Annual Report 2007-2008

HEG Limited

Sustaining the leadership edge world wide!

Some of the world's most renowned steel manufacturers are HEG customers.
HEG graphite electrodes are critical to the steel manufacturing process.
In any structure or product made of steel – whether a sprawling bridge, a soaring sky scraper, a flashy automobile, or even a stylish electronic appliance – chances are, HEG has played a small but vital role in ensuring the pedigree of the end product.

Sustaining the leadership edge world wide!

A pioneer in the Indian graphite electrode space, HEG has, in a short time, forged ahead in the leadership rankings. Transforming the technological landscape of one of the most globally competitive markets through scale, ingenuity and engineering skill.

Its Mandideep plant, post the ongoing 20,000 TPA capacity expansion, is set to become the world's largest single location facility for manufacturing graphite electrodes.

As a technology-driven corporation, HEG has set world standards in manufacturing, R&D and product quality. It has pioneered graphite electrode exports from India, gate-crashing in to some of the most demanding markets in the world. What's more, it has successfully harnessed the world's best technological ideas to enrich its products.

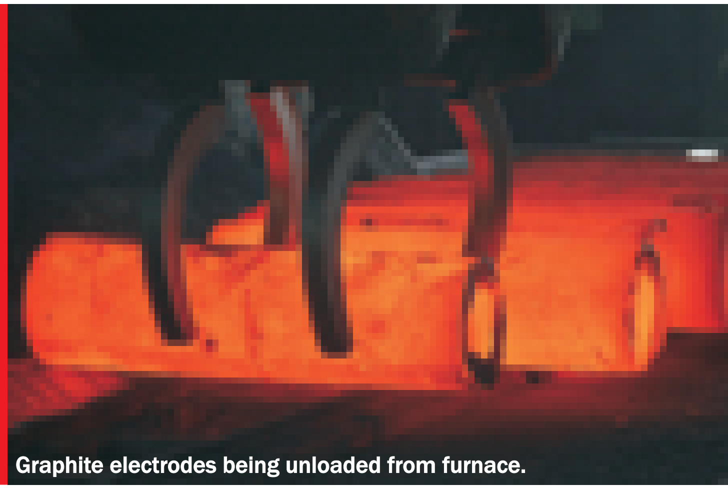
An important dimension of its leadership edge is its sharp market focus and understanding of customers' needs. Besides off-the-shelf products, it offers tailor-made solutions and advanced technical support to customers. HEG products have found acceptance in over 25 countries.

HEG's all-round leadership has positively impacted its fiscal health. Placing it firmly on the road to sustained growth and profitability. Looking ahead, HEG is strongly positioned to emerge as a dominant global player in its chosen field.

HEG's Mandideep plant

Leveraging the world's best graphite electrode technology

Graphite electrodes being loaded in a LWG furnace.

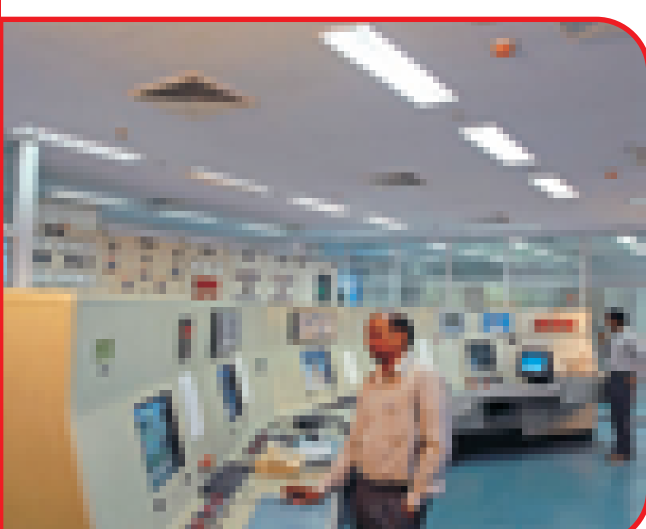

Graphite electrodes being unloaded from furnace.

Established in 1977, in technical collaboration with SERS, a subsidiary of Pechiney, France, the Mandideep plant continues to be a role model for the industry. The last green-field plant to be set up in the world, Mandideep has set standards for automation, productivity, error-free manufacturing and cost effectiveness.

Our leadership position is built around the world's largest, most sophisticated manufacturing plant.

At present, Mandideep has an aggregate production capacity of 60,000 TPA. Post capacity expansion of 80,000 TPA, which will be completed by 2009, Mandideep will account for 9.5 per cent of world graphite electrode production, and emerge as the world's largest, fully integrated manufacturing plant in the field.

We specialize in manufacturing ultra-high-power (UHP) graphite electrodes, which are tailored to the needs of our customers. A high-tech, high-value segment, UHP has a dominant share in our production.



We have two captive power plants, which provide more than 90 per cent of our power requirements. The cheap and easy availability of power (which forms a major part of manufacturing expenditure) has made our products more cost effective.

The state-of-the-art power plant control room.

Striving for continuous improvement

As a global player, we have aligned our Quality Control standards with the highest international benchmarks. Pictured here, graphite electrodes lined up for final packing.

Electrode socketing machine.

As a Total Quality corporation, we strive for continuous improvement, every single day. We have consciously fostered a quality culture, taking care to upgrade our knowledge base, skill sets and manufacturing technologies on a regular basis.

We have strictly benchmarked each and every step in the manufacturing value chain against international standards. Right from raw material sourcing and processing, to extrusion, baking, impregnation, graphitisation and machining, each graphite electrode undergoes stringent quality tests.

Our vendors are carefully picked after due diligence, with whom we work closely, each step of the way. HEG vendors have to adhere to the highest quality standards; and are regularly trained in using quality tools for solving problems.

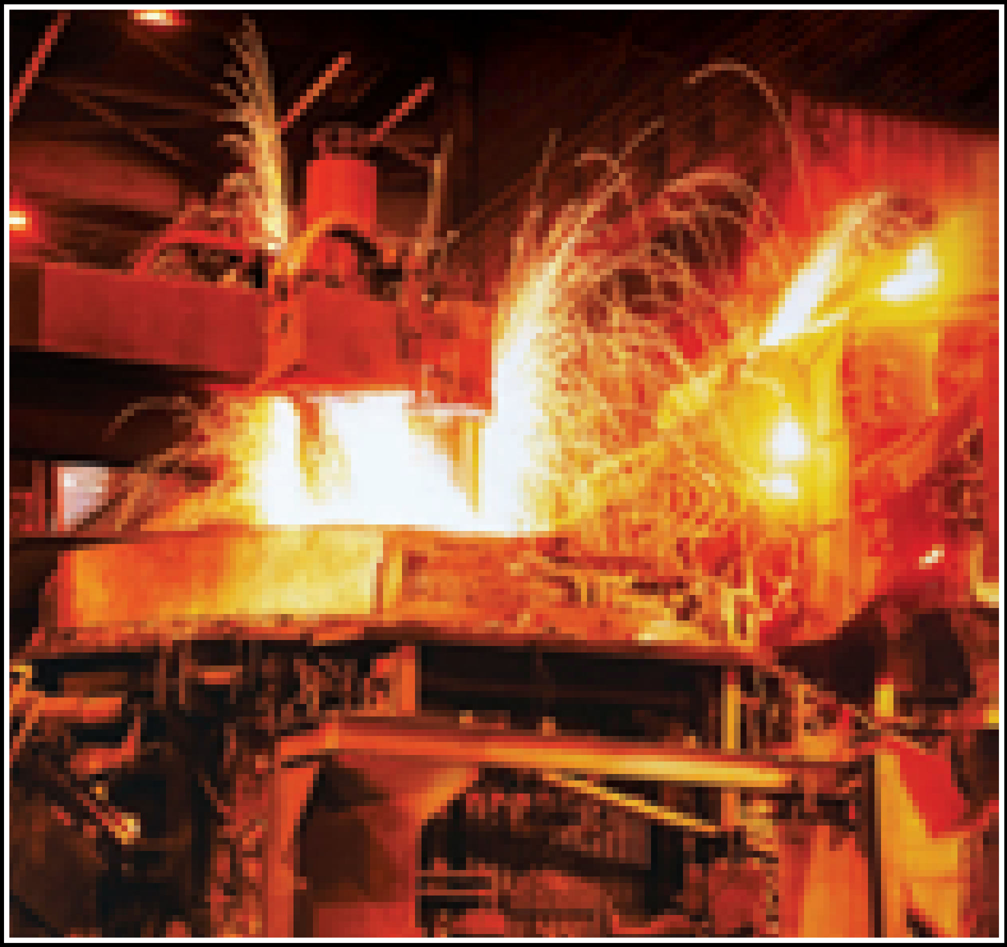
Our products deliver a compelling value proposition: higher furnace productivity, low electrode consumption, high arc stability and lower operating costs.

Not surprisingly, our products deliver a compelling value proposition: higher furnace productivity, low electrode consumption and lower operating costs - benefits for which HEG is renowned the world over.

We have won the Rajiv Gandhi Quality Award; and been feted with the CAPEXIL Award 17 years in a row.

HEG is a Total Quality corporation. Quality is the guiding principle for each aspect of our business.

Imparting a new respectability to the 'Made in India' label



Our competitive advantage is our ability to custom-engineer solutions in close collaboration with our customers.


Graphite electrodes ready for despatch.

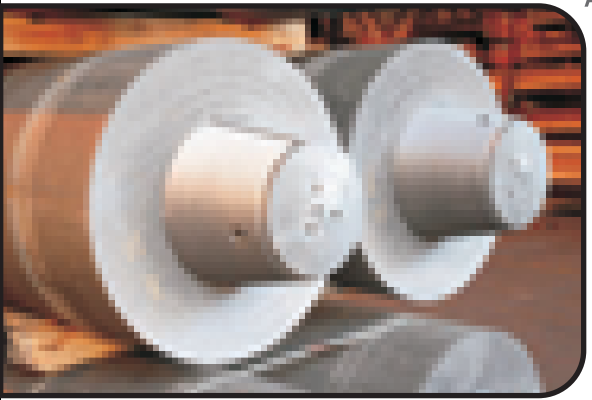
In 1985, we pioneered exports of graphite electrodes in the country. Today, export is one of HEG's key drivers, contributing to around 70 per cent of revenues.

We export to over 25 countries, including highly competitive markets such as USA, Canada, Germany, France, Italy, Australia and South Korea.

At HEG, we believe that we are here not to sell graphite electrodes. We are here to help customers improve the quality and productivity of their end products. We do this by listening to the voice of our customers, anticipating and satisfying customer needs with innovative solutions.

We export graphite electrodes to over 25 countries in six continents. A strong validation of HEG's quality leadership, and the world's increasing confidence in Made in India products.

This approach has paid rich dividends. We have won the confidence and loyalty of world-renowned customers such as ArcelorMittal, Posco, ThyssenKrupp, US Dynamics, Nucor, Severstal and Usinor. A strong validation of HEG's quality leadership, and the world's increasing confidence in Made in India products.


The machined dimensions of our products conform to the International Electro-thermic Commission standards.

Consolidating our leadership edge through R&D

We have demonstrated research leadership by setting up a state-of-the-art R&D facility - a showpiece institution in the country. Additionally, a Technology Centre has been set up to independently handle consultancy projects in the carbon and graphite domains.


Product testing at R&D lab

Over the years, HEG has matched its manufacturing prowess by building one of the strongest R&D capabilities in the industry. We are anticipating and preparing for the future through cutting-edge research and innovation.

A committed and experienced team of scientists, engineers and technologists gives us the edge. Collaboration with R&D Carbon, Switzerland gives us exposure to the world's latest ideas, expertise and technologies in the field. Close alliances with some of the best academic and scientific institutions in India – IITs, RRLs, CSIR, Centre for Environment, Fire and Explosive Safety – have imparted additional strength.

We are anticipating and preparing for the future through cutting-edge research and innovation.

Our R&D activity spectrum includes property enhancement of existing products, development of advanced carbon materials and products (carbon nano tubes, fibres, nuclear graphite foam), environmental engineering, development of high-quality feed stocks for carbon products and carbon specialities. Additionally, our R&D efforts underline our quality control measures.


We have leveraged our strong R&D platform to establish global credentials.

Creating an empowered work-force

We have created a 1100-strong happy and committed workforce.


We encourage team work as much as we value individual initiative.

The premise of our HR policy is that people not machines help a company achieve its goals.

For us, our 1100-strong workforce is the foundation stone around which our sustained success has been built.

We have aligned our HR practices with those of the world leaders. A comprehensive system comprising competency development, performance measurement and reward management is in place.

We have fostered a work culture that rewards risk-taking, individual initiative, team work and excellence.

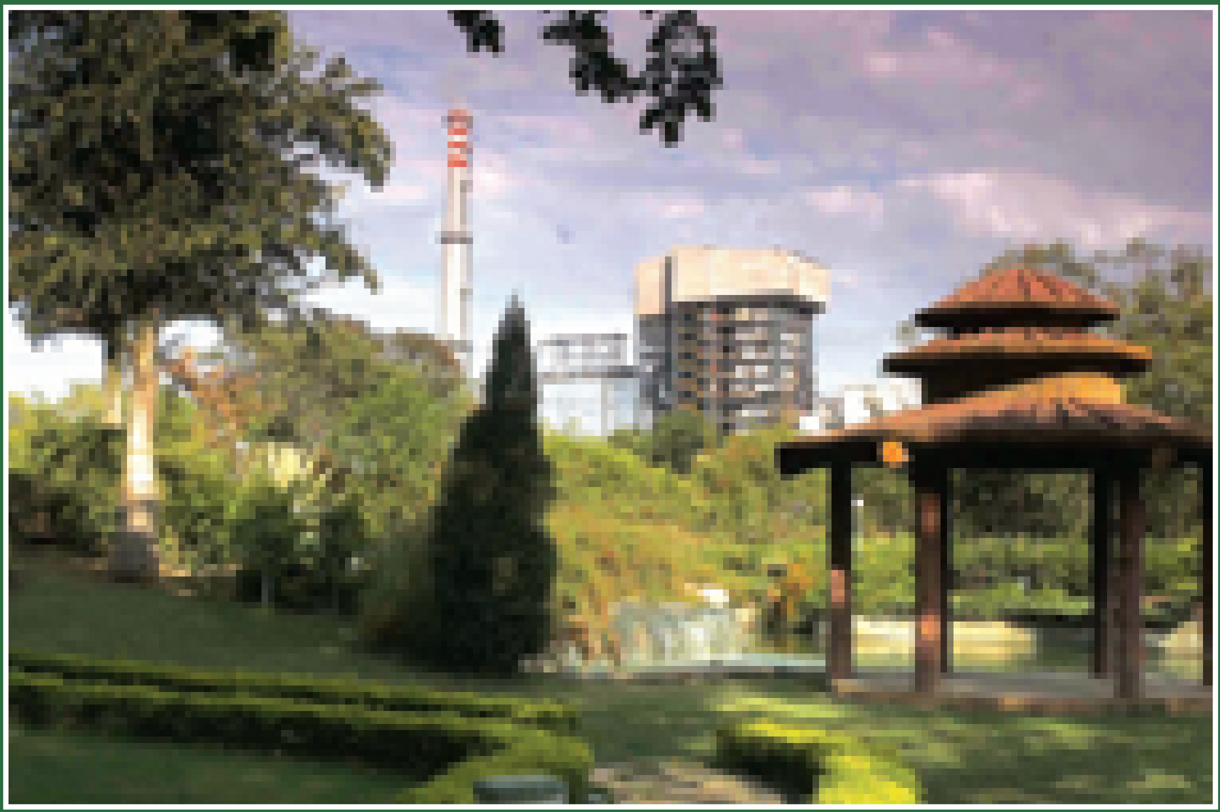
Our commitment to our employees includes helping them build careers, learn continuously and realize their true potential.

We have fostered a work culture of continuous learning, risk-taking, individual initiative and excellence.

The objective is to enhance the return on human capital - high empowerment levels, low attrition rates, longevity of service and high satisfaction quotient of employees.


Cutting-edge technology provides a good platform for our employees to excel. Shown here, the Control Room.

Reducing our environmental footprint



As an industry leader, we have taken the initiative to introduce clean and green technologies. We have also taken the lead in sensitizing our employees to environment related issues. The objective being to transform HEG into an eco-friendly company.

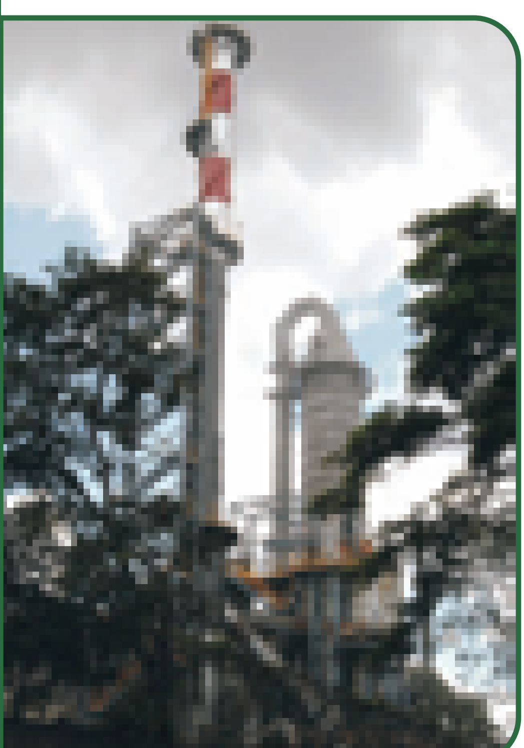

Waste recycling and water conservation are HEG's core concerns.

HEG's commitment to a healthy environment is reflected in our choice of manufacturing technologies and processes, pollution control systems, recycling of wastes and afforestation programmes. We are implementing process improvements to reduce environment load; and conserve energy and water without impacting either yield or safety.

