.91
Depreciation and amortisation	72.66	62.64
<b>Profit before tax</b>	<b>97.44</b>	<b>125.27</b>
Provision for taxation:-		
Current year	10.65	16.09
Income tax for earlier years	0.17	3.39
<b>Net profit for the period</b>	<b>86.62</b>	<b>105.79</b>
EPS (Basic) ₹	21.68	26.48
<b>(ii) Appropriations</b>		
Amount available for appropriation	455.51	406.23
Dividend :		
a) On Equity Shares		
Proposed dividend	23.98	31.97
b) Dividend distribution tax		
On proposed dividend	4.07	5.43
Transfer to :		
a) General reserve	8.66	25.00
b) Transfer from debenture redemption reserve	-	25.07
Balance carried forward	418.80	368.90

## 2. Overall performance

The Company recorded net sales of ₹1458.91 crore during the financial year 2013-14 as compared to ₹1617.43 crore in the previous financial year. The Net Profit during the financial year 2013-14 was at ₹86.62 crore as compared to ₹105.79 crore in financial year 2012-13 translating to basic earning per share at ₹21.68 for the financial year 2013-14 as against ₹26.48 in financial year 2012-13.

## 3. Subsidiary Company and consolidated financial statements

The statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary Company 'M/s HEG Graphite Products and Services Ltd' is annexed. Also, the consolidated financial statements along with the Auditors Report thereon, form part of the Annual Report. In terms of the Circular of the Ministry of Corporate Affairs dated 8th February, 2011, the Board of Directors has decided not to annex the annual accounts of the subsidiary Company in this Annual Report. The annual accounts of the subsidiary Company and the related detailed information shall be made available to the shareholders of the Company and the subsidiary Company seeking such information at any point of time. The annual accounts of the subsidiary Company shall also be kept for inspection by any shareholder at the registered office of the Company and of the subsidiary Company. The Company shall furnish a hard copy of details of accounts of subsidiary Company to any shareholder, on demand.

## 4. Dividend

The Board has recommended a dividend at the rate of ₹6/- per share on Equity Shares of face value of ₹10/- each for the financial year ended 31st March, 2014, subject to your approval at the Annual General Meeting.

## 5. Operations

The analytical review of the Company's performance and its businesses, including initiatives in the areas of Human Resources and Corporate Social Responsibility have been presented in the section of Management Discussion and Analysis of this Annual Report.

### Graphite electrodes

The slow down in demand which began towards the end of FY 2012-13, continued through FY 2013-14 as well, though it

had affected your Company in a limited way. Building on its internal efficiencies, the Company ramped up the production in the later part of the financial year to fulfil customer's delivery commitments.

Buoyed by signs of improved demand outlook in future and operational efficiencies achieved as a result of modernisation and investment in cost-effective equipments, the outlook of the business is encouraging.

### Power generation

Power business comprises of facilities, which are primarily run for meeting captive requirement of manufacturing graphite electrodes and in the process, also sells surplus power in the open market. Self-sufficiency in power and quality thereof has continuously strengthened the Company's bottomline. Power being the second highest cost component in graphite electrode making, our focus has always been making available uninterrupted power to the parent business and optimising its running cost. The power generation business is expected to witness improvement dovetailed by the increase in capacity utilisation of the graphite electrode business. Moreover, efforts towards linking of all power grids to a common frequency in the country would help achieve better prices going forward.

## 6. Corporate Governance

A report on Corporate Governance forms part of the Annual Report along with the Auditors' Certificate on its compliance.

## 7. Management Discussion and Analysis

Management Discussion and Analysis Report as required under the Listing Agreements with the Stock Exchanges forms part of the Annual Report.

## 8. Internal Control Systems and adequacy thereof

The Company has an adequate internal control system commensurate with the size and nature of its business. An internal audit programme covers various activities and periodical reports are submitted to the management. The Audit Committee reviews financial statements and internal audit reports along with internal control systems. The Company has a well-defined organisational structure, authority levels and internal rules and guidelines for conducting business transactions.

## 9. Personnel

### a) Industrial relations

The industrial relations during the period under review generally remained cordial at all the plants of the Company.

### b) Particulars of employees

The information of employees receiving salary in excess of the limits as prescribed under the provisions of Sub-section (2A) of Section 217 of the Companies Act, 1956, who were employed throughout or for a part of the financial year under review is given as an annexure forming part of this Report.

## 10. Public deposits

Your Company has not invited any deposits from public/ shareholders in accordance with Section 58A of the Companies Act, 1956.

## 11. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is given as an annexure forming part of this Report.

## 12. Directors

Shri Riju Jhunjhunwala shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The Company had, pursuant to the provisions of clause 49 of the Listing Agreement entered into with Stock Exchanges, appointed Shri D.N. Davar, Dr. Kamal Gupta and Dr. O. P. Bahl as Independent Directors of the Company.

As per the provisions of the Companies Act, 2013, Independent Director is required to be appointed for a term upto five consecutive years and shall not be liable to retire by rotation. Accordingly, resolution(s) proposing their appointment as Independent Directors forms part of the Notice of ensuing Annual General Meeting.

Smt. Vinita Singhania was appointed as an Additional Director (Independent) on the Board of Directors of the Company

w.e.f. 12th November, 2013 and she shall hold office upto the ensuing Annual General Meeting. The Company has received a notice from a shareholder, proposing the candidature of Smt. Vinita Singhania for the office of Director of the Company. Accordingly, a resolution proposing her appointment as an Independent Director forms part of the Notice of Annual General Meeting.

Shri L.N. Jhunjhunwala, the founder of LNJ Bhilwara Group resigned from the Directorship of the Company w.e.f. 21st April, 2014, to pursue philanthropic activities. Your Directors recall his vision, passion, warmth and foresightedness, which brought glory to the Group and the Company.

Shri P. Murari also resigned from the Directorship of the Company w.e.f. 14th April, 2014, quoting health reasons. Your Directors appreciate the valuable contribution and guidance extended by Shri P Murari during his tenure as a Director of the Company.

## 13. Auditors

M/s. Doogar & Associates, Chartered Accountants and M/s. S.S. Kothari Mehta & Co., Chartered Accountants, Auditors of the Company, will retire from their office at the ensuing Annual General Meeting. They are, however, eligible for re-appointment. They have furnished a Certificate to the effect that their re-appointment will be in accordance with the applicable provisions of the Companies Act, 2013. You are requested to consider their re-appointment. The Auditors' Report read along with notes to accounts is self-explanatory and therefore does not call for any further comments.

## 14. Cost auditors

The Cost Audit for financial year ended March 31, 2013 was conducted by M/s. N.D. Birla & Co. (M. No. 7907). The due date for filing the Cost Audit Report in XBRL mode for financial year ended March 31, 2013 was September 27, 2013 and Cost Audit Report was filed on September 23, 2013. The due date of filing the Cost Audit Report for the financial year ended March 31, 2014 is September 27, 2014.

Based on the Audit Committee recommendations at its meeting held on April 21, 2014, the Board has approved the re-appointment of M/s. N.D. Birla & Co. (M. No. 7907), as the Cost Auditors of the Company for the financial year 2014-

2015. The said appointment is subject to the applicability of Cost Audit on the Company as notified/may be notified in this regard by Ministry of Corporate Affairs.

### 15. Internal auditors

Based on the Audit Committee recommendations at its meeting held on 21st April 2014, the Board has approved the re-appointment of M/s. S.L. Chhajer & Co, as the Internal auditors of the Company for the financial year 2014-2015.

### 16. Directors Responsibility Statement

The Directors confirm that:

- i) In preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2014 and of the profit of the Company for the year under review;

- iii) They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- iv) They have prepared the annual accounts on a going concern basis.

### 17. Acknowledgements

Your Directors wish to place on record, their appreciation for the valuable assistance and support received by your Company from banks, financial institutions, the Central Government, the Government of Madhya Pradesh, the Government of Uttar Pradesh and their departments. The Board also thanks the employees at all levels, for the dedication, commitment and hard work put in by them for Company's achievements.

For and on behalf of the Board of Directors

Place: Noida (U.P.)

**Ravi Jhunjunwala**

Dated: 21st April 2014

*Chairman & Managing Director*

## Annexure I to the Directors' Report

Information pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March, 2014

Sl. No.	Name of Employee	Designation	Nature of Duties	Remuneration (₹ lacs)	Qualification	Experience (Yrs.)	Age (Yrs.)	Date of Commencement of Employment	Last Employment held, Organisation, Designation & Duration
1.	Shri Ravi Jhunjunwala	Chairman & Managing Director	Managerial	394.44	B.Com. (Hons.), MBA	34	59	08.09.1979	-
2.	Shri K. Vaidyanathan	Chief Operating Officer	Plant Head	68.10	BE- Chemical	33	54	13.03.2009	SRF Ltd, Vice President, 3 years
3.	Shri Raju Rustogi *	Chief Financial Officer	Head Finance/ Commercial & IT	57.58	FCA	22	47	16.04.2013	SRF Ltd, Sr. Vice President, 6 years 5 months

\* Employed for part of the year.

#### Notes:

1. Shri Ravi Jhunjunwala is relative of Shri L. N. Jhunjunwala, Shri Shekhar Agarwal and Shri Rijju Jhunjunwala.
2. As per records of the Company, no employee is holding more than 2% of the paid-up Share Capital of the Company.
3. All appointments are contractual in nature.

## Annexure II to the Directors' Report

Statement of Particulars Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

### (A) Conservation of energy

#### (a) Energy conservation measures taken:

1. Erected VFD for Captive Power Plant (CPP) unit 1 for ID fan 1 & 2.
2. Stopped 1 No cooling tower in Hall 6 for Flohe by clubbing the load in Shunt Cooling tower.
3. Commissioned LED and solar lights in plant and godowns.

#### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

To explore providing VFD in PA fan of CPP unit.

#### (c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

1. Saved 14 lac KWH during the year with the commissioning of VFD in CPP unit 1.
2. Saved 1 lac KWH with the clubbing flohe and shunt cooling tower.
3. Saved 0.50 lac KWH with the use of LED/solar lights.

#### (d) Details of total energy consumption and energy consumption per unit of production as per Form A:

Particulars	Current year	Previous year
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
(a) Purchased		
Units (lacs)	182.55	201.62
Total amount (₹ in lacs)	1,542.24	1,662.47
Rate / Unit (₹)	8.44	8.24
(b) Own Generation		
(i) Through diesel generator		
Units (lacs)	NA	NA
Units per ltr. of diesel oil	NA	NA
Cost / Unit (₹)	NA	NA
(ii) Through steam turbine/generator		
Units (lacs)	3,523.95	4,176.85
Coal consumption Gms Per Kwh	813.80	800.57
Cost / Unit (₹)	3.83	3.57
<b>2. Coal (specify quality and where used)</b>		
Quantity (tonnes)	2,86,778	3,34,386
Total cost (Lacs)	9,024	11,043
Coal cost ₹ per MT	3,146	3,302

Particulars	Current year	Previous year
<b>3. Furnace Oil</b>		
Quantity (k.ltrs.)		
Furnace oil consumed (MT)	7,443	12,458
LDO KL	1,173	2,266
LNG /HSD (MT)	3,474	3,394
FO ₹ in lacs	3,571	5,336
LDO ₹ in lacs	757	1,370
LNG/HSD ₹ in lacs	2,321	1,778
FO ₹ / MT	47,978	42,829
LDO ₹/ KL	64,535	60,442
LNG/HSD ₹ / MT	66,810	52,386
<b>4. Others/internal generation</b>		
Quantity	NA	NA
Total cost	NA	NA
Rate/unit	NA	NA
<b>B. Consumption per unit of Production</b>		
Products (with details) unit	<b>Graphite Electrode</b>	
Electricity Consumed KWH / MT	5,358	5,600
Furnace oil consumed KG /MT	133	202
LDO KL/MT	21	37
(LNG /HSD) KG /MT	62	55
Coal Gram / KWH	813.80	800.57
Linkage Coal (quality)	F Grade	F Grade
Open Market (quality)	D Grade	D Grade
Others (specify)	NA	NA

## (B) Technology absorption

Efforts made in technology absorption - as per Form B given below:

### Form B

(i) Research & Development (R & D)		
1. Specified areas in which R&D carried out by the Company	1. Use of advanced characterisation techniques for understanding the properties of raw materials as well as finished products. 2. Exploring alternative methods & formulations to improve the quality of graphite electrodes. 3. Development of carbon fiber paper for fuel cell application.	
2. Benefits derived as a result of the above R&D	1. Stringent quality control for raw materials. 2. Quality improvement in graphite electrodes and nipples. 3. Carbon / Graphite product development used for environment and energy applications.	
3. Future plan of action	1. Development of carbon-based specialty products using carbon nanotubes and fibers. 2. Quality improvement of gas diffusion layer for fuel cell application. 3. Process development for Li-ion battery anodes.	



## Form B (Contd.)

## 4. Expenditure incurred on R&amp;D

(₹ in lacs)

Particulars	Current year	Previous year
a) Capital	-	-
b) Recurring	181.76	210.37
Total R&D expenditure as a percentage of total turnover	0.13	0.12

## (ii) Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	Efforts were made to improve graphite electrode properties by using carbon nanotubes.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.	Improved the quality of graphite electrodes and nipples.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year).	All our efforts were made through in-house R&D activities and collaborative research in India.

## (C) Foreign Exchange Earnings and Outgo

## 1. Activities relating to export, initiatives to increase exports, Developments of New export markets for Products and Services and Export Plan.

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth ₹1,121.31 Crore (US\$ 180.91 million).

## 2. Total foreign exchange used and earned (₹ in lacs)

(i) Foreign Exchange Earned	1,12,130.85
(ii) Foreign Exchange Used	45,910.11

## Statement Pursuant to Section 212 of The Companies Act, 1956 Relating to Subsidiary Companies

1	Name of the subsidiary Company	HEG Graphite Products and Services Limited
2	Financial year of the subsidiary Company	Year ended 31st March, 2014
3	Extent of the interest of holding Company in the subsidiary company	100% (wholly owned subsidiary)
4	Total advances made by the holding Company to the subsidiary Company stood as at the close of financial years ended 31st March, 2014	Nil
5	Net Aggregate amount of subsidiary's Profit / (Losses) so far as they concern members of holding Company and not dealt within the holding Company's account :	
	i) For subsidiary Financial Year	(18,975)
	ii) For subsidiary's Previous Financial years	(1,15,400)
6.	Net Aggregate amount of subsidiary's Profit / (Losses) so far as they concern members of holding Company and dealt within the holding company's account :	
	i) For subsidiary Financial Year	Nil
	ii) For subsidiary's Previous Financial years	Nil
7	As the financial year of the subsidiary Company does not coincide with the financial year of the holding Company, information u/s 212 (5) of the Companies Act, 1956 is given below:-	
	a) Is there any changes in the holding Company's interest in the subsidiary Company between the end of the financial year of the subsidiary Company and the holding Company	N.A.
	b) Is there any material changes which have occurred between the ended of financial year of subsidiary Company and end of financial year of holding Company	N.A.
	i) Fixed Assets of subsidiary Company	N.A.
	ii) Investments of subsidiary Company	N.A.
	iii) Money lent by the subsidiary Company	N.A.
	iv) Total advances made by the holding Company as on 31st March, 2014	N.A.

# Corporate Governance Report

## 1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and all its interactions with the stakeholders including shareholders, employees, customers, government, suppliers and lenders and to build the confidence of the society in general. The Company believes in adopting the philosophy of professionalism, transparency and accountability in all areas and is committed to pursue growth by adhering to the highest national and international standards of Corporate Governance.

## 2. Board of Directors

### (i) Composition

The Board has an appropriate composition of Executive, Non-Executive and Independent Directors. The Independent Directors on the Board are experienced, competent and reputed names in their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds value in the decision-making process of the Board of Directors.

The details of composition of the Board, number of other Directorship, Chairmanship/Membership of Committee of each Director in other Companies, attendance of Directors at the Board Meetings and last Annual General Meeting are given below:

Name of Director	Category of Directorship	No. of other Directorships* in Public Ltd. Companies	Board Committees** in other Companies in which		No. of Board Meetings attended	Whether Attended the last AGM Yes/No
			Member	Chairman		
Shri L. N. Jhunjhunwala##	Chairman Emeritus-Promoter Non-Executive	6	2	0	0	No
Shri Ravi Jhunjhunwala	Chairman and Managing Director-Promoter Executive	12	1	2	5	Yes
Shri Shekhar Agarwal	Vice-Chairman-Promoter Non-Executive	5	3	0	4	No
Shri D. N. Davar	Non-Executive and Independent	12	5	4	5	No
Dr. Kamal Gupta	Non-Executive and Independent	6	3	5	5	No
Shri P. Murari #	Non-Executive and Independent	10	6	3	1	No
Shri Lalit Mohan Lohani	Non-Executive and Independent (LIC nominee)	0	0	0	5	No
Dr. O. P. Bahl	Non-Executive and Independent	1	0	0	4	Yes
Smt. Vinita Singhania***	Non-Executive and Independent	3	0	0	1	No
Shri Riju Jhunjhunwala	Director -Promoter – Non-Executive	9	6	0	3	No

\* Excludes directorships in private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

\*\* Only Audit Committee and Shareholders' Grievance/Stakeholders Relationship Committee have been considered.

\*\*\* Appointed as Additional Director on 12.11.2013.

# Shri P. Murari has resigned from the Directorship of the Company w.e.f. 14th April, 2014.

## Shri L. N. Jhunjhunwala has resigned from the Directorship of the Company w.e.f. 21st April, 2014.

Note: Shri L. N. Jhunjhunwala, Shri Ravi Jhunjhunwala, Shri Shekhar Agarwal and Shri Riju Jhunjhunwala are relatives.

**(ii) Shareholding of Non-Executive Directors**

The number of Equity Shares of the Company held by Non-Executive Directors of the Company are as under:

Name of Director	No. of Equity Shares Held
Shri L. N. Jhunjunwala*	1,79,740
Shri D. N. Davar	1,500
Dr. Kamal Gupta	200
Shri Riju Jhunjunwala	2,33,290

\* Shri L. N. Jhunjunwala has resigned from the Directorship of the Company w.e.f. 21st April, 2014.

**(iii) Board Meetings**

The Board meets at least once in every quarter to review quarterly results and other items on agenda. Additional meetings are held when ever necessary. Five Board Meetings were held during the financial year ended 31st March, 2014. These were held on 15th April, 2013, 3rd May, 2013, 13th August, 2013, 12th November, 2013 and 4th February, 2014.

**3. Audit Committee****(i) Broad Terms of Reference**

The terms of reference of the Audit Committee are as per the provisions of the Companies Act and the guidelines set out in the Listing Agreements with the Stock Exchanges that inter-alia include overseeing financial reporting processes, reviewing periodic financial results, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal audit function, risk management, discussions with the Internal and Statutory Auditors about the scope of audit including the observations of the auditors and discussion with them on any significant findings.

**(ii) Composition of the Committee**

The composition of the Audit Committee is as under:

Sl. No.	Name of Director	Designation	Category
1.	Shri D.N. Davar	Chairman	Non-Executive Independent Director
2.	Shri Shekhar Agarwal	Member	Non-Executive Promoter Director
3.	Dr. Kamal Gupta	Member	Non-Executive Independent Director
4.	Dr. O.P. Bahl	Member	Non-Executive Independent Director

All these Directors possess knowledge of corporate finance, accounts and corporate laws. The Statutory Auditors, Internal Auditors and Senior Executives of the Company are invited to attend the meetings of the Committee, whenever necessary. The Company Secretary acts as the Secretary of the Committee.

**(iii) Meetings and Attendance**

During the financial year ended 31st March, 2014, four meetings were held on 3rd May, 2013, 13th August, 2013, 12th November, 2013 and 4th February, 2014.

The attendance at the above Meetings was as under:

Sl No.	Name of Director	No. of Meetings Attended
1.	Shri D.N. Davar	4
2.	Shri Shekhar Agarwal	4
3.	Dr. Kamal Gupta	4
4.	Dr. O.P. Bahl	3

**4. Nomination and Remuneration Committee \*\*\*\*****(i) Broad Terms of Reference**

The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and key managerial personnel and persons who may be appointed in senior positions i.e. one level below the Managing Director, recommend to the Board their appointment and removal and also to evaluate their performance.

The Nomination and Remuneration Committee will formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee will, while deciding the remuneration ensure inter-alia that—

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, key managerial personnel and senior management of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**(ii) Composition of the Committee**

The composition of the Nomination and Remuneration Committee is as under:

SL. No.	Name of Director	Designation	Category
1.	Shri D.N. Davar	Chairman	Non-Executive Independent Director
2.	Dr. Kamal Gupta	Member	Non-Executive Independent Director
3.	Dr. O.P. Bahl	Member	Non-Executive Independent Director

The Company Secretary acts as Secretary of the Committee.

**(iii) Meeting and Attendance**

During the financial year ended 31st March, 2014, one meeting was held on 4th February, 2014 which was attended by all Committee members.

**(iv) Remuneration Policy**

The Company's remuneration policy is based on the principles of (i) pay for responsibility (ii) pay for performance and potential and (iii) pay for growth. The Company pays remuneration to the Chairman & Managing Director and Executive Directors if any, while Non-Executive Directors are paid sitting fees only. The remuneration of Chairman & Managing Director and Executive Directors is decided by the Board of Directors, on recommendations of the Nomination and Remuneration Committee and thereafter approved by the shareholders.

**(v) Details of Remuneration to the Directors for the year ended 31st March, 2014**

[Amount in ₹]

Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
Shri L. N. Jhunjhunwala*	-	-	-	-	-
Shri Ravi Jhunjhunwala	88,71,429	84,16,996	2,21,56,182	-	3,94,44,607
Shri Shekhar Agarwal	-	-	-	2,20,000	2,20,000
Shri D. N. Davar	-	-	-	4,40,000	4,40,000
Dr. Kamal Gupta	-	-	-	5,20,000	5,20,000
Shri P. Murari #	-	-	-	20,000	20,000
Shri Lalit Mohan Lohani	-	-	-	1,00,000	1,00,000
Dr. O.P. Bahl	-	-	-	4,00,000	4,00,000
Smt. Vinita Singhania	-	-	-	20,000	20,000
Shri Riju Jhunjhunwala	-	-	-	1,20,000	1,20,000

\*\*\*\* The Remuneration Committee of the Company was renamed as Nomination and Remuneration Committee w.e.f. 4th February, 2014.

# Shri P. Murari has resigned from the Directorship of the Company w.e.f. 14th April, 2014.

\* Shri L. N. Jhunjhunwala has resigned from the Directorship of the Company w.e.f. 21st April, 2014.

**5. Shareholders' Grievance/Stakeholders Relationship Committee\*\*\*\*\*****(i) Broad Terms of Reference**

The Shareholders Grievance/Stakeholders Relationship Committee shall consider and resolve the grievances of various security holders of the Company. It shall specifically look into the redressal of stakeholders/investors complaints in a timely and proper manner.

**(ii) Composition of the Committee**

The composition of the Committee is as under:

Sl.No.	Name of Director	Designation	Category
1.	Shri L.N. Jhunjhunwala*	Chairman	Non-Executive Promoter Director
2.	Shri Ravi Jhunjhunwala	Member	Executive Promoter Director
3.	Dr. Kamal Gupta	Member	Non-Executive Independent Director

\* Shri L. N. Jhunjhunwala has resigned from the Directorship of the Company w.e.f. 21st April, 2014 and Shri Riju Jhunjhunwala has appointed as Chairman of Shareholders' Grievance/Stakeholders Relationship Committee of the Company w.e.f. 21st April, 2014.

Shri Ashish Sabharwal, Company Secretary is the Compliance Officer.



**(iii) Meetings and Attendance**

During the financial year ended 31st March, 2014, Four meetings were held on 3rd May, 2013, 13th August, 2013, 12th November, 2013 and 4th February, 2014.

The attendance at the above Meetings was as under:

Sl. No.	Name of Director	No. of Meetings Attended
1.	Shri L.N. Jhunjhunwala	-
2.	Shri Ravi Jhunjhunwala	4
3.	Dr. Kamal Gupta	4

The Company received 39 complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31.03.2014.

\*\*\*\*\* The 'Shareholders Grievance/Stakeholders Relationship Committee' of the Company has been renamed as 'Stakeholders Relationship Committee' w.e.f. 21st April, 2014.

**6. Corporate Social Responsibility Committee****(I) Broad Terms of Reference**

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the

activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

- (b) Recommend and monitor the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

**(ii) Composition of the Committee**

The composition of the Corporate Social Responsibility Committee is as under:

Sl. No.	Name of Director	Designation	Category
1.	Shri Ravi Jhunjhunwala	Chairman	Executive Promoter Director
2.	Shri D.N.Davar	Member	Non- Executive Independent Director
3.	Smt. Vinita Singhania	Member	Non- Executive Independent Director

The Corporate Social Responsibility committee of the Company was constituted on 4th February, 2014.

**7. General Body Meetings****(a) Annual General Meeting:**

The last three Annual General Meetings were held as per detail below:

Date of AGM	Relevant financial year	Venue/Location where held	Time of Meeting	Whether any special resolution passed
16th September, 2011	2010-2011	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	2.00 P.M.	No
21st September, 2012	2011-2012	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	1.30 P.M.	No
21st September, 2013	2012-2013	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	1.30 P.M.	Yes

**(b) Extra- ordinary General Meeting:**

No Extra-ordinary General Meeting took place during the financial year 2013-14.

There were no matters required to be passed by the shareholders through postal ballot, in any of the aforesaid meetings, as required under the provisions of Section 192A of the Companies Act, 1956.

There are no matters proposed to be passed by the Company through postal ballot in the ensuing Annual General Meeting.

**8. Disclosures**

- a) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS)-18 (Related Party Disclosures), has been made in the Annual Report.
- b) There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company that have a potential conflict with the interests of the Company.

- c) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.
- d) The Company has complied with the mandatory requirements and complied with the non-mandatory requirements relating to the Nomination and Remuneration committee to the extent detailed above.
- e) No personnel have been denied any access to the Audit Committee of the Company.
- f) The Company has complied with all the applicable Accounting Standards.
- g) The Chairman & Managing Director and Chief Financial officer have certified to the Board, inter-alia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(V) of the Listing Agreement, for the year ended 31.03.2014.