Our R&D centre is actively exploring cheaper and more effective ways to reduce our environmental footprint. We are putting in place strategies to become a water positive and carbon positive corporation in the next ten years.

We are putting in place strategies to become a water positive and carbon positive corporation in the next ten years.

We are also making efforts to change the mind-sets of our employees and sensitize them towards environmental issues by way of seminars, workshops and community out reach programmes. Similarly, we are motivating influential villagers in neighbouring communities to look at development issues through the lens of eco-sustainability.


We are committed to reducing air pollution in and around our plant.

Looking beyond top line and bottom line growth

We take our corporate social responsibilities as seriously as our business challenges.

We are empowering villagers by involving them in the development programmes.

Our sustainable development initiatives balance our effort to make vital contributions to society and create shareholder value.

Realizing the need for an institutional mechanism to drive our capacity building programmes, we have created the Graphite Education and Welfare Society, a non-profit trust for interventions in education, health care, afforestation, drinking water, hygiene, sanitation, crafts and other community welfare work. A lot of the development work is centered around the local communities, adjacent to our Mandideep plant.

Our sustainable development initiatives balance our effort to create shareholder value and make vital contributions to society.

In order to make our intervention more effective and meaningful, we have taken care to involve government authorities, NGOs and most importantly, the local people, upon whose support and participation hinges the success of a particular programme.

We have also taken the lead to raise awareness among villagers, particularly women, about the need for educating girl children, maintaining high standards of health and hygiene, promoting gender equality and reducing child mortality.

We are building sustainable water resources for villagers in and around our plant.


HEG's captive power plants meet more than 90 per cent of its power requirements.

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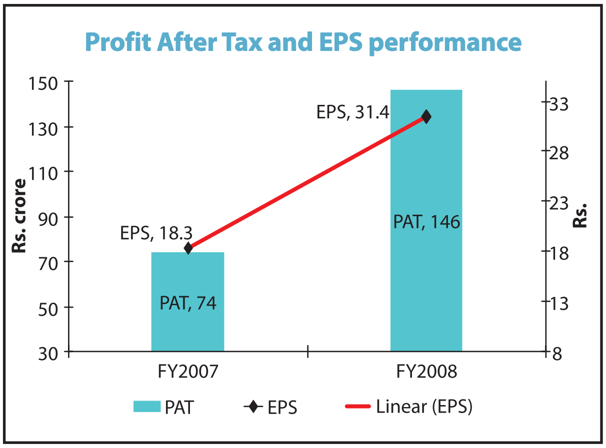
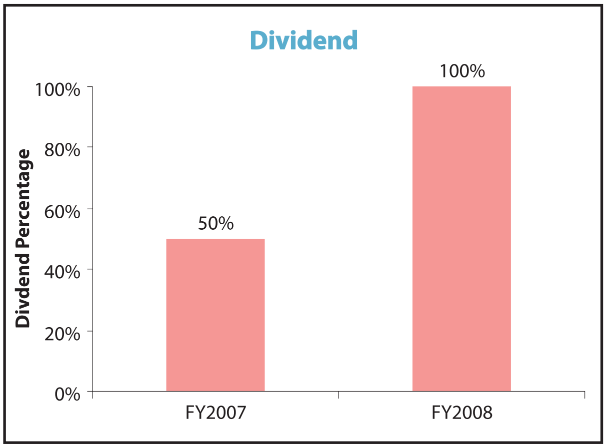
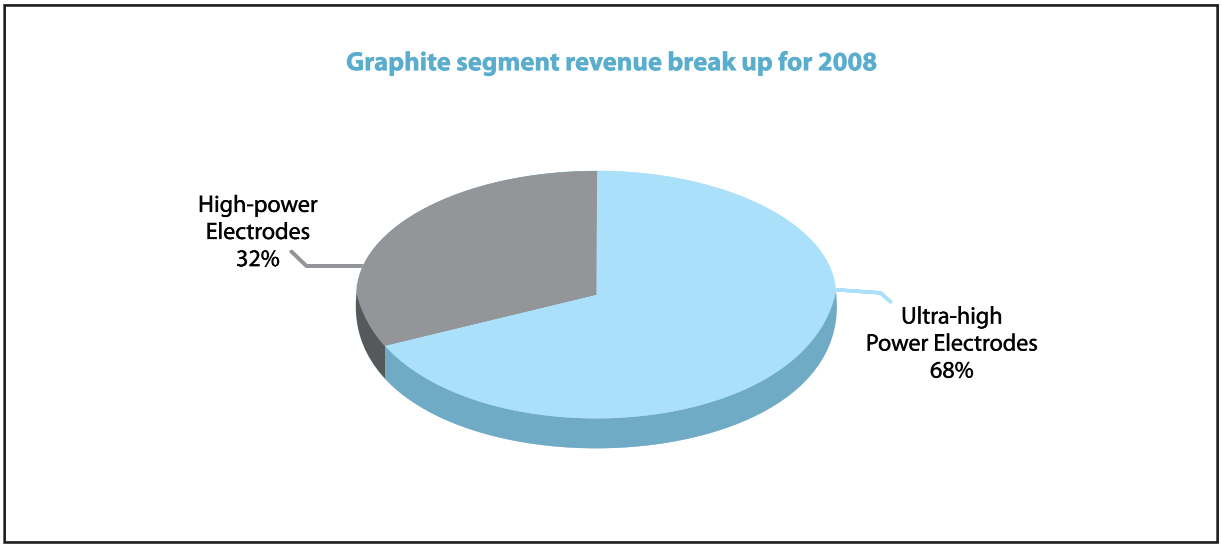
PERFORMANCE HIGHLIGHTS







HEG at a glance

Segments	Graphite	Power
Products / Utilities	Ultra-high power graphite electrodes	30 MW thermal power plant
	High-power graphite electrodes	13.5 MW hydro power plant
	Graphite specialties	
Location	Mandideep, Madhya Pradesh	Mandideep & Tawa, Madhya Pradesh
Use	Steel production from electric arc furnace	Supports the graphite business

Graphite earnings

Rs. crore	2007	2008	% Change
Sales	630	885	41
EBIT	89	202	126
Return on sales %	14	23	
Capital employed	516	550	6
Depreciation	32	34	7
R & D expenditure	2	2	35
Number of employees	1012	996	-2

Power earnings*

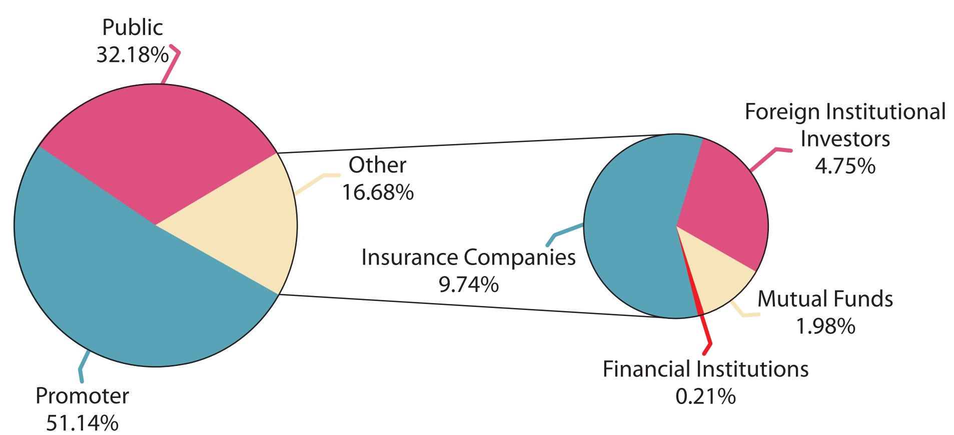
Rs. crore	2007	2008	% Change
Sales	123	113	-8
EBIT	46	44	-5
Return on sales %	38	39	3
Capital employed	151	120	-20
Depreciation	11	9	-16
Number of employees	159	110	-31

Steel earnings*

Rs. crore	2007	2008	% Change
Sales	174	62	-65
EBIT	-5	3	
Return on sales %	-3	6	
Capital employed	72	0	-100
Depreciation	5	1	-67
Number of employees	312	0	-100

* The Steel Division along with captive WHRS Power Plant at Durg was hived off w.e.f. 1st August, 2007

Shareholding pattern as on 31st March, 2008



MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

India's economic development has brought tremendous success for the country in terms of a better global image. The eight per cent growth rate of India's national income for three consecutive years is a true indication of its growth trajectory. Going forward, I expect the outlook on the economy to remain optimistic as it has many strong development indicators. Though the present level of inflation is considered a challenge to the growing potential of the Indian economy, the Reserve Bank of India has given top priority for maintaining price stability and for sustaining rate of growth.

Both the savings and investment rates in the country are experiencing a faster rate of growth recently. Policy measures undertaken in India recently have helped a lot in the economic progress. Some of the challenges being faced by the economy, such as infrastructure related problems are also being remedied through public, private and foreign investments.

Coming to the business of graphite electrodes, demand for graphite electrodes in the Electric Arc Furnace (EAF) route of steel production has continued to grow. The EAF method of producing steel is growing at about 4 per cent every year. Since the business of manufacturing is a highly technology-driven process, there have been no new entrants in this industry ever since the past decade and hence the demand-supply situation remains favourable for graphite electrode manufacturers, in terms of volumes and realizations.

The supply of graphite electrodes from Asian countries has shown an increasing trend because of efficient operations and modern facilities. HEG's position in this scenario is particularly strong as it operates a modern, technologically-advanced operation. HEG is known to produce superior quality of UHP-grade graphite electrodes. Its cost of production averages amongst the lowest in the world. The Company has thus been able to capitalize on a large percentage of this growing demand. Further, HEG has undertaken additional capacity expansion.

Our earlier capex initiative of Rs. 35 crore towards de-bottlenecking in the graphite electrode operations has been successfully completed. The expansion in capacity has been done in the re-baking division of the graphite electrode plant. This expansion increases our total graphite electrode capacity to 60,000 MT. During FY 2008, capacity utilization at our graphite plant was close to an optimal level. In fact, we were able to enhance our annual production run rate in one of the months at 60,000 TPA level on a trial basis, by way of efficiently increasing the monthly production run rate.

Given the robust demand prospects for graphite electrodes, we have recently announced further expansion of our graphite plant at Mandideep, increasing the production capacity to 80,000 TPA. This will have a contained capex of Rs. 190 crore, which is about 40 per cent less than HEG's expansion undertaken two years ago. This expansion positions HEG as the single largest site manufacturer of graphite electrodes in the world, which is a very significant achievement for the Company. The capacity expansion will be done by way of brown field expansion and de-bottlenecking of the existing capacities.

At an expanded capacity of 80,000 TPA, we intend to optimize our product mix across key categories of graphite electrodes, with a continued focus on high-grade, value-added Ultra High Power products. In order to further support increases in graphite capacity, we are already in the process of implementing the expansion plan of captive power by 33 MW, at an investment of Rs. 90 crore, which is likely to be commissioned by March 2009, taking the total capacity to approximately 77 MW.

We took a strategic decision to hive-off our fully integrated steel business during the year. This business was running at sub-optimal levels and has found a more focused investor in the form of Jai Balaji Industries Limited (JBIL) of Kolkatta. The steel unit includes sponge iron, steel billets with a capacity of 100,000 MT and a 13 MW WHRS power plant. It was sold at a consideration of Rs. 88.5 crore for the fixed assets. The net current assets have been paid for separately on the date of effective transfer, i.e. 1st August, 2007.

During FY2008, HEG revenues grew by 16 per cent to Rs. 946 crore against Rs. 818 crore in the previous year. Exports grew by 48 per cent to Rs. 727 crore against Rs. 492 crore last year. PBT, for the first time, crossed the Rs. 200 crore mark, doubling to Rs. 207 crore from Rs. 100 crore in the earlier fiscal. Net profit shot up by 98 per cent to Rs. 146 crore against Rs. 74 crore in the previous year.

The outlook for FY2009 remains buoyant as we expect to see the full benefits of the expanded capacities in the graphite segment resulting in higher volumes and increased realizations. Prices for needle coke, which is a key input in the production of graphite electrodes have also increased. However, we should be able to cover raw material costs and protect our margins, as we have already booked most of our capacities for calendar year (CY) 2008 at considerably higher prices. We are also actively sourcing additional needle coke supplies for our additional capacities. We remain largely self-sufficient in power, having access to a 30 MW thermal plant and another 13.5 MW hydroelectric plant. Our power business remains strong and will continue to deliver strong revenue and earnings performance.

We are well-recognized in international markets for supplying best quality products, and have some of the largest and most respected brands in the steel industry as our customers. It will always be our endeavour to maintain the high quality standards that we are known for within the industry.

With a view to sharing our growth performance with our shareholders, the Board of Directors is pleased to recommended a dividend of 100 per cent (Rs. 10 per share) for the current fiscal as against 50 per cent (Rs. 5 per share) in the previous year. This will amount to a total payout of Rs. 51 crore, which includes dividend tax.

On behalf of the Board of Directors, I take this opportunity to express gratitude to all our customers, suppliers, employees, lenders and shareholders who have supported us in our work over the past years.

Ravi Jhunjhunwala
Chairman and Managing Director

MESSAGE FROM THE EXECUTIVE DIRECTOR & CEO

Dear Shareholder,

Given our strong operating profile and unique business model, and aided by a positive momentum in the graphite electrode business, we have delivered another robust performance during FY2008. Revenues from the graphite electrode segment increased as we witnessed better realizations and improved volume contribution from our stabilized capacities. In fact, capacity utilization of our graphite electrode plant was at its best levels. The performance of the power segment was also in line with our overall operations and continued to support growth of the graphite electrode operation.

We have recently announced a capacity expansion of 20,000 MT, which aggregates to a total capacity of 80,000 MT in graphite electrodes. At a competitive capex of Rs. 190 crore and an attractive payback, this investment will be funded mainly through internal accruals. The new capacity is expected to be operational by the last quarter of calendar year (CY) 2009, which will enable us to sustain growth even in FY2010.

With the increasing demand in the EAF route of steel production, the demand for graphite electrodes has continued to grow positively. Graphite electrode prices have witnessed an increasing trend recently, owing to sustained demand from the user industry. The recent expansion initiative will give us significant economies of scale; and we expect better productivity results going forward. For CY2008, we have nearly finished booking orders for graphite electrodes at considerably higher prices.

Given that the rising prices of needle coke have remained a challenge over the past few years, we have been able to partially mitigate the impact through a combination of improved operational efficiencies, realizations and volumes. Prices of needle coke (a by-product of oil refining) could potentially rise further, as it is a derivative of crude oil, prices of which, have been increasing in recent times. Although needle coke is a key raw material to manufacture graphite electrodes, the rise in raw material prices should have limited influence on our margins, given firm finished product prices. However, as needle coke remains a critical input to expanded capacities, HEG is working on various options that include procuring higher needle coke quantities from existing suppliers and also tapping other high quality options available in global markets.

We have a strategic advantage over other players within the industry with respect to power, which constitutes almost one third of our input costs for producing graphite electrodes. Hence, it becomes very critical for us to have access to economic and reliable power throughout the year. Currently, we are producing 44 MW of power from two captive power plants, which include a 30 MW thermal power plant and a 13.5 MW hydro plant.

Additionally, there will be a 33 MW thermal power facility, which is under installation and should be operational by the next fiscal.

Some months back, HEG hived-off its Durg plant, which included sponge iron, steel billets and WHRS power plant units. This has reduced the Company's debt and interest costs, which in turn, has strengthened our balance sheet. This has also helped us focus on our core business of graphite electrodes.

In FY2009, we expect to realize additional benefits from stabilized graphite electrode capacities. Given the expanded capacity, high quality standards and a conducive demand and pricing scenario, the outlook for HEG remains extremely bright.

Before I conclude, let me thank all our customers who have reposed confidence in us. I take this opportunity to assure you of our dedicated support and commitment at all times. We are proud of our operating profile and the quality of our products, which meet with the highest global standards.

To conclude, I would like to thank all our directors, employees and business associates for their continuous support and efforts in making HEG a leading player in world markets.

Ramesh C. Surana
Executive Director & CEO

HEG's new administration building, Mandideep

CORPORATE INFORMATION

BOARD OF DIRECTORS

L.N. Jhunjhunwala	Chairman - Emeritus
Ravi Jhunjhunwala	Chairman and Managing Director
Shekhar Agarwal	Vice-Chairman
V.K. Mehta	Director
D.N. Davar	Director
K.N. Memani	Director
Kamal Gupta	Director
P. Murari	Director
R.C. Surana	Executive Director & CEO
N. Mohan Raj	Nominee Director - LIC
N. Mehta	Alternate to V.K. Mehta

COMPANY SECRETARY

Ashish Sabharwal

BANKERS

- State Bank of India
- Punjab National Bank
- HDFC Bank Ltd.
- The Hongkong & Shanghai Banking Corp. Ltd.
- Citibank N.A.
- IDBI Bank Ltd.
- ICICI Bank Ltd.
- The Federal Bank
- IndusInd Bank
- Landesbank Baden Wurttemberg, Germany
- DEG, Germany
- Yes Bank
- Central Bank of India

REGISTRAR

M/s. MCS Ltd.
Sri Venkatesh Bhawan, W-40, Okhla Industrial Area
Phase-II, New Delhi - 110 020

List of Stock Exchanges where the Company's shares are listed:

- Bombay Stock Exchange Ltd.
- National Stock Exchange of India Ltd.
- Madhya Pradesh Stock Exchange Ltd.

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Fax: +91 (07572) 272849

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the economic environment

Over the past few years, the Indian economy has significantly moved up the growth plane as one of the fastest growing economies. Since 1980 till a few years ago, the average growth rate was only 5 to 6 per cent; however, the economic growth rate has accelerated to an average of about 8 per cent since the past three years. The outlook for the Indian economy looks strong at the macro level.

Over FY2008, consumer and wholesale price inflation accelerated, reaching nearly 8 per cent in April, 2008. According to the OECD Economic Outlook, output growth for the Indian economy is projected to gradually slow to below 8 per cent in 2008 and then to recover slightly in 2009 as a result of a more restrictive monetary policy stance and a more normal harvest. Further, higher oil and commodity prices are expected to push the current account deficit in 2008.

India: Macroeconomic indicators	2005	2006	2007	2008	2009
Real GDP growth	9.2	9.7	8.7	7.8	8.0
Inflation[1]	4.4	5.6	4.1	4.4	5.0
Consumer price index[2]	4.4	6.7	6.1	6.7	5.5
Short-term interest rate[3]	6.6	8.2	8.9	8.7	8.7
Long-term interest rate[4]	7.1	7.8	7.9	8.4	8.2
Fiscal balance (per cent of GDP)[5]	-7.0	-7.4	-6.1	-6.3	-6.5
Current account balance (per cent of GDP)	-0.9	-1.1	-1.2	-2.0	-1.6

Note: Data refers to fiscal years starting in April.

1. Percentage change in GDP deflator from previous period.
2. Consumer price index for industrial workers.
3. Mumbai three month offered rate.
4. 10 year government bond.
5. Gross fiscal balance for central and state governments, includes net lending and transfers to oil, food and fertiliser companies and recurrent Pay Commission awards, but not backpay nor debt write-offs for small farmers.

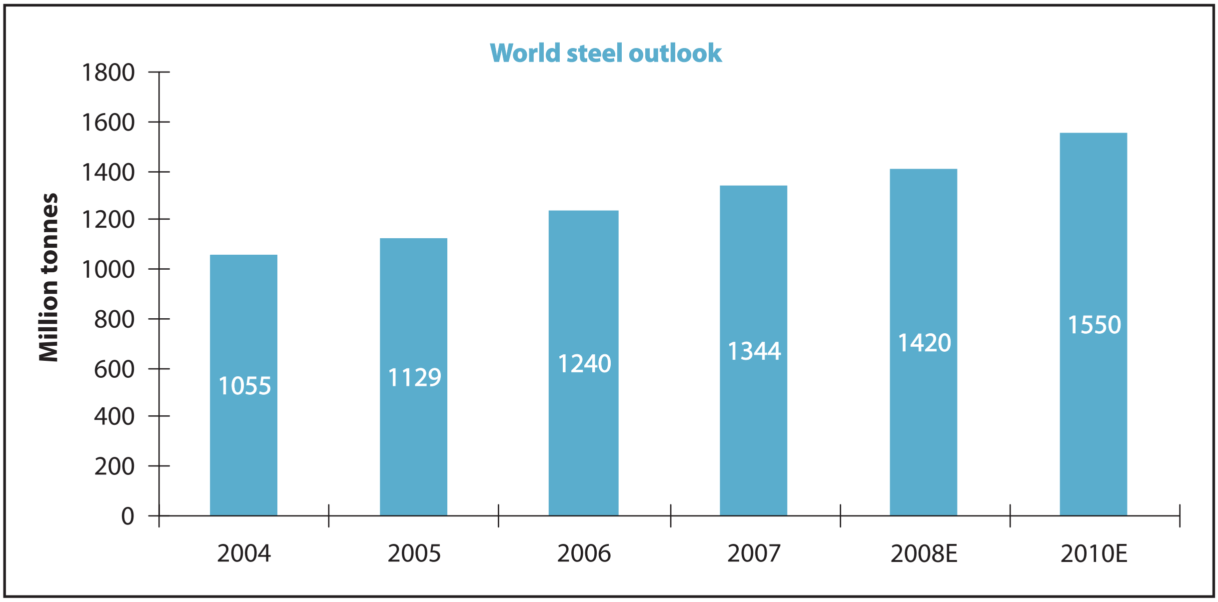
Source: CMIE and OECD projections, June 2008

Economic outlook for emerging economies and particularly India remains strong

According to The IMF reports for global GDP, world economic growth is expected to slow in 2008, given the global turmoil in the financial markets, high commodities prices, and falling real-estate prices. According to the latest forecast, global growth would slow from 5.2 per cent in 2007 to 4.8 per cent in 2008, down from the 5.4 per cent rate registered in 2006. China's economy gained further momentum in 2007, growing at 11.5 per cent, and is expected to grow by 10 per cent in 2008. India continued to grow at a healthy rate of over 8 per cent, and Russia also grew by almost 8 per cent. Rapid growth in these countries counterbalanced the continued moderate growth in the United States. In China and India, growth may not slow as expected, provided recent monetary policy tightening proves insufficient to pacify domestic demand growth. However, the main downside risk is that continued turbulence in global financial markets could disrupt financial flows to emerging markets and trigger problems in local markets. Despite these and other risks linked more directly to the global outlook, the IMF expects emerging markets to remain strong in the future.

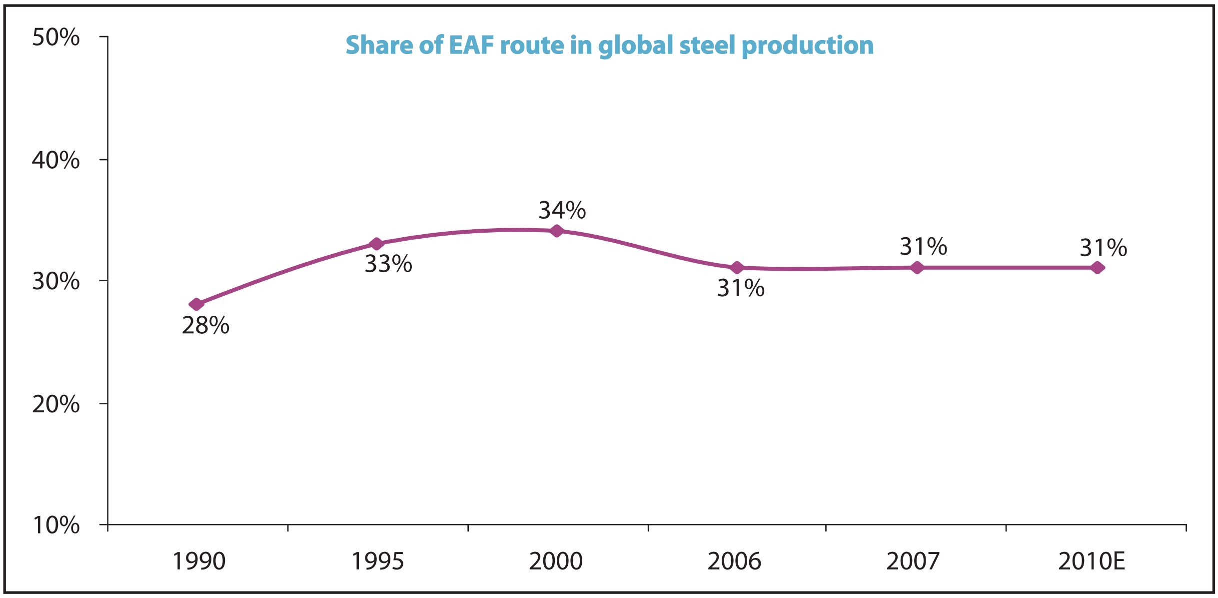
Emerging / developing market countries are reaping the benefits of the growing domestic demand and export growth. Higher commodity prices have given a further boost to growth prospects. The Indian economic outlook remains strong in the future, despite risks linked more directly to the long term global outlook.

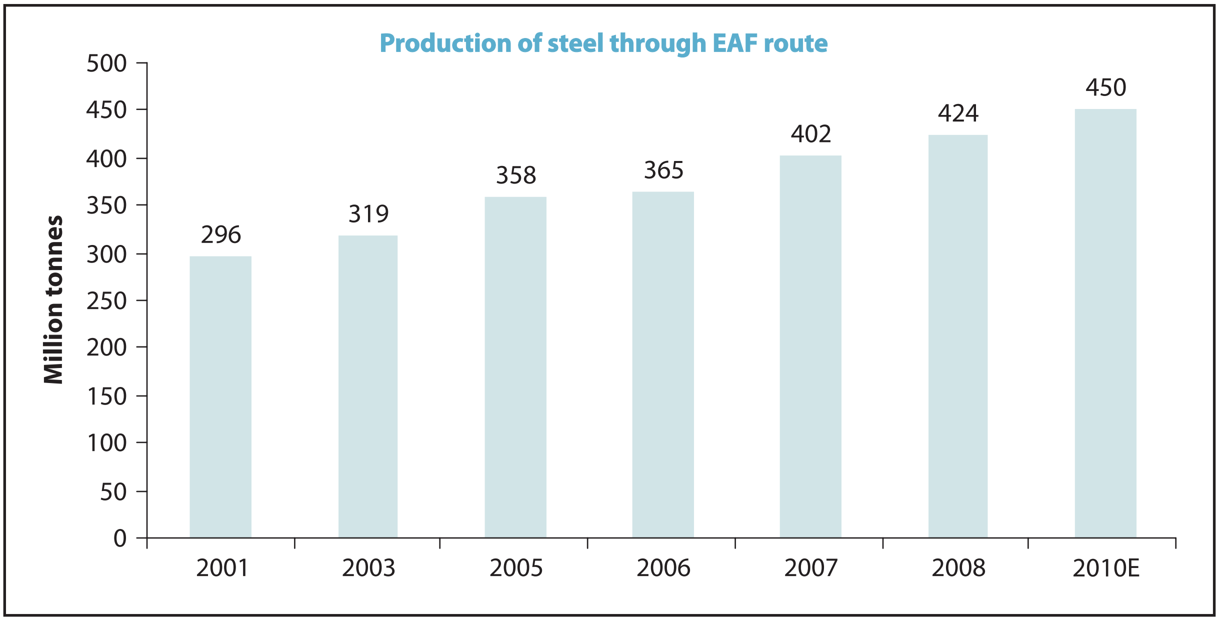
Encouraging sectoral outlook



HEG is engaged in the manufacturing of graphite electrode. Globally, the sectoral outlook for graphite electrode business remains buoyant. Growth in the steel industry is directly relevant to the graphite electrode business. Hence, backed by an increasing demand scenario in the steel industry, the demand for graphite electrode is expected to increase robustly going forward. During 2007, the world steel production increased by 7.5 per cent to 1,344 million tonnes, and is expected to further grow much significantly in the near future (Source: International Iron & Steel Institute). According to MEPS (International) Limited, world steel production in 2008 is forecasted to increase by 5.7 per cent to 1,420 million metric tonnes.

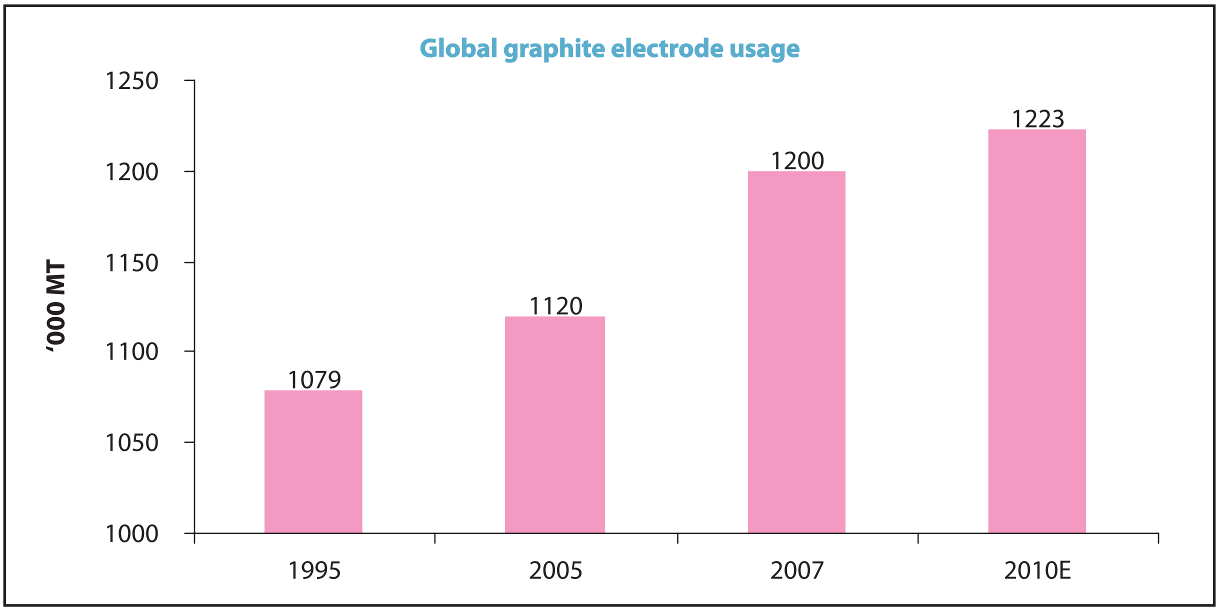
Strong growth of steel production to drive graphite electrode volumes





The Electric Arc Furnace (EAF) method of steel production is gaining grounds within the sector because of cost and quality advantages. Graphite electrode is primarily used in manufacturing of steel through EAF method. Performance of graphite electrode is not sensitive to steel prices, but to steel production volumes through the EAF route. Over the past few years, the growth in steel-making through the EAF route has been nearly 4 per cent. Resultantly, the demand for graphite electrode used in steel manufacturing via the EAF route is expected to enhance further, going forward. Global demand for graphite electrodes is expected to rise from 1.02 million in 1990 to 1.22 million in 2010. Demand for graphite electrodes largely continues to come from the US, South America, Europe, Middle East, Japan and China.

Performance of graphite electrodes linked to production volumes of steel through EAF route



HEG is a strong player in the niche business of producing graphite electrodes. The Company's core competencies lie on the focus of producing Ultra High Power (UHP) grade of graphite electrode. There are very few companies who are able to manufacture UHP grades mainly due to lack of technological expertise. HEG stands in a better position in terms of technological capabilities for manufacturing of UHP grade graphite electrode, which meet requirements of international standards. The demand-supply situation for the current manufacturers of graphite electrode remains encouraging, as no new competitor has entered this sector over the past three decades. The limited supply and the growing demand for graphite electrode have led to an increase in realisations. Going forward, HEG expects this positive price trend to continue. Since graphite electrodes constitute a very small fraction of the overall steel manufacturing cost, the rise in the price of electrodes does not affect steel manufacturers. The production of graphite electrodes involves two major input costs, that is, needle coke and power. HEG is self-reliant in power, which constitutes almost one-third of the manufacturing cost, and hence forms an important input for graphite electrode manufacturing. HEG has its power supply fairly under control, as the Company has access to captive power plants, which provide over 90 per cent of HEG's total power requirements for its existing capacities.

HEG's core competencies lie in producing ultra high power (UHP) grade of graphite electrodes

The second important input material is needle coke which is used for the manufacture of graphite electrode. Needle coke has been experiencing increased prices every year, given the consistent increase in crude oil prices in the international markets as needle coke is a by-product of refining. Secondly, there are limited number of manufacturers of needle coke worldwide, which presently creates a tight situation in the demand-supply cycle of needle coke for all graphite manufacturers.

Bulk of needle coke sourcing tied up for CY2008

HEG has tied up fresh supplies for entire needle coke supply requirement for CY2008, and has bought excess needle coke over the last 3 years. Thus, the Company has been able to negotiate much better rates for the current year. Higher needle coke prices should not affect the Company's performance since realisation of graphite electrode has increased more than proportionately to the price increase in needle coke and this scenario is not expected to change in future.

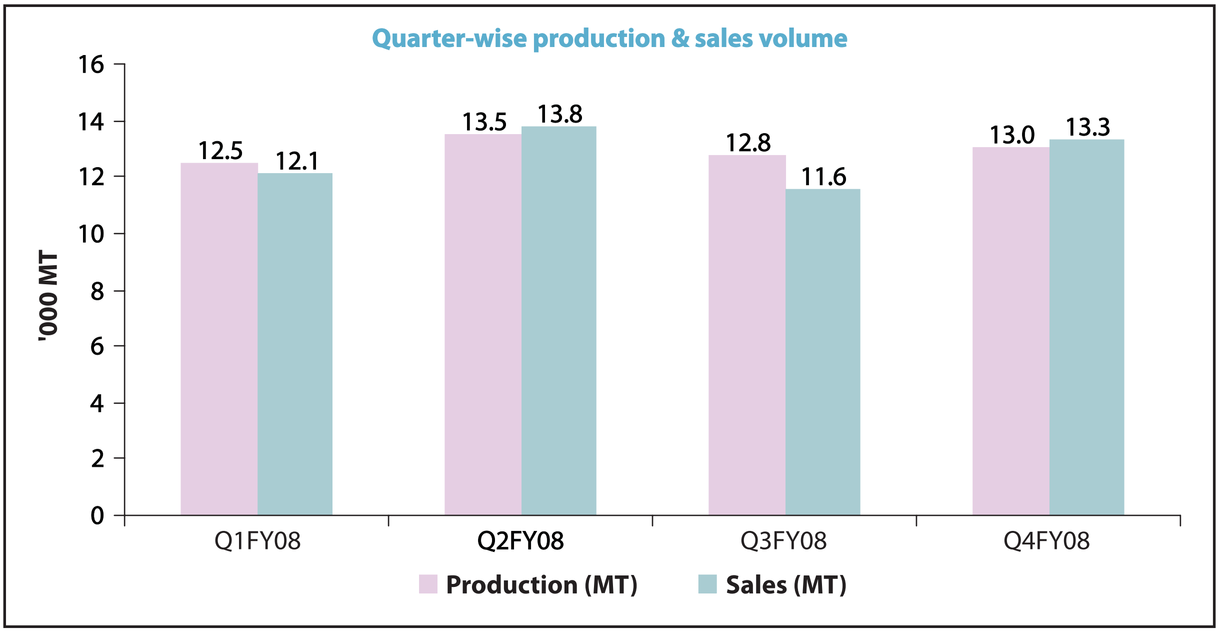
Review of operations

Exports to more than 25 countries

HEG is one of the leading global players for the manufacture of graphite electrode, which are largely used as a consumable in the production of steel from the Electric Arc Furnace (EAF) route. The Company focuses on production of superior quality UHP (Ultra High Power) electrodes. The Company exports over 80 per cent of its production to more than 25 countries of the world. HEG also runs two power plants which support its graphite business.