## 9. Code of Conduct

There is a Code of Conduct for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Directors and members of the Senior Management. A copy of the Code has been put on the Company's website [www.heglttd.com](http://www.heglttd.com).

The Code has been circulated to all the Members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director in this regard is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2013-14."

## 10. Means of Communication

The Company publishes its quarterly results in leading national newspapers as per the requirements of the Listing Agreement. These results are displayed on the website of the Company along with other news releases and presentations, if any, made to institutional investors or to analysts among others. All other vital information is also placed on the website of the Company.

## 11. Disclosures regarding appointment or re-appointment of Directors

The profiles of all the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting of the Company are provided in the Notice convening the ensuing Annual General Meeting.

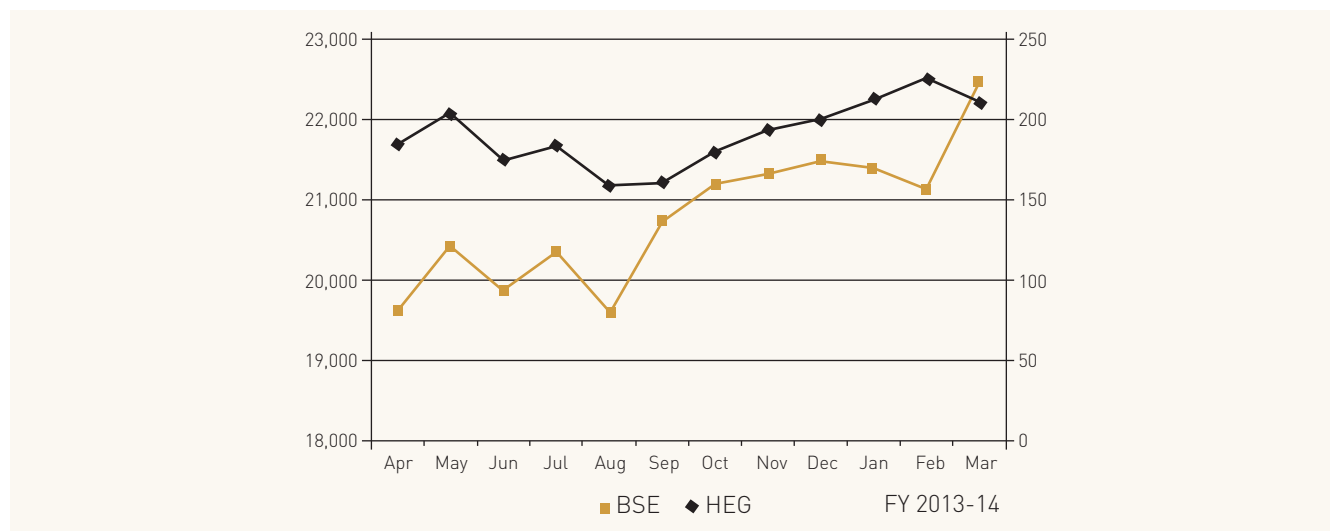
## 12. Shareholders Information

<b>a) Annual General Meeting: Date &amp; Time, Venue</b>	30th August, 2014 at 1.30 P.M. at the registered office of the Company at Mandideep, Near Bhopal, Distt. Raisen, Madhya Pradesh - 462 046.
<b>b) Financial Calendar:</b>	Financial Year: 1st April, 2014 – 31st March, 2015. Reporting: <ul style="list-style-type: none"> <li>a) First quarter results Within 45 days of end of the 1st Qtr</li> <li>b) Second Quarter Results Within 45 days of end of the 2nd Qtr</li> <li>c) Third Quarter Results Within 45 days of end of the 3rd Qtr</li> <li>d) Results for Fourth Quarter &amp; the FY Within 60 days of end of the FY</li> </ul>
<b>c) Date of Book Closure</b>	20th August, 2014 to 30th August, 2014 (both days inclusive)
<b>d) Dividend payment date:</b>	Dividend if declared shall be paid/dispatched to the shareholders between 10th September, 2014 and 13th September, 2014.
<b>e) Listing of Shares on Stock Exchanges</b>	<ol style="list-style-type: none"> <li>1. BSE Limited</li> <li>2. National Stock Exchange of India Limited</li> <li>3. Madhya Pradesh Stock Exchange Limited</li> </ol>
<b>f) Stock Code / ISIN No.</b>	Equity Shares: BSE: 509631 NSE: HEG ISIN No.: INE545A01016

## g. i) Market Price Data: Monthly High Low values (in ₹) at NSE &amp; BSE and comparison with BSE Sensex.

Month	NSE		BSE		BSE SENSEX	
	High	Low	High	Low	High	Low
April, 2013	182.00	160.30	185.00	159.60	19622.68	18144.22
May, 2013	204.40	166.25	205.00	170.90	20443.62	19451.26
June, 2013	179.60	154.00	174.85	155.00	19860.19	18467.16
July, 2013	183.70	154.45	184.00	154.60	20351.06	19126.82
August, 2013	159.00	139.90	159.10	140.20	19569.20	17448.71
September, 2013	160.10	151.25	160.50	150.05	20739.69	18166.17
October, 2013	180.00	152.00	179.90	152.05	21205.44	19264.72
November, 2013	193.95	170.00	193.70	168.00	21321.53	20137.67
December, 2013	201.30	180.25	201.00	181.00	21483.74	20568.70
January, 2014	212.90	191.65	212.50	191.00	21409.66	20343.78
February, 2014	226.00	192.05	226.00	191.05	21140.51	19963.12
March, 2014	210.00	190.65	210.50	191.75	22467.21	20920.98

## ii) Comparative chart of Company's share price movement vis-à-vis the movement of BSE Sensex during FY 2013-14:



## h) Registrar and Transfer Agent #

M/s. MCS Share Transfer Agent Limited  
 F-65, Okhla Industrial Area, Phase-I, New Delhi-110020  
 Phone : 011-41406149 – 52  
 Fax : 011-41709881  
 E-mail Id: mcssta@rediffmail.com

## i) Share Transfer System:

Share Transfers are attended and registered on fortnightly basis and the same are returned within 30 days from the date of receipt, if the documents are in order in all respects.

# The Company had changed its Registrar & Share Transfer Agent (RTA) from M/s. MCS Limited to M/s. MCS Share Transfer Agent Limited w.e.f 21st March, 2014.

## j) Distribution of shareholding as on 31st March, 2014.

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	30,429	95.17	32,10,884	8.04
501-1000	843	2.64	6,42,846	1.61
1001-2000	352	1.10	5,15,196	1.29
2001-3000	122	0.38	3,05,373	0.76
3001-4000	59	0.18	2,10,394	0.53
4001-5000	21	0.07	98,939	0.25
5001-10000	58	0.18	4,43,794	1.11
10001 and above	88	0.28	3,45,31,716	86.42
<b>Total</b>	<b>31,972</b>	<b>100.00</b>	<b>3,99,59,142</b>	<b>100.00</b>

## k) Category of Shareholders

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Promoters and Promoter Group	23	0.07	2,34,88,459	58.78
Mutual Funds / UTI	9	0.03	15,243	0.04
Financial Institutions / Banks	13	0.04	3,54,161	0.89
Insurance Companies	3	0.01	38,94,926	9.75
Foreign Institutional Investors	15	0.05	3,53,816	0.89
Bodies Corporate	676	2.11	33,84,737	8.47
Individuals	30,909	96.68	54,21,542	13.57
Others:				
I) Trusts	4	0.01	19,723	0.05
II) Foreign Corporate Bodies	1	0.00	28,93,888	7.24
III) NRI Individuals	319	1.00	1,32,647	0.33
<b>Total</b>	<b>31,972</b>	<b>100.00</b>	<b>3,99,59,142</b>	<b>100.00</b>

<b>l) Dematerialisation of shares and liquidity.</b>	3,88,73,881 shares were dematerialised till 31.3.2014 which was 97.28% of the total paid-up Equity Share Capital of the Company on that date. Trading in shares of the Company is permitted in dematerialised form only.
<b>m) Outstanding GDRs/ADRs/warrants or any Convertible instruments, conversion date and likely impact on equity.</b>	There are no such instruments outstanding as on 31st March, 2014.
<b>n) Plant Locations</b>	a) Mandideep (Near Bhopal), Distt. Raisen - 462046, Madhya Pradesh. b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad - 461001 Madhya Pradesh.
<b>o) Address for correspondence:</b>	HEG Limited. Secretarial Department Bhilwara Towers, A-12, Sector -1, Noida - 201301 Phone: 0120-4390300, 4390000 • Fax: 0120- 4277841 E-mail: Investor.complaints@hegltd.com Website: www.hegltd.com

## Compliance Certificate

To  
The Members of  
**HEG Limited**

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended 31st March, 2014, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

We further state that our examination of such compliance is neither an assurance as to the viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S. S. KOTHARI MEHTA & CO.**

*Chartered Accountants*

Firm Regn. No. 000756N

**For DOOGAR & ASSOCIATES**

*Chartered Accountants*

Firm Regn. No.000561N

**ARUN K TULSIAN**

*PARTNER*

Membership No. 089907

**MUKESH GOYAL**

*PARTNER*

Membership No. 081810

Place : Noida (U.P.)

Date : 21st April, 2014



# Independent Auditors' Report

To The Members of  
HEG LIMITED

## Report on the financial statements

We have audited the accompanying financial statements of HEG Limited ("the Company") which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation of these 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 Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- ii) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditors' Report) Order, 2003 (as amended) (the Order), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
  - (e) On the basis of written representations received from directors, as on March 31, 2014, and taken on record by the Board of Directors, we further report that none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

**Mukesh Goyal**  
Partner  
Membership No. 081810

Place : Noida (U.P.)  
Date : 21st April, 2014

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn. No. 000756N

**Arun K. Tulsian**  
Partner  
Membership No. 089907

## Annexure To The Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on other Legal and Regulatory requirements" of our report of even date.)

- i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- b) Physical verification of fixed assets is being conducted by the management based on a programme designed to cover all assets 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. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.
- c) During the year, the Company has not disposed off substantial part of the fixed assets.
- ii) a) The inventories have been physically verified by the management during the year at all its locations, except stocks located outside India, lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account.
- iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses 4 (iii) (b) to (d) of the Order are not applicable.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses 4 (iii) (f) and (g) of the Order are not applicable.
- iv) According to the information and explanations given to us during the course of audit, there seems to be adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory & fixed assets and also with regard to sale of goods & services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.
- v) a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- vi) The company has not accepted any deposits from the public within the meaning of provisions of Section 58A, 58AA & any other relevant provisions of the Act, including the Companies [Acceptance of Deposits] Rules, 1975.
- vii) In our opinion, the Company has an internal audit system which is commensurate with its size and the nature of its business.
- viii) We have broadly reviewed the cost accounting records maintained by the Company pursuant to the Rules prescribed by the Government of India for the maintenance of cost records under Section 209 (1) (d) of the Act. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained by the company. However, we are not required to make a detailed examination of such books and records.
- ix) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues applicable to it. There are no arrears of such dues outstanding as at the year end for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of custom duty, wealth tax and Cess that have not been deposited on account of any dispute except the following dues of income tax, sales tax, service tax and excise duty along with the forum where the dispute is pending :

(₹ in Lacs)

Name of the Statute	Nature of Dues	Year to which amount pertains	Forum	Amount
Income Tax Act, 1961	Income Tax	Assessment year 2008-09, 2012-13	CIT (Appeals), Bhopal	398.77
		Assessment year 2003-04, 2004-05	Hon'ble High Court, Jabalpur	516.00
Central Excise Act, 1944	Excise Duty	2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08	CESTAT, New Delhi	296.49
		2004-05	Hon'ble High Court, Jabalpur	1.42
Finance Act, *1994	Service Tax and penalty	2004-06, 2006-07, 2008-09, 2009-10, 2010-11	CESTAT, New Dehli	585.35

(₹ in Lacs)

Name of the Statute	Nature of Dues	Year to which amount pertains	Forum	Amount
	Service Tax and penalty	2010-2011	Commissioner of Excise and Customs, Bhopal	22.35
Central Sales Tax Act, 1956	Central Sales Tax	2002-03	Sales Tax Tribunal, Bhopal	20.89
Central Sales Tax Act, 1956	Central Sales Tax	2003-04	Hon'ble High Court, Jabalpur	21.30
Madhya Pradesh Parvesh Kar Adhiniyam, 1976	Entry Tax	2010-11	Commissioner (Appeals), Bhopal	36.15
		2002-03, 2006-07, 2007-08, 2008-09, 2009-10	Appellate Tribunal, Bhopal	135.00
		1997-98, 2003-04	Hon'ble High Court, Jabalpur	20.11
Chattishgarh Commercial Tax	VAT	2006-07	Commissioner (Appeals), Raipur	3.03
		1992-93	Appellate Tribunal, Raipur	1.51
	Entry Tax	2005-06	Appellate Tribunal, Raipur	9.79
	Entry Tax	2006-07	Commissioner (Appeals), Raipur	12.00

- x) There are no accumulated losses of the Company as at the end of the financial year. There are no cash losses during the financial year and in the immediately preceding financial year.
- xi) According to the information and explanations given to us and as per the books and records examined by us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- xii) According to the information & explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a Chit fund / Nidhi / Mutual Benefit fund/ Society. Therefore the relevant reporting requirements of the Order are not applicable.
- xiv) According to the information and explanations given by the management, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
- xv) The company has given a guarantee jointly with another company to a financial institution for loans taken by others from that financial institution, the terms and conditions of which are not, prima facie, prejudicial to the interest of the Company.
- xvi) In our opinion, and according to the information and explanation given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
- xvii) According to the information and explanations given to us and as per the books and records examined by us, as on the date of the balance sheet, the funds raised by the Company on short term basis have not been applied for long term investment.
- xviii) The company has not made any preferential allotment of shares, during the year, to companies and parties covered in the register maintained under section 301 of the Act.
- xix) During the financial year, the Company has not issued any debentures nor has any outstanding debentures at the end of the financial year.
- xx) The Company has not raised any money through public issues during the year.
- xxi) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn. No. 000756N

**Mukesh Goyal**  
Partner  
Membership No. 081810

**Arun K. Tulsian**  
Partner  
Membership No. 089907

Place : Noida (U.P.)  
Date : 21st April, 2014

**BALANCE SHEET** As at 31st March, 2014

(₹ in Lacs)

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	3	3,995.95	3,995.95
(b) Reserves and Surplus	4	88,410.82	82,333.16
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	16,895.86	35,974.10
(b) Deferred tax liabilities (Net)	6	9,202.77	8,137.63
(c) Other Long term liabilities	7	217.09	248.44
(d) Long-term provisions	8	205.09	200.29
<b>3 Current liabilities</b>			
(a) Short-term borrowings	9	66,441.23	85,539.05
(b) Trade payables	10	22,985.03	13,379.60
(c) Other current liabilities	11	31,294.45	27,589.81
(d) Short-term provisions	8	3,343.96	4,397.47
<b>TOTAL</b>		<b>2,42,992.25</b>	<b>2,61,795.50</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	94,007.33	71,703.58
(ii) Intangible assets	13	49.86	89.51
(iii) Capital work-in-progress	14	11,869.71	21,454.24
(iv) Intangible assets under development		-	-
(b) Non-current investments	15	9,766.32	7,022.68
(c) Long-term loans and advances	16	5,921.02	11,809.16
(d) Other non-current assets	17	2,806.80	2,139.37
<b>2 Current assets</b>			
(a) Current investments	18	25.00	25.00
(b) Inventories	19	49,400.46	60,766.92
(c) Trade receivables	20	52,388.09	59,856.06
(d) Cash and bank balances	21	1,202.30	1,462.25
(e) Short-term loans and advances	16	11,416.32	17,810.18
(f) Other current assets	17	4,139.03	7,656.56
<b>TOTAL</b>		<b>2,42,992.25</b>	<b>2,61,795.50</b>
<b>Summary of significant accounting policies</b>	2		

The accompanying notes (1-50) are integral part of the financial statements

Signed in terms of our report of even date

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn.No. 000756N

**Mukesh Goyal**  
Partner  
Membership No. 081810

**Arun K.Tulsian**  
Partner  
Membership No. 089907

**Ravi Jhunjunwala**  
Chairman & Managing Director  
**Shekhar Agarwal**  
Vice Chairman  
**D.N.Davar**  
Director  
**Riju Jhunjunwala**  
Director  
**Raju Rustogi**  
Chief Financial Officer  
**Ashish Sabharwal**  
Company Secretary

Place : Noida (U.P.)  
Dated : 21st April, 2014

## Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
<b>I. Revenue from operations (Gross)</b>			
Sale of products	22	1,49,149.01	1,65,117.77
Other Operating Income		789.65	518.45
Less: Excise Duty		3,257.54	3,374.75
Revenue from operations (Net)		1,46,681.12	1,62,261.48
<b>II. Other income</b>	23	2,177.15	1,360.22
<b>III. Total Revenue (I + II)</b>		<b>1,48,858.26</b>	<b>1,63,621.69</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	24	64,487.74	82,428.99
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	5,972.99	(3,773.68)
Employee benefit expenses	26	5,883.53	5,578.12
Finance costs	27	7,229.69	6,360.37
Depreciation and amortisation expense	28	7,265.99	6,264.44
Other expenses	29	45,738.21	48,716.31
<b>Total expenses</b>		<b>1,36,578.14</b>	<b>1,45,574.55</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		12,280.12	18,047.14
<b>VI. Exceptional items</b>	30	2,535.83	5,519.79
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		9,744.29	12,527.35
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Profit before tax (VII- VIII)</b>		9,744.29	12,527.35
<b>X Tax expense:</b>			
(1) Current tax			
Current Tax (MAT)		2,120.69	2,486.34
MAT Credit Entitlement		(2,120.69)	(1,149.44)
Net Current Tax		-	1,336.90
Previous Year		29.42	339.25
MAT Credit Previous Year		(12.02)	-
(2) Deferred tax		1,065.14	271.80
<b>XI Profit (Loss) for the period from continuing operations (IX-X)</b>		8,661.76	10,579.40
<b>XII Profit (Loss) for the period</b>		8,661.76	10,579.40
<b>XIII Earnings per equity share: (Par value of ₹ 10 each)</b>			
(1) Basic (₹)	31	21.68	26.48
(2) Diluted (₹)	31	21.68	26.48

The accompanying notes (1-50) are integral part of the financial statements

Signed in terms of our report of even date

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

**Mukesh Goyal**  
Partner  
Membership No. 081810

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn.No. 000756N

**Arun K. Tulsian**  
Partner  
Membership No. 089907

**Ravi Jhunjunwala**  
Chairman & Managing Director  
**Shekhar Agarwal**  
Vice Chairman  
**D.N. Davar**  
Director  
**Riju Jhunjunwala**  
Director  
**Raju Rustogi**  
Chief Financial Officer  
**Ashish Sabharwal**  
Company Secretary

Place : Noida (U.P.)  
Dated : 21st April, 2014



# Notes to the Financial Statements

## 1 BASIS OF PREPARATION

The company prepares its accounts on accrual basis following the historical cost convention and on the basis of going concern in compliance with the provisions of Section 211(3C) {Companies (Accounting Standards ) Rules , 2006, as amended} and the other relevant provisions of the Companies Act , 1956 which, as per a clarification issued by the Ministry of Corporate Affairs, continue to apply under section 133 of the Companies Act 2013 (which has superseded section 211 (3C) of the Companies Act, 1956 w.e.f 12th September 2013.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

### 2.2 Revenue Recognition

#### Sale of Goods

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

- (i) Revenue is recognized in respect of export sales on the basis of shipment of goods to customer and in respect of domestic sales on dispatch from factory. Quality rebates, claims and other discounts are disclosed separately.
- (ii) Domestic Sales includes excise duty. However, excise duty on sales is reduced from gross turnover for disclosing net turnover.
- (iii) Power generated at the power plants is primarily consumed by the manufacturing units and excess power is sold to SEBs/IEX which is included in the sales as below:
  - i) Power generated at Thermal Power unit at Mandideep is transferred to Graphite unit at MPEB rate.
  - ii) Excess power generated is sold to SEB's at rate stipulated by SEB's and /or IEX at market rate.
- iv) Inter-divisional sales comprising of sale of power from power plants to Graphite unit is reduced from gross turnover in deriving net turnover.
- v) Income and Export Incentives/benefits are accounted for on accrual basis and as per principles given under AS-9 – Revenue Recognition.
- vi) Power generated from Hydel Plant at TAWA is sold to SEB/IEX at the prevailing rates. Entitlement to Renewal Energy Certificates owing to generation of power are recognized to the extent sold at actual rate of net realization.

#### Dividends

Revenue in respect of dividends is recognised when the shareholders' right to receive payment is established by the balance sheet date.

### 2.3 Inventories

- i) Finished goods and work-in-progress are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. By products are valued at net realisable value. Cost is determined on a weighted average basis.
- ii) Stores, Spares and Raw Materials are valued at lower of historical cost or net realisable value. However, materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- iii) Cost is determined on the basis of weighted average method.
- iv) Obsolete stocks are identified every year on the basis of technical evaluation and are charged off to revenue.
- v) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 2.4 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-

## Notes to the Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

term investments are carried at cost individually. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

#### 2.5 Fixed & Intangible Assets

##### Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment loss if any. Historical cost comprises the purchase price (net of CENVAT / duty credits wherever applicable) and all direct costs attributable to bringing the asset to its working condition for intended use.

##### Intangible Assets

Capital expenditure on purchase and development of identifiable assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS-26 – Intangible Assets. These are grouped and separately shown under the schedule of Fixed Assets.

#### 2.6 Expenses Incurred During Construction Period

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction / implementation, interest on borrowings to finance fixed assets and expenditure on start-up / commissioning of assets forming part of a composite project are capitalized upto the date of commissioning of the project as the cost of respective assets.

#### 2.7 Depreciation & Amortisation

Depreciation is charged on the following basis:

- (i) On Plant & Machinery and other assets of Hydel Power Project at Tawa, at the rates notified under the Electricity Act as per approval of Ministry of Company Affairs, which are as follows:

Sl. No.	Description of Asset	Rate of Depreciation (%)
1	Land	5.00
2	Factory Building	3.02
3	Non Factory Building	3.02
4	Plant & Machinery	
	i) Dams, Spillways weirs, canals, reinforced concrete Flumes and symphons	1.95
	ii) Hydraulic control valves and other hydraulic works	3.40
	iii) Transformers having a rating of 100 KVA and over	7.81
5	Electrical Installation	
	i) Batteries	33.40
	ii) Lines on Fabricated steel operating at normal voltages higher than 66 kv	5.27
	iii) Residual	7.84
6	Furniture and Fixtures	12.77
7	Office Equipment and other assets	12.77
8	Vehicles	33.40

- (ii) a) On Plant & Machinery other than those mentioned at (i) above, on straight line method,  
b) On other fixed assets, on written down value method, in the manner and as per rates prescribed in Schedule XIV of the Companies Act, 1956.
- (iii) Cost of acquisition & improvement of lease hold land is amortized over the lease period.
- (iv) The Thermal Power Plant and certain Plant & Machinery of Graphite Unit of the Company have been considered as Continuous Process Plant based on technical opinion and depreciation has been provided for accordingly.
- (v) Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase.
- (vi) Intangible assets are amortised over a period of 3-5 years on a straight line basis.

## Notes to the Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.8 Impairment of Assets

Assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units). For the purpose of assessing impairment at each Balance Sheet date, Assets within a Cash Generating Unit are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount at which the assets under individual Cash Generating Unit are carried in the books exceeds its recoverable amount being the higher of the assets net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the assets.

Previously recognized impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

#### 2.9 Foreign Exchange Transactions/Translation

- a)
  1. Export and Import transactions are accounted for at the prevailing conversion rates.
  2. Monetary items denominated in foreign currencies (except financial instruments designated as Hedging Instruments) and outstanding at the year end are translated at year end conversion rates.
  3. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.
- b) Pursuant to The Institute of Chartered Accountants of India (ICAI) announcement "Accounting for Derivatives" on the early adoption of Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", the Company had adopted the AS-30 in earlier financial years, to the extent that such adoption does not conflict with existing mandatory Accounting Standards and other authoritative pronouncements, Company law and other regulatory requirements.

The Company uses various financial instruments to hedge its exposure to movements in foreign exchange rates. A financial instrument is designated as an effective hedge after the management objectively evaluates at the inception of each contract as to whether the instrument is effective in offsetting the cash flows attributable to the hedged risk. The same evaluation is carried out at the end of each reporting period. In the absence of such hedge being identified or being continued to be identified as an effective hedge, the value thereof is taken to Statement of Profit & Loss.

Exchange differences relating to cash flow hedge are accumulated in a hedging reserve account. Amounts from hedging reserve account are transferred to Statement of Profit & Loss when

- (a) the forecast transaction materializes,
  - (b) the hedging instrument expires or is sold, terminated or exercised (except for the replacement or rollover of a hedging instrument into another hedging instrument where such replacement or rollover is part of the Company's hedging strategy),
  - (c) the hedge no longer meets the criteria for hedge accounting in AS-30,
  - (d) the Company revokes the designation.
- Hedge effectiveness of financial instruments designated as Hedging instruments is evaluated at the end of each financial reporting period.

#### 2.10 Research and Development

Revenue expenditure on research and development including salaries, consumables and power & fuel is charged to Statement of Profit and Loss under respective heads of expenditure. Capital expenditure is shown as addition to fixed assets.

#### 2.11 Employee Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employee Benefits.

##### (i) Provident Fund & ESI

The Company makes contribution to statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

##### (ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of

## Notes to the Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/ obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year to which such gains or losses relate.

#### (iii) Compensated Absences

Liability in respect of compensated absence becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

#### (iv) Superannuation Benefit

The Company makes contribution to superannuation fund which is a post employment benefit in the nature of a defined contribution plan & contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

#### (v) Other Short Term Benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

### 2.12 Leases

#### Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

### 2.13 Segment accounting & reporting

#### Identification of Segments

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products.

#### Allocation of Common Costs

Common allocable costs are allocated to each segment on reasonable basis.

#### Unallocated Items

Unallocable assets and liabilities represent the assets and liabilities not allocable to any segment as identified as per the Accounting Standard.

#### Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### 2.14 Taxes On Income

Tax expense comprises of current and deferred. Provision for Current Tax is made in accordance with the provisions of Income Tax Act, 1961.

In accordance with Accounting Standard AS-22 'Accounting for Taxes on Income' as notified by Companies (Accounting Standards) Rules, 2006 Deferred Tax Liability/ Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, deferred tax assets are recognized only if there is a reasonable/ virtual certainty of realization thereof. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

MAT credit 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 specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit

## Notes to the Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### 2.15 Government grants & subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

#### 2.16 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 2.17 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

- (i) a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and
- (ii) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are neither accounted for nor disclosed in the financial statements.

#### 2.18 Miscellaneous Expenditure

Expenditure incurred on issuance of foreign currency convertible bonds are being amortized over a period of five years from the date of the issue of said bonds being the tenor of such bonds.

#### 2.19 Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

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

#### 2.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



## Notes to the Financial Statements

### 3 SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Authorised</b>		
5,50,00,000 (Previous year 5,50,00,000) Equity Shares of ₹ 10/- each	5,500.00	5,500.00
15,00,000 (Previous year 15,00,000) Preference Shares of ₹ 100/- each	1,500.00	1,500.00
	<b>7,000.00</b>	<b>7,000.00</b>
<b>Issued, subscribed &amp; fully paid-up</b>		
3,99,59,142 (Previous year 3,99,59,142) Equity Shares of ₹ 10/- each	3,995.91	3,995.91
1,150 (Previous year 1,150) Forfeited Equity Shares	0.04	0.04
<b>Total</b>	<b>3,995.95</b>	<b>3,995.95</b>

Of the above

- 2,21,96,821 (Previous year 2,21,96,821) Equity Shares have been issued as fully paid up bonus shares by capitalisation of Reserves.
- 3,00,000 (Previous year 3,00,000) Equity Shares have been issued as fully paid up pursuant to a contract without payment being received in cash.
- 10,700 (Previous year 10,700) Equity shares have been issued at par as fully paid up to the members of erstwhile subsidiary company Bhilwara Viking Petroleum Limited pursuant to amalgamation.

#### a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Particulars	2013-14		2012-13	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
<b>Equity Shares</b>				
At the beginning of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91

#### b) Terms/Rights attached to equity shares

Company has only one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31st March, 2014, the amount per share dividend recognized as distribution to Equity Shareholders was ₹ 6 per Equity Share (Previous year ₹ 8 per Equity Share).

#### c) Detail of Shareholders holding more than 5% Shares in the Company

Name of Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% holding	No. of Shares held	% holding
Norbury Investments Limited	53,62,991	13.42	53,62,991	13.42
Microlight Investments Limited	46,65,579	11.68	46,65,579	11.68
Life Insurance Corporation of India	34,33,294	8.59	37,75,677	9.45
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	7.24
Bharat Investments Growth Limited	26,09,598	6.53	26,09,598	6.53

As per records of the Company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## Notes to the Financial Statements

### 3 SHARE CAPITAL (contd.)

- d) Aggregate number of equity shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

Particulars	Aggregate No. of Shares				
	2013-14	2012-13	2011-12	2010-11	2009-10
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
FCCB's Conversion	-	-	-	2,37,733	15,84,894
Shares bought back	-	-	28,85,765	-	15,50,725
Closing Balance	3,99,59,142	3,99,59,142	3,99,59,142	4,28,44,907	4,26,07,174

### 4 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Capital Reserve</b>		
Balance as per the last financial statements	3,138.24	3,138.24
Add: Additions during the year	-	-
<b>Closing balance</b>	<b>3,138.24</b>	<b>3,138.24</b>
<b>Capital Redemption Reserve</b>		
Balance as per the last financial statements	1,893.57	1,893.57
Add: Current year transfers	-	-
<b>Closing balance</b>	<b>1,893.57</b>	<b>1,893.57</b>
<b>Securities Premium Account</b>		
Balance as per the last financial statements	1,269.61	1,269.61
Add : Received during the year	-	-
<b>Closing balance</b>	<b>1,269.61</b>	<b>1,269.61</b>
<b>Debenture Redemption Reserve</b>		
Balance as per the last financial statements	-	2,506.62
Add: Transfer from Statement of Profit and Loss during the year	-	-
Less: Transferred to Statement of Profit and Loss against debentures redeemed	-	2,506.62
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Hedging Reserve</b>		
Balance as per the last financial statements	575.06	(2,692.02)
Add/(Less): Amount utilized on settlement of hedged instrument	(25.91)	2,864.76
Add: Transfer during the year	246.82	402.32
<b>Closing balance</b>	<b>795.97</b>	<b>575.06</b>
<b>General Reserve</b>		
Balance as per the last financial statements	38,567.18	36,067.18
Add: Transfer from Statement of Profit and Loss during the year	866.18	2,500.00
<b>Closing balance</b>	<b>39,433.36</b>	<b>38,567.18</b>
<b>Surplus/(Deficit) balance in Statement of Profit and Loss</b>		
Balance as per the last financial statements	36,889.50	30,043.49
Add: Amount transferred from Statement of Profit and Loss	8,661.76	10,579.40
Amount available for Appropriation	45,551.26	40,622.89
Less: Proposed Dividend	2,397.55	3,196.73

## Notes to the Financial Statements

### 4 RESERVES AND SURPLUS (contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Less: Dividend distribution tax on Proposed Dividend	407.46	543.28
Add: Transfer from Debenture Redemption Reserve	-	2,506.62
Less: Amount Transferred to General Reserve	866.18	2,500.00
<b>Closing balance</b>	<b>41,880.07</b>	<b>36,889.50</b>
<b>Total</b>	<b>88,410.82</b>	<b>82,333.16</b>

### 5 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars	Non Current Portion		Current maturities	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>				
Term loans				
Rupee Loans from Banks	2,265.00	12,070.00	8,345.98	8,555.00
Foreign currency Loans from Banks	13,130.86	20,404.10	9,061.34	8,052.29
Rupee Loans from others	1,500.00	3,500.00	2,000.00	1,500.00
	<b>16,895.86</b>	<b>35,974.10</b>	<b>19,407.32</b>	<b>18,107.29</b>
"Amount disclosed under the head:- ""other Current liabilities""(Note No-11)"			19,407.32	18,107.29
<b>Total</b>	<b>16,895.86</b>	<b>35,974.10</b>	<b>-</b>	<b>-</b>

Terms of repayment / details of security are as follows:

#### From Banks – Term loans

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.3.2014	Annual repayment schedule			
				2014-15	2015-16	2016-17	2017-18
Dena Bank	Base Rate Linked	4-Quarterly	1,665.99	1,665.99	-	-	-
Axis Bank	Base Rate Linked	5-Quarterly	5,625.00	5,000.00	625.00	-	-
Development Credit Bank	Base Rate Linked	8-Quarterly	3,319.99	1,679.99	1,640.00	-	-
Standard Chartered-ECB	Libor Linked rate	3-Quarterly	788.81	788.81	-	-	-
HSBC-ECB	Libor Linked rate	2-Half Yearly	6,009.98	6,009.98	-	-	-
DBS-ECB	Libor Linked rate	4-Yearly	12,019.96	601.00	3,004.99	3,966.59	4,447.38
DBS-ECB[Fully Hedged in INR]	Libor Linked rate	2-Yearly	3,373.45	1,661.55	1,711.90	-	-
<b>Total</b>			<b>32,803.18</b>	<b>17,407.32</b>	<b>6,981.89</b>	<b>3,966.59</b>	<b>4,447.38</b>

#### From Others

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.3.2014	Annual repayment schedule			
				2014-15	2015-16	2016-17	2017-18
Aditya Birla Finance Ltd	Base Rate Linked	7-Quarterly	3,500.00	2,000.00	1,500.00	-	-

Term Loans from Financial Institutions and Banks/other lending Institutions are secured by way of joint equitable mortgage of all the immovable properties (present and future) of Graphite & Thermal Power units at Mandideep and Hydel unit at Tawa Nagar ranking on pari-passu basis and hypothecation of all movable assets of the Company (except book debts) subject to prior charge of the Company's bankers on specified movable assets in respect of working capital borrowings.

## Notes to the Financial Statements

### 6 DEFERRED TAX LIABILITIES (NET) (₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Deferred tax liabilities</b>		
Arising on account of Timing difference		
Accumulated Depreciation	9,586.95	8,486.69
<b>Deferred tax assets</b>		
Arising on account of Timing difference	-	-
Due to section 43B of the Income Tax Act	266.81	259.31
Others	117.37	89.75
<b>Net deferred tax Liability</b>	<b>9,202.77</b>	<b>8,137.63</b>
<b>Movement</b>		
Opening Balance	8,137.63	7,865.83
Addition/(deduction) during the year	1,065.14	271.80
Closing balance	9,202.77	8,137.63

### 7 OTHER LONG TERM LIABILITIES (₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Others</b>		
Security received	217.09	248.44
	<b>217.09</b>	<b>248.44</b>

### 8 PROVISIONS (₹ in Lacs)

Particulars	Long Term		Short Term	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Provision for employee benefits</b>				
Compensated absences	205.09	200.29	43.89	50.24
Gratuity	-	-	64.46	60.98
<b>Others</b>				
Provision for Proposed Dividend on Equity Shares	-	-	2,397.55	3,196.73
Provision for Dividend distribution tax	-	-	407.46	543.28
Provision for Income Tax (Net of Advance Tax of ₹ 1,700 lacs (PY ₹ 1,950 lacs))	-	-	420.69	536.34
Provision for wealth tax	-	-	9.90	9.90
<b>Total</b>	<b>205.09</b>	<b>200.29</b>	<b>3,343.96</b>	<b>4,397.47</b>

## Notes to the Financial Statements

### 9 SHORT TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
Loans repayable on demand		
Working Capital Loans from Banks	61,351.23	69,909.13
<b>Unsecured</b>		
Short Term borrowings from banks	5,090.00	15,629.92
<b>Total</b>	<b>66,441.23</b>	<b>85,539.05</b>

Working Capital Borrowings from Banks are secured by hypothecation of all Current Assets and second charge by way of joint equitable mortgage of immovable properties of the Company in respect of Graphite & Thermal Power units at Mandideep and Hydel unit at Tawanagar. The said charge in favour of bank shall rank sub-ordinate and subservient to the existing charges created by the Company in favour of financial Institutions and banks for their term loans.

### 10 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade payables	22,985.03	13,379.60
	<b>22,985.03</b>	<b>13,379.60</b>

The information as required to be disclosed under the Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has been determined to the extent such parties have been identified by the Company, on the basis of information and records available with them. This information has been relied upon by the auditors. Disclosure in respect of interest due on delayed payment has been determined only in respect of payments made after the receipt of information, with regards to filing of memorandum, from the respective suppliers. Disclosure as required under section 22 of the Act, is as under:

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>(i) Principal amount remaining unpaid as at end of the year</b>	22.85	54.27
<b>(ii) Interest due on above</b>	-	-
1 Total of (i) & (ii).	22.85	54.27
2 Interest paid on delayed payment of principal, paid along with such interest during the year.	-	-
3 Interest due on delayed payment of principal, paid without such interest during the year.	-	-
4 Interest accrued but not due, in respect of delayed payments of principal due as at end of the year.	-	-
5 Total interest due and payable together with that from prior year(s).	-	-

## Notes to the Financial Statements

### 11 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long-term Borrowings (Note-5)	19,407.32	18,107.29
Interest accrued but not due on borrowings	429.71	397.29
Unpaid dividends-Unclaimed*	240.02	215.09
Advance from Customers	842.23	1,110.33
Deposits from employees against various schemes	257.30	263.81
Other payables		
Employees Related	1,174.89	1,457.47
Statutory dues payable (Including PF and TDS)	1,550.24	1,572.90
Others	7,392.73	4,465.62
	<b>31,294.45</b>	<b>27,589.81</b>

\* Investor Education & Protection Fund is credited by unclaimed dividend amounts outstanding on expiry of seven years from dividend declaration.

### 12 TANGIBLE ASSETS

(₹ in Lacs)

	Land		Buildings	Plant & Equipment	Railway Sidings	Office Equipment	Electrical Installation	Furniture & Fixtures	Vehicles	Total
	Freehold	Leasehold (a)								
<b>Gross Block</b>										
<b>At 1st April 2012</b>	<b>276.31</b>	<b>324.71</b>	<b>17,536.09</b>	<b>95,277.10</b>	<b>418.99</b>	<b>1,015.06</b>	<b>1,422.11</b>	<b>506.31</b>	<b>938.56</b>	<b>1,17,715.24</b>
Additions	-	-	908.70	1,926.28	181.08	99.67	124.95	8.46	178.07	3,427.21
Disposals	-	-	-	-	-	(17.17)	(28.70)	(5.56)	(179.65)	(231.08)
Adjustment (b)	-	-	32.54	150.93	-	-	-	-	-	183.47
<b>At 31st March 2013</b>	<b>276.31</b>	<b>324.71</b>	<b>18,477.34</b>	<b>97,354.31</b>	<b>600.07</b>	<b>1,097.55</b>	<b>1,518.35</b>	<b>509.21</b>	<b>936.99</b>	<b>1,21,094.84</b>
Additions	40.37	399.64	6,466.16	18,163.47	321.62	133.55	1,454.86	114.83	279.08	27,373.59
Disposals	-	-	(187.75)	(414.20)	-	(99.15)	(20.90)	(7.20)	(212.79)	(941.98)
Adjustment (b)	-	-	578.97	1,672.10	-	(1.12)	77.38	(0.01)	-	2,327.32
<b>At 31st March 2014</b>	<b>316.68</b>	<b>724.35</b>	<b>25,334.72</b>	<b>1,16,775.68</b>	<b>921.69</b>	<b>1,130.84</b>	<b>3,029.70</b>	<b>616.83</b>	<b>1,003.28</b>	<b>1,49,853.77</b>
<b>Depreciation</b>										
<b>At 1st April 2012</b>	<b>-</b>	<b>73.17</b>	<b>6,087.34</b>	<b>34,862.58</b>	<b>140.17</b>	<b>720.66</b>	<b>648.49</b>	<b>349.96</b>	<b>432.05</b>	<b>43,314.42</b>
Charge for the year	-	10.09	968.86	4,763.47	19.93	100.06	114.86	28.28	156.52	6,162.07
Disposals	-	-	-	-	-	(14.39)	(10.49)	(2.62)	(113.39)	(140.89)
Adjustment (b)	-	-	13.05	42.57	-	-	-	-	-	55.62
<b>At 31st March 2013</b>	<b>-</b>	<b>83.26</b>	<b>7,069.25</b>	<b>39,668.62</b>	<b>160.10</b>	<b>806.34</b>	<b>752.86</b>	<b>375.62</b>	<b>475.18</b>	<b>49,391.23</b>
Charge for the year	-	10.79	1,215.58	5,296.80	32.23	102.53	231.22	26.93	145.08	7,061.17
Disposals	-	-	(158.47)	(356.59)	-	(93.07)	(11.95)	(4.92)	(143.97)	(768.97)
Adjustment (b)	-	-	64.64	91.85	-	(1.12)	7.64	(0.01)	-	163.00
<b>At 31st March 2014</b>	<b>-</b>	<b>94.05</b>	<b>8,191.00</b>	<b>44,700.68</b>	<b>192.33</b>	<b>814.68</b>	<b>979.78</b>	<b>397.62</b>	<b>476.29</b>	<b>55,846.43</b>
<b>Net Block</b>										
<b>At 31st March 2013</b>	<b>276.31</b>	<b>241.45</b>	<b>11,408.05</b>	<b>57,686.29</b>	<b>439.97</b>	<b>291.22</b>	<b>765.50</b>	<b>132.99</b>	<b>461.80</b>	<b>71,703.58</b>
<b>At 31st March 2014</b>	<b>316.68</b>	<b>630.30</b>	<b>17,143.72</b>	<b>72,075.00</b>	<b>729.36</b>	<b>316.16</b>	<b>2,049.92</b>	<b>219.21</b>	<b>526.99</b>	<b>94,007.33</b>

- Assets amounting to ₹ 83.13 Lacs ( Previous Year ₹ 83.13 Lacs) (Gross) are owned jointly with RSWM Ltd.
- The Company has exercised the option made available by the notification No GSR 914(E) dated 29th December 2011 issued by the Ministry of Corporate affairs. Accordingly, an amount of ₹ 2,327.32 Lacs, ( Previous Year ₹ 183.47 Lacs) being exchange difference arising on reporting of long term Foreign currency loans availed for acquisition of depreciable Fixed assets have been taken to respective assets and ₹ 852.42 Lacs, (Previous Year ₹ 2,934.44) to capital work-in-progress.



## Notes to the Financial Statements

### 13 INTANGIBLE ASSETS

(₹ in Lacs)

Particulars	Computer Software
<b>Gross Block</b>	
<b>At 1st April 2012</b>	<b>449.20</b>
Additions	-
Disposals	-
<b>At 31st March 2013</b>	<b>449.20</b>
Additions	2.17
Disposals	-
<b>At 31st March 2014</b>	<b>451.37</b>
<b>Depreciation</b>	
<b>At 1st April 2012</b>	<b>312.99</b>
Charge for the year	46.70
Disposals	-
<b>At 31 March 2013</b>	<b>359.69</b>
Charge for the year	41.82
Disposals	-
<b>At 31 March 2014</b>	<b>401.51</b>
<b>Net Block</b>	
<b>At 31 March 2013</b>	<b>89.51</b>
<b>At 31 March 2014</b>	<b>49.86</b>

### 14 CAPITAL WORK-IN-PROGRESS

Capital work-in-progress includes ₹ 4,305.32 Lacs (Previous Year ₹ 5,972.56 Lacs) being preoperative expenditure and ₹ 66.28 Lacs (Previous Year ₹ 2,064.29 Lacs) being capital stores.

## Notes to the Financial Statements

15	INVESTMENTS	(₹ in Lacs)
Non-Current Investments		As at 31st March, 2014      As at 31st March, 2013
	Other Investment (valued at cost, except for diminution in value other than temporary)	
	<b>Investments in Equity instruments</b>	
	<b>Unquoted-Investment in subsidiary</b>	
	HEG Graphite Products and Services Ltd	
50,000	(Previous year 50,000) Equity Shares of ₹ 10 each fully paid up (Includes 6 Shares held by the nominees of the Company)	5.00      5.00
	<b>Unquoted-Investment in Associates</b>	
4,11,50,025	(Previous year 3,91,90,500) Equity Shares of ₹ 10/- each fully paid up of Bhilwara Energy Ltd. (*)	5,342.32      2,612.70
12,62,048	(Previous year 12,62,048 ) Equity Shares of ₹ 10/- each fully paid up of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.)	419.00      404.97
	(Net of Provision for other than temporary diminution aggregating to NIL (Previous year ₹ 14.03 Lacs)	
	<b>Quoted-Investment in Others</b>	
18	(Previous year 18) Equity Shares of ₹ 2/-each of Ballarpur Ind. Ltd.	0.01      0.01
	<b>Investments in Preference Shares (#)</b>	
	<b>Unquoted-Investment in Associates</b>	
40,00,000	(Previous year 40,00,000) Preference Shares of ₹ 100/- each of Bhilwara Energy Ltd.	4,000.00      4,000.00
	<b>Total</b>	<b>9,766.32      7,022.68</b>
	(*) Includes 19,59,525 Equity Shares allotted in Right Issue in the year 2013-14.	
	#) Preference shares of Bhilwara Energy Ltd. Redeemable after 5 years (due on 25.05.2014) at YTM of 10.93% unless put/call option exercised. In the current financial year, management of Bhilwara Energy Limited has requested the Company to give its consent for conversion of preference shares along with premium there on, into equity shares at an appropriate valuation.	
	Aggregate amount of quoted investments	0.01      0.01
	Market value of quoted investments	**      **
	Aggregate amount of unquoted investments	9,766.31      7,022.67
	Aggregate provision for diminution in value of investments	-      14.03
	(**) Amount is below the Rounding off norm adopted by the Company	

## Notes to the Financial Statements

### 16 LOANS & ADVANCES

(₹ in Lacs)

Particulars	Long-term		Short-term	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Unsecured, considered good unless stated otherwise				
Capital advances	2.56	7,102.39	-	-
Security deposits	487.78	335.66	-	-
Other loans and advances				
Advances for goods / services	-	-	-	-
Unsecured, considered good	-	-	503.25	1,898.83
Doubtful	-	-	-	-
Balances with statutory authorities	-	-	940.26	1,582.99
Loans and advances to employees-Secured	116.18	123.38	62.73	38.08
Unsecured, considered good	-	-	211.74	188.02
Prepaid expenses	-	-	226.72	191.55
Excise rebates / refunds receivable	-	-	7,538.42	13,054.11
Direct taxes refundable (net of provisions ₹ 29755.16 Lacs, previous year ₹ 27,534.21Lacs)	736.31	1,834.78	1,137.28	-
MAT Credit Entitlement	4,299.32	2,166.63	-	-
Mark to Market on derivative	-	-	795.91	575.06
Other Receivables	-	-	-	281.55
Payments under protest	278.87	246.32	-	-
	<b>5,921.02</b>	<b>11,809.16</b>	<b>11,416.32</b>	<b>17,810.18</b>

#### Detail of payments under protest is as follows:

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Entry Tax	105.62	78.31
Central Sales Tax	32.66	29.08
Excise duty/Service Tax	139.82	138.30
MPST/MPCT	0.77	0.64
	<b>278.87</b>	<b>246.32</b>

#### Detail of Tax Expenses /( Benefit)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Current Income Tax	2,120.69	2,486.34
MAT Credit Entitlement	(2,120.69)	(1,149.44)
Deferred Tax Charge	1,065.14	271.80
Tax- Earlier Years	29.42	339.25
Previous year MAT Credit Entitlement	(12.02)	-
	<b>1,082.53</b>	<b>1,947.95</b>

- a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in Company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years.

## Notes to the Financial Statements

### 16 LOANS & ADVANCES (contd.)

In respect of disputed demands, Company has filed appeals which are pending at various levels and for assessment years where the issues have been decided in favour of the Company. The Company is in the process of reconciling / adjusting the same with the department. Necessary value adjustments shall be made on final settlement by the department.

- c) Provision for Income Tax for earlier years has been made based on Income Tax Assessment cases pending at Appellate Jurisdictions on which Income Tax demand has arisen and the cases are sub-judice.

d) **Loans & advances include :**

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(i) Share application money pending allotment	NIL	NIL
(ii) Due from officers of the Company	16.72	5.63
(iii) The maximum amount at any time during the year	30.42	22.67

### 17 OTHER ASSETS

(₹ in Lacs)

Particulars	Non-Current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Others</b>				
Export benefits receivable	-	-	4,071.12	7,656.56
Interest/Dividend Accrued, Not due	2,639.55	2,003.62	67.91	-
Non-current bank balance (note no-21)	167.25	135.75	-	-
<b>Total</b>	<b>2,806.80</b>	<b>2,139.37</b>	<b>4,139.03</b>	<b>7,656.56</b>

### 18 CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Other Investment</b> (valued at lower of cost or fair value, unless stated otherwise)		
Investments in Mutual Funds		
2,50,000 (Previous year 2,50,000) Units of LIC Mutual Fund Dhan Samriddhi of ₹ 10/- each	25.00	25.00
	<b>25.00</b>	<b>25.00</b>
Aggregate amount of quoted investments	25.00	25.00
Market value of quoted investments	37.50	31.40

## Notes to the Financial Statements

### 19 INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE) (₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw materials (Refer note No 24.) [Includes material in transit ₹ 5,177.95 lacs; Previous year: ₹ 4,227.85 lacs]	13,859.10	19,229.93
Finished goods (Refer note no-.25)	8,491.57	12,915.79
Work-in-progress (Refer note no-25)	22,303.30	23,852.07
Stores and Spares	4,738.19	4,765.17
Others [Includes stores in transit Nil ; Previous year: Nil]	8.31	3.96
	<b>49,400.46</b>	<b>60,766.92</b>

### 20 TRADE RECEIVABLES (₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8,561.90	4,567.56
Doubtful	-	-
	8,561.90	4,567.56
Age-based provision in respect of debtors outstanding for more than one year net of ECGC cover	(407.00)	(75.72)
<b>(A)</b>	<b>8,154.90</b>	<b>4,491.84</b>
Other receivables		
Unsecured, considered good	44,233.19	55,364.23
Doubtful	-	-
	44,233.19	55,364.23
Provision for doubtful receivable	-	-
<b>(B)</b>	<b>44,233.19</b>	<b>55,364.23</b>
<b>Total (A+B)</b>	<b>52,388.09</b>	<b>59,856.06</b>

## Notes to the Financial Statements

### 21 CASH AND BANK BALANCES

(₹ in Lacs)

Particulars	Non-Current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Cash and cash equivalents</b>				
Balances with banks				
In Current accounts	-	-	955.78	875.07
In Cash Credit accounts	-	-	-	342.84
In Unpaid dividend account	-	-	240.02	215.09
Cheques, drafts on hand	-	-	0.55	12.93
Cash on hand (Including foreign currency notes)	-	-	5.85	15.43
Postage and Stamps	-	-	0.11	0.89
	-	-	<b>1,202.30</b>	<b>1,462.25</b>
<b>Other bank balances</b>				
Held as margin money	0.29	0.29	-	-
Fixed Deposits with maturity more than one year*	166.96	135.46	-	-
	167.25	135.75	-	-
Less: Amount disclosed under the head "other non current assets" (Note no-17)	167.25	135.75		
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,202.30</b>	<b>1,462.25</b>

\*Pledged with Bank against Bank Guarantee to Shipping line.