Graphite electrode: Meeting increased demand through expansion initiatives

HEG is primarily engaged in the manufacture of graphite electrodes, which constituted almost 90 per cent of the Company's revenues during FY2008. HEG has the largest integrated graphite plant in South Asia & Middle East, located in Mandideep near Bhopal (Madhya Pradesh), with a capacity of around 60,000 MT per annum. HEG's graphite division has facilities for production of graphite electrode and graphite specialties. The Company is engaged in producing two grades of graphite electrodes – High Power (HP) and Ultra High Power (UHP), which are manufactured according to the customers' needs and requirements. Presently, HEG produces almost 75 per cent of the UHP grade out of the total graphite production, the demand for which is rapidly growing in the global market. The Company is a major exporter of graphite electrode, with a number of respected steel manufacturers – ArcelorMittal, POSCO, ThyssenKrupp, US Steel, Nucor, and Usinor – in its customer portfolio. HEG is well known in the international markets for supplying products that match global standards and are of the most superior quality. The Company not only delivers the superior products, but also focuses on strengthening its ties with existing customers by way of rendering value added services that often lead to better productivity levels for the customers.

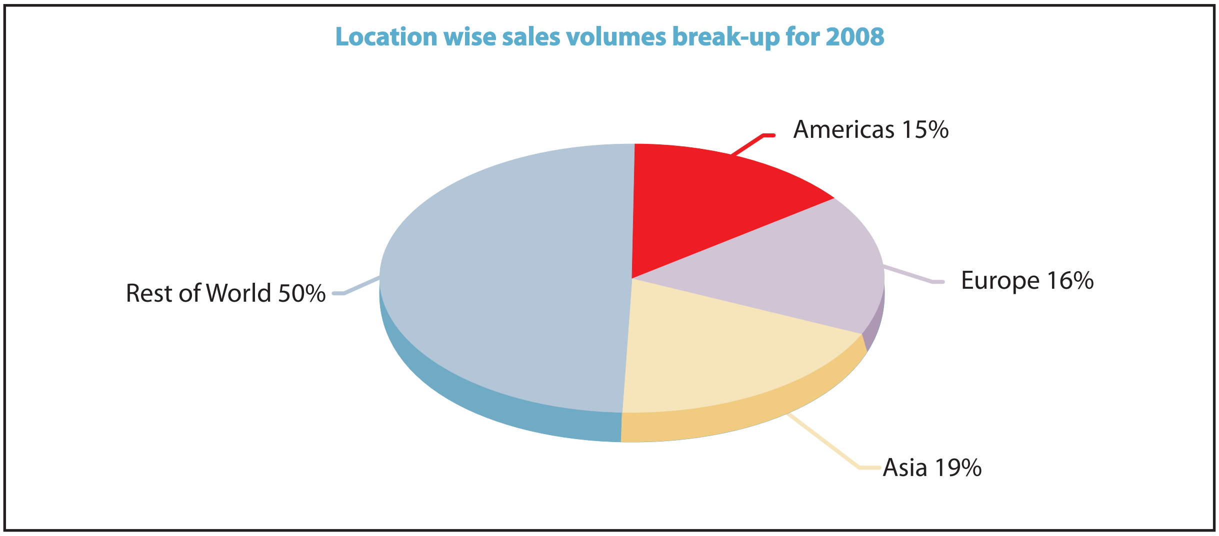


HEG operates South Asia and Middle East's largest single-location, integrated graphite electrode plant at Mandideep

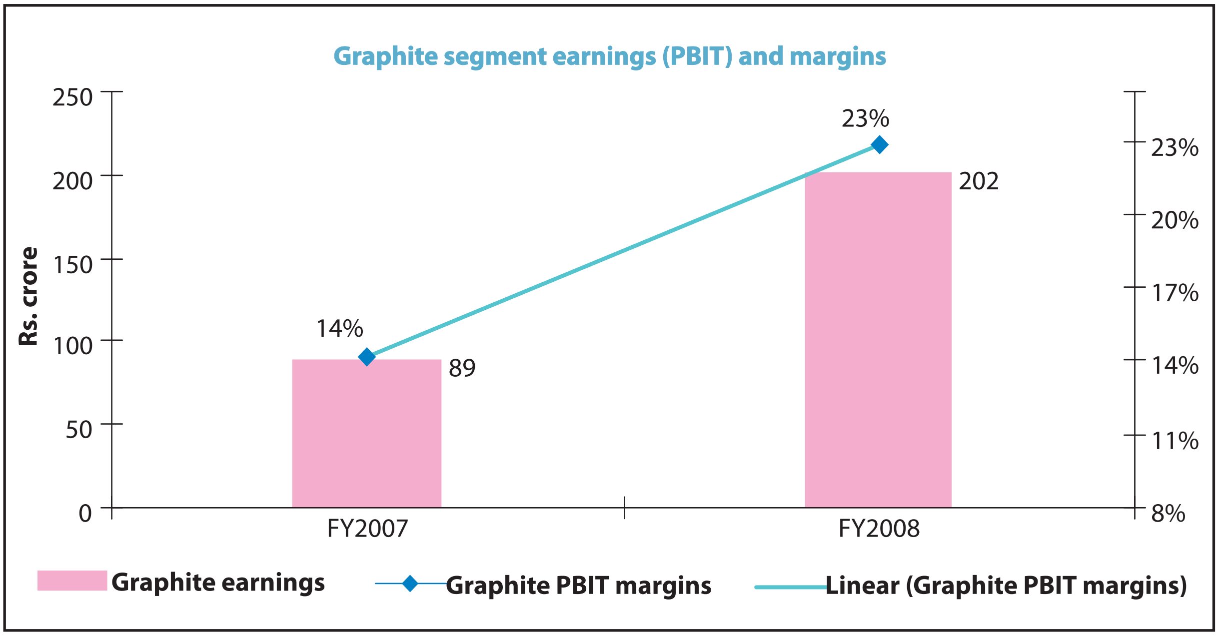
HEG is a major exporter of graphite electrodes to numerous, respected steelmakers worldwide

HEG's position has strengthened during the year in the prevailing demand scenario by way of gradually enhancing its graphite electrode capacities. The Company increased production capacity to 60,000 MT from 52,000 MT, by way of de-bottlenecking of its graphite electrode capacities. During the year under reporting, the production of graphite electrode at Mandideep was higher at 51,863 MT. Sales volume also increased in tandem with production. Higher realisations during the current year coupled with increase in production resulted in substantially higher profits.

HEG has strengthened graphite electrode production in a strong demand environment



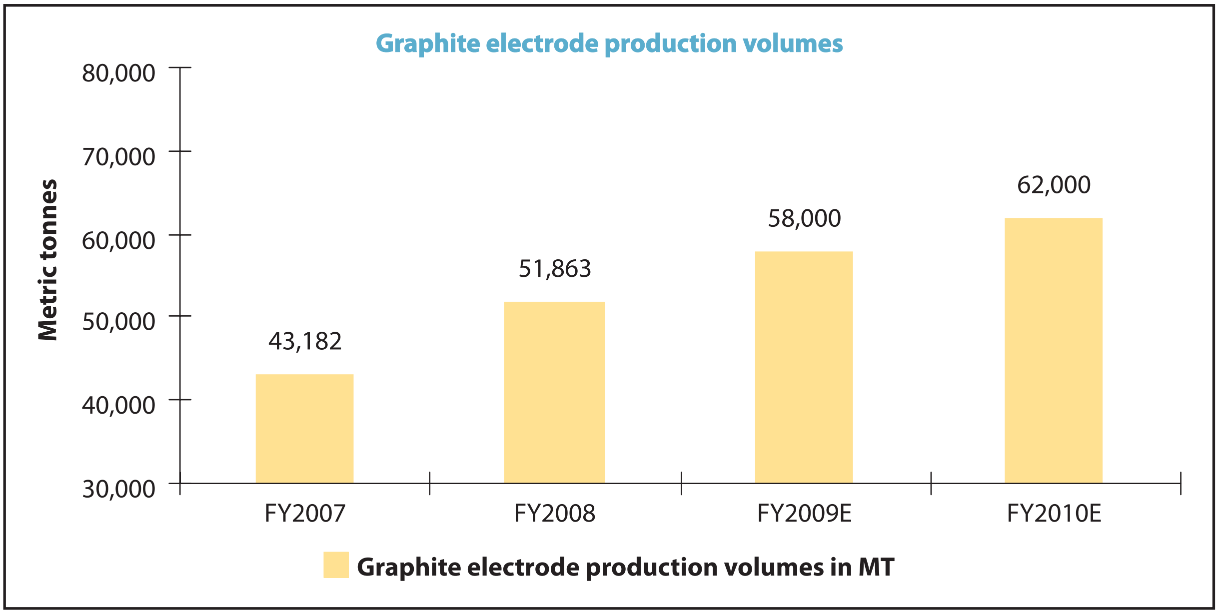
For FY2008, net revenues in the graphite electrode segment were at Rs. 885.4 crore, higher by 40.5 per cent as compared to Rs. 630.1 crore last year. Graphite electrode revenues during the year improved on account of healthy contribution from the expanded capacities coupled with improved realisations, while the annual run rate in Q4 was further enhanced to 60,000 TPA. Increase in needle coke prices was more than compensated by improved realisations of graphite electrode prices, and margins in the segment improved to 20.1 per cent from 11.9 per cent in the previous year.



Production capacity increased to 60,000 MT from 52,000 MT by way of de-bottlenecking

Capacity expansion of graphite electrode plant

On 5th June, 2008, HEG Limited announced that its graphite electrode capacity will be expanded to about 80,000 TPA from the current level of about 60,000 TPA. This will give HEG's Mandideep plant a distinct position of becoming the world's single largest integrated site for manufacturing graphite electrode. The expansion will result in high levels of operating efficiencies and production cost benefits, and will result in improved volumes and realisations. This capacity expansion will be done by way of Brownfield expansion and de-bottlenecking of the existing capacities, at a significantly contained incremental capital cost of Rs. 190 crore which is 40 per cent less than Company's expansion cost undertaken two years ago. The new capacity will be operational by the last quarter of 2009.



Capacity expansion to 80,000 MT will make HEG world's largest single-site, integrated manufacturer of graphite electrodes

At an expanded capacity of 80,000 TPA, the Company proposes to optimize its product mix across key categories of graphite electrode. The Company is well known in the international markets for supplying products that match global standards and are of the most superior quality. Needle coke remains a critical input to the expanded capacities and HEG is working on various options that include procuring higher needle coke quantities from existing suppliers and also tapping other high quality options available in global markets.

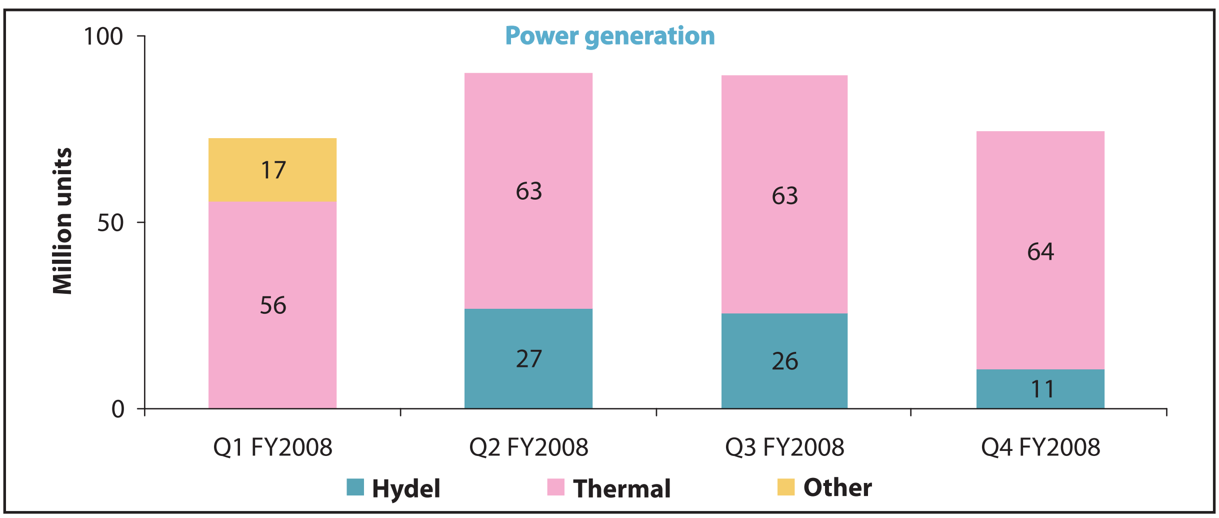
Products match global standards

Incurred capex to have very attractive payback

It is expected that the expansion of 20,000 TPA at an investment of Rs. 190 crore will have a very attractive pay-back period of about four years at current raw material costs and graphite prices. The Company proposes to fund its expansion mainly through internal accruals.

Demand for graphite electrode continues to be robust with a growing global demand for steel. Graphite electrode prices have witnessed an increasing trend recently, owing to its sustained demand from the user industry. This expansion gives the Company significant economies of scale and is expected to result in better productivity standards across its operations.

Power generation: Sufficient and economical power supply



HEG has a strategic advantage because of the availability of two economical, captive power plants of hydro-electrical and thermal nature, of about 44 MW.

The 30 MW Thermal Power Plant which is located at Mandideep, is the larger of the two in terms of rated capacity. This power plant gives HEG access to cheap and dependable power supply throughout the year. The Company also operates a hydro-electric power unit, with a rated capacity of 13.5 MW located at Tawa. The operation of this plant is seasonal as it depends on rainfall in its catchment area.

Captive power comes from thermal and hydel sources

For FY2008, power revenues stood at Rs. 113.14 crore, as compared to Rs. 122.91 crore in the previous year. HEG generated 3,343 lacs kwh of power, at an average cost of less than Rs. 2.50 kwh unit. For the year, earnings from the power business stood at Rs. 44.16 crore, from Rs. 46.63 crore in FY2007.

In order to support further increase in graphite capacity, the Company is already in the process of implementing the expansion plan of its captive power generation capacity by 33 MW, at an investment of Rs. 90 crore, which is likely to be commissioned by March 2009, taking the total capacity to approximately 77 MW. Any surplus in power would be sold to the State Electricity Board.

New 33 MW facility based on coal to come on stream

Focus on core competence – Hived off steel division

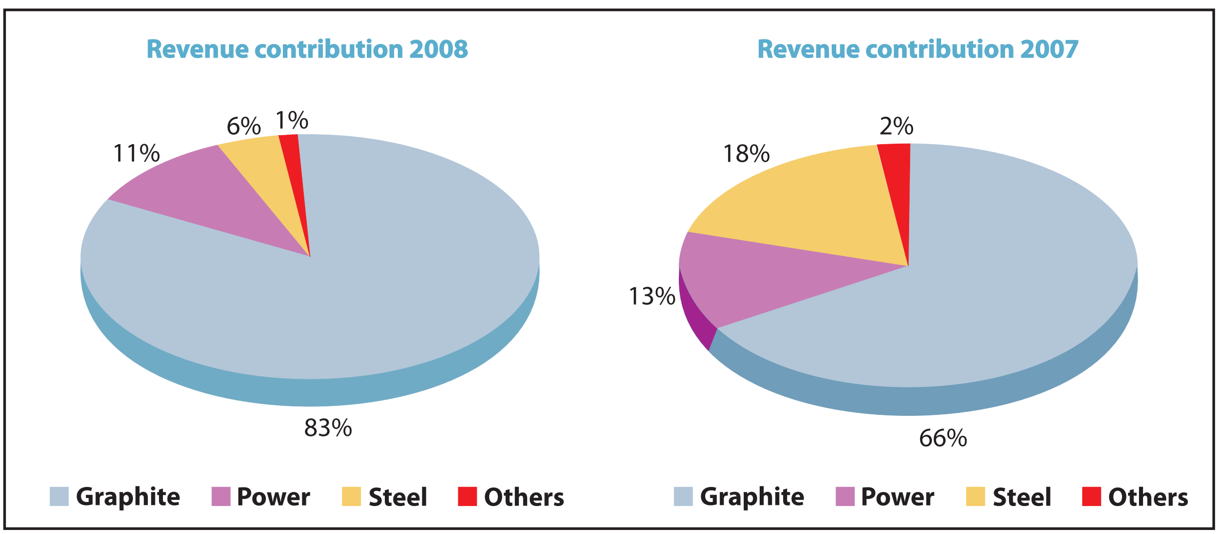
In July 2007, HEG Limited sold off its fully integrated steel business (including sponge iron, steel billets and a 13 MW waste heat recovery power system power plant) to M/s. Jai Balaji Industries Ltd. of Kolkatta.

HEG has re-sharpened its focus on graphite electrode with sale of steel business

Being a non-core business, the Durg steel unit has been de-merged from HEG with effect from 1st August, 2007. Post the de-merger, HEG has emerged as a focused graphite electrode Company where it enjoys a well-established global position as a manufacturer of world-class graphite electrodes.

The Scheme of Arrangement to hive-off the Steel Division of the Company at Durg to M/s. Jai Balaji Industries Ltd., has been approved by both the Hon'ble High Courts at Jabalpur (vide its order dated May 16, 2008) and Kolkata (vide its order dated May 9, 2008). The certified true copies of these orders have been filed with the respective Registrar of Companies and with this the Scheme has become effective. The consideration of Rs. 88.5 crore for fixed and net current assets towards the transfer of the said Unit has been received by the Company.