### 22 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year Ended 31st March, 2014		Year Ended 31st March, 2013	
<b>Sale of Products</b>				
Manufactured goods				
Graphite Electrodes	1,46,693.75		1,62,107.49	
Power (Net of inter-divisional sales of ₹ 19,703.96 Lacs, Previous year ₹ 21,306.70 Lacs )	2,455.26	1,49,149.01	3,010.28	1,65,117.77
<b>Other Operating Income</b>				
REC sales	399.31		372.53	
Fly Ash Income	390.34	789.65	145.92	518.45
Less:Excise Duty		3,257.54		3,374.75
		<b>1,46,681.12</b>		<b>1,62,261.47</b>

### 23 OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest income		
Income tax Refunds/Others	110.25	124.99
Other Interest Income	62.37	53.26
Dividend on current investments	-	36.06
Accrued Redemption Premium on Non Trade Investment	637.87	597.26
Rent Receipts	272.86	254.33
Provision for diminution in value of Investment in Associates-written back	14.03	176.29
Liabilities / provisions no longer required, written back	147.36	92.81
Profit on sale of Fixed Assets	-	25.21
Miscellaneous Sales / Receipts	932.40	-
	<b>2,177.15</b>	<b>1,360.22</b>



## Notes to the Financial Statements

### 24 COST OF MATERIAL CONSUMED

(₹ in Lacs)

Particulars	Year Ended 31st March, 2014		Year Ended 31st March, 2013	
<b>Raw Material Consumed</b>				
Opening Stock	15,002.08		17,122.09	
Add : Purchases	58,166.81		80,308.98	
	<b>73,168.89</b>		<b>97,431.07</b>	
Less: Closing Stock	8,681.15		15,002.08	
Cost of Material Consumed (Net of Export Incentive ₹ 3,098.17 Lacs , previous year ₹ 7,689.66)		<b>64,487.74</b>		<b>82,428.99</b>

The above consumption figures are disclosed on the basis of derived figures and are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.

#### Breakup of raw material Consumption is as under

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Calcined Petroleum Coke	44,588.63	56,951.35
Pitch	10,173.51	13,568.51
Coal	9,023.87	11,042.69
Others	701.73	866.44
	<b>64,487.74</b>	<b>82,428.99</b>

#### Breakup of raw material inventory is as under

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Calcined Petroleum Coke	5,692.40	11,556.72
Pitch	896.42	945.37
Coal	2,042.16	2,351.96
Others	50.17	148.03
	<b>8,681.15</b>	<b>15,002.08</b>

### 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013	(Increase) / Decrease
Inventories (At close)			
Finished Goods	8,491.57	12,915.79	
Work-in-progress	22,303.30	23,852.07	
	<b>30,794.87</b>	<b>36,767.86</b>	<b>5,972.99</b>
Inventories (At opening)			
Finished Goods	12,915.79	10,011.83	
Work-in-progress	23,852.07	22,982.35	
	<b>36,767.86</b>	<b>32,994.18</b>	<b>(3,773.68)</b>

## Notes to the Financial Statements

### 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (contd.) (₹ in Lacs)

Breakup of finished goods is as under

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Finished goods</b>		
a) Graphite Electrodes, Nipples & Specialities	7,438.36	11,758.02
b) By-products etc	1,053.21	1,157.77
	<b>8,491.57</b>	<b>12,915.79</b>

Breakup of work in progress is as under

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Work-in-progress</b>		
a) Intermediary products at various stages	9,704.56	14,197.85
b) Intermediary products in furnaces	12,595.21	9,649.54
c) Refractory blocks & sengries	3.53	4.68
	<b>22,303.30</b>	<b>23,852.07</b>

Note- Work in Progress includes Refractory Blocks lying at shop floor ₹ 0.99 Lacs (Previous Year ₹ 0.99 Lacs)

### 26 EMPLOYEE BENEFIT EXPENSES (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Salaries and Wages	4,608.69	4,402.90
Contribution to Provident and other Funds	530.03	495.27
Staff Welfare	744.80	679.95
	<b>5,883.53</b>	<b>5,578.12</b>

### 27 FINANCE COSTS (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Expense		
Debentures	-	391.47
Term Loans	2,869.13	2,254.08
Working Capital Borrowings	4,360.56	3,714.82
	<b>7,229.69</b>	<b>6,360.37</b>

### 28 DEPRECIATION AND AMORTISATION (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Depreciation of tangible assets	7,224.17	6,217.73
Amortisation of intangible assets	41.82	46.70
	<b>7,265.99</b>	<b>6,264.44</b>

## Notes to the Financial Statements

### 29 OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Consumption of stores and spare parts (Including Refractory Blocks)	8,412.78	10,483.57
Job/Process Charges	310.86	315.34
Power & fuel	28,475.35	32,589.40
Less: Interdivisional Purchases	(19,703.96)	(21,306.70)
Repairs and maintenance		
Plant & Machinery	4,069.23	4,171.05
Building	410.24	547.75
Others	526.48	606.56
Insurance	649.31	502.30
Rent	105.94	111.79
Rates and taxes, excluding taxes on income	82.33	159.58
Directors' sitting fees & incidental expenses	19.89	19.13
Freight & forwarding	9,889.22	11,487.67
Packing Expenses (including Packing material consumption)	1,653.71	1,956.13
Commission	4,614.31	3,131.43
Claims, Rebates and Discount	2,730.47	375.37
Donations	9.32	100.08
Power generation charges	181.95	152.87
Travelling Expenses	266.91	251.33
Postage & Communication	73.04	62.17
Payment to auditors (Refer details below*)	33.95	30.69
Legal & Professional Expenses	605.64	838.39
Vehicle Running & Maintenance	146.66	155.10
Provision for doubtful debts & advances	331.28	75.72
Bad debts	1,182.40	-
Increase/(decrease) in excise duty on closing stock	(369.33)	445.42
Loss on sale/discard of fixed assets	65.17	-
Miscellaneous Expenses	965.07	1,454.15
	<b>45,738.21</b>	<b>48,716.31</b>

\*Payments to the statutory auditors (excluding service tax)

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
As auditor		
Statutory audit	24.00	24.00
Other Services		
Management Services	2.94	1.00
Certification fees	0.70	1.78
Reimbursement of expenses	6.31	3.92
	<b>33.95</b>	<b>30.70</b>

## Notes to the Financial Statements

<b>30 EXCEPTIONAL ITEM</b> <span style="float: right;">(₹ in Lacs)</span>		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Loss on account of Foreign Exchange arising out of exceptional volatility in Foreign currency rates.	2,535.83	5,519.79
	<b>2,535.83</b>	<b>5,519.79</b>

<b>31 EARNINGS PER SHARE</b> <span style="float: right;">(₹ in Lacs)</span>		
Particulars	As at 31st March, 2014	As at 31st March, 2013
The basic and diluted Earning Per Share is as under :		
Net Profit After Tax	8,661.76	10,579.40
Weighted average number of Equity Shares outstanding	3,99,59,142	3,99,59,142
Basic Earning Per Share (₹)	21.68	26.48
Diluted Earning Per Share (₹)	21.68	26.48
Face value per Equity Share (₹)	10	10

<b>32 CONTINGENT LIABILITIES NOT PROVIDED FOR</b> <span style="float: right;">(₹ in Lacs)</span>		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>For Taxation matters</b>		
a) Excise duty under appeal	261.97	261.97
b) Service Tax	953.22	939.04
c) Income Tax	2,187.00	2,290.00
d) Sales Tax	210.64	96.86
<b>Other than Taxation matters</b>		
a) Electricity Charges	4,650.00	4,775.98
b) RPO Obligation	980.00	568.93
b) Advance & EPCG License	508.84	2,166.01
<b>Labour related matters</b>	34.22	34.02

Based on legal advice, discussions with the solicitors, etc., the management believes that there is fair chance of decisions in the company's favour in respect of all the items listed above and hence no provision is considered necessary against the same. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

<b>33 OBLIGATIONS AND COMMITMENTS OUTSTANDING</b> <span style="float: right;">(₹ in Lacs)</span>		
Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 2.56 Lacs, previous year ₹ 7,102.39 Lacs.)	10.24	5,502.32
b) Bills discounted with bankers.	5,534.32	3,495.36
c) Liability on Advance License pending export fulfillment	7,331.78	2,166.01
d) The Company has provided Guarantee in favour of International Finance Corporation (IFC) with M/s RSWM Ltd. on joint and several basis on behalf of M/s AD Hydro Power Ltd.	600.00	600.00

## Notes to the Financial Statements

### 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE *(Amount in Millions/ Foreign Currency)*

#### a) Foreign currency forward contracts outstanding as at the balance sheet date

Category	Purpose	Currency	As at 31st March, 2014	As at 31st March, 2013
Plain Vanilla Forwards	Hedging	USD	-	5.25
USD-INR Full Currency Forwards	Hedging	USD	6.70	10.00

#### b) Particulars of unhedged foreign currency exposure as at the balance sheet date *(₹ in Lacs)*

Particulars	Currency	As at 31st March, 2014		As at 31st March, 2013	
		Amount in FC(Million)	Amount in INR	Amount in FC(Million)	Amount in INR
Secured Loan	USD	33.16	19,930.12	115.00	62,551.95
	EURO	3.23	2,668.49	17.22	11,980.19
	GBP	0.19	194.45	0.03	28.22
Unsecured Loan	USD	-	-	29.50	16,047.16
	EURO	-	-	2.01	1,399.01
Creditors(Net of Advances)	USD	17.69	12,563.97	(0.65)	(29.64)
	EURO	0.01	12.22	(63.75)	(4,333.43)
<b>Total</b>	<b>USD</b>	<b>50.85</b>	<b>32,494.09</b>	<b>143.85</b>	<b>78,569.47</b>
<b>Total</b>	<b>EURO</b>	<b>3.24</b>	<b>2,680.70</b>	<b>(44.52)</b>	<b>9,045.77</b>
<b>Total</b>	<b>GBP</b>	<b>0.19</b>	<b>194.45</b>	<b>0.03</b>	<b>28.22</b>
Debtors(Net of Advances)	USD	39.31	23,621.89	66.91	36,397.08
	EURO	14.48	11,963.32	15.81	10,989.24
	GBP	0.29	288.84	0.06	49.30

### 35

Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

### 36 AS - 15 'EMPLOYEE BENEFITS'

The Company has adopted Revised Accounting Standard - 15 'Employee Benefits' and the required disclosures are given hereunder:

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under : *(₹ in Lacs)*

Particulars	FY 2013-14	FY 2012-13
Employer's contribution to Provident Fund	197.18	185.23
Employer's contribution to Superannuation Fund	138.03	126.68
Employer's contribution to ESI	35.18	37.45

## Notes to the Financial Statements

### 36 AS - 15 'EMPLOYEE BENEFITS' (contd.)

#### Defined Benefit Plan

The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity. The Company has maintained funds with ICICI Prudential Life Insurance Co. Ltd., Kotak Mahindra Old Mutual Life Insurance Ltd. and Bajaj Allianz Life Insurance Co. Ltd.

#### 1. Reconciliation of opening and closing balances of Defined Benefit Obligation. (₹ in Lacs)

	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13	Leave Encashment (Unfunded) FY 2013-14	Leave Encashment (Unfunded) FY 2012-13
Defined Benefit obligation at the beginning of the year	969.72	1,050.51	226.83	238.89
Current Service Cost	50.36	52.57	16.65	16.64
Interest Cost	77.58	84.04	18.15	19.11
Actuarial (gain)/loss	24.03	21.30	3.78	(3.39)
Past Service Cost	-	-	-	-
Benefits Paid	(219.89)	(238.70)	(40.13)	(44.42)
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the year	901.81	969.72	225.28	226.83

#### 2. Reconciliation of opening and closing balances of Fair Value of Plan Assets (₹ in Lacs)

Particulars	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13
Fair value of plan assets as at the beginning of the year	904.36	966.61
Expected Return	90.44	96.66
Actuarial (gain)/loss	16.68	4.11
Contribution by Employer	65.50	83.90
Benefits Paid	(219.89)	(238.70)
Settlement cost	-	-
Fair value of plan assets as at the end of the year	823.74	904.36
Actual return on plan assets	73.76	92.55

#### 3. Reconciliation of amount recognised in Balance Sheet (₹ in Lacs)

	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13	Leave Encashment (Unfunded) FY 2013-14	Leave Encashment (Unfunded) FY 2012-13
Fair Value of Plan Assets as at 31st March, 2014	823.74	904.36	-	-
Present value of obligation as at 31st March, 2014	901.81	969.72	225.28	226.83
Net asset/(liability) recognised in the Balance Sheet	(78.07)	(65.36)	(225.28)	(226.83)



## Notes to the Financial Statements

### 36 AS - 15 'EMPLOYEE BENEFITS' (contd.)

#### 4. Expenses Recognised during the year under the head

(₹ in Lacs)

	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13	Leave Encashment (Unfunded) FY 2013-14	Leave Encashment (Unfunded) FY 2012-13
Current Service Cost	50.36	52.57	16.65	16.64
Past Service Cost	-	-	-	-
Interest Cost	77.58	84.04	18.15	19.11
Expected return on plan assets	(90.44)	(96.66)	-	-
Net Actuarial (gain)/ loss recognised during the period	40.71	25.41	3.78	(3.39)
Expenses recognised in the statement of Profit & Loss	78.22	65.36	38.58	32.36

#### 5. Actual Return on Plan Assets

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13
Expected Return on Plan Assets	90.44	96.66
Actuarial (gain)/ loss	16.68	4.11
Actual return on plan assets	73.76	92.55

#### 6. Principal Actuarial Assumptions

Particulars	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13	Leave Encashment (Unfunded) FY 2013-14	Leave Encashment (Unfunded) FY 2012-13
Mortality Table	IALM (2006-08)	1994-96 duly modified	IALM (2006-08)	1994-96 duly modified
Discount rate	8.50%	8.00%	8.00%	8.00%
Future Salary Increase	6.00%	5.50%	6.00%	5.50%
Expected rate of return on plan assets	10.00%	10.00%	0.00%	0.00%
Retirement Age	60 years	60 years	60 years	60 years

Withdrawal Rates	FY 2013-14		FY 2012-13	
	Age	Withdrawal Rates	Age	Withdrawal Rates
	Upto 30 years	3.00%	Upto 30 years	3.00%
	From 31 to 44 years	2.00%	From 31 to 44 years	2.00%
	Above 44 years	1.00%	Above 44 years	1.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

## Notes to the Financial Statements

### 36 AS - 15 'EMPLOYEE BENEFITS' (contd.)

Amounts for the current and previous four periods in respect of leave encashment are as follows (₹ in Lacs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
PBO (C)	225.28	226.80	238.89	329.17	275.05
Plan assets	-	-	-	-	-
Net Assets/ (Liability)	(225.28)	(226.80)	(238.89)	(329.17)	(275.05)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	(3.70)	4.60	112.40	(35.29)	(15.13)

Amounts for the current and previous four periods in respect of gratuity are as follows (₹ in Lacs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
PBO (C)	901.81	969.72	1,050.51	1,031.15	997.95
Plan assets	823.74	904.36	966.61	960.22	900.09
Net Assets/ (Liability)	(78.07)	(65.40)	(83.90)	(70.93)	(55.52)
Experience adjustment on plan assets	(16.68)	(16.00)	(25.86)	(12.59)	(46.30)
Experience adjustment on plan liabilities	(23.60)	(4.11)	(17.51)	(31.05)	92.86

#### Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementation AS-15. Employee Benefit states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the company's actuary has expressed his inability to reliably measure the same.

### 37 RELATED PARTY DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD (AS-18) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA :

#### A. List of Related Parties & Relationships

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).</b>		
(i) HEG Graphite Products and Services Ltd.	Subsidiary	Subsidiary
<b>b) Associates and joint ventures</b>		
(i) Bhilwara Energy Limited	Associate	Associate
(ii) Bhilwara Infotechnology Ltd	Associate	Associate
<b>c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.</b>	Sh. L.N. Jhunjunwala Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala	Sh. L.N. Jhunjunwala Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala
<b>d) Key Management Personnel and their relatives</b>	Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala	Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala

## Notes to the Financial Statements

37

### RELATED PARTY DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD (AS-18) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA : (contd.)

**e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.**

- (i) Aadi Marketing Company Pvt Ltd
- (ii) Bhilwara Green Energy Ltd
- (iii) Bhilwara Services Pvt Ltd
- (iv) Bhilwara Technical Textiles Ltd
- (v) BMD Pvt Ltd
- (vi) BMD Renewable Energy Pvt Ltd
- (vii) NJC Hydro Power Limited
- (viii) Essay Marketing Company Ltd
- (ix) Giltedged Industrial Securities Ltd
- (x) India Texfab Marketing Ltd
- (xi) Investors India Ltd
- (xii) Kalati Holdings Pvt Ltd
- (xiii) LNJ Financial Services Ltd
- (xiv) LNJ Bhilwara Textile Anusandhan Vikas Kendra
- (xv) Malana Power Company Ltd
- (xvi) Maral Overseas Ltd
- (xvii) Nikita Electrotrades Pvt Ltd
- (xviii) Nivedan Vanijya Niyojan Ltd
- (xix) Purvi Vanijya Niyojan Ltd
- (xx) Raghav Commercial Ltd
- (xxi) Raghav Knits & Textile Pvt Ltd
- (xxii) RSWM Ltd
- (xxiii) Shashi Commercial Co Ltd
- (xxiv) Veronia Tie-Up Pvt Ltd

**B The following transactions were carried out / outstanding with related parties in the ordinary course of business**

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>1 With parties referred to in (a) above.</b>		
i) Investment in Equity of HEG Graphite Products and Services Limited	5.00	5.00
<b>2 With parties referred to in (b) above.</b>		
i) Investment in Cumulative Redeemable Preference shares of Bhilwara Energy Limited	4,000.00	4,000.00
ii) Investment in Equity of Bhilwara Energy Limited	5,342.32	2,612.70
iii) Investment in Equity of Bhilwara Infotechnology Limited	419.00	419.00
iv) Provision for diminution in value of investment in equity shares of Bhilwara Infotech Limited	-	14.03
v) Redemption premium accrued on Preference Shares of Bhilwara Energy Limited	2,639.52	2,001.64
vi) Amount Received for Property Sale from Bhilwara Infotechnology Limited	238.88	-
vii) Interest Received from Bhilwara Infotechnology Limited	18.86	-
viii) Rent Paid to Bhilwara Infotechnology Limited	0.79	-
ix) Rent received from Bhilwara Infotechnology Limited	0.92	11.00

## Notes to the Financial Statements

### 37 RELATED PARTY DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD (AS-18) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA : (contd.) (₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>3. With parties referred to in (c) above.</b>		
i) Sitting Fees paid to		
- Sh. Riju Jhunjunwala	1.20	0.80
ii) Remuneration paid to		
- Sh. Ravi Jhunjunwala		
Salaries & Allowances (Including Perquisites)	148.93	139.68
Contribution to PF & Superannuation	23.95	22.68
Commission(Provision)	221.56	320.42
Remuneration does not Include provisions made for gratuity and leave benefits,as they are determined on an actuarial basis for the company as a whole		
<b>4. With parties referred to in (d) above.</b>		
Remuneration paid to		
- Sh. Ravi Jhunjunwala		
Salaries & Allowances (Including Perquisites)	148.93	139.68
Contribution to PF & Superannuation	23.95	22.68
Commission (Provision)	221.56	320.42
Remuneration does not Include provisions made for gratuity and leave benefits,as they are determined on an actuarial basis for the Company as a whole		
<b>5. With parties referred to in (e) above.</b>		
Purchase of fabrics		
-RSWM Ltd	12.57	5.98
Rent Received		
-RSWM Ltd	10.52	10.55
Rent Paid	115.76	123.28
-RSWM Ltd	67.90	73.79
-Shashi Commercial Co. Ltd	28.27	28.88
-Purvi Vanijya Niyojan Ltd	2.59	3.81
-Giltedged Industrial Securities Ltd	17.00	16.80

#### Outstanding Balance as on 31st March 2014

Sl No.	Related Party	(₹ in Lacs)
1	RSWM Ltd	(7.03)
2	Purvi Vanijya Niyojan Ltd	1.12
3	Bhilwara Infotechnology Ltd	(238.89)
4	Bhilwara Energy Ltd	0.11
	<b>TOTAL</b>	<b>(244.69)</b>

Note: Figures marked in brackets denote credit balances

## Notes to the Financial Statements

### 38 SEGMENT REPORTING

(₹ in Lacs)

Particulars	Graphite	Power	Unallocable items/ Others	Total
<b>A Business Segments</b>				
<b>Segments Revenue</b>				
External Sales	1,43,430.14	22,948.88	6.07	1,66,385.09
(Net of Excise Duty)	(1,58,719.13)	(24,835.42)	(13.62)	(1,83,568.17)
Inter Segment Transfers		19,703.96		19,703.96
		(21,306.70)		(21,306.70)
<b>Total Revenue</b>	<b>1,43,430.14</b>	<b>3,244.91</b>	<b>6.07</b>	<b>1,46,681.12</b>
	(1,58,719.13)	(3,528.72)	(13.62)	(1,62,261.47)
<b>Segment Result</b>				
Segment Results	6,308.92	9,965.30	699.76	16,973.98
	(9,184.81)	(8,972.63)	(730.27)	(18,887.72)
Less: Financial Expenses				7,229.69
				(6,360.37)
Profit Before Tax				9,744.29
				(12,527.35)
Less: Income Tax (incl Deferred)				1,082.53
				(1,947.95)
<b>Net Profit for the year</b>				<b>8,661.76</b>
				(10,579.40)
<b>Other Information</b>				
Unallocated Assets			18,540.71	18,540.71
			(14,122.80)	(14,122.80)
Segment Assets	2,02,649.92	21,801.61		2,24,451.53
	(2,25,706.92)	(21,965.78)		(2,47,672.71)
<b>Total Assets</b>	<b>2,02,649.92</b>	<b>21,801.61</b>	<b>18,540.71</b>	<b>2,42,992.25</b>
	(2,25,706.92)	(21,965.78)	(14,122.80)	(2,61,795.51)
Segment Liabilities	1,36,762.23	293.65		1,37,055.88
	(1,62,406.99)	(315.76)		(1,62,722.75)
Unallocated Liabilities			13,529.59	13,529.59
			(12,743.65)	(12,743.65)
<b>Total Liabilities</b>	<b>1,36,762.23</b>	<b>293.65</b>	<b>13,529.59</b>	<b>1,50,585.47</b>
	(1,62,406.99)	(315.76)	(12,743.65)	(1,75,466.39)
Capital Employed	1,00,801.66	18,999.83	8,908.46	1,28,709.96
	(1,11,562.98)	(19,999.38)	(8,848.14)	(1,40,410.50)
Capital Exp.incurred during the year	19,518.06	453.15	(34.64)	19,936.57
	(11,794.79)	(337.48)	(7.41)	(12,139.68)
Depreciation	5,825.84	1,405.55	34.60	7,265.99
	(4,819.47)	(1,411.22)	(33.75)	(6,264.44)
Other Non Cash Expenses	-	-	0.01	0.01
<b>B Geographical Segment</b>				
<b>Segment Revenue</b>				
Based on Location of Customers				
Domestic	28,300.12	22,960.93	951.94	52,212.98
	(28,023.90)	(24,839.85)	(1,072.90)	(53,936.65)
Export	1,16,349.25		-	1,16,349.25
	(1,30,991.74)		-	(1,30,991.74)
<b>Segment Assets</b>				
Based on Location of assets				
In India	1,83,131.86	21,348.46	18,575.35	2,23,055.68
	(1,94,946.70)	(21,312.55)	(5,104.17)	(2,21,363.41)
Cost to acquire assets by location	19,518.06	453.15	(34.64)	19,936.57
	(11,794.79)	(337.48)	(7.41)	(12,139.68)

## Notes to the Financial Statements

### 39 VALUE OF IMPORTS CALCULATED ON CIF BASIS IN RESPECT OF (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Raw Materials	36,784.75	51,027.19
Components & spare parts	351.20	569.21
Capital goods	3,173.27	2,646.23

### 40 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS) ON ACCOUNT OF (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Commission, Consultancy, Travelling, Interest and Others.	5,600.90	5,846.97

### 41 EARNINGS IN FOREIGN CURRENCY (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Export of goods calculated on FOB basis	1,12,130.85	1,32,078.37

### 42 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Amount paid on repatriation basis on account of dividend*	1,215.52	762.06
Number of NRI / OCB shareholders	287	345
Number of shares held by above shareholders	1,51,93,953	1,52,41,241
Year to which the dividend relates	2012-13	2011-12

\*The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained as out of this an amount equivalent to ₹ 9,45,44,856 was paid in foreign currency, whereas amount ₹ 2,70,06,768 was paid to non-residents in INR on repatriation basis during the financial year 2013-14.

### 43 CAPITALISATION OF PRE-OPERATIVE EXPENDITURE (₹ in Lacs)

The following expenditure has been capitalised / included under Capital work-in-progress:	Year ended 31st March, 2014	Year ended 31st March, 2013
Insurance Expenses	2.97	3.52
Financial Expenses - Interest on term loans	2,242.64	2,487.21
Administrative Overheads & Other Cost	981.96	699.03
Foreign currency fluctuation	6,451.11	3,117.91
<b>Total</b>	<b>9,678.68</b>	<b>6,307.65</b>
The same has been capitalised / is lying under Capital work-in-progress as under:		
Building	1,405.68	94.25
Plant & Machinery	3,967.68	240.84
Capital work-in-progress	4,305.32	5,972.56
<b>Total</b>	<b>9,678.68</b>	<b>6,307.65</b>



## Notes to the Financial Statements

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The Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification No 914 (E) dated December 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, the following exchange differences on long term foreign currency monetary items are being dealt with in the following manner:

- Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long term asset/ liability. It has transferred the differences arising out of foreign currency translation in respect of acquisition of depreciable capital assets to the respective assets account / Capital Work-in-progress. In case this accounting practice had not been adopted, the Pre-tax Profit for the financial year ended 31st March 2014 would have been lower by ₹ 1884.60 Lacs (Previous year ₹ 724 Lacs) with a consequential impact on both the Basic and Diluted EPS.

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There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets.

### 46 ADDITIONAL INFORMATION

Particulars		Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Installed capacity</b> (as certified by the Management, being a technical matter relied upon by Auditors)			
Graphite Electrodes & Anodes	MT	80,000	80,000
Thermal Power	MW	63.00	63.00
Hydel Power	MW	13.50	13.50

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In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.