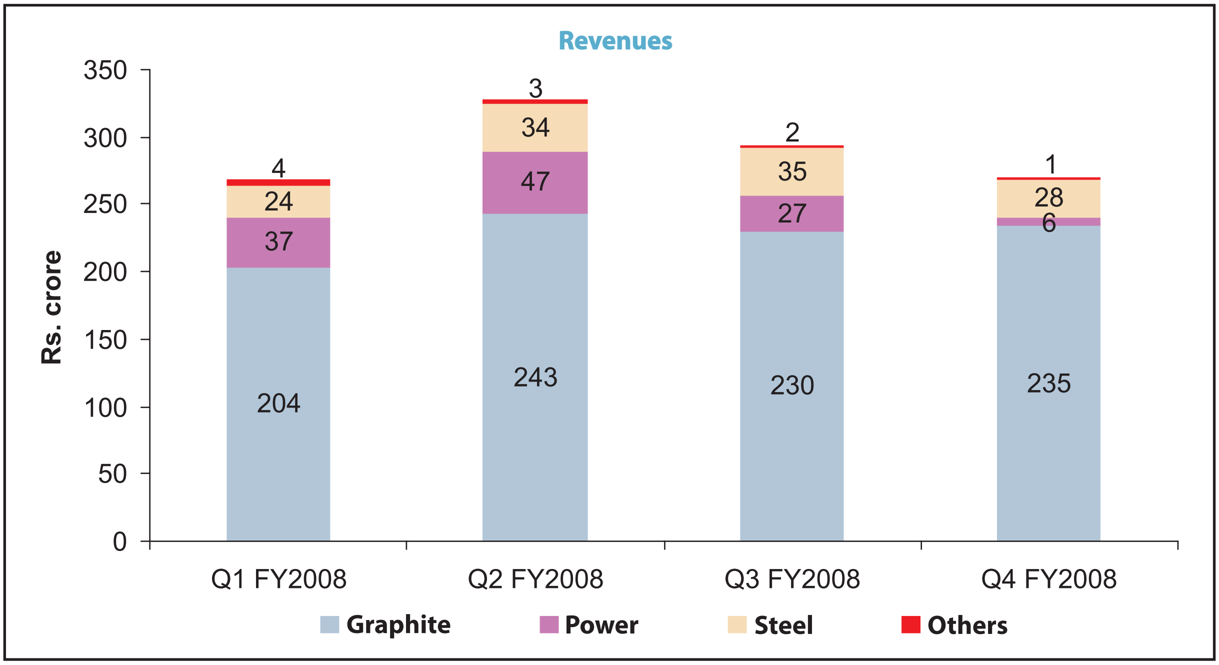
Review of financial performance

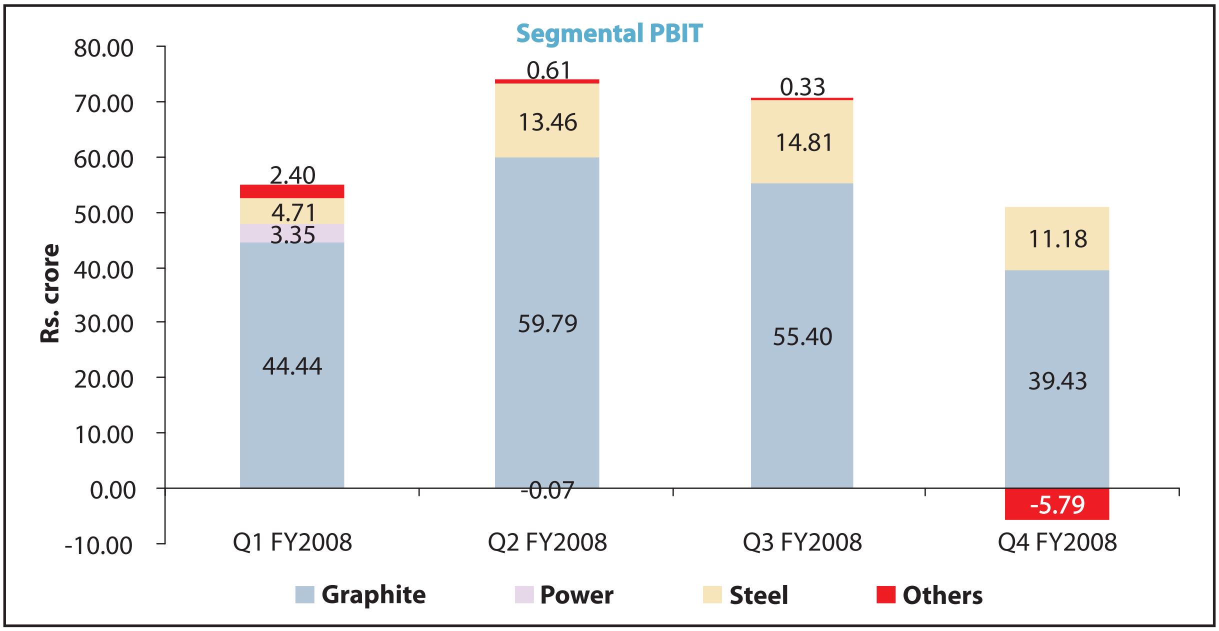


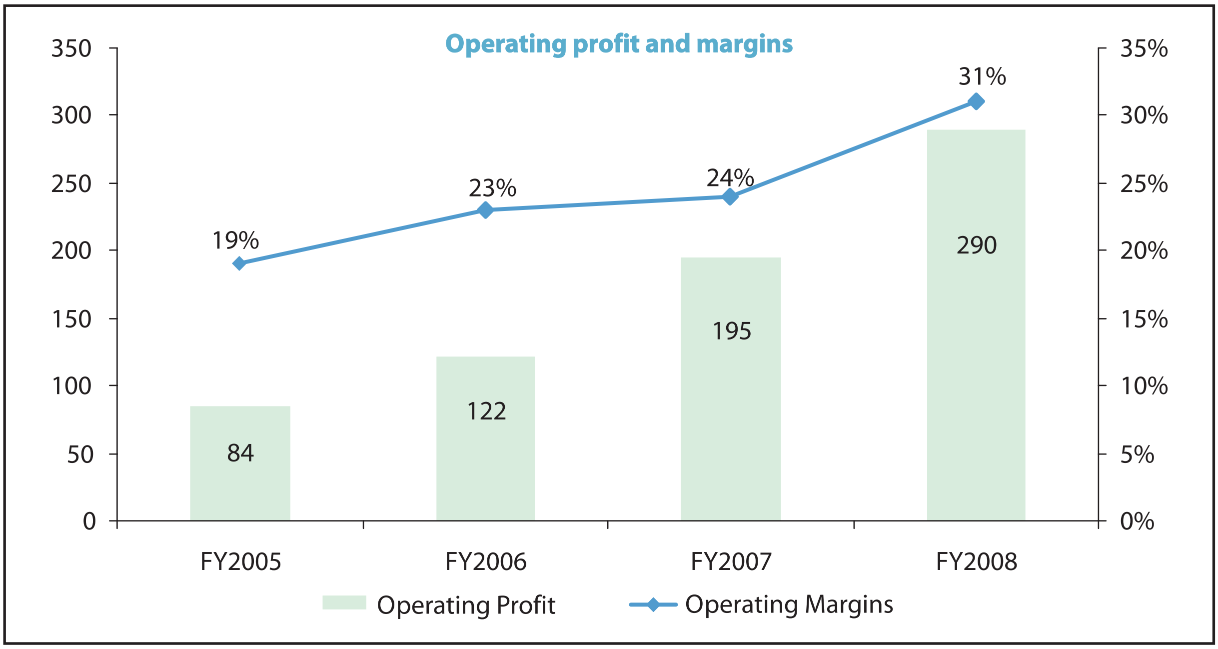
HEG delivered a strong financial performance during the year under review, on the back of increased volumes from its expanded and stabilized capacities, and better realisation in the graphite segment.

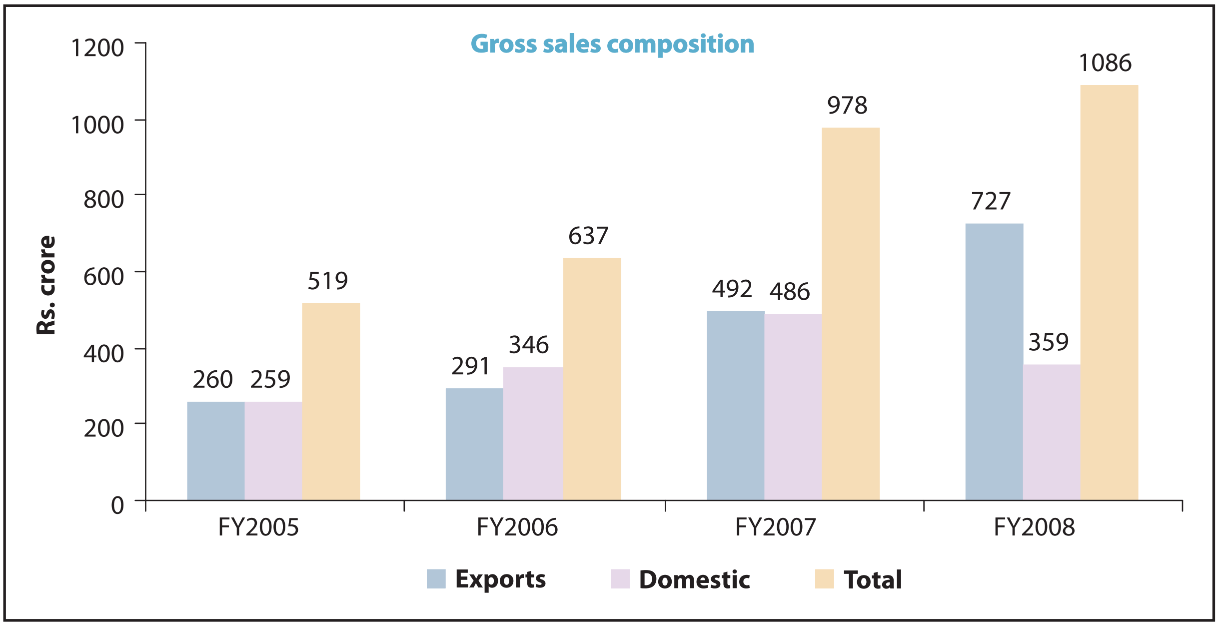
Strong operating results

Net revenues for the year were higher by 15.7 per cent at Rs. 946 crore, when compared to Rs. 817.9 crore. The increase in revenues can be attributed to exports which contributed over 75 per cent to the net revenues in FY2008. Revenue contribution from the graphite segment increased by 40.5 per cent to Rs 885.4 crore, from Rs. 630.1 crore, on the back of better realisations and contribution from extended capacities. Revenue contribution from the steel business decreased by 64.5 per cent to Rs. 61.7 crore, since the steel unit was hived off during the reporting year. Revenue contribution from the power business, which includes two power plants and the sold out WHRS power plant as a part of sale of Durg unit, was lower by 7.9 per cent to Rs. 113.1 crore. PBIDT for FY2008 grew by 49.0 per cent to Rs. 290.4 crore, as compared to Rs. 194.8 crore, with operating margins improving to 30.7 per cent. Earnings (PBIT) from the graphite electrode business were better by 126.3 per cent to Rs. 201.8 crore, from Rs. 89.2 crore in the previous year. This was a result of healthy contribution from the expanded capacities coupled with improved realisations in the graphite electrode segment. Interest cost for the year was higher at Rs. 50.6 crore from Rs. 46.1 crore on account of expanded capacities going on-stream during the year while depreciation cost reduced to 46.1 crore from Rs. 48.7 crore in the previous year. In FY2008, PBT almost doubled at Rs. 207.2 crore and crossed Rs. 200 crore for the first time. HEG reported robust growth in PAT, which improved by 98.2 per cent to Rs. 146.4 crore, as compared to Rs. 73.8 crore in the previous year. Basic EPS nearly doubled to Rs. 35.2 from Rs. 18.3 in FY2007.









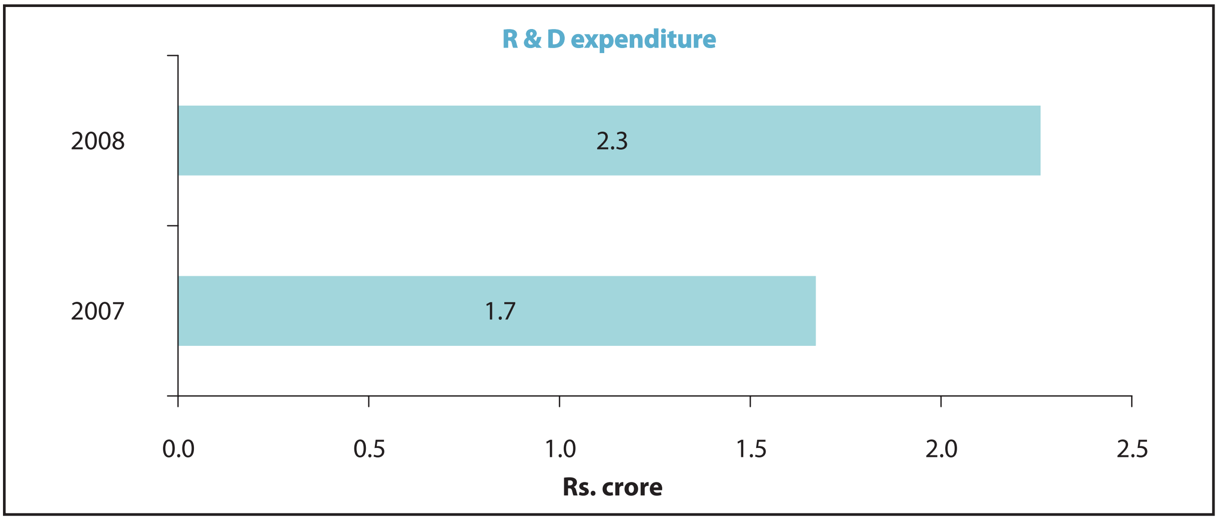
Strong balance sheet

The Company maintains a healthy Balance Sheet. HEG's net worth has increased from Rs. 354.7 crore to Rs. 542.8 crore, primarily through internal accruals. Given HEG's strengths, the Company has been able to fund its capacity expansions through internal accruals. The long term debt (excluding FCCB) as on March 31, 2008 stood at Rs. 171.2 crore, implying debt to equity ratio of 0.3 : 1.0. The Company's ratios are expected to improve in the next year as HEG operates in higher capacities, which will result in improved earnings.

Research & development

HEG has expanded the state-of-the-art R&D set up that was initiated in 2006 to a full-fledged set up over the years. The new set up has contributed to significant value addition in the applied Research in the field of Carbon and Graphite for developing new products, which has further helped to sustain and improve the competitiveness of the Graphite Business. The R&D set-up comes equipped with a pilot plant to facilitate its latest testing objectives. R&D has assumed much significance since its inception in 2006, in identifying the role of certain characteristics of raw material used for manufacturing the graphite electrode. This has given new insights to HEG, and is expected to strengthen the quality control of the raw materials thereby improving the quality of the finished products.

Work on the identified projects on the new product development is shaping up well, and the progress has been well in line with the expectations.



New technology centre

As part of its initiatives to leverage its core competence, HEG has set up a separate unit with the purpose of generating revenues by offering know-how in the field of Carbon/Graphite. The centre has been successful in its concept as a 100% EOU (Export Oriented Unit), and has reported revenues of around U.S. $ 3 Million from its overseas projects in its very first year of operations. The centre is located in Mandideep with ample of infrastructure facilities and resources to independently take care of various engineering related projects. Its core competency lies in utilizing knowledge base that it has so consistently created over the last 30 years of its existence.

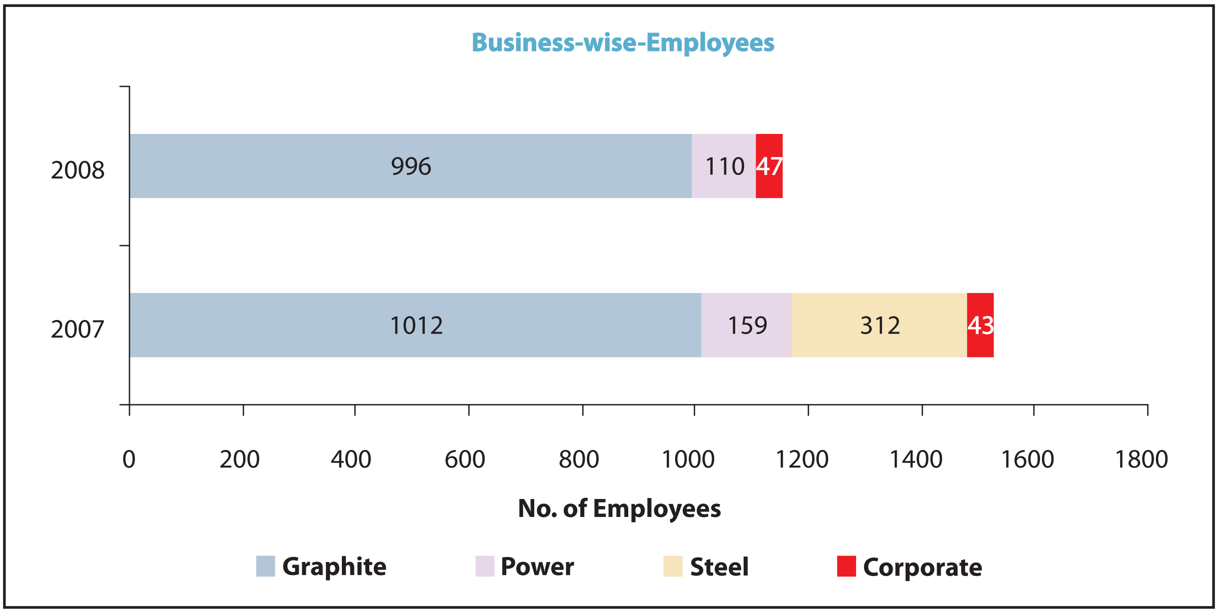
Human resource management

HR initiatives

HEG has successfully been employing comprehensive HR policies and practices initiated in the past in partnership with M/s. Hewitt Associates, a leading HR Consulting firm to help in aligning its policies with the best in the world and to achieve an outstanding standard in human resource management. Subsequently, as in other areas we have benchmarked our practices with the Best Employers to identify areas for improvement and have made action plan to achieve the same. In the same process, HEG also participates in various surveys conducted by the HR agencies to further understand the current level vis-à-vis the best practices to ensure that we do not lag behind on this count

Moving forward, HEG is now working with another renowned HR consultant to set up "Process Based Organizations" in HEG which is expected to further strengthen the operating profile by reducing the response time and improving the accountability.