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The following transactions are accounted for on the basis of estimates / available data, with final adjustments being carried out in the year of settlement.

- Claims lodged with insurance companies.
- Interest on income tax refunds granted on summary basis, pending finalization of assessments is treated as income in the year of accrual. Final adjustments are carried out in the year of completion of assessment.

## Notes to the Financial Statements

### 49 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIAL, STORES & SPARE PARTS CONSUMED

Particulars	Year Ended 31st March, 2014		Year Ended 31st March, 2013	
	₹ in Lacs	%	₹ in Lacs	%
<b>Raw materials (including purchases for consumption)</b>				
Imported	41,576.02	74.69	50,098.05	60.78
Indigenous	13,889.33	25.31	32,330.94	39.22
<b>Stores &amp; spare parts</b>				
Imported	320.46	3.67	239.56	2.29
Indigenous	8,412.78	96.33	10,244.01	97.71

### 50

Previous year figures have been regrouped/reclassified , wherever necessary to conform to current year classification.

Signed in terms of our report of even date

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

**Mukesh Goyal**  
Partner  
Membership No. 081810

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn.No. 000756N

**Arun K.Tulsian**  
Partner  
Membership No. 089907

**Ravi Jhunjunwala**  
Chairman & Managing Director  
**Shekhar Agarwal**  
Vice Chairman  
**D.N.Davar**  
Director  
**Riju Jhunjunwala**  
Director  
**Raju Rustogi**  
Chief Financial Officer  
**Ashish Sabharwal**  
Company Secretary

Place : Noida (U.P.)  
Dated : 21st April, 2014

# Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	9,744.29	12,527.35
Add: Depreciation	7,265.99	6,264.44
Misc Exps Written off	0.01	-
Interest Paid	7,229.69	6,360.37
Net Loss on fixed assets sold / discarded	65.17	-
Diminution in value of Investments (net)	(14.03)	(176.29)
Provision for doubtful debts/age base provisions	331.29	75.72
Bad Debts	1,182.40	-
Less: Dividend received	-	36.06
Interest received	171.21	178.26
<b>Operating Profit before working capital changes</b>	<b>25,633.59</b>	<b>24,837.28</b>
<b>Working capital</b>		
Trade receivables	7,467.97	(10,788.06)
Inventories	11,366.46	1,113.89
Loans & advances / Other current assets	22,231.92	(7,759.00)
Liabilities and provisions	11,712.94	6,066.53
Cash from operating activities	78,412.89	13,470.64
Income tax	1,082.53	1,947.95
<b>Net Cash from operating activities</b>	<b>77,330.36</b>	<b>11,522.69</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in Fixed Assets (net)	(20,118.56)	(12,244.79)
Sale of Fixed Assets	116.83	105.11
Advances for Capital Expenditure	(7,099.83)	(2,801.47)
Sundry Creditors for Capital Expenditure	294.46	248.15
Investments	(2,743.65)	0.01
Dividend Received	-	36.06
Interest received	171.21	178.26
<b>Net Cash from investing activities</b>	<b>(29,379.53)</b>	<b>(14,478.68)</b>
<b>C CASH FROM FINANCING ACTIVITIES</b>		
Long term borrowings - Term Loans / NCD's / Bonds	-	19,091.18
Repayment of Term loans/NCD's/Bonds	(19,078.24)	(12,840.91)
Short term borrowings (working capital)	(19,097.82)	6,470.55
Interest Paid	(7,229.69)	(6,360.37)
Dividend paid	(2,397.55)	(3,196.73)
Corporate Dividend Tax	(407.46)	(543.28)
<b>Net Cash from financing activities</b>	<b>(48,210.76)</b>	<b>2,620.43</b>
<b>INCREASE IN CASH OR CASH EQUIVALENTS</b>	<b>(259.95)</b>	<b>(335.56)</b>
Opening cash or cash equivalents	1,462.25	1,797.81
Closing cash or cash equivalents	1,202.30	1,462.25

Signed in terms of our report of even date

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

**Mukesh Goyal**  
Partner  
Membership No. 081810

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn.No. 000756N

**Arun K.Tulsian**  
Partner  
Membership No. 089907

**Ravi Jhunjunwala**  
Chairman & Managing Director  
**Shekhar Agarwal**  
Vice Chairman

**D.N.Davar**  
Director  
**Riju Jhunjunwala**  
Director

**Raju Rustogi**  
Chief Financial Officer  
**Ashish Sabharwal**  
Company Secretary

Place : Noida (U.P.)  
Dated : 21st April, 2014

# **Consolidated Financial Section**

# Independent Auditors' Report

To The Board of Directors of  
HEG LIMITED

## Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HEG Limited ('the Company') its subsidiary and jointly controlled entities (the Company, its subsidiary and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- (ii) in the case of Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## Other Matters

1. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 3.77 lacs (previous year ₹ 4.00 lacs) and total liabilities of ₹ 0.11 lacs (previous year ₹ 0.15 lacs) as at 31st March 2014, total revenue of ₹ NIL (previous year ₹ NIL), total expenses of ₹ 0.19 lacs (previous year ₹ 0.27 lacs) and net cash outflows amounting to ₹ 0.23 lacs (previous year ₹ 0.23 lacs) for the year then ended as considered in the Consolidated Financial Statements. These financial statements and other financial information of subsidiary have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based on the solely on the report of the others auditors.
2. The Consolidated financial statements also include the Group's share of net loss of ₹ 590.39 lacs for the year ended 31 March, 2014 as appearing in the consolidated financial statements in respect of one associate. The Company Consolidated financial statements of the associate company are unaudited and management certified and our opinion, in so far as it relates to these amounts included in respect of the associate company are based solely on management certification.

Our Opinion is not qualified in respect of this matter

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn. No. 000756N

**Mukesh Goyal**  
Partner  
Membership No. 081810

**Arun K. Tulsian**  
Partner  
Membership No. 089907

Place : Noida (U.P.)  
Date : 21st April, 2014

**Consolidated Balance Sheet** As at 31st March, 2014

(₹ in Lacs)

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	3	3,995.95	3,995.95
(b) Reserves and Surplus	4	95,997.72	90,510.64
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	16,895.86	35,974.10
(b) Deferred tax liabilities (Net)	6	9,202.77	8,137.63
(c) Other Long term liabilities	7	217.09	248.44
(d) Long-term provisions	8	205.09	200.29
<b>3 Current liabilities</b>			
(a) Short-term borrowings	9	66,441.23	85,539.05
(b) Trade payables	10	22,985.15	13,379.76
(c) Other current liabilities	11	31,294.45	27,589.81
(d) Short-term provisions	8	3,343.96	4,397.47
<b>TOTAL</b>		<b>2,50,579.26</b>	<b>2,69,973.14</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	94,007.33	71,703.58
(ii) Intangible assets	13	49.86	89.51
(iii) Capital work-in-progress	14	11,869.71	21,454.24
(iv) Intangible assets under development		-	-
(b) Non-current investments	15	17,349.57	15,196.32
(c) Long-term loans and advances	16	5,921.02	11,809.16
(d) Other non-current assets	17	2,806.80	2,139.37
<b>2 Current assets</b>			
(a) Current investments	18	25.00	25.00
(b) Inventories	19	49,400.46	60,766.92
(c) Trade receivables	20	52,388.09	59,856.06
(d) Cash and bank balance	21	1,206.07	1,466.25
(e) Short-term loans and advances	16	11,416.32	17,810.18
(f) Other current assets	17	4,139.03	7,656.56
<b>TOTAL</b>		<b>2,50,579.26</b>	<b>2,69,973.14</b>
<b>Summary of significant accounting policies</b>	2		

The accompanying notes(1-51) are integral part of the financial statements

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

**Mukesh Goyal**  
Partner  
Membership No. 081810

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn.No. 000756N

**Arun K.Tulsian**  
Partner  
Membership No. 089907

**Ravi Jhunjunwala**  
Chairman & Managing Director  
**Shekhar Agarwal**  
Vice Chairman  
**D.N.Davar**  
Director  
**Riju Jhunjunwala**  
Director  
**Raju Rustogi**  
Chief Financial Officer  
**Ashish Sabharwal**  
Company Secretary

Place : Noida (U.P.)  
Dated : 21st April, 2014

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2014 (₹ in Lacs)

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
<b>I. Revenue from operations (Gross)</b>			
Sale of products	22	1,49,149.01	1,65,117.77
Other Operating Income		789.65	518.45
Less: Excise Duty		3,257.54	3,374.75
Revenue from operations (Net)		1,46,681.12	1,62,261.48
<b>II. Other income</b>	23	2,177.15	1,360.22
<b>III. Total Revenue (I + II)</b>		<b>1,48,858.26</b>	<b>1,63,621.69</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	24	64,487.74	82,428.99
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	5,972.99	(3,773.68)
Employee benefit expenses	26	5,883.53	5,578.12
Finance costs	27	7,229.69	6,360.37
Depreciation and amortisation expense	28	7,265.99	6,264.44
Other expenses	29	45,738.41	48,716.58
<b>Total expenses</b>		<b>1,36,578.33</b>	<b>1,45,574.82</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		12,279.93	18,046.87
<b>VI. Exceptional items</b>	30	2,535.83	5,519.79
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		9,744.10	12,527.08
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Profit before tax (VII- VIII)</b>		9,744.10	12,527.08
<b>X Tax expense:</b>			
(1) Current tax			
Current Tax (MAT)		2,120.69	2,486.34
MAT Credit Entitlement		(2,120.69)	(1,149.44)
Net Current Tax		-	1,336.90
Previous Year		29.42	339.25
MAT Credit Previous Year		(12.02)	-
(2) Deferred tax		1,065.14	271.80
<b>XI Profit (Loss) for the period from continuing operations (IX-X)</b>		8,661.57	10,579.13
<b>XII Profit (Loss) for the period</b>		8,661.57	10,579.13
Add : Share in Result of Associates		(590.39)	(537.95)
<b>Profit (Loss) for the period</b>		8,071.18	10,041.18
<b>XIII Earnings per equity share: (Par value of ₹10 each)</b>			
(1) Basic (₹)	31	20.20	25.13
(2) Diluted (₹)	31	20.20	25.13

The accompanying notes(1-51) are integral part of the financial statements

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

**Mukesh Goyal**  
Partner  
Membership No. 081810

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn.No. 000756N

**Arun K.Tulsian**  
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**Ravi Jhunjunwala**  
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**Shekhar Agarwal**  
Vice Chairman  
**D.N.Davar**  
Director  
**Riju Jhunjunwala**  
Director  
**Raju Rustogi**  
Chief Financial Officer  
**Ashish Sabharwal**  
Company Secretary

Place : Noida (U.P.)  
Dated : 21st April, 2014



# Notes to the Consolidated Financial Statements

## 1 BASIS AND PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statement (CFS) of the Company and its Subsidiaries are prepared under historical cost convention and on the accounting principles of going concern, in accordance with Generally Accepted Accounting Principles ('GAAP') applicable in India and in the same manner as the Company has followed for its separate financial statements, using uniform accounting policies for similar transaction. All significant Intra-group balances, Intra-group transactions, resulting unrealized profits have been eliminated on consolidation and the figures have been recast, rearranged or regrouped, wherever considered necessary.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Components considered

The following Components considered in preparation of Consolidated Financial Statements:-

#### (a) Subsidiary Companies.

Name	Country	Ownership (%)	Period Considered	Audited/Board Approved
HEG Graphite Products and Services Ltd.	India	100%	Since the date of incorporation	Audited

The consolidation of the financial statements of the Parent and its Subsidiaries has been done on line-by-line basis by adding together, like items of assets, liabilities, income and expenses as per AS 21.

#### (b) Investment in Associates

Name	Country	Ownership (%)	Period Considered	Audited/Board Approved
Bhilwara Infotechnology Ltd.	India	38.59%	01.04.2013 to 31.03.2014	Provisional
Bhilwara Energy Ltd.	India	25.94%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
Indo Canadian Consultancy Services Ltd. (Subsidiary of BEL)	India	13.23%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
Malana Power Corporation Limited (Subsidiary of BEL)	India	13.23%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
AD Hydro Power Ltd. (Fellow Subsidiary of BEL)	India	11.64%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
NJC Hydro Power Ltd. (Subsidiary of BEL)	India	25.94%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
Green Ventures Pvt.Ltd. (Subsidiary of BEL)	Nepal	21.75%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
Balephi Jal Vidyut Co. Ltd	Nepal	15.48%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
Bhilwara Green Energy Limited	India	25.87%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
Chango Yangthang Hydro Power Ltd.	India	25.94%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)
LNJ Power Venture Ltd.	India	19.20%	01.04.2013 to 31.03.2014	Provisional (Acknowledged by Board of BEL)

The Group's investment in Associates is accounted using Equity Method as per AS 23.

### 2.2 ACCOUNTING POLICIES

The Accounting Policies of the Parent and of its Subsidiaries are similar and inline with the Generally Accepted Principles ('GAAP') in India.

As the Accounting Policies of the Parent have been mentioned in the separate financial statements of the Parent, therefore the same has not been reproduced here.

## Notes to the Consolidated Financial Statements

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### a) Presentation and disclosure of financial statements

During the year ended 31st March 2013, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of these financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### b) Change in Accounting Policy

The Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification No. GSR 914(E) dated December 29, 2011 issued by the Ministry of Corporate Affairs. Consequently, the following exchange differences on long term foreign currency monetary items, which were until now being recognized in the Statement of Profit and Loss are now being dealt with the following manner :

- Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/liability.

### 2.3 GOODWILL / CAPITAL RESERVE

The excess of cost to the Company of its investment in the Subsidiaries and Joint Ventures over the Parent's position of equity of the subsidiary at the date on which investment is made, is described as 'Goodwill' on consolidation and recognized as an asset in the Consolidated Financial Statements.

### 2.4 MINORITY INTEREST

Minority Interest in the Net Assets of the subsidiaries consist of the amount of equity attributable to Minorities at the date on which investment is made and Minorities' share of movements in equity since the date when Parent Subsidiary relationship came into existence, to the date of Balance Sheet.

### 3 SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Authorised</b>		
5,50,00,000 (Previous year 5,50,00,000) Equity Shares of ₹ 10/- each	5,500.00	5,500.00
15,00,000 (Previous year 15,00,000) Preference Shares of ₹ 100/- each	1,500.00	1,500.00
	<b>7,000.00</b>	<b>7,000.00</b>
<b>Issued, subscribed &amp; fully paid-up</b>		
3,99,59,142 (Previous year 3,99,59,142) Equity Shares of ₹ 10/- each	3,995.91	3,995.91
1,150 (Previous year 1,150) Forfeited Equity Shares	0.04	0.04
<b>Total</b>	<b>3,995.95</b>	<b>3,995.95</b>

Of the above

- 2,21,96,821 (Previous year 2,21,96,821) Equity Shares have been issued as fully paid up bonus shares by capitalisation of Reserves.
- 3,00,000 (Previous year 3,00,000) Equity Shares have been issued as fully paid up pursuant to a contract without payment being received in cash.
- 10,700 (Previous year 10,700) Equity shares have been issued at par as fully paid up to the members of erstwhile subsidiary Company Bhilwara Viking Petroleum Limited pursuant to amalgamation.

## Notes to the Consolidated Financial Statements

### 3 SHARE CAPITAL (contd.)

#### a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Particulars	2013-14		2012-13	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
<b>Equity Shares</b>				
At the beginning of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91

#### b) Terms/Rights attached to equity shares

Company has only one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31st March, 2014, the amount per share dividend recognized as distribution to Equity Shareholders was ₹ 6 per Equity Share (Previous year ₹ 8 per Equity Share).

#### c) Detail of Shareholders holding more than 5% Shares in the Company

Name of Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% holding	No. of Shares held	% holding
Norbury Investments Limited	53,62,991	13.42	53,62,991	13.42
Microlight Investments Limited	46,65,579	11.68	46,65,579	11.68
Life Insurance Corporation of India	34,33,294	8.59	37,75,677	9.45
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	7.24
Bharat Investments Growth Limited	26,09,598	6.53	26,09,598	6.53

As per records of the Company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

#### d) Aggregate number of Equity shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

Particulars	Aggregate No. of Shares				
	2013-14	2012-13	2011-12	2010-11	2009-10
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
FCCB's Conversion	-	-	-	2,37,733	15,84,894
Shares bought back	-	-	28,85,765	-	15,50,725
Closing Balance	3,99,59,142	3,99,59,142	3,99,59,142	4,28,44,907	4,26,07,174

## Notes to the Consolidated Financial Statements

### 4 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Capital Reserve</b>		
Balance as per the last financial statements	3,138.24	3,138.24
Add: Additions during the year	-	-
<b>Closing balance</b>	<b>3,138.24</b>	<b>3,138.24</b>
<b>Capital Redemption Reserve</b>		
Balance as per the last financial statements	1,893.57	1,893.57
Add: Current year transfers	-	-
<b>Closing balance</b>	<b>1,893.57</b>	<b>1,893.57</b>
<b>Securities Premium Account</b>		
Balance as per the last financial statements	1,269.61	1,269.61
Add : Received during the year	-	-
<b>Closing balance</b>	<b>1,269.61</b>	<b>1,269.61</b>
<b>Debenture Redemption Reserve</b>		
Balance as per the last financial statements	-	2,506.62
Add: Transfer from Statement of Profit and Loss during the year	-	-
Less: Transferred to Statement of Profit and Loss against debentures redeemed	-	2,506.62
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Hedging Reserve</b>		
Balance as per the last financial statements	575.06	(2,692.02)
Add/(Less): Amount utilized on settlement of hedged instrument	(25.91)	2,864.76
Add: Transfer during the year	246.82	402.32
<b>Closing balance</b>	<b>795.97</b>	<b>575.06</b>
<b>General Reserve</b>		
Balance as per the last financial statements	38,567.18	36,067.18
Add: Transfer from Statement of Profit and Loss during the year	866.18	2,500.00
<b>Closing balance</b>	<b>39,433.36</b>	<b>38,567.18</b>
<b>Surplus/(Deficit) balance in Statement of Profit and Loss</b>		
Balance as per the last financial statements	36,888.33	30,042.60
Add: Amount transferred from Statement of Profit and Loss	8,661.57	10,579.13
Amount available for Appropriation	45,549.90	40,621.73
Less: Proposed Dividend	2,397.55	3,196.73
Less: Dividend distribution tax on Proposed Dividend	407.46	543.28
Add: Transfer from Debenture Redemption Reserve	-	2,506.62
Less: Amount Transferred to General Reserve	866.18	2,500.00
<b>Closing balance</b>	<b>41,878.71</b>	<b>36,888.33</b>
<b>Total</b>	<b>88,409.46</b>	<b>82,332.00</b>
Add Share in Reserves of Associates		
<b>(a) Opening Balance</b>	<b>6,444.03</b>	<b>6,444.03</b>
Add : Current year transfer	-	-
Less : Written back in current year	-	-
<b>Closing balance</b>	<b>6,444.03</b>	<b>6,444.03</b>
<b>b) Statement of Profit &amp; Loss</b>		
Opening Balance	1,734.61	2,272.56
Add : Current year transfer		
Less : Written back in current year	590.39	537.95
<b>Closing balance</b>	<b>1,144.22</b>	<b>1,734.61</b>
<b>Total</b>	<b>95,997.72</b>	<b>90,510.64</b>

## Notes to the Consolidated Financial Statements

### 5 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars	Non Current Portion		Current maturities	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>				
<b>Term loans</b>				
Rupee Loans from Banks	2,265.00	12,070.00	8,345.98	8,555.00
Foreign currency Loans from Banks	13,130.86	20,404.10	9,061.34	8,052.29
Rupee Loans from others	1,500.00	3,500.00	2,000.00	1,500.00
	<b>16,895.86</b>	<b>35,974.10</b>	<b>19,407.32</b>	<b>18,107.29</b>
Amount disclosed under the head:- other Current liabilities (Note no-11)			19,407.32	18,107.29
<b>Total</b>	<b>16,895.86</b>	<b>35,974.10</b>	<b>-</b>	<b>-</b>

Terms of repayment / details of security are as follows:

From Banks – Term loans

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.3.2014	Annual repayment schedule			
				2014-15	2015-16	2016-17	2017-18
Dena Bank	Base Rate Linked	4-Quarterly	1,665.99	1,665.99	-	-	-
Axis Bank	Base Rate Linked	5-Quarterly	5,625.00	5,000.00	625.00	-	-
Development Credit Bank	Base Rate Linked	8-Quarterly	3,319.99	1,679.99	1,640.00	-	-
Standard Chartered-ECB	Libor Linked rate	3-Quarterly	788.81	788.81	-	-	-
HSBC-ECB	Libor Linked rate	2-Half Yearly	6,009.98	6,009.98	-	-	-
DBS-ECB	Libor Linked rate	4-Yearly	12,019.96	601.00	3,004.99	3,966.59	4,447.38
DBS-ECB(Fully Hedged in INR)	Libor Linked rate	2-Yearly	3,373.45	1,661.55	1,711.90	-	-
<b>Total</b>			<b>32,803.18</b>	<b>17,407.32</b>	<b>6,981.89</b>	<b>3,966.59</b>	<b>4,447.38</b>

From Others

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.3.2014	Annual repayment schedule			
				2014-15	2015-16	2016-17	2017-18
Aditya Birla Finance Ltd	Base Rate Linked	7-Quarterly	3,500.00	2,000.00	1,500.00	-	-

Term Loans from Financial Institutions and Banks/other lending Institutions are secured by way of joint equitable mortgage of all the immovable properties (present and future) of Graphite & Thermal Power units at Mandideep and Hydel unit at Tawa Nagar ranking on pari- passu basis and hypothecation of all movable assets of the Company (except book debts) subject to prior charge of the Company's bankers on specified movable assets in respect of working capital borrowings.

## Notes to the Consolidated Financial Statements

### 6 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Deferred tax liabilities</b>		
Arising on account of Timing difference		
Accumulated Depreciation	9,586.95	8,486.69
<b>Deferred tax assets</b>		
Arising on account of Timing difference	-	-
Due to section 43B of the Income Tax Act	266.81	259.31
Others	117.37	89.75
<b>Net deferred tax Liability</b>	<b>9,202.77</b>	<b>8,137.63</b>
<b>Movement</b>		
Opening Balance	8,137.63	7,865.83
Addition/(deduction) during the year	1,065.14	271.80
Closing balance	9,202.77	8,137.63

### 7 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Others</b>		
Security received	217.09	248.44
	<b>217.09</b>	<b>248.44</b>

### 8 PROVISIONS

(₹ in Lacs)

Particulars	Long Term		Short Term	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Provision for employee benefits</b>				
Compensated absence	205.09	200.29	43.89	50.24
Gratuity			64.46	60.98
<b>Others</b>				
Provision for Proposed Dividend on Equity Shares	-	-	2,397.55	3,196.73
Provision for Dividend distribution tax	-	-	407.46	543.28
Provision for Income Tax (Net of Advance Tax of ₹ 1,700 lacs (PY ₹ 1,950 lacs)	-	-	420.69	536.34
Provision for wealth tax	-	-	9.90	9.90
<b>Total</b>	<b>205.09</b>	<b>200.29</b>	<b>3,343.96</b>	<b>4,397.47</b>

## Notes to the Consolidated Financial Statements

<b>9 SHORT TERM BORROWINGS</b>		(₹ in Lacs)
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
Loans repayable on demand		
Working Capital Loans from Banks	61,351.23	69,909.13
<b>Unsecured</b>		
Short Term borrowings from banks	5,090.00	15,629.92
<b>Total</b>	<b>66,441.23</b>	<b>85,539.05</b>

Working Capital Borrowings from Banks are secured by hypothecation of all Current Assets and second charge by way of joint equitable mortgage of immovable properties of the Company in respect of Graphite & Thermal Power units at Mandideep and Hydel unit at Tawanagar. The said charge in favour of bank shall rank sub-ordinate and subservient to the existing charges created by the Company in favour of financial Institutions and banks for their term loans.

<b>10 TRADE PAYABLES</b>		(₹ in Lacs)
Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade payables	22,985.15	13,379.76
	<b>22,985.15</b>	<b>13,379.76</b>

The information as required to be disclosed under the Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has been determined to the extent such parties have been identified by the Company, on the basis of information and records available with them. This information has been relied upon by the auditors. Disclosure in respect of interest due on delayed payment has been determined only in respect of payments made after the receipt of information, with regards to filing of memorandum, from the respective suppliers. Disclosure as required under section 22 of the Act, is as under:

of memorandum, from the respective suppliers. Disclosure as required under section 22 of the Act, is as under:

(₹ in Lacs)

Sl. Particulars No	As at 31st March, 2014	As at 31st March, 2013
(i) Principal amount remaining unpaid as at end of the year	22.85	54.27
(ii) Interest due on above	-	-
1 Total of (i) & (ii)	22.85	54.27
2 Interest paid on delayed payment of principal, paid along with such interest during the year.	-	-
3 Interest due on delayed payment of principal, paid without such interest during the year.	-	-
4 Interest accrued but not due, in respect of delayed payments of principal due as at end of the year.	-	-
5 Total interest due and payable together with that from prior year(s).	-	-



## Notes to the Consolidated Financial Statements

### 11 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long-term Borrowings (Note-5)	19,407.32	18,107.29
Interest accrued but not due on borrowings	429.71	397.29
Unpaid dividends-Unclaimed*	240.02	215.09
Advance from Customers	842.23	1,110.33
Deposits from employees against various schemes	257.30	263.81
Other payables		
Employees Related	1,174.89	1,457.47
Statutory dues payable (Including PF and TDS)	1,550.24	1,572.90
Others	7,392.73	4,465.62
	<b>31,294.45</b>	<b>27,589.81</b>

\* Investor Education & Protection Fund is credited by unclaimed dividend amounts outstanding on expiry of seven years from dividend declaration.

### 12 TANGIBLE ASSETS

(₹ in Lacs)

	Land		Buildings	Plant & Equipment	Railway Sidings	Office Equipment	Electrical Installation	Furniture & Fixtures	Vehicles	Total
	Freehold	Leasehold (a)								
<b>Gross Block</b>										
<b>At 1st April 2012</b>	<b>276.31</b>	<b>324.71</b>	<b>17,536.09</b>	<b>95,277.10</b>	<b>418.99</b>	<b>1,015.06</b>	<b>1,422.11</b>	<b>506.31</b>	<b>938.56</b>	<b>1,17,715.24</b>
Additions	-	-	908.70	1,926.28	181.08	99.67	124.95	8.46	178.07	3,427.21
Disposals	-	-	-	-	-	(17.17)	(28.70)	(5.56)	(179.65)	(231.08)
Adjustment (b)	-	-	32.54	150.93	-	-	-	-	-	183.47
<b>At 31st March 2013</b>	<b>276.31</b>	<b>324.71</b>	<b>18,477.34</b>	<b>97,354.31</b>	<b>600.07</b>	<b>1,097.55</b>	<b>1,518.35</b>	<b>509.21</b>	<b>936.99</b>	<b>1,21,094.84</b>
Additions	40.37	399.64	6,466.16	18,163.47	321.62	133.55	1,454.86	114.83	279.08	27,373.59
Disposals	-	-	(187.75)	(414.20)	-	(99.15)	(20.90)	(7.20)	(212.79)	(941.98)
Adjustment (b)	-	-	578.97	1,672.10	-	(1.12)	77.38	(0.01)	-	2,327.32
<b>At 31st March 2014</b>	<b>316.68</b>	<b>724.35</b>	<b>25,334.72</b>	<b>1,16,775.68</b>	<b>921.69</b>	<b>1,130.84</b>	<b>3,029.70</b>	<b>616.83</b>	<b>1,003.28</b>	<b>1,49,853.77</b>
<b>Depreciation</b>										
<b>At 1st April 2012</b>	<b>-</b>	<b>73.17</b>	<b>6,087.34</b>	<b>34,862.58</b>	<b>140.17</b>	<b>720.66</b>	<b>648.49</b>	<b>349.96</b>	<b>432.05</b>	<b>43,314.42</b>
Charge for the year	-	10.09	968.86	4,763.47	19.93	100.06	114.86	28.28	156.52	6,162.07
Disposals	-	-	-	-	-	(14.39)	(10.49)	(2.62)	(113.39)	(140.89)
Adjustment (b)	-	-	13.05	42.57	-	-	-	-	-	55.62
<b>At 31st March 2013</b>	<b>-</b>	<b>83.26</b>	<b>7,069.25</b>	<b>39,668.62</b>	<b>160.10</b>	<b>806.34</b>	<b>752.86</b>	<b>375.62</b>	<b>475.18</b>	<b>49,391.23</b>
Charge for the year	-	10.79	1,215.58	5,296.80	32.23	102.53	231.22	26.93	145.08	7,061.17
Disposals	-	-	(158.47)	(356.59)	-	(93.07)	(11.95)	(4.92)	(143.97)	(768.97)
Adjustment (b)	-	-	64.64	91.85	-	(1.12)	7.64	(0.01)	-	163.00
<b>At 31st March 2014</b>	<b>-</b>	<b>94.05</b>	<b>8,191.00</b>	<b>44,700.68</b>	<b>192.33</b>	<b>814.68</b>	<b>979.78</b>	<b>397.62</b>	<b>476.29</b>	<b>55,846.43</b>
<b>Net Block</b>										
<b>At 31st March 2013</b>	<b>276.31</b>	<b>241.45</b>	<b>11,408.05</b>	<b>57,686.29</b>	<b>439.97</b>	<b>291.22</b>	<b>765.50</b>	<b>132.99</b>	<b>461.80</b>	<b>71,703.58</b>
<b>At 31st March 2014</b>	<b>316.68</b>	<b>630.30</b>	<b>17,143.72</b>	<b>72,075.00</b>	<b>729.36</b>	<b>316.16</b>	<b>2,049.92</b>	<b>219.21</b>	<b>526.99</b>	<b>94,007.33</b>

- a) Assets amounting to ₹ 83.13 Lacs (Previous Year ₹ 83.13 Lacs) (Gross) are owned jointly with RSWM Ltd.
- b) The Company has exercised the option made available by the notification No GSR 914(E) dated 29th December 2011 issued by the Ministry of Corporate affairs. Accordingly, an amount of ₹ 2,327.32 Lacs, (Previous Year ₹ 183.47 Lacs) being exchange difference arising on reporting of long term Foreign currency loans availed for acquisition of depreciable Fixed assets have been taken to respective assets and ₹ 852.42 Lacs, (Previous Year ₹ 2,934.44 Lacs) to capital work-in-progress.

## Notes to the Consolidated Financial Statements

13	INTANGIBLE ASSETS	(₹ in Lacs)
Particulars		Computer Software
<b>Gross Block</b>		
At 1st April 2012		449.20
Additions		-
Disposals		-
At 31st March 2013		449.20
Additions		2.17
Disposals		-
At 31st March 2014		451.37
<b>Depreciation</b>		
At 1st April 2012		312.99
Charge for the year		46.70
Disposals		-
At 31 March 2013		359.69
Charge for the year		41.82
Disposals		-
At 31 March 2014		401.51
<b>Net Block</b>		
At 31 March 2013		89.51
At 31 March 2014		49.86

### 14 CAPITAL WORK-IN-PROGRESS

Capital work-in-progress includes ₹ 4,305.32 Lacs (Previous Year ₹ 5,972.56 Lacs) being preoperative expenditure and ₹ 66.28 Lacs (Previous Year ₹ 2,064.29 Lacs) being capital stores.

## Notes to the Consolidated Financial Statements

### 15 INVESTMENTS

(₹ in Lacs)

Non-Current Investments		As at 31st March, 2014	As at 31st March, 2013
	Other Investment (valued at cost, except for diminution in value other than temporary)		
	<b>Investments in Equity instruments</b>		
	<b>Unquoted-Investment in Associates</b>		
4,11,50,025	(Previous year 3,91,90,500) Equity Shares of ₹ 10/- each fully paid up of Bhilwara Energy Ltd. (*)	5,342.32	2,612.70
12,62,048	(Previous year 12,62,048 ) Equity Shares of ₹ 10/- each fully paid up of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.)	419.00	404.97
	(Net of Provision for other than temporary diminution aggregating to NIL (Previous year ₹ 14.03 Lacs)		
	<b>Quoted-Investment in Others</b>		
18	(Previous year 18) Equity Shares of ₹ 2/-each of Ballarpur Ind. Ltd.	0.01	0.01
	<b>Investments in Preference Shares (#)</b>		
	<b>Unquoted-Investment in Associates</b>		
40,00,000	(Previous year 40,00,000) Preference Shares of ₹ 100/- each of Bhilwara Energy Ltd.	4,000.00	4,000.00
	<b>Total</b>	<b>9,761.32</b>	<b>7,017.68</b>
	(*) Includes 19,59,525 Equity Shares allotted in Right Issue in year 2013-14		
	(#) Preference shares of Bhilwara Energy Ltd. Redeemable after 5 years (due on 25.05.2014) at YTM of 10.93% unless put/call option exercised. In the current financial year, management of Bhilwara Energy Limited has requested the Company to give its consent for conversion of preference shares along with premium there on, into equity shares at an appropriate valuation.		
	Aggregate amount of quoted investments	0.01	0.01
	Market value of quoted investments	**	**
	Aggregate amount of unquoted investments	9,761.31	7,017.67
	Aggregate provision for diminution in value of investments	-	14.03
	(**)Amount is below the Rounding off norm adopted by the Company		
	Add : Increase in value of investment in Associates		
	Opening Balance	8,178.64	8,716.59
	Add : Increase in value of investments	(590.39)	(537.95)
	<b>Closing Balance</b>	<b>7,588.25</b>	<b>8,178.64</b>
		<b>17,349.57</b>	<b>15,196.32</b>

## Notes to the Consolidated Financial Statements

### 16 LOANS & ADVANCES

(₹ in Lacs)

Particulars	Long-term		Short-term	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, considered good unless stated otherwise</b>				
Capital advances	2.56	7,102.39	-	-
Security deposits	487.78	335.66	-	-
Other loans and advances				
Advances for goods / services	-	-	-	-
Unsecured, considered good	-	-	503.25	1,898.83
Doubtful	-	-	-	-
Balances with statutory authorities	-	-	940.26	1,582.99
Loans and advances to employees-Secured	116.18	123.38	62.73	38.08
Unsecured, considered good	-	-	211.74	188.02
Prepaid expenses	-	-	226.72	191.55
Excise rebates / refunds receivable	-	-	7,538.42	13,054.11
Direct taxes refundable (net of provisions ₹ 29,755.16 Lacs, previous year ₹ 27,534.21 Lacs)	736.31	1,834.78	1,137.28	-
MAT Credit Entitlement	4,299.32	2,166.63	-	-
Mark to Market on derivative	-	-	795.91	575.06
Other Receivables	-	-	-	281.55
Payments under protest	278.87	246.32	-	-
	<b>5,921.02</b>	<b>11,809.16</b>	<b>11,416.32</b>	<b>17,810.18</b>

Detail of payments under protest is as follows:

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Entry Tax	105.62	78.31
Central Sales Tax	32.66	29.08
Excise duty/Service Tax	139.82	138.30
MPST/MPCT	0.77	0.64
	<b>278.87</b>	<b>246.32</b>

Detail of Tax Expenses /(Benefit)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Current Income Tax	2,120.69	2,486.34
MAT Credit Entitlement	(2,120.69)	(1,149.44)
Deferred Tax Charge	1,065.14	271.80
Tax- Earlier Years	29.42	339.25
Previous year MAT Credit Entitlement	(12.02)	-
	<b>1,082.53</b>	<b>1,947.95</b>

- a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in Company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years.

## Notes to the Consolidated Financial Statements

### 16 LOANS & ADVANCES (contd.)

In respect of disputed demands, Company has filed appeals which are pending at various levels and for assessment years where the issues have been decided in favour of the Company. The Company is in the process of reconciling / adjusting the same with the department. Necessary value adjustments shall be made on final settlement by the department.

- c) Provision for Income Tax for earlier years has been made based on Income Tax Assessment cases pending at Appellate Jurisdictions on which Income Tax demand has arisen and the cases are sub-judice.

d) **Loans & advances include :**

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(i) Share application money pending allotment	NIL	NIL
(ii) Due from officers of the Company	16.72	5.63
(iii) The maximum amount at any time during the year	30.42	22.67

### 17 OTHER ASSETS

(₹ in Lacs)

Particulars	Non-Current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Others</b>				
Export benefits receivable	-	-	4,071.12	7,656.56
Interest/Dividend Accrued, Not due	2,639.55	2,003.62	67.91	-
Non-current bank balance (note no-21)	167.25	135.75	-	-
<b>Total</b>	<b>2,806.80</b>	<b>2,139.37</b>	<b>4,139.03</b>	<b>7,656.56</b>

### 18 CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Other Investment</b> (valued at lower of cost or fair value, unless stated otherwise)		
Investments in Mutual Funds		
2,50,000 (Previous year 2,50,000) Units of LIC Mutual Fund Dhan Samriddhi of ₹ 10/- each	25.00	25.00
	<b>25.00</b>	<b>25.00</b>
Aggregate amount of quoted investments	25.00	25.00
Market value of quoted investments	37.50	31.40

## Notes to the Consolidated Financial Statements

### 19 INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE) (₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw materials (Refer note No 24.) [Includes material in transit ₹ 5,177.95 lacs; Previous year: ₹ 4,227.85 lacs]	13,859.10	19,229.93
Finished goods (Refer note no-.25)	8,491.57	12,915.79
Work-in-progress (Refer note no-25)	22,303.30	23,852.07
Stores and Spares	4,738.19	4,765.17
Others [Includes stores in transit Nil ; Previous year: Nil]	8.31	3.96
	<b>49,400.46</b>	<b>60,766.92</b>

### 20 TRADE RECEIVABLES (₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8,561.90	4,567.56
Doubtful	-	-
	8,561.90	4,567.56
Age-based provision in respect of debtors outstanding for more than one year net of ECGC cover	(407.00)	(75.72)
<b>(A)</b>	<b>8,154.90</b>	<b>4,491.84</b>
Other receivables		
Unsecured, considered good	44,233.19	55,364.23
Doubtful	-	-
	44,233.19	55,364.23
Provision for doubtful receivable	-	-
<b>(B)</b>	<b>44,233.19</b>	<b>55,364.23</b>
<b>Total (A+B)</b>	<b>52,388.09</b>	<b>59,856.06</b>

## Notes to the Consolidated Financial Statements

### 21 CASH AND BANK BALANCES

(₹ in Lacs)

Particulars	Non-Current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Cash and cash equivalents</b>				
Balances with banks				
In Current accounts	-	-	959.55	879.07
In Cash Credit accounts	-	-	-	342.84
In Unpaid dividend account	-	-	240.02	215.09
Cheques, drafts on hand	-	-	0.55	12.93
Cash on hand (Including foreign currency notes)	-	-	5.85	15.43
Postage and Stamps	-	-	0.11	0.89
	-	-	<b>1,206.07</b>	<b>1,466.25</b>
<b>Other bank balances</b>				
Held as margin money	0.29	0.29	-	-
Fixed Deposits with maturity more than one year*	166.96	135.46	-	-
	167.25	135.75	-	-
Less: Amount disclosed under the head "other non current assets" (Note no-17)	167.25	135.75		
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,206.07</b>	<b>1,466.25</b>

\*Pledged with Bank against Bank Guarantee to Shipping line.

### 22 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year Ended 31st March, 2014		Year Ended 31st March, 2013	
<b>Sale of Products</b>				
Manufactured goods				
Graphite Electrodes	1,46,693.75		1,62,107.49	
Power (Net of inter-divisional sales of ₹ 19,703.96 Lacs ,Previous year ₹ 21,306.70 Lacs )	2,455.26	1,49,149.01	3,010.28	1,65,117.77
<b>Other Operating Income</b>				
REC sales	399.31		372.53	
Fly Ash Income	390.34	789.65	145.92	518.45
Less:Excise Duty		3,257.54		3,374.75
		<b>1,46,681.13</b>		<b>1,62,261.47</b>

### 23 OTHER INCOME

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest income		
Income tax Refunds/Others	110.25	124.99
Other Interest Income	62.37	53.26
Dividend on current investments	0.00	36.06
Accrued Redemption Premium on Non Trade Investment	637.87	597.26
Rent Receipts	272.86	254.33
Provision for diminution in value of Investment in Associates-written back	14.03	176.29
Liabilities / provisions no longer required, written back	147.36	92.81
Profit on sale of Fixed Assets	-	25.21
Miscellaneous Sales / Receipts	932.40	-
	<b>2,177.15</b>	<b>1,360.22</b>



## Notes to the Consolidated Financial Statements

### 24 COST OF MATERIAL CONSUMED

(₹ in Lacs)

Particulars	Year Ended 31st March, 2014		Year Ended 31st March, 2013	
<b>Raw Material Consumed</b>				
Opening Stock	15,002.08		17,122.09	
Add : Purchases	58,166.81		80,308.98	
	<b>73,168.89</b>		<b>97,431.07</b>	
Less: Closing Stock	8,681.15		15,002.08	
Cost of Material Consumed (Net of Export Incentive ₹ 3,098.17 Lacs , previous year ₹ 7,689.66)		<b>64,487.74</b>		<b>82,428.99</b>

The above consumption figures are disclosed on the basis of derived figures and are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.

#### Breakup of raw material Consumption is as under

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Calcined Petroleum Coke	44,588.63	56,951.35
Pitch	10,173.51	13,568.51
Coal	9,023.87	11,042.69
Others	701.73	866.44
	<b>64,487.74</b>	<b>82,428.99</b>

#### Breakup of raw material inventory is as under

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Calcined Petroleum Coke	5,692.40	11,556.72
Pitch	896.42	945.37
Coal	2,042.16	2,351.96
Others	50.17	148.03
	<b>8,681.15</b>	<b>15,002.08</b>

### 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013	(Increase) / Decrease
Inventories (At close)			
Finished Goods	8,491.57	12,915.79	
Work-in-progress	22,303.30	23,852.07	
	<b>30,794.87</b>	<b>36,767.86</b>	<b>5,972.99</b>
Inventories (At opening)			
Finished Goods	12,915.79	10,011.83	
Work-in-progress	23,852.07	22,982.35	
	<b>36,767.86</b>	<b>32,994.18</b>	<b>(3,773.68)</b>

## Notes to the Consolidated Financial Statements

### 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (contd.) (₹ in Lacs)

Breakup of finished goods is as under

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Finished goods</b>		
a) Graphite Electrodes, Nipples & Specialities	7,438.36	11,758.02
b) By-products etc	1,053.21	1,157.77
	<b>8,491.57</b>	<b>12,915.79</b>

Breakup of work in progress is as under

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Work-in-progress</b>		
a) Intermediary products at various stages	9,704.56	14,197.85
b) Intermediary products in furnaces	12,595.21	9,649.54
c) Refractory blocks & sengries	3.53	4.68
	<b>22,303.30</b>	<b>23,852.07</b>

Note- Work in Progress includes Refractory Blocks lying at shop floor ₹ 0.99 Lacs (Previous Year ₹ 0.99 Lacs)

### 26 EMPLOYEE BENEFIT EXPENSES (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Salaries and Wages	4,608.69	4,402.90
Contribution to Provident and other Funds	530.03	495.27
Staff Welfare	744.80	679.95
	<b>5,883.53</b>	<b>5,578.12</b>

### 27 FINANCE COSTS (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Interest Expense</b>		
Debentures	-	391.47
Term Loans	2,869.13	2,254.08
Working Capital Borrowings	4,360.56	3,714.82
	<b>7,229.69</b>	<b>6,360.37</b>

### 28 DEPRECIATION AND AMORTISATION (₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Depreciation of tangible assets	7,224.17	6,217.73
Amortisation of intangible assets	41.82	46.70
	<b>7,265.99</b>	<b>6,264.44</b>

## Notes to the Consolidated Financial Statements

### 29 OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Consumption of stores and spare parts (Including Refractory Blocks)	8,412.78	10,483.57
Job/Process Charges	310.86	315.34
Power & fuel	28,475.35	32,589.40
Less: Interdivisional Purchases	(19,703.96)	(21,306.70)
Repairs and maintenance		
Plant & Machinery	4,069.23	4,171.05
Building	410.24	547.75
Others	526.48	606.56
Insurance	649.31	502.30
Rent	105.94	111.79
Rates and taxes, excluding taxes on income	82.33	159.58
Directors' sitting fees & incidental expenses	19.89	19.13
Freight & forwarding	9,889.22	11,487.67
Packing Expenses (including Packing material consumption)	1,653.71	1,956.13
Commission	4,614.31	3,131.43
Claims, Rebates and Discount	2,730.47	375.37
Donations	9.32	100.08
Power generation charges	181.95	152.87
Travelling Expenses	266.91	251.33
Postage & Communication	73.04	62.17
Payment to auditors (Refer details below*)	34.13	30.94
Legal & Professional Expenses	605.64	838.39
Vehicle Running & Maintenance	146.66	155.10
Provision for doubtful debts & advances	331.28	75.72
Bad debts	1,182.40	-
Increase/ (decrease) in excise duty on closing stock	(369.33)	445.42
Loss on sale/discard of fixed assets	65.17	-
Miscellaneous Expenses	965.08	1,454.16
	<b>45,738.41</b>	<b>48,716.58</b>

\*Payments to the statutory auditors (excluding service tax)

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
As auditor		
Statutory audit	24.11	24.13
Other Services		
Management Services	3.01	1.10
Certification fees	0.70	1.78
Reimbursement of expenses	6.31	3.92
	<b>34.13</b>	<b>30.94</b>

## Notes to the Consolidated Financial Statements

### 30 EXCEPTIONAL ITEM

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Loss on account of Foreign Exchange arising out of exceptional volatility in Foreign currency rates.	2,535.83	5,519.79
	<b>2,535.83</b>	<b>5,519.79</b>

### 31 EARNINGS PER SHARE

Particulars	As at 31st March, 2014	As at 31st March, 2013
The basic and diluted Earning Per Share is as under :		
Net Profit After Tax	8,071.18	10,041.18
Weighted average number of Equity Shares outstanding	3,99,59,142	3,99,59,142
Basic Earning Per Share (₹)	20.20	25.13
Diluted Earning Per Share (₹)	20.20	25.13
Face value per Equity Share (₹)	10	10

### 32 CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>For Taxation matters</b>		
a) Excise duty under appeal	261.97	261.97
b) Service Tax	953.22	939.04
c) Income Tax	2,187.00	2,290.00
d) Sales Tax	210.64	96.86
<b>Other than Taxation matters</b>		
a) Electricity Charges	4,650.00	4,775.98
b) RPO Obligation	980.00	568.93
b) Advance & EPCG License	508.84	2,166.01
<b>Labour related matters</b>	34.22	34.02

Based on legal advice, discussions with the solicitors, etc., the management believes that there is fair chance of decisions in the company's favour in respect of all the items listed above and hence no provision is considered necessary against the same. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

### 33 OBLIGATIONS AND COMMITMENTS OUTSTANDING

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 2.56 Lacs, previous year ₹ 7,102.39 Lacs.)	10.24	5,502.32
b) Bills discounted with bankers.	5,534.32	3,495.36
c) Liability on Advance License pending export fulfillment	7,331.78	2,166.01
d) The Company has provided Guarantee in favour of International Finance Corporation (IFC) with M/s RSWM Ltd. on joint and several basis on behalf of M/s AD Hydro Power Ltd.	600.00	600.00

## Notes to the Consolidated Financial Statements

### 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

#### a) Foreign currency forward contracts outstanding as at the balance sheet date *(Amount in Millions/ Foreign Currency)*

Category	Purpose	Currency	Year ended 31st March, 2014	Year ended 31st March, 2013
Plain Vanilla Forwards	Hedging	USD	-	5.25
USD-INR Full Currency Forwards	Hedging	USD	6.70	10.00

#### b) Particulars of unhedged foreign currency exposure as at the balance sheet date *(₹ in Lacs)*

Particulars	Currency	As at 31st March, 2014		As at 31st March, 2013	
		Amount in FC(Million)	Amount in INR	Amount in FC(Million)	Amount in INR
Secured Loan	USD	33.16	19,930.12	115.00	62,551.95
	EURO	3.23	2,668.49	17.22	11,980.19
	GBP	0.19	194.45	0.03	28.22
Unsecured Loan	USD	-	-	29.50	16,047.16
	EURO	-	-	2.01	1,399.01
Creditors(Net of Advances)	USD	17.69	12,563.97	(0.65)	(29.64)
	EURO	0.01	12.22	(63.75)	(4,333.43)
<b>Total</b>	<b>USD</b>	<b>50.85</b>	<b>32,494.09</b>	<b>143.85</b>	<b>78,569.47</b>
<b>Total</b>	<b>EURO</b>	<b>3.24</b>	<b>2,680.70</b>	<b>(44.52)</b>	<b>9,045.77</b>
<b>Total</b>	<b>GBP</b>	<b>0.19</b>	<b>194.45</b>	<b>0.03</b>	<b>28.22</b>
Debtors(Net of Advances)	USD	39.31	23,621.89	66.91	36,397.08
	EURO	14.48	11,963.32	15.81	10,989.24
	GBP	0.29	288.84	0.06	49.30

### 35

Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

### 36 AS - 15 'EMPLOYEE BENEFITS'

The Company has adopted Revised Accounting Standard - 15 'Employee Benefits' and the required disclosures are given hereunder:

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under : *(₹ in Lacs)*

Particulars	FY 2013-14	FY 2012-13
Employer's contribution to Provident Fund	197.18	185.23
Employer's contribution to Superannuation Fund	138.03	126.68
Employer's contribution to ESI	35.18	37.45

## Notes to the Consolidated Financial Statements

### 36 AS - 15 'EMPLOYEE BENEFITS' (contd.)

#### Defined Benefit Plan

The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity. The Company has maintained funds with ICICI Prudential Life Insurance Co. Ltd., Kotak Mahindra Old Mutual Life Insurance Ltd. and Bajaj Allianz Life Insurance Co. Ltd.

#### 1. Reconciliation of opening and closing balances of Defined Benefit Obligation.

(₹ in Lacs)

	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13	Leave Encashment (Unfunded) FY 2013-14	Leave Encashment (Unfunded) FY 2012-13
Defined Benefit obligation at the beginning of the year	969.72	1,050.51	226.83	238.89
Current Service Cost	50.36	52.57	16.65	16.64
Interest Cost	77.58	84.04	18.15	19.11
Actuarial (gain)/loss	24.03	21.30	3.78	(3.39)
Past Service Cost	-	-	-	-
Benefits Paid	(219.89)	(238.70)	(40.13)	(44.42)
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the year	901.81	969.72	225.28	226.83

#### 2. Reconciliation of opening and closing balances of Fair Value of Plan Assets

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13
Fair value of plan assets as at the beginning of the year	904.36	966.61
Expected Return	90.44	96.66
Actuarial (gain)/loss	16.68	4.11
Contribution by Employer	65.50	83.90
Benefits Paid	(219.89)	(238.70)
Settlement cost	-	-
Fair value of plan assets as at the end of the year	823.74	904.36
Actual return on plan assets	73.76	92.55

#### 3. Reconciliation of amount recognised in Balance Sheet

(₹ in Lacs)

	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13	Leave Encashment (Unfunded) FY 2013-14	Leave Encashment (Unfunded) FY 2012-13
Fair Value of Plan Assets as at 31st March, 2014	823.74	904.36	-	-
Present value of obligation as at 31st March, 2014	901.81	969.72	225.28	226.83
Net asset/(liability) recognised in the Balance Sheet	(78.07)	(65.36)	(225.28)	(226.83)

## Notes to the Consolidated Financial Statements

### 36 AS - 15 'EMPLOYEE BENEFITS' (contd.)

#### 4. Expenses Recognised during the year under the head

(₹ in Lacs)

	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13	Leave Encashment (Unfunded) FY 2013-14	Leave Encashment (Unfunded) FY 2012-13
Current Service Cost	50.36	52.57	16.65	16.64
Past Service Cost	-	-	-	-
Interest Cost	77.58	84.04	18.15	19.11
Expected return on plan assets	(90.44)	(96.66)	-	-
Net Actuarial (gain)/ loss recognised during the period	40.71	25.41	3.78	(3.39)
Expenses recognised in the statement of Profit & Loss	78.22	65.36	38.58	32.36

#### 5. Actual Return on Plan Assets

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13
Expected Return on Plan Assets	90.44	96.66
Actuarial (gain)/ loss	16.68	4.11
Actual return on plan assets	73.76	92.55

#### 6. Principal Actuarial Assumptions

Particulars	Gratuity (Funded) FY 2013-14	Gratuity (Funded) FY 2012-13	Leave Encashment (Unfunded) FY 2013-14	Leave Encashment (Unfunded) FY 2012-13
Mortality Table	IALM (2006-08)	1994-96 duly modified	IALM (2006-08)	1994-96 duly modified
Discount rate	8.50%	8.00%	8.00%	8.00%
Future Salary Increase	6.00%	5.50%	6.00%	5.50%
Expected rate of return on plan assets	10.00%	10.00%	0.00%	0.00%
Retirement Age	60 years	60 years	60 years	60 years

Withdrawal Rates	FY 2013-14		FY 2012-13	
	Age	Withdrawal Rates	Age	Withdrawal Rates
	Upto 30 years	3.00%	Upto 30 years	3.00%
	From 31 to 44 years	2.00%	From 31 to 44 years	2.00%
	Above 44 years	1.00%	Above 44 years	1.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.