HEG has always endeavored to establish and maintain superior standards of efficiency and effectiveness and continues to complement these efforts by providing its workforce with the latest technologies and tools. For this purpose, HEG has focused consistently on Human Resource Development and training and development activities have been taken up in a focused manner for technical, behavioural or competency related areas and deputation of personnel for external programs to learn the latest concepts and techniques in various facets of management.



The Company is thus creating an environment in which its employees can fully utilize their abilities and can have a bigger part to play in the development and advancement of the organisation.

Performance metrics and remuneration

Skillful competence is one of the key factors for HEG's business operations, and hence it is equally important to cultivate and develop them in order for them to grow in core competencies. HEG uses performance measurement metrics like Balanced Score Card and Dashboards which not only motivates the Company's pool of talented employees, but also helps in attracting bright and competent employees to the Company. The Company also ensures that the compensation is in line with industry trends and standards; and has also implemented variable pay to enhance the performance-driven culture in the organization. This is in addition to the various rewards and recognitions schemes and forums already prevalent in the organization.

Competency sustenance

Given HEG's global and forward-looking approach, it believes in evolving competent leaders ready for today's world. For that purpose, it has fashioned its succession-planning model in a way that focuses not only on senior management but also takes into account the important job positions created across various job categories in the Company. This facilitates the Company in creating a talent pool that can seamlessly handle organisational change at any time in the future.

Industrial relations

Over the years, a strong bond of trust and understanding has been formed between the management and its workforce based on the healthy communication that has always existed amid them. HEG has always made it possible to connect with its union and labour force, before initiating any major changes that directly affect them. In addition to this, employees are allowed to bring up issues relevant to their cause from time to time. These efforts take care of the ingrained interest of the organization and the employees, and result in long term relationships.

Fostering a quality–conscious organisational culture

HEG has always looked upon 'Quality' as a catalyst for furthering business growth. HEG employs methods like training and evaluation programs to constantly improve its workforce quality. It firmly believes that quality is the force behind its sustainable competitive advantage and therefore is constantly engaged in various initiatives to enhance quality in its processes, through measures such as comprehensive Statistical Process Control system (SPC) and six sigma tools and techniques. This system has enabled HEG to acquire global standards in manufacturing, along with improving its productivity levels. Other than the above-mentioned initiatives, HEG invites international consultants from time to time, to seek assistance in its efforts to constantly upgrade its processes.

Environmental and social initiatives

Ecological impact

HEG is aware of the environmental impact of its operations and actions on the surroundings and therefore it has placed efficient systems to reduce any undesirable fallout from its processes. HEG obtained an ISO-4001 certification in June 2005. The Company is even implementing a widespread afforestation programme to further improve the ecological conditions around its facilities. The seriousness of the Company towards improving the environment around its facilities is evident at its Mandideep manufacturing complex. This facility is considered one of the cleanest graphite electrode plants in the world, when seen in the light of the materials used and the products manufactured. The Company emphasizes on recycling and reusing any byproducts from its manufacturing processes.

Community outreach

HEG appreciates the importance of the local communities in the creation of wealth and the development of local society and thus have various programmes to improve their standard of living as part of its CSR intiatives. A non-profit body Graphite Education & Welfare Society was established in 1981 to encourage education and the general welfare of people in Mandideep and its surroundings. The Company also promotes the Graphite Higher Secondary School in Mandideep. HEG and its employees frequently take initiatives to conduct medical camps, socio-cultural activities and other community work, often in partnership with local authorities and NGOs. Most recently, HEG has adopted two very backward villages near its plant for community development activities.

Internal control systems and risk management

To establish and maintain internal controls over all operational and financial functions, HEG has strong internal audit and control systems which facilitate the Company to transparently follow all the procedures, guidelines, and regulations as applicable. HEG firmly believes that to succeed in this competitive global business environment one should identify business risks and be pro-active to prevent them. For this, the Company has put in place sophisticated risk management initiatives to help it identify and prevent any operational or financial risks. The management team of HEG whose task is to supervise the adequacy of internal control systems and risk management and mitigation efforts at HEG, operates under the guidance of the Board of Directors and the Audit committee. It closely scrutinizes the operating environment and internal control systems, to identify and assess possible risks and carry out countermeasures quickly.

To devise and execute a suitable risk management plan and to implement internal control assessment and reporting requirements, HEG had appointed M/s Ernst & Young as their advisors. The Company has installed modern IT-enabled systems across all its offices and manufacturing units to reinforce its financial reporting processes. HEG's management team also takes care of the operational risk factors relating to its product portfolio, raw material supplies, and customer profile as well as foreign currency volatility and environmental issues and takes suitable measures on an ongoing basis. The management also presents periodically to the Board and / or to the applicable committees after prioritizing risks and framing action plans. HEG also has sufficient property and casualty insurance cover at its plants, in line with best industry practices.

A positive outlook

The outlook is looking very good, given HEG's strong position in UHP grade graphite electrodes. The demand structure in the graphite electrode industry favors cost-efficient and high quality manufacturers such as HEG. Bulk of incremental demand has come to Asian countries, particularly in India. Given its integrated operations, HEG will continue to be a beneficiary from this demand trend. The Company has already increased capacities and is going for further enhancement, both, in terms if volumes and value growth. Needle coke prices have shown an increasing trend – the increase in graphite electrode prices will expectedly more than compensate for higher raw material cost. The Company is also actively sourcing additional needle coke supplies for extended capacities. The Company has sufficient power for capacity expansion of graphite business. Therefore, HEG is expected to deliver healthy improvement in margins and earnings performance going forward.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 36th Annual Report and audited statements of accounts for the year ended 31st March, 2008. We are glad to report a continued strong performance driven by focus on our core business of graphite electrodes, enhanced overall operating efficiencies, prudent financial management and a buoyant sector outlook.

1) FINANCIAL RESULTS & APPROPRIATIONS **(Rs. in crore)**

	2007-08	2006-07
Turnover :		
Domestic	**359.13**	485.67
Export	**726.75**	491.88
Less : Excise Duty	**33.02**	49.66
: Inter Division Sales	**106.88**	110.02
Net Sales	**945.98**	817.87
Other Income	**30.56**	20.21
Total Income	**976.53**	838.08
Profit before Interest, Depreciation and Amortization	**303.90**	194.82
Interest	**50.57**	46.06
Profit before Depreciation and Amortization	**253.33**	148.76
Depreciation and Amortization	**46.13**	48.69
Profit Before Tax	**207.20**	100.07
Provision for Taxation -		
Current Year	**67.67**	12.58
Deferred	**(9.88)**	13.97
Provision for Fringe Benefit Taxes	**0.43**	0.36
Income Tax for earlier Years	**2.62**	(0.67)
Net Profit for the Period	**146.35**	73.84
EPS (Basic)	**35.17**	18.32
Appropriations		
Amount available for appropriation	**186.28**	100.50
Dividend :		
a) On Equity Shares		
i) Interim Dividend	**30.46**	-
ii) Proposed Dividend	**13.29**	20.16
b) Corporate Dividend Tax	**7.44**	3.43
Transfer to :		
a) Debenture Redemption Reserve	**-**	12.00
b) General Reserve	**25.00**	25.00
c) Transfer to Capital Reserve	**14.11**	-
d) Balance carried forward	**95.98**	**39.92**

2. OVERALL PERFORMANCE

The Company during the year under review recorded strong growth in graphite electrodes, where it benefited from value and volume increments. Net Sales increased to Rs. 945.98 crore, higher by close to 16% from Rs. 817.87 crore in the previous year. The export turnover increased approximately 48% as compared to previous year. The Net Profit increased substantially to Rs. 146.35 crore from Rs. 73.84 crore. Earning per share increased to Rs. 35.17 (Previous year Rs.18.32).

3. DIVIDEND

Your Company had paid an interim dividend @ Rs. 7 per share on Equity Shares in January, 2008. The Board is pleased to recommend a final dividend @ Rs. 3 per share on Equity Shares for the financial year ended March 31, 2008. Your Directors have proposed the dividend keeping in mind the Company's capital expenditure undertaken for various expansion plans, which are as per HEG's strategic initiatives. The Company's initiatives include expansion of graphite and power plants.

4. OPERATIONS

GRAPHITE ELECTRODES

During the year under reporting, the production of Graphite Electrodes at Mandideep was higher at 51,863 MT. Sales volume also increased in tandem with the production. Higher realizations during the current year coupled with increase in sales resulted in better earnings growth.

POWER GENERATION

HEG has a strategic advantage from availability of economical captive power plants of hydro-electrical and thermal capacity of about 44 MW. In order to support further increase in graphite capacity, the Company is already in the process of implementing the expansion plan adding 33 MW, at an investment of Rs. 90 crore. This is likely to be commissioned by March 2009, taking the total capacity to approximately 77 MW. In case of any surplus power, it will be sold to the State Electricity Board.

5. PROPOSED CAPACITY EXPANSION OF GRAPHITE ELECTRODE PLANT AT MANDIDEEP

Your Company had on 5th June, 2008, announced that its graphite electrodes capacity will be augmented to about 80,000 TPA from the current level of about 60,000 TPA, by way of Brownfield expansion and de-bottlenecking of the existing capacities. This will give HEG's Mandideep plant the distinction of becoming the world's single largest site for manufacturing graphite electrodes. The expansion will result in high levels of operating efficiencies and production cost benefits, resulting in improved volumes and realizations.

This capacity expansion will be carried out at a significantly contained incremental capital cost of Rs. 190 crore, which is 40 per cent less than the expansion cost undertaken two years ago, and will be operational by the last quarter of 2009. This investment of Rs. 190 crore is expected to have a very attractive pay-back period. The Company proposes to fund its expansion mainly through internal accruals.

6. HIVE-OFF OF STEEL UNIT AT DURG UNDER SCHEME OF ARRANGEMENT

The Scheme of Arrangement to hive-off the Steel Division of the Company at Durg to M/s. Jai Balaji Industries Ltd., has been approved by both the Hon'ble High Courts at Jabalpur (vide its order dated May 16, 2008) and Kolkata (vide its order dated May 9, 2008). The certified true copies of these orders have been filed with the respective Registrars of Companies and with this the scheme has become effective. The consideration towards the transfer of the said Unit has been received by the Company.

7. CORPORATE GOVERNANCE

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

8. MANAGEMENT DISCUSSION AND ANALYSIS

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

9. INTERNAL CONTROL SYSTEMS AND ADEQUACY THEREOF

The Company has an adequate internal control system commensurate with the size and nature of its business.

Internal audit programme covers various areas of 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 organizational structure, authority levels and internal rules and guidelines for conducting business transactions.

10. 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 getting salary in excess of the limits as specified 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.

11. PUBLIC DEPOSITS

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

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and out go 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.

13. DIRECTORS

Your Directors namely Shri Shekhar Agarwal, Dr. Kamal Gupta and Shri P. Murari shall retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. The Board recommends their appointment.

14. 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 appointment will be in accordance with limits specified in sub-section (IB) of Section 224 of the Companies Act, 1956. You are requested to consider their appointment.

The Auditors' Report read alongwith notes to accounts is self explanatory and therefore does not call for any further comments.

15. DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that:

(i) in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made 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 financial year ended 31st March, 2008 and of the profit of the Company for that year;

(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 safeguarding 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.

16. ACKNOWLEDGEMENTS

Your Directors wish to place on record, their appreciation for the valuable assistance and support received by your Company from Banks, Financial institutions, Central Government, Govt. of Madhya Pradesh, Govt. of Uttar Pradesh, Government of Chattisgarh 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,

Place : Noida
(RAVI JHUNJHUNWALA)
Dated: June 13, 2008
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, 2008

S. No.	Name of Employee	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Age (Years)	Date of Commencement of Employment	Details of Last Employment
1.	Mr. Ravi Jhunjhunwala	Chairman & Managing Director	26,264,064	B.Com.(Hons.), MBA	28	53	01.03.1982	–
2	Mr. R. C. Surana	Executive Director & CEO	9,780,192	BBA, MBA, DFT	30	55	01.03.1987	Bhilwara Services Pvt. Ltd
3	Mr. Ashish Tandon	Chief Financial Officer	2,500,056	B.Com., ACA	25	47	01.02.2007	Sona Koyo Steering Systems Ltd.

ANNEXURE II TO THE DIRECTOR'S 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. Furnace Oil Consumption in Rebaking process was reduced by installation of new energy efficient Tunnel Kiln facility. The Specific Furnace Oil consumption in Tunnel Kiln is just 36.7 Kg per MT output as compared to 210 Kg per MT in conventional Furnaces.
2. HT Capacitor Banks were installed in Sub-station to further improve the power Factor above 0.99 and get additional Power Factor rebate in Electricity Bill.
3. The Under loaded motors were converted from Delta to Star connection to improve the efficiency of these motors.
4. Water flow measurement study was conducted to reduce the the energy consumption in the pumps and also modification in the lines were done which helped in stoppage in pumps.
5. VFD was installed in ID Fan in Reidhammer so that operating efficiency of the Fan improved.
6. Energy consumption of Air-compressors were reduced by optimisation and reduction of air leakages.
7. After the study excess air flow of the dust collection system was reduced to reduce the power consumption in Dust Collection Fans.

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

1. The major project implementation during the year was commissioning of Tunnel Kiln No. 1 with total investment of Rs. 32.00 crore.
2. Cost of HT Capacitor Banks was Rs. 48.07 lac, Cost of VFD in ID Fan is about Rs. 3.5 lac.

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

1. The Furnace Oil saving after commissioning Tunnel Kiln is in the range of 5600 MT of Furnace Oil during the year.
2. The saving in Electrical energy consumption on account of the above implemented measures is in the range of 1.4 Million Kwh per year.

INFORMATION AS PRESCRIBED IN FORM A

PARTICULARS	Graphite		Steel*
	2007-08	2006-07	2006-07
ELECTRICITY			
Purchased Units (lac)	**3,063.19**	2,723.19	815.42
Total Amount (Rs. lac)	**13,499.69**	11,689.93	2,306.86
Rate/ Unit (Rs.)	**4.41**	4.29	2.83
OWN GENERATION			
Generated Units (lac)			
Units/Litre of Fuel Oil			
Cost of Generation/ Unit (Rs.)			
FUEL COMSUMPTION			
Quantity (MT)	**18,319.00**	17,706.70	388.51
Total Amount (Rs. lac)	**3,701.33**	3,327.31	136.21
Average Rate Per Kl (Rs.)	**20,204**	18,791	35,060
CONSUMPTION/ UNIT OF PRODUCTION			
Product Description/ Unit - MT	**Graphite Electrode**		**Steel Billet**
Electricity Consumed/ Unit	**5,874**	6,328	954.00
Fuel Oil Consumed (MT)/ Unit	**0.306**	0.41	-

*The Steel Division of the Company was hived off w.e.f. 01.08.2007 to Jai Balaji Industries Limited vide order of the Hon'ble High Court at Jabalpur dated 16.05.2008.

(B) TECHNOLOGY ABSORPTION

i) RESEARCH & DEVELOPMENT (R & D)

Specified areas in which R&D carried out by the company	1.	Development of new/ alternative methods, recipe, additives for improvement in Graphite Electrode quality.
	2.	Exploring new correlation in NDT for better accuracy in quality control of connecting pin.
	3.	Use of advanced characterization techniques for better understanding of carbon/ Graphite material.
	4.	Development of carbon specialties like fuel cell component, Activated Spheres, Graphite Foam, etc.
	5.	Development of carbon-carbon composites.
Benefits derived as a result of the above R&D	1.	Identification of new parameters for stringent quality control of Raw Materials.
	2.	Graphite Electrodes Quality Improvement.
	3.	Development of advance carbon/ Graphite products in the area of thermal, energy and environment management.
Future plan of action	1.	Development of variety of carbon/ Graphite specialties.
	2.	Development of carbon-carbon composites.
	3.	Scaling up of in-house developed products.

		4.	Exploring better techniques for cost control and product quality improvement.
		5.	Detection of defects in Graphite by NDT methods.
		6.	Development of thermo-oxidative coating on Graphite material.

ii) TECHNOLOGICAL ABSORPTION, ADAPTATION AND INNOVATION

1	Efforts, in brief, made towards technology absorption, adoption and innovation	1.	Application of SEM technique and Optical Microscopy on coke, carbon, graphite and composites.
		2.	Application of XRD on understanding of Graphite structure of different grades and different processing conditions/ routes.
		3.	Know how taken from NPL for development of one of components of the fuel cell.
2	Benefits derived as a result of the above efforts	1.	Up-gradation of process/ process parameters based on R&D scale experiments.
		2.	Better understanding and quality control of Raw Material.
		3.	Scope for new business.
3	In case of recently imported technology the requisite information, in brief	1.	Nil All our efforts are made through in house R&D activities and collaborative research in India.

4	Expenditure incurred on R&D		Rs. in lac
		Current Year	Previous year
(a)	Capital	**19.14**	106.65
(b)	Recurring	**147.99**	119.74
(c)	Total	**167.13**	226.30
(d)	Total R&D expenditure as Percentage of total turnover	**0.19**	0.28

(C) FOREIGN EXCHANGE EARNING AND OUTGO

The details of Foreign Exchange Earnings and Outgo during the year 2007-08 are mentioned in Notes to Accounts.