## Notes to the Consolidated Financial Statements

### 36 AS - 15 'EMPLOYEE BENEFITS' (contd.)

Amounts for the current and previous four periods in respect of leave encashment are as follows (₹ in Lacs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
PBO (C)	225.28	226.80	238.89	329.17	275.05
Plan assets	-	-	-	-	-
Net Assets/ (Liability)	(225.28)	(226.80)	(238.89)	(329.17)	(275.05)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	(3.70)	4.60	112.40	(35.29)	(15.13)

Amounts for the current and previous four periods in respect of gratuity are as follows (₹ in Lacs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
PBO (C)	901.81	969.72	1,050.51	1,031.15	997.95
Plan assets	823.74	904.36	966.61	960.22	900.09
Net Assets/ (Liability)	(78.07)	(65.40)	(83.90)	(70.93)	(55.52)
Experience adjustment on plan assets	(16.68)	(16.00)	(25.86)	(12.59)	(46.30)
Experience adjustment on plan liabilities	(23.60)	(4.11)	(17.51)	(31.05)	92.86

#### Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementation AS-15. Employee Benefit states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the company's actuary has expressed his inability to reliably measure the same.

### 37 RELATED PARTY DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD (AS-18) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA :

#### A. List of Related Parties & Relationships

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).</b>		
(i) HEG Graphite Products and Services Limited	Subsidiary	Subsidiary
<b>b) Associates and joint ventures</b>		
(i) Bhilwara Energy Limited	Associate	Associate
(ii) Bhilwara Infotechnology Limited	Associate	Associate
<b>c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.</b>	Sh. L.N. Jhunjunwala Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala	Sh. L.N. Jhunjunwala Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala
<b>d) Key Management Personnel and their relatives</b>	Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala	Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala

## Notes to the Consolidated Financial Statements

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### RELATED PARTY DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD (AS-18) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA : (contd.)

#### e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.

- (i) Aadi Marketing Company Pvt Ltd
- (ii) Bhilwara Green Energy Ltd
- (iii) Bhilwara Services Pvt Ltd
- (iv) Bhilwara Technical Textiles Ltd
- (v) BMD Pvt Ltd
- (vi) BMD Renewable Energy Pvt Ltd
- (vii) NJC Hydro Power Limited
- (viii) Essay Marketing Company Ltd
- (ix) Giltedged Industrial Securities Ltd
- (x) India Texfab Marketing Ltd
- (xi) Investors India Ltd
- (xii) Kalati Holdings Pvt Ltd
- (xiii) LNJ Financial Services Ltd
- (xiv) LNJ Bhilwara Textile Anusandhan Vikas Kendra
- (xv) Malana Power Company Ltd
- (xvi) Maral Overseas Ltd
- (xvii) Nikita Electrotrades Pvt Ltd
- (xviii) Nivedan Vanijya Niyojan Ltd
- (xix) Purvi Vanijya Niyojan Ltd
- (xx) Raghav Commercial Ltd
- (xxi) Raghav Knits & Textile Pvt Ltd
- (xxii) RSWM Ltd
- (xxiii) Shashi Commercial Co Ltd
- (xxiv) Veronia Tie-Up Pvt Ltd

#### B The following transactions were carried out / outstanding with related parties in the ordinary course of business

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>1 With parties referred to in (a) above.</b>		
i) Investment in Equity of HEG Graphite Products and Services Limited	5.00	5.00
<b>2 With parties referred to in (b) above.</b>		
i) Investment in Cumulative Redeemable Preference shares of Bhilwara Energy Limited	4,000.00	4,000.00
ii) Investment in Equity of Bhilwara Energy Limited	5,342.32	2,612.70
iii) Investment in Equity of Bhilwara Infotechnology Limited	419.00	419.00
iv) Provision for diminution in value of investment in equity shares of Bhilwara Infotech Limited	-	14.03
v) Redemption premium accrued on Preference Shares of Bhilwara Energy Limited	2,639.52	2,001.64
vi) Amount Received for Property Sale from Bhilwara Infotechnology Limited	238.88	-
vii) Interest Received from Bhilwara Infotechnology Limited	18.86	-
viii) Rent Paid to Bhilwara Infotechnology Limited	0.79	-
ix) Rent received from Bhilwara Infotechnology Limited	0.92	11.00

## Notes to the Consolidated Financial Statements

37

RELATED PARTY DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD (AS-18) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA : (contd.) (₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>3. With parties referred to in (c) above.</b>		
i) Sitting Fees paid to		
- Sh. Riju Jhunjunwala	1.20	0.80
ii) Remuneration paid to		
- Sh. Ravi Jhunjunwala		
Salaries & Allowances (Including Perquisites)	148.93	139.68
Contribution to PF & Superannuation	23.95	22.68
Commission (Provision)	221.56	320.42
Remuneration does not Include provisions made for gratuity and leave benefits,as they are determined on an actural basis for the Company as a whole		
<b>4. With parties referred to in (d) above.</b>		
Remuneration paid to		
- Sh. Ravi Jhunjunwala		
Salaries & Allowances (Including Perquisites)	148.93	139.68
Contribution to PF & Superannuation	23.95	22.68
Commission (Provision)	221.56	320.42
Remuneration does not Include provisions made for gratuity and leave benefits,as they are determined on an actural basis for the Company as a whole		
<b>5. With parties referred to in (e) above.</b>		
Purchase of fabrics		
-RSWM Ltd	12.57	5.98
Rent Received		
-RSWM Ltd	10.52	10.55
Rent Paid	115.76	123.28
-RSWM Ltd	67.90	73.79
-Shashi Commercial Co. Ltd	28.27	28.88
-Purvi Vanijya Niyojan Ltd	2.59	3.81
-Giltedged Industrial Securities Ltd	17.00	16.80

### Outstanding Balance as on 31st March 2014

Sl. No.	Related Party	(₹ in Lacs)
1	RSWM Ltd	(7.03)
2	Purvi Vanijya Niyojan Ltd	1.12
3	Bhilwara Infotechnology Ltd	(238.89)
4	Bhilwara Energy Ltd	0.11
	<b>TOTAL</b>	<b>(244.69)</b>

**Note:** Figures marked in brackets denote credit balances

## Notes to the Consolidated Financial Statements

### 38 SEGMENT REPORTING

(₹ in Lacs)

Particulars	Graphite	Power	Unallocable items/ Others	Total
<b>A Business Segments</b>				
<b>Segment Revenue</b>				
External Sales	1,43,430.14	22,948.88	6.07	1,66,385.09
(Net of Excise Duty)	(1,58,719.13)	(24,835.42)	(13.62)	(1,83,568.17)
Inter Segment Transfers		19,703.96		19,703.96
		(21,306.70)		(21,306.70)
<b>Total Revenue</b>	<b>1,43,430.14</b>	<b>3,244.91</b>	<b>6.07</b>	<b>1,46,681.12</b>
	(1,58,719.13)	(3,528.72)	(13.62)	(1,62,261.47)
<b>Segment Result</b>				
Segment Results	6,308.92	9,965.30	699.57	16,973.79
	(9,184.81)	(8,972.63)	(730.00)	(18,887.45)
Less: Financial Expenses				7,229.69
				(6,360.37)
Profit Before Tax				9,744.10
				(12,527.08)
Less: Income Tax (incl Deferred)				1,082.53
				(1,947.95)
<b>Net Profit for the year</b>				<b>8,661.57</b>
				(10,579.13)
<b>Other Information</b>				
Unallocated Assets			18,540.71	18,540.71
			(14,122.80)	(14,122.80)
Segment Assets	2,02,649.92	21,801.61	-	2,24,451.53
	(2,25,706.92)	(21,965.78)	-	2,47,672.71
<b>Total Assets</b>	<b>2,02,649.92</b>	<b>21,801.61</b>	<b>18,540.71</b>	<b>2,42,992.25</b>
	(2,25,706.92)	(21,965.78)	(14,122.80)	(2,61,795.51)
Segment Liabilities	1,36,762.23	293.65	-	1,37,055.88
	(1,62,406.99)	(315.76)	-	(1,62,722.75)
Unallocated Liabilities			13,529.59	13,529.59
			(12,743.65)	(12,743.65)
<b>Total Liabilities</b>	<b>1,36,762.23</b>	<b>293.65</b>	<b>13,529.59</b>	<b>1,50,585.47</b>
	(1,62,406.99)	(315.76)	(12,743.65)	(1,75,466.39)
Capital Employed	1,00,801.66	18,999.83	8,908.46	1,28,709.96
	(1,11,562.98)	(19,999.38)	(8,848.14)	(1,40,410.50)
Capital Exp. incurred during the year	19,518.06	453.15	(34.64)	19,936.57
	(11,794.79)	(337.48)	(7.41)	(12,139.68)
Depreciation	5,825.84	1,405.55	34.60	7,265.99
	(4,819.47)	(1,411.22)	(33.75)	(6,264.44)
Other Non Cash Expenses	-	-	0.01	0.01
<b>B Geographical Segment</b>				
<b>Segment Revenue</b>				
Based on Location of Customers				
Domestic	28,300.12	22,960.93	951.94	52,212.98
	(28,023.90)	(24,839.85)	(1,072.90)	(53,936.65)
Export	1,16,349.25	-	-	1,16,349.25
	(1,30,991.74)	-	-	(1,30,991.74)
<b>Segment Assets</b>				
Based on Location of assets				
In India	1,83,131.86	21,348.46	18,575.35	2,23,055.68
	(1,94,946.70)	(21,312.55)	(5,104.17)	(2,21,363.41)
Cost to acquire assets by location	19,518.06	453.15	(34.64)	19,936.57
	(11,794.79)	(337.48)	(7.41)	(12,139.68)

## Notes to the Consolidated Financial Statements

### 39 VALUE OF IMPORTS CALCULATED ON CIF BASIS IN RESPECT OF

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Raw Materials	36,784.75	51,027.19
Components & spare parts	351.20	569.21
Capital goods	3,173.27	2,646.23

### 40 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS) ON ACCOUNT OF

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Commission, Consultancy, Travelling, Interest and Others.	5,600.90	5,846.97

### 41 EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Export of goods calculated on FOB basis	1,12,130.85	1,32,078.37

### 42 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Amount paid on repatriation basis on account of dividend*	1,215.52	762.06
Number of NRI / OCB shareholders	287	345
Number of shares held by above shareholders	1,51,93,953	1,52,41,241
Year to which the dividend relates	2012-13	2011-12

\*The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained as out of this an amount equivalent to ₹ 9,45,44,856 was paid in foreign currency, whereas amount ₹ 2,70,06,768 was paid to non-residents in INR on repatriation basis during the financial year 2013-14.

### 43 CAPITALISATION OF PRE-OPERATIVE EXPENDITURE

(₹ in Lacs)

The following expenditure has been capitalised / included under Capital work-in-progress:	Year ended 31st March, 2014	Year ended 31st March, 2013
Insurance Expenses	2.97	3.52
Financial Expenses - Interest on term loans	2,242.64	2,487.21
Administrative Overheads & Other Cost	981.96	699.03
Foreign currency fluctuation	6,451.11	3,117.91
<b>Total</b>	<b>9,678.68</b>	<b>6,307.65</b>
The same has been capitalised / is lying under Capital work-in-progress as under:		
Building	1,405.68	94.25
Plant & Machinery	3,967.68	240.84
Capital work-in-progress	4,305.32	5,972.56
<b>Total</b>	<b>9,678.68</b>	<b>6,307.65</b>

## Notes to the Consolidated Financial Statements

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The Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification No 914 (E) dated December 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, the following exchange differences on long term foreign currency monetary items are being dealt with in the following manner:

- Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long term asset/ liability. It has transferred the differences arising out of foreign currency translation in respect of acquisition of depreciable capital assets to the respective assets account / Capital Work-in-progress. In case this accounting practice had not been adopted, the Pre-tax Profit for the financial year ended 31st March 2014 would have been lower by ₹ 1884.60 Lacs (Previous year ₹ 724 Lacs) with a consequential impact on both the Basic and Diluted EPS.

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There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets.

### 46 ADDITIONAL INFORMATION

Particulars		Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Installed capacity</b> (as certified by the Management, being a technical matter relied upon by Auditors)			
Graphite Electrodes & Anodes	MT	80,000	80,000
Thermal Power	MW	63.00	63.00
Hydel Power	MW	13.50	13.50

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In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.

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The following transactions are accounted for on the basis of estimates/available data, with final adjustments being carried out in the year of settlement.

- Claims lodged with insurance companies.
- Interest on income tax refunds granted on summary basis, pending finalization of assessments is treated as income in the year of accrual. Final adjustments are carried out in the year of completion of assessment.

## Notes to the Consolidated Financial Statements

### 49 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIAL, STORES & SPARE PARTS CONSUMED

Particulars	Year Ended 31st March, 2014		Year Ended 31st March, 2013	
	₹ in Lacs	%	₹ in Lacs	%
<b>Raw materials (including purchases for consumption)</b>				
Imported	41,576.02	74.69	50,098.05	60.78
Indigenous	13,889.33	25.31	32,330.94	39.22
<b>Stores &amp; spare parts</b>				
Imported	320.46	3.67	239.56	2.29
Indigenous	8,412.78	96.33	10,244.01	97.71

### 50 INFORMATION PERTAINING TO SUBSIDIARY COMPANIES U/S 212 (8) OF THE COMPANIES ACT, 1956 (₹ in Lacs)

Sl. No.	Particulars	HEG Graphite Products and Services Limited
	<b>Financial year ending on</b>	<b>31-03-2014</b>
1	Share Capital	5.00
2	Reserve & surplus / (Accumulated Losses)	(1.34)
3	Total Assets	3.77
4	Total Liabilities	3.77
5	Details of Investments (except in case of investment in the subsidiaries)	-
6	Total Turnover	-
7	Profit / (Loss) before taxation	(0.19)
8	Taxation	-
9	Profit / (Loss) after taxation	(0.19)
10	Proposed Dividend	-

**Note:** The annual accounts of the subsidiary Company and the related detailed information shall be made available to the shareholders of the holding Company and the subsidiary Company seeking such information. The annual accounts of the subsidiary Company shall also be kept for inspection by any shareholders at the Registered office of the holding Company and of the subsidiary Company. The holding Company shall furnish a hard copy of details of accounts of subsidiary to any shareholder on demand.

### 51

Previous year figures have been regrouped/reclassified, wherever necessary to conform to current year classification.

Signed in terms of our report of even date

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

**Mukesh Goyal**  
Partner  
Membership No. 081810

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn.No. 000756N

**Arun K.Tulsian**  
Partner  
Membership No. 089907

**Ravi Jhunjunwala**  
Chairman & Managing Director  
**Shekhar Agarwal**  
Vice Chairman  
**D.N.Davar**  
Director  
**Riju Jhunjunwala**  
Director  
**Raju Rustogi**  
Chief Financial Officer  
**Ashish Sabharwal**  
Company Secretary

Place : Noida (U.P.)  
Dated : 21st April, 2014



# Consolidated Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	9,744.10	12,527.08
Add: Depreciation	7,265.99	6,264.44
Misc Exps Written off	0.01	0.00
Interest Paid	7,229.69	6,360.37
Net Loss on fixed assets sold / discarded	65.17	0.00
Diminution in value of Investments (net)	(14.03)	(176.29)
Provision for doubtful debts/age base provisions	331.29	75.72
Bad debts	1,182.40	-
Less: Dividend received	-	36.06
Interest received	171.21	178.26
<b>Operating Profit before working capital changes</b>	<b>25,633.40</b>	<b>24,837.01</b>
<b>Working capital</b>		
Trade receivables	7,467.97	(10,788.06)
Inventories	11,366.46	1,113.89
Loans & advances / Other current assets	22,231.92	(7,759.00)
Liabilities and provisions	11,712.88	6,066.55
Cash from operating activities	78,412.64	13,470.39
Income tax	1,082.53	1,947.95
<b>Net Cash from operating activities</b>	<b>77,330.10</b>	<b>11,522.44</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in Fixed Assets (net)	(20,118.56)	(12,244.79)
Sale of Fixed Assets	116.83	105.11
Advances for Capital Expenditure	(7,099.83)	(2,801.47)
Sundry Creditors for Capital Expenditure	294.46	248.15
Investments	(2,743.64)	0.01
Dividend Received	-	36.06
Interest received	171.21	178.26
<b>Net Cash from investing activities</b>	<b>(29,379.52)</b>	<b>(14,478.68)</b>
<b>C CASH FROM FINANCING ACTIVITIES</b>		
Long term borrowings - Term Loans / NCD's / Bonds	-	19,091.18
Repayment of Term loans/NCD's/Bonds	(19,078.24)	(12,840.91)
Short term borrowings (working capital)	(19,097.82)	6,470.55
Interest Paid	(7,229.69)	(6,360.37)
Dividend paid	(2,397.55)	(3,196.73)
Corporate Dividend Tax	(407.46)	(543.28)
<b>Net Cash from financing activities</b>	<b>(48,210.76)</b>	<b>2,620.44</b>
<b>INCREASE IN CASH OR CASH EQUIVALENTS</b>	<b>(260.18)</b>	<b>(335.79)</b>
Opening cash or cash equivalents	1,466.25	1,802.04
Closing cash or cash equivalents	1,206.07	1,466.25

Signed in terms of our report of even date

For **Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. 000561N

**Mukesh Goyal**  
Partner  
Membership No. 081810

For **S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Firm Regn.No. 000756N

**Arun K.Tulsian**  
Partner  
Membership No. 089907

**Ravi Jhunjunwala**  
Chairman & Managing Director  
**Shekhar Agarwal**  
Vice Chairman  
**D.N.Davar**  
Director  
**Riju Jhunjunwala**  
Director  
**Raju Rustogi**  
Chief Financial Officer  
**Ashish Sabharwal**  
Company Secretary

Place : Noida (U.P.)  
Dated : 21st April, 2014

# CORPORATE INFORMATION

## Chairman-Emeritus

L. N. Jhunjhunwala

## Board of Directors

Ravi Jhunjhunwala,

*Chairman, Managing Director & CEO*

Shekhar Agarwal, *Vice-Chairman*

D. N. Davar, *Director*

Kamal Gupta, *Director*

Vinita Singhania, *Director*

Lalit Mohan Lohani, *Nominee Director - LIC*

O. P. Bahl, *Director*

Riju Jhunjhunwala, *Director*

## Chief Operating Officer

K. Vaidyanathan

## Chief Financial Officer

Raju Rustogi

## Chief Human Resource Officer

T. Dev Joshi

## Vice President - Marketing

Manish Gulati

## Company Secretary

Ashish Sabharwal

## Bankers

State Bank of India

Punjab National Bank

HDFC Bank Ltd

The Hongkong &  
Shanghai Banking Corp. Ltd.

IDBI Bank Ltd

Central Bank of India

Kotak Mahindra Bank Ltd.

DBS Bank Ltd.

ING Vysya Bank Ltd.

Axis Bank Ltd.

Dena Bank

Development Credit Bank Ltd.

Societe Generale

YES Bank

Citibank

ICICI Bank Ltd.

## Auditors

Doogar & Associates

S. S. Kothari Mehta & Co.

## Registrar & Share Transfer Agent

M/s. MCS Share Transfer Agent Ltd.,

F-65, First Floor,

Okhla Industrial Area, Phase-I

New Delhi - 110020

Phone: 011-41406149

Fax: 011-41709881

## Stock Exchanges where the Company's shares are listed:

BSE Ltd.

National Stock Exchange of India Ltd.

Madhya Pradesh Stock Exchange Ltd.

## Corporate Office

Bhilwara Towers, A-12, Sector-1

Noida - 201301, U.P., India

Phone: +91 (0120) 4390300

Fax: +91 (0120) 4277841

## Registered Office

Mandideep (Near Bhopal)

Distt. Raisen - 462046

Madhya Pradesh, India

Phone: +91 (07480) 233524 to 233527

Fax: +91 (07480) 233522

CIN No. L23109MP1972PLC008290

## Works

### Graphite Electrodes & Thermal Power Plants

Mandideep (Near Bhopal)

Distt. Raisen - 462046

Madhya Pradesh, India

Phone: +91 (07480) 233524 to 233527

Fax: +91 (07480) 233522

### Hydro Electric Power

Village Ranipur, Tawa Nagar

Distt. Hoshangabad - 461001

Madhya Pradesh, India

Phone: +91 (07572) 272810, 272859

Fax: +91 (07572) 272849

Note: Shri L. N. Jhunjhunwala and Shri P. Murari resigned from directorship of the Company w.e.f. 21/04/2014 and 14/04/2014 respectively.

## CAUTIONARY STATEMENT

STATEMENTS IN THIS DOCUMENT THAT ARE NOT HISTORICAL FACTS BUT 'FORWARD-LOOKING' STATEMENTS. THESE 'FORWARD-LOOKING' STATEMENTS MAY INCLUDE THE COMPANY'S OBJECTIVES, STRATEGIES, INTENTIONS, PROJECTIONS, EXPECTATIONS, AND ASSUMPTIONS REGARDING THE BUSINESS AND THE MARKETS IN WHICH THE COMPANY OPERATES. THE STATEMENTS ARE BASED ON INFORMATION WHICH IS CURRENTLY AVAILABLE TO US, AND THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THESE STATEMENTS AS CIRCUMSTANCES CHANGE. THERE MAY BE A MATERIAL DIFFERENCE BETWEEN ACTUAL RESULTS AND THOSE EXPRESSED HEREIN. THE RISKS, UNCERTAINTIES AND IMPORTANT FACTORS THAT COULD INFLUENCE THE COMPANY'S OPERATIONS AND BUSINESS ARE THE GLOBAL AND DOMESTIC ECONOMIC CONDITIONS, THE MARKET DEMAND AND SUPPLY FOR PRODUCTS, PRICE FLUCTUATIONS, CURRENCY AND MARKET FLUCTUATIONS, CHANGES IN THE GOVERNMENT'S REGULATIONS, STATUTES AND TAX REGIMES, AND OTHER FACTORS NOT SPECIFICALLY MENTIONED HEREIN BUT THOSE THAT ARE COMMON TO THE INDUSTRY.



PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL



**HEG LIMITED**

Registered Office:

Mandideep (Near Bhopal)

Distt. Raisen - 462046, Madhya Pradesh, India

website: [www.hegltd.com](http://www.hegltd.com)/[www.lnjbhilwara.com](http://www.lnjbhilwara.com)

CIN No. L23109MP1972PLC008290



## HEG LIMITED

CIN: L23109MP1972PLC008290

**Registered Office:** Mandideep (Near Bhopal) Distt. Raizen - 462 046, (M.P.), Phone: 07480-233524, 233525, Fax : 07480-233522

**Corporate Office:** Bhilwara Towers, A - 12, Sector - 1, Noida - 201 301 (U.P.), Phone: 0120-4390300 (EPABX), Fax: 0120-4277841

E-mail: investor.complaints@hegltd.com; Website: www.hegltd.com

### NOTICE

NOTICE is hereby given that the 42nd Annual General Meeting of HEG LIMITED will be held on Saturday, the 30th August, 2014 at 1.30 P.M. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raizen – 462046, Madhya Pradesh to transact the following business: -

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at the 31st March, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Riju Jhunjunwala (holding DIN 00061060), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring auditors M/s S.S. Kothari Mehta & Co., Chartered Accountants (ICAI Registration No.000756N) and M/s Doogar & Associates, Chartered Accountants (ICAI Registration No.000561N), are, however eligible for re-appointment.

#### SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof) and such other necessary approval(s) if any, as may be required, approval be and is hereby accorded to alter Articles of Association of the Company by inserting the following new Article No. 125A after the existing Article 125:

#### Article No. 125A

#### **Chairman and Managing Director and Chief Executive Officer or Whole- time Director**

Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), Stock Exchanges or any other competent authority and the applicable provisions of Section 203 of the Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, which is laid down in this regard by any amendment in or re-enactment of the Companies Act, 2013 or by the rules, regulations etc. made there under or the Listing agreement with the Stock Exchanges, from time to time, an individual may be appointed or re-appointed as the Chairman of the Company as well as the Managing Director and Chief Executive Officer or Whole Time Director of the Company at the same time.”

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

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and corresponding applicable provisions of Companies Act, 1956 and applicable schedule(s) thereunder and subject to such sanctions and approvals as may be necessary, consent be and is hereby granted for the re-appointment of Shri Ravi Jhunjunwala (holding DIN 00060972) as Chairman, Managing Director and CEO for a further period of 5 years commencing from the 13th February, 2014.

RESOLVED FURTHER THAT, the remuneration payable to Shri Ravi Jhunjunwala (holding DIN 00060972), Chairman, Managing Director and CEO is hereby fixed for a period of one year, w.e.f. the 13th February, 2014 on the following terms:

#### **Basic Salary :**

₹ 10,00,000/- per month.

#### **Commission :**

Not more than 2.50% of the net profits of the Company as computed in the manner laid down in applicable provisions of the Companies Act, 2013 and that of Companies Act, 1956.