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 and Independent Directors. The Independent Directors on the Board are experienced, competent and highly reputed persons from 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 Directorships, 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.	7	2	Nil	7	No
Shri Ravi Jhunjhunwala	Chairman & Managing Director-Promoter Executive	10	1	2	6	No
Shri Shekhar Agarwal	Vice Chairman-Promoter Non-Executive	8	3	1	5	No
Shri R.C. Surana	Executive Director & CEO	Nil	Nil	Nil	7	No
Shri D. N. Davar	Non-Executive & Independent	12	4	4	6	Yes
Dr. Kamal Gupta	Non-Executive & Independent	5	2	5	7	No
Shri K. N. Memani	Non-Executive & Independent	9	3	4	4	No
Shri P. Murari	Non-Executive & Independent	11	5	Nil	2	No
Shri V. K. Mehta	Non-Executive & Promoter	Nil	Nil	Nil	0	No
Shri N. Mohan Raj	Non-Executive & Independent (LIC Nominee)	1	1	Nil	5	No
Shri Nikki Mehta (Alt. to Shri V. K. Mehta)	Non-Executive & Promoter	Nil	Nil	Nil	0	No

*Only Audit Committee and Shareholders' Grievance Committee have been considered.

(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. Jhunjhunwala	179740
Shri Shekhar Agarwal	10314
Shri D. N. Davar	1000
Dr. Kamal Gupta	200

(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 necessary. Seven Board Meetings were held during the financial year ended 31st March, 2008. These were held on 26th April, 2007, 18th July, 2007, 29th October, 2007, 20th December, 2007, 4th January, 2008, 22nd January, 2008 and 7th February, 2008.

3. Audit Committee

(i) Broad Terms of Reference

The terms of reference of the Audit Committee are as per Section 292 A of the Companies Act, 1956 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.	Dr. Kamal Gupta	Member	Non-Executive Independent Director
3.	Shri N. Mohan Raj	Member	Non-Executive Independent Director

All these Directors possess knowledge of Corporate Finance, Accounts & 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 Secretary of the Committee.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2008, four meetings were held on 26th April, 2007; 18th July, 2007; 29th October, 2007 and 22nd January, 2008.

The attendance at the above Meetings were as under: -

Sl. No.	Name of Director	No. of Meetings Attended
1.	Shri D.N. Davar	3
2.	Dr. Kamal Gupta	4
3.	Shri N. Mohan Raj	4

4. Remuneration Committee

(i) Composition of the Committee

The composition of the 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.	Shri N. Mohan Raj	Member	Non-Executive Independent Director

Internal audit programme covers various areas of 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 organizational structure, authority levels and internal rules and guidelines for conducting business transactions.

10. 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 getting salary in excess of the limits as specified 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.

11. PUBLIC DEPOSITS

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

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and out go 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.

13. DIRECTORS

Your Directors namely Shri Shekhar Agarwal, Dr. Kamal Gupta and Shri P. Murari shall retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. The Board recommends their appointment.

14. 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 appointment will be in accordance with limits specified in sub-section (IB) of Section 224 of the Companies Act, 1956. You are requested to consider their appointment.

The Auditors' Report read alongwith notes to accounts is self explanatory and therefore does not call for any further comments.

15. DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that:

(i) in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made 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 financial year ended 31st March, 2008 and of the profit of the Company for that year;

(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 safeguarding 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.

16. ACKNOWLEDGEMENTS

Your Directors wish to place on record, their appreciation for the valuable assistance and support received by your Company from Banks, Financial institutions, Central Government, Govt. of Madhya Pradesh, Govt. of Uttar Pradesh, Government of Chattisgarh 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,

Place : Noida | **(RAVI JHUNJHUNWALA)**
Dated: June 13, 2008 | 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, 2008

S. No.	Name of Employee	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Age (Years)	Date of Commencement of Employment	Details of Last Employment
1.	Mr. Ravi Jhunjhunwala	Chairman & Managing Director	26,264,064	B.Com.(Hons.), MBA	28	53	01.03.1982	–
2	Mr. R. C. Surana	Executive Director & CEO	9,780,192	BBA, MBA, DFT	30	55	01.03.1987	Bhilwara Services Pvt. Ltd
3	Mr. Ashish Tandon	Chief Financial Officer	2,500,056	B.Com., ACA	25	47	01.02.2007	Sona Koyo Steering Systems Ltd.

ANNEXURE II TO THE DIRECTOR'S 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. Furnace Oil Consumption in Rebaking process was reduced by installation of new energy efficient Tunnel Kiln facility. The Specific Furnace Oil consumption in Tunnel Kiln is just 36.7 Kg per MT output as compared to 210 Kg per MT in conventional Furnaces.
2. HT Capacitor Banks were installed in Sub-station to further improve the power Factor above 0.99 and get additional Power Factor rebate in Electricity Bill.
3. The Under loaded motors were converted from Delta to Star connection to improve the efficiency of these motors.
4. Water flow measurement study was conducted to reduce the the energy consumption in the pumps and also modification in the lines were done which helped in stoppage in pumps.
5. VFD was installed in ID Fan in Reidhammer so that operating efficiency of the Fan improved.
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7. After the study excess air flow of the dust collection system was reduced to reduce the power consumption in Dust Collection Fans.

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

1. The major project implementation during the year was commissioning of Tunnel Kiln No. 1 with total investment of Rs. 32.00 crore.
2. Cost of HT Capacitor Banks was Rs. 48.07 lac, Cost of VFD in ID Fan is about Rs. 3.5 lac.

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

1. The Furnace Oil saving after commissioning Tunnel Kiln is in the range of 5600 MT of Furnace Oil during the year.
2. The saving in Electrical energy consumption on account of the above implemented measures is in the range of 1.4 Million Kwh per year.

The Company Secretary acts as Secretary of the Committee.

(ii) Meetings and Attendance

During the financial year ended 31st March, 2008, one meeting was held on 7th February, 2008.

The attendance at the above Meeting was as under: -

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri D.N. Davar	1
2.	Dr. Kamal Gupta	1
3.	Shri N. Mohan Raj	-

(iii) 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 Director & CEO while Non Executive Directors are paid sitting fees only. The remuneration of Chairman & Managing Director and Executive Director & CEO is decided by the Remuneration Committee, Board of Directors and approved by the shareholders.

(iv) Details of Remuneration to the Directors for the year ended 31st March, 2008

(Amount in Rupees)

Sl. No.	Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
1	Shri Ravi Jhunjhunwala	34,23,448	32,52,006	1,95,88,610	-	2,62,64,064
2	Shri R. C. Surana	24,52,419	24,30,621	48,97,152	-	97,80,192
3	Shri L. N. Jhunjhunwala	-	-	-	1,40,000	1,40,000
4	Shri Shekhar Agarwal	-	-	-	1,00,000	1,00,000
5	Shri V. K. Mehta	-	-	-	-	-
6	Shri D. N. Davar	-	-	-	5,80,000	5,80,000
7	Shri K. N. Memani	-	-	-	80,000	80,000
8	Dr. Kamal Gupta	-	-	-	6,20,000	6,20,000
9	Shri P. Murari	-	-	-	40,000	40,000
10	Shri N. Mohan Raj	-	-	-	1,80,000	1,80,000
11	Shri N. Mehta	-	-	-	-	-

5. Shareholders'/ Investors' Grievance 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 Ashish Sabharwal, Company Secretary is the Compliance Officer.

During the financial year ended 31st March, 2008, three meetings were held on 18th July, 2007; 22nd January, 2008 and 25th March, 2008.

The Company received 56 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 31.3.2008.

6. General Body Meetings

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

Date of AGM	Relevant Financial Year	Venue/ Location where held	Time of Meeting	Whether any special resolution passed
30th September, 2005	2004-2005	Mandideep, (Near Bhopal)	11.30 A.M.	Yes
22nd September, 2006	2005-2006	Mandideep, (Near Bhopal)	11.30 A.M.	Yes
29th September, 2007	2006-2007	Mandideep, (Near Bhopal)	11.00 A.M.	Yes

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.

7 Disclosures

(i) There are no materially significant transactions with the related parties viz. Promoters, Director or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS-18) has been made in the Annual Report.

(ii) There are no pecuniary relationships or transactions of non-executive directors vis-ã-vis the Company that have a potential conflict with the interests of the Company.

(iii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during last three years.

(iv) The Company has complied with the non-mandatory requirements relating to the remuneration committee to the extent detailed above.

(v) The Company has complied with all the applicable Accounting Standards.

(vi) The Executive Director & CEO has 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 31.03.2008.

8. 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.hegltd.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 Executive Director & CEO 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 2007-08."

R.C. Surana
(Executive Director & CEO)

9. Means of Communication

The Company publishes its quarterly results in leading national newspapers as per the requirements of listing agreement. These results are displayed along with other news releases and presentations, if any, made to institutional investors or to analysts etc., and all other vital information are placed on the website of the Company. All the required informations are placed on the site http://sebiedifar.nic.in developed by NIC within the stipulated time.

10. Disclosures regarding appointment or reappointment of Directors

Name of Director	Shri Shekhar Agarwal	Dr. Kamal Gupta	Shri P. Murari
Date of Birth	9th October, 1952	12th February, 1946	19th August, 1934
Date of Appointment	15th July, 1996	10th November, 1994	30th June, 1996
Qualification	B. Tech (Mech), IIT Kanpur	FCA, FICWA, Ph. D.	M.A. (Eco.)
Expertise in Specific functional areas	Industrialist with a rich business experience and well-known name in Textile Industry.	Consultant in the areas of finance, accounting and corporate laws. Former Technical Director of the Institute of Chartered Accountants of India. He has authored various books on auditing.	He joined State Civil Services in the year 1955 (Ranked First) and then joined I.A.S. in the year 1957. He retired as Secretary to the President of India. Besides this, he has vast experience of different Ministries and Commissions etc. in the capacity of Secretary or Chairman in State as well as Central Govt. Presently he is Advisor to Chairman of FICCI.
List of other Public Ltd. Companies in which directorships held	1. RSWM Ltd. 2. Maral Overseas Ltd. 3. Bhilwara Spinners Ltd. 4. Essay Marketing Company Ltd. 5. Bhilwara Infotech Ltd. 6. BSL Ltd. 7. Bhilwara Technical Textiles Ltd. 8. APPTEX Manpower Development Services Ltd.	1. RSWM Ltd. 2. Maral Overseas Ltd. 3. Malana Power Company Ltd. 4. PNB Gilts Ltd. 5. AD Hydro Power Ltd.	1. Aban Offshore Ltd. 2. Taurus Asset Management Co. Ltd. 3. GlaxoSmithKline Consumer Healthcare Ltd. 4. Aditya Birla Nuvo Ltd. 5. South Asian Petrochem Ltd. 6. Xpro India Ltd. 7. Great Eastern Energy Corpn. Ltd. 8. Adayar Gate Hotel Ltd. 9. Bajaj Auto Ltd. 10. Strategic Weighting Systems 11. Nuziveedu Seeds Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company	–	Member of:- 1. Audit Committee 2. Shareholders' Grievance Committee 3. Share Transfer Committee 4. Remuneration Committee 5. Planning and review Committee 6. Allotment Committee	–
Chairman/ Member of the Committee of Directors of other Companies a) Audit Committee	1. Bhilwara Spinners Ltd.	1. RSWM Ltd. 2. Maral Overseas Ltd. 3. PNB Gilts Ltd. 4. Malana Power Company Ltd. 5. AD Hydro Power Ltd.	1. Aban Offshore Ltd. 2. Aditya Birla Nuvo Ltd. 3. Xpro India Ltd. 4. Great Eastern Energy Corporation 5. Adayar Gate Hotel Ltd.
b) Shareholders / Investors Grievance Committee	1. Bhilwara Spinners Ltd. 2. RSWM Ltd. 3. Maral Overseas Ltd.	1. RSWM Ltd. 2. Maral Overseas Ltd.	1. Aditya Birla Nuvo Ltd.
c) Remuneration Committee		1. Malana Power Company Ltd. 2. AD Hydro Power Ltd.	1. GlaxoSmithKline Consumer Healthcare Ltd. 2. Xpro India Ltd. 3. Great Eastern Energy Corporation

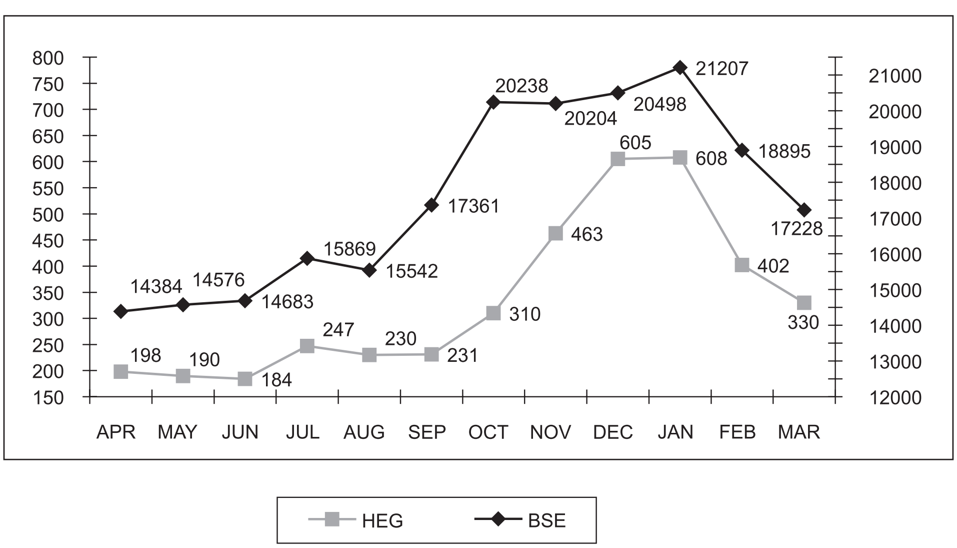
11. Shareholders Information

a) Annual General Meeting: Date & Time, Venue	27th September, 2008 at the Registered Office of the Company at Mandideep. Near Bhopal, Distt. Raisen, Madhya Pradesh - 462 046.
b) Financial Calendar:	Financial Year : 1st April, 2008 – 31st March, 2009. Reporting: (a) First Quarter Results - By end of July, 2008 (b) Second Quarter Results - By end of October, 2008 (c) Third Quarter Results - By end of January, 2009 (d) Results for the FY 2008-09 By end of June, 2009
c) Date of Book Closure	19th September, 2008 to 27th September, 2008 (both days inclusive)
d) Dividend payment date.	Within 30 days from the date of Annual General Meeting.
e) Listing of : (i) Shares on Stock Exchanges	(i) 1. Bombay Stock Exchange Ltd. 2. National Stock Exchange of India Ltd. 3. Madhya Pradesh Stock Exchange Ltd. 4. The Calcutta Stock Exchange Association Ltd. (De-listed on 29th April, 2008.) Listing Fees, as prescribed has been duly paid.
(ii) Foreign Currency Convertible Bonds	(ii) Singapore Stock Exchange
f) Stock Code	(i) BSE: 509631 NSE: HEG ISIN No.: INE 545A01016 (ii) Singapore Stock Exchange: XS0225589869

g) i) **Market Price Data:** Monthly High Low values (in Rs.) at NSE & BSE and comparison with BSE Sensex.

	NSE		BSE		BSE SENSEX	
Month	**High**	**Low**	**High**	**Low**	**High**	**Low**
April, 2007	198.40	161.00	199.00	161.05	14383.72	12425.52
May, 2007	190.00	169.00	198.00	170.00	14576.37	13554.34
June, 2007	184.45	162.10	184.45	161.60	14683.36	13946.99
July, 2007	247.00	162.50	247.00	161.50	15868.85	14638.88
August, 2007	229.75	191.00	229.95	190.25	15542.40	13779.88
September, 2007	231.00	175.50	232.00	200.00	17361.47	15323.05
October, 2007	310.00	212.60	314.95	220.00	20238.16	17144.58
November, 2007	462.60	285.00	462.00	282.00	20204.21	18182.83
December, 2007	605.00	408.00	605.00	340.00	20498.11	18886.40
January, 2008	608.00	303.15	609.00	306.05	21206.77	15332.42
February, 2008	402.00	260.10	400.00	260.00	18895.34	16457.74
March, 2008	330.00	203.65	325.00	216.10	17227.56	14677.24

ii) Comparative chart of Company's share price movement vis-à-vis the movement of BSE Sensex:



h) Registrar or Transfer Agent — M/s. MCS Ltd.
Shri Venkatesh Bhawan, W-40 Okhla Industrial Area, Phase-II, New Delhi-110020.
E-mail for Investor Grievances: mcscomplaintsdel@mcsdel.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.

j) Distribution of shareholding as on 31st March, 2008.