#### **Perquisites:**

In addition to the salary and commission, Shri Ravi Jhunjunwala is entitled to the following perquisites:

#### Category ‘A’

#### **i) Housing :**

- a) The expenditure incurred by the Company on hiring unfurnished accommodation for him subject to a ceiling, namely (for residence in Delhi/outside Delhi), 60% of the basic salary or
- b) In case the accommodation is owned by the Company, 10% of the basic salary shall be deducted by the Company, or
- c) In case no accommodation is provided by the Company, a house rent allowance subject to a ceiling of 60% of the basic salary.

- ii) The expenditure incurred by the Company on Gas, Electricity, Water and furnishing shall be valued as per Income-tax Rules, 1962 and will be subject to a ceiling of 10% of the basic salary.

#### **iii) Medical Reimbursement :**

For self and family subject to a ceiling of one month's basic salary in a year or three month's basic salary over a period of three years.

#### **iv) Leave Travel Concession :**

For self and family once in a year incurred in accordance with the Rules specified by the Company.

**v) Club Fees :**

Fees, subject to a maximum of two clubs will be allowed. This will not include admission and life membership fees.

**vi) Personal Accident Insurance :**

Of an amount, the annual premium of which shall not exceed ₹ 10,000/-.

For the purpose of this category, "family" means the spouse, dependent children and dependent parents.

**Category 'B'**

**i) Provident Fund :**

Company's contribution to provident fund shall be as per the rules of the Company.

**ii) Superannuation / Annuity Funds :**

Company's contribution to superannuation/annuity fund shall be in accordance with the rules of the Company.

**iii) Gratuity :**

As per Rules of the Company, payable in accordance with the approved fund at the rate of half a month's basic salary for each completed year of service.

**Category 'C'**

**i) Car :**

Provision of car for use on company's business. A car for personal use would be provided by the Company and valuation of the perquisites of the same would be as per Income Tax Rules.

**ii) Telephone :**

Telephone at residence. Personal long distance calls shall be billed by the Company.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Shri Ravi Jhunjhunwala (holding DIN 00060972) as Chairman, Managing Director and CEO, his remuneration shall be governed by the limits prescribed under Section II of Part II of the Schedule V of the Companies Act, 2013."

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

"RESOLVED THAT in supersession of the earlier resolution passed by the Company with respect to the borrowing powers of the Board of Directors, consent of the Company be and is hereby accorded pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013, to the Board of Directors of the Company to borrow money(s) (apart from temporary loans from time to time obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, as the Board may, from time to time, deem necessary for the purpose of the Company, provided that the sum or sums so borrowed and remaining outstanding at any time shall not exceed in the aggregate ₹ 2,000 Crores (Rupees Two thousand Crores only)."

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

"RESOLVED THAT the consent of the Members of the Company

be and is hereby granted in terms of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, to create mortgage and / or charge, on such terms and conditions and at such time(s) and in such form and manner, and with such ranking as to priority as the Board of Directors of the Company ("Board") in its absolute discretion may deem fit, on the whole or substantially the whole of the Company's present or future properties, whether immovable or movable comprised in any undertaking of the Company, as may be agreed to in favour of the Bank(s), Financial Institution(s) or other person(s), hereinafter referred to as the lenders, and/ or trustees to secure the borrowings by way of loans or by issue of non-convertible debentures, bonds, term loans, working capital facilities and / or other instruments including foreign currency borrowings, as the Board may in its absolute discretion deem fit and upon such terms and conditions, as may be decided by the Board upto an aggregate amount of ₹ 2000 Crores, including any increase as a result of fluctuation in the rates of exchange, together with interest at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies covered by the aforesaid financial assistance under the respective documents, entered into by the Company in respect of the said debentures / bonds / term loans /working capital facilities / other instrument(s) in terms of their issue.

RESOLVED FURTHER THAT the mortgage and/or charge to be created by the Company aforesaid may rank prior / pari passu/ subservient with / to the mortgages and / or charges already created or to be created in future by the Company and as may be agreed to between the Company and the lenders."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the rules framed thereunder, read with Schedule IV of the Act, as amended from time to time, Smt. Vinita Singhania (DIN 00042983), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 12th November, 2013 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to the conclusion of the 46th Annual General Meeting of the Company to be held in the calendar year 2018."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder, read with Schedule IV of the Act, as amended from time to time, Shri D.N. Davar (DIN 00002008), a non-executive Director of

the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from August 30, 2014 up to August 29, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the rules framed thereunder, read with Schedule IV of the Act, as amended from time to time, Dr. Kamal Gupta (DIN 00038490), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from August 30, 2014 up to August 29, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the rules framed thereunder, read with Schedule IV of the Act, as amended from time to time, Dr. O.P. Bahl (DIN 02643557), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from August 30, 2014 up to August 29, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Section 161 and Section 152 and all other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or reenactment thereof), and such other necessary approval(s) if any, as may be required, approval be and is hereby accorded to alter Articles of Association of the Company by deleting the existing Article Nos. 94(2) and 107 and inserting the new Articles 94(2) and 107 in place thereof:

#### **Article No. 94(2)**

##### **Nominee Directors :**

Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), Stock Exchanges or any other competent authority and the applicable provisions of Section 161 and 152 of the Companies Act, 2013,

which are laid down in this regard or by any amendment in or re-enactment of the Companies Act, 2013 or by the rules, regulations etc. made there under or the Listing agreement with the Stock Exchanges, from time to time, if at any time the Company obtains any loans from any Financial or other Institutions or enters into under-writing arrangements with such Financial Institutions or other persons (hereafter referred to as “the Corporation”) and it is a term of such loan or of the underwriting arrangements that the Corporation shall have the right to appoint one or more Directors to the Board of the Company, then subject to the terms and conditions of such loans or underwriting arrangements, the Corporation shall be entitled to appoint one or more Directors as the case may be, to the Board of the Company and to remove from office any Director so appointed and to appoint another who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be signed by the Corporation or by any person duly authorized by it and shall be served at the office of the Company. The Director or Directors so appointed shall with the consent of the said Corporation be liable to retire by rotation in accordance with the provisions of these Articles and he/she or they shall not be required to hold any qualification shares. Such Director or Directors shall be referred to as “Nominee Director or Directors” for the purpose of these Articles.

#### **Article No. 107**

##### **Rotation and Retirement of Directors**

Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), Stock Exchanges or any other competent authority and the applicable provisions of Section 152 and Section 161 of the Companies Act, 2013, which are laid down in this regard or by any amendment in or re-enactment of the Companies Act, 2013 or by the rules, regulations etc. made there under or the Listing agreement with the Stock Exchanges, from time to time, at each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. Nominee Director or Directors appointed by any Financial Institution under Article 94(2) hereof with the consent of the institution shall be liable to retire by rotation. An Additional Director appointed by the Board under Article 96 hereof shall not be liable to retire by rotation within the meaning of this Article.”

14. To approve the remuneration of the Cost Auditor for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and subject to the applicability of Cost Audit on the Company in terms of the Companies (cost records and audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. N.D. Birla & Co., Cost Accountants who were appointed by the Board of Directors of the Company, to

conduct the audit of the cost records of the Company (subject to applicability of Cost Audit on the Company) for the financial year ending March 31, 2015, be paid the remuneration of ₹ 2,00,000/- (Rupees Two Lac only) plus service tax and out of pocket expenses that may be incurred by them during the course of audit.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

BY ORDER OF THE BOARD OF DIRECTORS  
FOR HEG LIMITED

Place: Noida (U.P.)  
Date : 10th July, 2014

(ASHISH SABHARWAL)  
COMPANY SECRETARY

#### NOTES:

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.** Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/ authority, as applicable.

2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

A person can act as a 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 member 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 a proxy for any other person or shareholder.

3. The Register of Members and Share Transfer Books of the Company will remain closed from the 20th August, 2014 to 30th August, 2014, both days inclusive.

4. The dividend on equity shares, if declared at the Annual General Meeting, shall be paid to those Members whose names appear in the Register of Members on the date of the Annual General Meeting and in case of shares held in electronic form appear as Beneficial Owners at the close of the business hours on Tuesday the 19th August, 2014.

Dividend shall be paid / dispatched to the shareholders between 10th September, 2014 and 13th September, 2014.

5. In order to avoid fraudulent encashment of Dividend Warrant(s), members are advised to inform any change in their Bank A/c No., name and address of the Bank etc. to their Depository Participant (in case of holding in electronic form) and to the Registrar & Transfer Agent of the Company (in case of holding in physical form) for incorporating the same on Dividend Warrants.

6. Members are requested to bring their copies of the Annual Report, as the same will not be distributed again at the Meeting.

7. Members, who hold shares in Physical/Dematerialised Form, are requested to bring their Folio No. / Depository Account Number and Client Id Number for identification.

8. Members desiring to seek any information on the Annual Accounts are requested to write to the Company so that the query reaches to the Company at least one week in advance of the Annual General Meeting.

9. The information required to be provided as per the Listing Agreement entered into with Stock Exchanges, for the Directors who are proposed to be appointed / re-appointed is annexed hereto.

10. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2013-14 is being sent in the permitted mode.

11. Electronic copy of the Notice of the 42nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 42nd Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

#### 12. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

(i)	Open email and open PDF file viz; "HEG e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
(ii)	Launch internet browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a>
(iii)	Click on "Shareholder – Login".
(iv)	Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.
(v)	Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi)	Home page of “e-voting” opens. Click on e-Voting: Active Voting Cycles.
(vii)	Select “EVEN” of HEG Limited.
(viii)	Now you are ready for e-voting as “Cast Vote” page opens.
(ix)	Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
(x)	Upon confirmation, the message “Vote cast successfully” will be displayed.
(xi)	Once you have voted on the resolution, you will not be allowed to change/modify your vote.
(xii)	Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to <a href="mailto:saketfcs@gmail.com">saketfcs@gmail.com</a> with a copy marked to <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a>

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i)	Initial password is provided in the attached sheet on the ‘Process and manner for e-voting’.		
	<b>EVEN (E Voting Event Number)</b> -----	<b>USER ID</b> -----	<b>PASSWORD/ PIN</b> -----
(ii)	Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.		

- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on 20th August, 2014 (9:00 am) and ends on 22nd August, 2014 (6:00 pm). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 11th July, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 11th July, 2014.

VII. Mr. Saket Sharma, Company Secretary in practice (Membership No. FCS 4229) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website [www.heg ltd.com](http://www.heg ltd.com) and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Ltd., National Stock Exchange of India Ltd. and Madhya Pradesh Stock Exchange Ltd.

**Members holding Shares in physical form are requested to furnish their email id by post or by emailing to [narendar.jain@injbhilwara.com](mailto:narendar.jain@injbhilwara.com) along with their Folio No. for sending necessary communication / information in future. The Annual Report of the Company will also be available on the website of the Company, [www.heg ltd.com](http://www.heg ltd.com). The members holding shares in electronic form may get their email Id’s updated with their respective Depository participants.**

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

##### **ITEM NO. 5**

The Ministry of Corporate Affairs (MCA) vide its Notification No. S.O. 902 (E) dated 26th March, 2014 has notified Section 203 of the Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, which has made it mandatory that an individual shall not be appointed or reappointed as the Chairperson of the Company, in pursuance of the Articles of the Company, as well as the Managing Director and Chief Executive Officer of the Company at the same time after the date of Commencement of this Act unless the Articles of such a Company provide otherwise; or the Company does not carry multiple businesses.

The Board seeks your approval, so that the same person can act as Chairperson as well as the Managing Director and Chief Executive Officer of the Company.

Accordingly, it is proposed to insert a new Article No. 125A in the existing Articles of Association of the Company.

The Board commends the resolution at Item No. 5 for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed Resolution except, Shri Ravi Jhunjunwala, Shri Shekhar Agarwal and Shri Riju Jhunjunwala.



**ITEM NO. 6**

The term of Shri Ravi Jhunjhunwala as the Chairman, Managing Director and CEO of the Company ended on the 12th February, 2014. The terms of re-appointment have been recommended by the Remuneration Committee at its meeting held on 4th February, 2014. The Board of Directors ("the Board") at its meeting held on 4th February, 2014 had considered and approved his re-appointment for a period of further 5 years w.e.f the 13th February, 2014. The Board at the said meeting also fixed his remuneration, as recommended by the Remuneration Committee at its meeting held on 4th February, 2014, for a period of one year w.e.f the 13th February, 2014.

His appointment and remuneration is in accordance with and within the permissible limits of Schedule XIII and applicable provisions of the Companies Act, 1956 and corresponding provisions under Schedule V and applicable provisions of the Companies Act, 2013 and it will therefore, require the approval of the shareholders.

A copy of memorandum containing terms of appointment of Shri Ravi Jhunjhunwala as the Chairman, Managing Director and CEO of the Company shall be open to inspection by any member of the Company without payment of any fee at the registered office of the Company.

The Board commends the resolution at Item No. 6 for your approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed Resolution except, Shri Ravi Jhunjhunwala, Shri Shekhar Agarwal and Shri Riju Jhunjhunwala.

**ITEM NO. 7**

The Company at its Extra Ordinary General Meeting held on 7th May, 2010 (EGM), had authorized the Board of Directors of the Company by way of Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 to borrow moneys (apart from temporary loans from time to time obtained from the Company's Bankers in the ordinary course of business) in excess of the paid-up capital of the Company and its free reserves provided the sum or sums so borrowed and remaining outstanding at any point of time shall not exceed ₹ 1500 Crores.

However, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (the 'Act'), since notified, the Board can exercise such borrowing powers only with the approval of Members of the Company by way of Special Resolution. Further, in view of the increasing business operations and future growth plans of the Company, it is proposed to increase the said limit upto ₹ 2000 Crores (Rupees Two Thousand Crores) in aggregate at any point of time.

The Board commends the resolution at Item No. 7 for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed Resolution.

**ITEM NO. 8**

The Company has borrowed/shall borrow funds from time to time to meet its requirements for project based capital expenditure, normal capital expenditure, general corporate purposes and working capital etc., within the borrowing powers of the Board of Directors as delegated by the Shareholders.

However pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 (the 'Act'), since notified, the Board can exercise such power to create mortgage and/or charge on the immovable and movable properties of the Company, only with the approval of members of the Company by way of Special Resolution.

The Board commends the resolution at Item No. 8 for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed Resolution.

**ITEM NO. 9**

The Board of Directors of the Company appointed, Smt. Vinita Singhania as an Additional Director (Independent) of the Company with effect from 12th November, 2013.

In terms of the provisions of Section 161(1) of the Companies Act, 2013 ('the Act') Smt. Vinita Singhania would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount proposing the candidature of Smt. Vinita Singhania for the office of Director of the Company.

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

The Company has received a declaration from Smt. Vinita Singhania that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Smt. Vinita Singhania fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Agreement. Smt. Vinita Singhania is independent of the management.

The resolution seeks the approval of members for appointment of Smt. Vinita Singhania as Independent Director pursuant to section 149 and other applicable provisions of the Companies Act, 2013 and rules made thereunder to hold office up to the conclusion of the 46th Annual General Meeting of the Company to be held in the calendar year 2018.

Copy of the draft letter for appointment of Smt. Vinita Singhania as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Board commends the resolution at Item No. 9 for your approval as an Ordinary Resolution.

Except Smt. Vinita Singhania and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the proposed Resolution.

#### **ITEM NOS. 10, 11 and 12**

The Company had, pursuant to the provisions of clause – 49 of the Listing Agreement entered with the Stock Exchanges, appointed Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl as Independent Directors at various times, in compliance with the requirements of the clause. All these Directors have held the position as such for more than five years in the Company.

Pursuant to the provisions of Section 149 of the Act, every listed Company is required to have atleast one-third of total number of Directors as Independent Directors, who are not liable to retire by rotation.

The resolutions seeks the approval of members for appointment of Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl as Independent Directors pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and rules made thereunder to hold office from August 30, 2014 up to August 29, 2019.

Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount proposing the candidatures of each of Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl for the office of Directors of the Company.

The Company has also received declarations from Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl are independent of the management.

Copy of the draft letters for respective appointments of Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

The Board commends the resolutions at Item Nos. 10, 11 and 12 for your approval as Ordinary Resolutions.

Except Shri D.N. Davar, Dr. Kamal Gupta and Dr. O.P. Bahl and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the proposed Resolutions.

#### **ITEM NO. 13**

The Ministry of Corporate Affairs (MCA) vide its Notifications dated 12th September, 2013 and 26th March, 2014 has notified Section 161 (except sub-section 2) and Section 152 of the Companies Act, 2013 and the Securities and Exchange Board of India (SEBI) vide its circular no CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014 has clarified that a Nominee Director nominated by any Financial Institution on the Board of the Company shall not be considered as an Independent Director.

It is proposed that the Nominee Director(s) of any Financial Institution(s) may with the consent of the Financial Institution(s) be treated as a Director(s) liable to retire by rotation.

Accordingly, it is proposed to replace Article Nos. 94(2) and 107.

The Board commends the resolution at Item No. 14 for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed Resolution.

#### **ITEM NO. 14**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, subject to the applicability of Cost Audit on the Company in terms of rules framed in this regard by the Ministry of Corporate Affairs.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be approved by the shareholders.

The Board commends the resolution at Item No. 13 for your approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed Resolution.

(Annexure to Notice dated 10th July, 2014)  
Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting  
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri Riju Jhunjhunwala	Smt. Vinita Singhania	Shri D.N.Davar	Dr. Kamal Gupta	Dr. O.P. Bahl
Date of Birth	13.01.1979	12.03.1952	08.08.1934	12.02.1946	05.10.1939
Date of Appointment	30.04.2009	12.11.2013	10.11.1994	10.11.1994	30.04.2009
Qualification	Degree in Business Management studies.	Graduate in Arts.	B.COM (Hons.), M.A. (Eco), CAIIB and Fellow of the Economic Development Institute of the World Bank.	FCA, FICWA, Ph.D.	M.Sc. and Ph.D.
Expertise in specific functional areas	He is an Industrialist with diversified business experience. He is the Managing Director of Bhilwara Energy Ltd. and Joint Managing Director of RSWM Ltd.	She is an Industrialist with diversified business experience. She was the First Woman President of Cement Manufacturers' Association (CMA) as well as National Council for Cement and Building Materials (NCBM). She was elected unanimously as the President of CMA in October 2009. She is also the Vice Chairman and Managing Director of JK Lakshmi Cement Ltd.	Shri D.N. Davar worked in senior managerial positions with Punjab National Bank from 1958-68 and with IFCI from 1968-1992. He took retirement from IFCI in 1992 as Executive Chairman, a position he held for eight years. Presently, besides Directorship in many well-known Companies, he is a part time Consultant to the World Bank, UNIDO and Kreditanstalt fur Weideraufbau (KfW) and also associated with professional and social organisations in various capacities.	Consultant in the areas of Finance, Accounting and Corporate Laws. He is former Technical Director of the Institute of Chartered Accountants of India. He is renowned author of various books on Auditing and other subjects.	Retired from National Physical Laboratory, New Delhi as Director Grade Scientist in 1999. He has expertise in Carbon Technology.
List of other Public Ltd. Companies in which directorships held.	1. Bhilwara Energy Ltd. 2. RSWM Ltd. 3. Bhilwara Infotechnology Ltd. 4. Bhilwara Technical Textiles Ltd. 5. Cheslind Textiles Ltd. 6. Bhilwara Green Energy Ltd. 7. NJC Hydro Power Ltd. 8. Chango Yangthang Hydro Power Ltd. 9. LNJ Power Ventures Ltd.	1. JK Lakshmi Cement Ltd. 2. JK Paper Ltd. 3. Bengal & Assam Company Ltd.	1. Sandhar Technologies Ltd. 2. Maral Overseas Ltd. 3. RSWM Ltd. 4. OCL India Ltd. 5. Mansingh Hotels & Resorts Ltd. 6. Ansal Properties & Infrastructure Ltd. 7. Hero Fincorp Ltd. 8. Adayar Gate Hotels Ltd. 9. Titagarh Wagons Ltd. 10. Cimmco Ltd. 11. Landmark Property Development Co. Ltd. 12. Titagarh Marine Ltd.	1. RSWM Ltd. 2. Maral Overseas Ltd. 3. Malana Power Company Ltd. 4. PNB Gilts Ltd. 5. AD Hydro Power Ltd. 6. Bhilwara Energy Ltd.	1. HEG Graphite Products and Services Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company.	1. Stakeholders' Relationship Committee - Chairman		1. Audit Committee - Chairman 2. Nomination & Remuneration Committee - Chairman	1. Audit Committee - Member 2. Stakeholders Relationship Committee - Member 3. Nomination and Remuneration Committee - Member	1. Audit Committee - Member 2. Nomination and Remuneration Committee - Member
Chairman/Member of the Committee of Directors of other Companies.					
a) Audit Committee	1. Cheslind Textiles Ltd. - Member 2. Bhilwara Technical Textiles Ltd. - Member 3. NJC Hydro Power Ltd. - Member 4. Chango Yangthang Hydro Power Ltd. - Member 5. Bhilwara Green Energy Ltd. - Member		1. Hero Fincorp Ltd. - Chairman 2. Titagarh Wagons Ltd. - Chairman 3. OCL India Ltd. - Chairman 4. Ansal Properties & Infrastructure Ltd. - Chairman 5. Maral Overseas Ltd. - Member 6. Cimmco Ltd. - Member 7. RSWM Ltd. - Member	1. Maral Overseas Ltd. - Chairman 2. PNB Gilts Ltd. - Chairman 3. RSWM Ltd. - Chairman 4. AD Hydro Power Ltd. - Member 5. Malana Power Company Ltd. - Member	
b) Shareholders Grievance/ Stakeholders Relationship Committee	1. Bhilwara Technical Textiles Limited - Member		1. RSWM Ltd. - Member 2. Maral Overseas Ltd. - Member	1. Maral Overseas Ltd. - Chairman 2. RSWM Ltd. - Chairman 3. PNB Gilts Ltd. - Member	
No of Equity Shares held in the Company	2,33,290	Nil	1,500	200	Nil

**HEG LIMITED****CIN: L23109MP1972PLC008290****Registered Office:** Mandideep (Near Bhopal) Distt. Raisen - 462 046, (M.P.), Phone: 07480-233524, 233525, Fax : 07480-233522**Corporate Office:** Bhilwara Towers, A - 12, Sector - 1, Noida - 201 301 (U.P.), Phone: 0120-4390300 (EPABX), Fax: 0120-4277841

E-mail: investor.complaints@hegltd.com; Website: www.hegltd.com

**ATTENDANCE SLIP**

DP ID/CL ID/Folio No..... No. of Shares held .....

Full name of shareholder .....

Full name of Proxy / Representative .....

I hereby record my presence at the 42nd Annual General Meeting of the Company to be held on Saturday the 30th August, 2014 at 1.30 P.M. at the Registered Office of the Company at Mandideep (Near Bhopal), District Raisen – 462046 (Madhya Pradesh).

Signature of the shareholder / proxy / representative\* .....

**Note:** Please fill in this attendance slip and hand over at the entrance of the Meeting hall.

\*Strike out whichever is not applicable

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E-mail: investor.complaints@hegltd.com; Website: www.hegltd.com

**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 :

Email Id :

Folio No/ DP ID-Client ID No.

I/We, being the member (s) of..... Shares of the above named Company, hereby appoint

1. Name : .....Address : .....

..... E-mail Id : .....

Signature ..... , or failing him / her

2. Name : .....Address : .....

..... E-mail Id : .....

Signature ..... , or failing him / her

3. Name : .....Address : .....

..... E-mail Id : .....

Signature ..... ,

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company, to be held on Saturday the 30th August, 2014 at 1.30 P.M. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462046, Madhya Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\*I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution Number	Resolution	For	Against
Ordinary Business			
1.	To receive, consider and adopt the audited Balance Sheet as at the 31st March, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.		
2.	To declare Dividend on Equity Shares.		
3.	To appoint a Director in place of Shri Riju Jhunjunwala, who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.		
4.	Appointment of M/s S.S. Kothari Mehta & Co., Chartered Accountants and M/s Doogar & Associates, Chartered Accountants, as Auditors and fixing their remuneration.		
Special Business			
5.	Special Resolution for Alteration in the Articles of Association of the Company by inserting the new Article No. 125A after the existing Article 125 to appoint / re-appoint an individual as the Chairman of the Company as well as the Managing Director and Chief Executive Officer or Whole Time Director of the Company at the same time.		
6.	Approval for the re-appointment of Shri Ravi Jhunjunwala as Chairman, Managing Director and CEO for a further period of 5 years commencing from the 13th February, 2014 and also fixing his remuneration for a period of one year w.e.f. 13th February, 2014.		
7.	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing money over and above the aggregate of the paid-up share capital and free reserves of the Company, upto an aggregate sum of ₹ 2,000 crores.		
8.	Special Resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of mortgage and/or charge on the immovable and movable properties of the Company in favour of the lenders to secure their financial assistance upto an amount not exceeding ₹ 2,000 crores in the aggregate.		
9.	Appointment of Smt. Vinita Singhania (who was appointed as Additional Director and who holds office upto the date of this Annual General Meeting) as an Independent Director of the Company to hold office up to the conclusion of the 46th Annual General Meeting of the Company to be held in calendar year 2018.		
10.	Appointment of Shri D.N.Davar as an Independent Director of the Company from August 30, 2014 up to August 29, 2019.		
11.	Appointment of Dr. Kamal Gupta as an Independent Director of the Company from August 30, 2014 up to August 29, 2019.		
12.	Appointment of Dr. O.P.Bahl as an Independent Director of the Company from August 30, 2014 up to August 29, 2019.		
13.	Special Resolution for Alteration in the Articles of Association of the Company by replacing the existing Article Nos. 94(2) and 107 that the nominee Director(s) of any financial institution(s) may be a director(s) liable to retire by rotation.		
14.	Approval of the remuneration payable to M/s. N.D. Birla & Co., Cost Auditor of the Company for the financial year 2014-15 (subject to applicability of Cost Audit on the Company).		

Signed this.....day of.....2014.

.....

Signature of shareholder

.....

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

Notes:

- 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.
- \*\*It is optional to indicate your preference. If you leave the for, against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 42nd Annual General Meeting.