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	31710	95.4862	3370205	7.6046
501-1000	772	2.3247	587619	1.3259
1001-2000	351	1.0569	519093	1.1713
2001 – 3000	94	.2831	234278	.5286
3001 – 4000	42	.1265	151806	.3425
4001 – 5000	35	.1054	161527	.3645
5001 – 10000	74	.2228	566492	1.2782
10001 and above	131	.3945	38726963	87.3843
Total	33209	100.00	44317983	100.00

k) Category of Shareholders

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Promoters and Promoter group	49	0.1475	22665399	51.1427
Mutual Funds / UTI	20	0.0602	877438	1.9799
Financial Institutions / Banks	10	0.0301	91257	0.2059
Insurance Companies	6	0.0181	4314861	9.7361
Foreign Institutional Investors	15	0.0452	2102889	4.7450
Bodies Corporate	852	2.5656	3435711	7.7524
Individuals	32253	97.1213	6061005	13.6762
Others				
I) Foreign banks	1	0.0030	704936	1.5906
II) Foreign Corp. bodies	3	0.0090	4064487	9.1712
Total	33209	100.00	44317983	100.00

l) Dematerialization of shares and liquidity. — 41180110 shares were dematerialized till 31.3.2008 which is 92.92% of the total paid up Equity Share Capital of the Company. Trading in shares of the Company is permitted in dematerialised form only.

m) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

1) The Company has issued unsecured 1% Foreign Currency Convertible Bonds (FCCB) due for redemption in 2010 amounting to US$ 28.75 Million convertible at the option of the bond holder into Equity Shares at an initial price of Rs. 192.06 per share. Of the above, upto March 31, 2008, 61.57% of the FCCBs have been converted into 40,07,517 Equity Shares of the Company.
2) The Company issue 63,40,000 convertible Preferential warrants on private placement basis during the year. Valid Subscription was received for 47,30,000 warrants which were allotted on 5th June, 2008. The Proceeds of the issue were kept in a separate bank account.

n) Plant Locations

a) Mandideep (Near Bhopal), Distt. Raisen, Madhya Pradesh -462 046.
b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461 001.

o) Address for correspondence:

HEG Ltd.
Secretarial Department
Bhilwara Towers
A-12, Sector –1, NOIDA-301201
Phone:0120-4390000 Fax:0120-2531648/1745
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, 2008, 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

ARUN K. TULSIAN
Partner
Membership No. 89907

For **DOOGAR & ASSOCIATES**
Chartered Accountants

MUKESH GOYAL
Partner
Membership No. 81810

Place: Noida (U.P.)
Date: 13th June, 2008

AUDITORS' REPORT

To the Members of HEG Limited

We have audited the attached Balance Sheet of HEG Limited as at 31st March, 2008 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (Collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.

e) On the basis of written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and Notes thereon, give the information required by the Companies Act, 1956 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 31st March, 2008;

   ii) In the case of Profit and Loss Account, of the Profit 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.

For **Doogar & Associates**	For **S. S. Kothari Mehta & Co.**
Chartered Accountants	Chartered Accountants
Mukesh Goyal	**Arun K. Tulsian**
Partner	Partner
Membership No. 81810	Membership No. 89907

Place: Noida (U.P.)
Dated: 13th June, 2008

ANNEXURE TO AUDITORS' REPORT

(Annexure referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified certain fixed assets during the year. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of accounts.

   (c) Substantial part of the fixed assets were not disposed off during the year and, therefore, does not affect the going concern assumption.

2. (a) The management during the year has physically verified the inventory, except material lying with third parties and in transit. In our opinion, the frequency of such verification is reasonable.

   (b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.

   (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

3. (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 Companies Act, 1956. Accordingly clauses 4 (iii) (b) to (d) of the Order are not applicable.

   (b) The company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4 (iii) (f) and (g) of the Order are not applicable.

4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and 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 instance of major weaknesses in the aforesaid internal control systems.

5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Act, have been entered in the register required to be maintained under that section.

   (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 aggregating during the year to Rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.

6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975.

7. In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.

8. We have broadly reviewed the Cost Accounting records, maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.

9. (a) According to the records of the Company, 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 other material statutory dues have been generally regularly deposited with the appropriate authorities during the year. There are no such dues outstanding for more than six months as on the date of balance sheet.

   (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 :

(Rs. in lac)

Name of the Statute	Nature of Dues	Departmental Appellate authorities/ Jurisdictional High Court			
		Commissioner Amount	Tribunal Amount	High Court Amount	Supreme Court Amount
Income Tax Act, 1961	Income Tax	-	57.00	-	-
Central Excise Act,1944	Excise Duty	12.78	13.64	-	-
Central Sales Tax Act, 1956	Central Sales Tax	126.83	18.48	-	-
M.P. Parvesh Kar Adhiniyam,1976	Entry Tax	157.15	14.41	5.41	-
M.P.C.T.	Local Sales Tax	-	-	0.77	-

10. 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.
11. 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 debentureholders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements are not applicable.
15. The company has not given any guarantees for loans taken by others from banks or financial institutions.
16. In our opinion, and according to the information and explanations 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.
17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of balance sheet, the funds raised by the Company on short term basis have not been applied for long term investments.
18. During the year, the Company has made Preferential issue of share warrant to parties covered in the register maintained under Section 301 of the Act. In our opinion and according to the information and explanations given to us the price at which such share warrant had been issued is not prejudicial to the interest of the company.
19. According to the information and explanations given by the management funds raised through issue of FCCB has been utilized for the purpose the same were raised and has been verified.
20. The Company has created necessary securities and other charges for the debentures issued.
21. The Company has raised money through FCCB issue in the year 2005-06 and out of sum of Rs. 9,757.52 lac lying in foreign currency a sum of Rs. 7,535.98 lac is used for the purpose for which it had been issued this year. An amount of Rs. 2,005.75 lac, which is lying in Short Term Fixed deposit in Foreign Currency and pending final utilization.
22. During the course of our examination of the books and 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**	For **S. S. Kothari Mehta & Co.**
Chartered Accountants	Chartered Accountants
Mukesh Goyal	**Arun K. Tulsian**
Partner	Partner
Membership No. 81810	Membership No. 89907

Place: Noida (U.P.)
Dated: 13th June, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in lac)

	Schedule	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**4,431.84**	4,031.09
Reserves & Surplus	2	**48,343.87**	31,787.13
Preferential Warrants Application Money		**1,743.97**	-
(See Note no. 16 of Schedule 15-B)			
		54,519.68	35,818.22
Loan Funds :	3		
Secured Loans		**61,745.22**	72,442.26
Unsecured Loans		**9,432.71**	16,340.25
		71,177.93	88,782.51
Deferred Tax Liability	4	**7,361.27**	8,349.32
TOTAL		**1,33,058.88**	1,32,950.05
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		**85,904.15**	91,732.82
Less: Depreciation		**31,027.73**	26,748.78
Net Block		**54,876.42**	64,984.04
Capital Work in Progress		**5,647.11**	2,313.56
		60,523.52	67,297.60
Investments	6	**3,031.76**	5,646.54
Current Assets, Loans & Advances	7		
Inventories		**27,337.87**	28,088.75
Sundry Debtors		**28,835.42**	20,313.15
Cash & Bank Balances		**4,319.00**	10,325.01
Loans and Advances		**21,204.71**	12,441.10
		81,697.00	71,168.01
Less : Current Liabilities and Provisions	8		
Liabilities		**8,888.52**	7,459.40
Provisions		**3,548.24**	4,050.37
		12,436.76	11,509.77
Net Current Assets		**69,260.23**	59,658.24
Miscellaneous Expenditure	9	**243.37**	347.67
(to the extent not written off or adjusted)			
TOTAL		**1,33,058.88**	1,32,950.05
Notes to Accounts	15		

Signed in terms of our Report of even date

For **DOOGAR & ASSOCIATES**
Chartered Accountants

MUKESH GOYAL
Partner

Membership No. 81810

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

ARUN K. TULSIAN
Partner

Membership No. 89907

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D.N. DAVAR
Director

MANVINDER SINGH AJMANI
Vice-President (Fin. & Accounts)

ASHISH SABHARWAL
Company Secretary

R.C. SURANA
Executive Director & CEO

Place : Noida, U P.
Dated : 13th June, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in lac)

	Schedule		2007-08	2006-07
INCOME				
Gross Turnover			**1,08,587.51**	97,754.89
Less: Interdivisional Sales			**(10,688.33)**	(11,001.78)
Less: Excise Duty			**(3,302.40)**	(4,966.18)
Net Turnover			**94,596.79**	81,786.93
Other Income	10		**3,056.23**	2,020.56
Increase/(Decrease) in Stocks	11		**2,515.40**	3,529.80
			1,00,168.41	87,337.29
EXPENDITURE				
Consumption of Materials	12		**39,605.69**	40,906.71
Purchases of Goods traded			**266.73**	637.54
Manufacturing and Other Expenses	13		**40,594.18**	37,313.16
Less: Interdivisional Purchases			**(10,688.33)**	(11,001.78)
TOTAL EXPENDITURE			**69,778.27**	67,855.63
PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION			**30,390.14**	19,481.66
Financial Expenses	14		**5,057.46**	4,605.98
PROFIT BEFORE DEPRECIATION AND AMORTISATION			**25,332.68**	14,875.68
Depreciation	5		**4,508.81**	4,764.44
Amortisation - Misc. Expenditure written off	9		**104.30**	104.30
PROFIT BEFORE TAX			**20,719.57**	10,006.94
Profit from continuing operations before tax		19,140.10		9,945.81
Less: Taxation - Current		5,389.05		1,219.43
- Deferred		395.45		1,414.77
- Fringe Benefit Tax		40.58		28.73
- Earlier Years		261.96		(67.14)
PROFIT FROM CONTINUING OPERATIONS AFTER TAX - A			**13,053.05**	7,350.03
Profit from discontinuing operations before tax		1,579.47		61.13
Less: Taxation - Current		1,378.16		38.19
- Deferred		(1,383.51)		(17.42)
- Fringe Benefit Tax		2.42		6.82
PROFIT FROM DISCONTINUING OPERATIONS AFTER TAX - B			**1,582.40**	33.53
PROFIT AFTER TAX - (A+B)			**14,635.45**	7,383.56
Balance brought forward from previous year			**3,992.35**	2,666.85
Amount available for appropriation			**18,627.80**	10,050.41
APPROPRIATIONS				
General Reserve			**2,500.00**	2,500.00
Transfer to Debenture Redemption Reserve				1,200.00
Capital Reserve			**1,410.94**	-
Interim Dividend on Equity Shares			**3,046.00**	-
Proposed Dividend on Equity Shares			**1,329.54**	2,015.52
Corporate Dividend Tax			**743.62**	342.54
Balance Carried Forward			**9,597.70**	3,992.35
NOTES TO ACCOUNTS	15			
Earning Per Share (Rs.)				
- Basic			**35.17**	18.32
- Diluted			**31.39**	18.32

Signed in terms of our Report of even date
For **DOOGAR & ASSOCIATES**
Chartered Accountants
MUKESH GOYAL
Partner
Membership No. 81810

For **S. S. KOTHARI MEHTA & CO.**
Chartered Accountants
ARUN K. TULSIAN
Partner
Membership No. 89907

RAVI JHUNJHUNWALA
Chairman & Managing Director
SHEKHAR AGARWAL
Vice Chairman
D.N. DAVAR
Director
R.C. SURANA
Executive Director & CEO

MANVINDER SINGH AJMANI
Vice-President (Fin. & Accounts)

ASHISH SABHARWAL
Company Secretary

Place : Noida, U P.
Dated : 13th June, 2008

SCHEDULES

SCHEDULE 1 : SHARE CAPITAL

(Rs. in lac)

	As at 31.03.2008	As at 31.03.2007
AUTHORISED		
5,50,00,000 Equity Shares of Rs. 10/- each	**5,500.00**	5,500.00
15,00,000 Preference Shares of Rs. 100/- each	**1,500.00**	1,500.00
	7,000.00	7,000.00
ISSUED, SUBSCRIBED & PAID UP		
4,43,17,983 Equity Shares of Rs.10/- each fully paid up	**4,431.80**	4,031.05
(4,03,10,466)		
Add : Forfeited Equity Shares	**0.04**	0.04
	4,431.84	4,031.09
	4,431.84	4,031.09

(1) Of the above :

(i) 2,21,96,821 Equity shares have been issued as fully paid up bonus shares by capitalisation of Reserves.

(ii) 3,00,000 Equity shares have been issued as fully paid up pursuant to a contract without payment being received in cash.

(iii) 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.

(iv) 40,07,517 Equity shares have been issued as fully paid up shares upon conversion of FCCBs.

(2) Holders of FCCBs have a right to convert the bonds into equity shares at an initial agreed price of Rs. 192.06 as per terms of the issue.

SCHEDULE 2 : RESERVES AND SURPLUS

(Rs. in lac)

	As at 31.03.2007	Additions	Deductions	As at 31.03.2008
Capital Reserve	0.85 (0.85)	1,410.94 (-)	- (-)	**1,411.79** **(0.85)**
Debenture Redemption Reserve	3,500.00 (2,300.00)	- (1,200.00)	2,000.00 (-)	**1,500.00** **(3,500.00)**
Capital Redemption Reserve	1,275.42 (1,275.42)	- (-)	- (-)	**1,275.42** **(1,275.42)**
Share Premium *	1,291.11 (2,551.11)	7,337.77 (-)	297.32 (1,260.00)	**8,331.56** **(1,291.11)**
General Reserve	21,727.40 (19,227.40)	4,500.00 (2,500.00)	- (-)	**26,227.40** **(21,727.40)**
Profit & Loss Account	3,992.35 (2,666.85)	14,635.45 (7,383.56)	9,030.10 (6,058.06)	**9,597.70** **(3,992.35)**
	31,787.13 (28,021.64)	27,884.16 (11,083.56)	11,327.42 (7,318.06)	**48,343.87** **(31,787.13)**

* Addition represents credit to share premium account upon conversion of FCCBs and reduction in provision for premium on redemption of FCCBs for Rs. 764.47 lac upon conversion of FCCBs for value US$ 17.70 mn.

SCHEDULE 3 : LOANS

(Rs. in lac)

	As at 31.03.2008	As at 31.03.2007
SECURED		
Secured Redeemable Non-Convertible Debentures	**3,000.00**	7,000.00
Term Loans from Financial Institutions / Banks	**14,121.76**	28,251.10
Short Term Working Capital from Banks	**44,623.47**	37,191.16
	61,745.22	72,442.26
UNSECURED		
Interest Free Sales Tax Loan	**-**	957.97
Foreign Currency Convertible Bonds	**4,432.71**	12,491.88
Other Short Term Borrowings from Banks	**5,000.00**	2,890.40
	9,432.71	16,340.25
	71,177.93	88,782.51

1. Term loans from Financial Institutions and Banks and Non-Convertible Debentures placed with them are secured by way of joint equitable mortgage of all the immovable properties (present and future) of graphite and thermal power, and hydel units of the Company situated at Mandideep, and Tawanagar respectively 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, ranking on pari-passu basis. In respect of steel and power unit at Borai, the loans have been repaid in full to the satisfaction of the lenders. Necessary modification in charge under process.
2. Non-Convertible Debentures are additionally secured by creation of mortgage in English form on the properties of the company situated at Mouje Dhanot, Taluka Kalol, District Mehsana in the State of Gujarat.
3. Secured Redeemable Non-convertible debentures of Rs. 3,000 lac have been alloted on private placement basis. These debentures are redeemable in three installments in the ratio 30%, 30% and 40% at the end of 5th, 6th and 7th year from the date of allotment being 25th November, 2003. The NCD's have been issued in demat mode and are listed in wholesale Debt Segment of National Stock Exchange. The terms and conditions of the NCD include a put & call option towards repayment of the NCD's in part or full after five years from the date of allotment.
4. Working Capital Borrowings from Banks are secured by hypothecation of all stocks present and future, stores, spare parts, packing materials, raw materials, finished goods, goods in transit / process, book debts, outstanding monies receivable, claims, bills etc and second charge after joint equitable mortgage of immovable properties of the company in respect of graphite unit and thermal power at Mandideep, and hydel unit at Tawanagar. The said charge in favour of banks shall rank sub-ordinate and subservient to the existing charges created by the Company in favour of Financial Institutions, Debenture holders and Banks for their term loans.
5. The Company has issued unsecured 1% Foreign Currency Convertible Bonds (FCCBs) due in 2010 amounting to US$ 28.75 million convertible at the option of the bondholder into Equity Shares at an initial price of Rs. 192.06 per share. FCCBs amounting to US$ 17.70 million have been converted upto 31st March, 2008.

SCHEDULE 4 : DEFERRED TAX LIABILITY

(Rs. in lac)

	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liabilities		
Arising on account of timing difference		
- Accumulated Depreciation	**7,595.72**	8,699.97
Deferred Tax Assets		
Arising on account of timing difference		
- Due to section 43B of the Income Tax Act	**100.52**	213.16
- Others	**133.94**	137.49
	7,361.27	8,349.32

SCHEDULE 5 : FIXED ASSETS

(Rs. in lac)

S.NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 31.03.07	Addition During the Year	Sales/ Adjust-ments	**Cost As at 31.03.08**	Upto 31.03.07	Deletion 07-08	Gross Provision 07-08	**Upto 31.03.08**	**Upto 31.03.08**	As at 31.03.07
1.	Land	544.61	0.94	84.74	**460.81**	50.66	-	15.22	**65.88**	**394.93**	493.95
2.	Building	11,184.82	164.93	822.70	**10,527.06**	2,866.10	-	715.08	**3,581.17**	**6,945.88**	8,318.73
3.	Plant & Machinery	77,378.10	904.80	6,131.75	**72,151.14**	22,477.20	161.77	3,510.42	**25,825.85**	**46,325.29**	54,900.90
4.	Railway Sidings	358.37	60.62	-	**418.99**	40.66	-	19.90	**60.56**	**358.43**	317.71
5.	Furniture & Fixtures	360.71	18.22	6.30	**372.62**	203.09	1.04	29.17	**231.22**	**141.40**	157.62
6.	Office Equipment	621.35	80.97	27.50	**674.81**	442.76	4.87	64.13	**502.03**	**172.78**	178.58
7.	Electrical Installation	380.79	72.35	3.29	**449.85**	276.54	1.11	18.61	**294.05**	**155.81**	104.24
8.	Vehicles	688.40	98.86	154.07	**633.19**	312.14	61.06	93.14	**344.22**	**288.97**	376.26
9.	Intangible Assets	215.68	-	-	**215.68**	79.62	-	43.14	**122.75**	**92.92**	136.06
Capital Work In Progress										**5,647.11**	2,313.56
Total		91,732.82	1,401.69	7,230.36	**85,904.15**	26,748.78	229.85	4,508.81	**31,027.73**	**60,523.52**	67,297.60
Previous Year		84,918.00	7,040.76	225.95	**91,732.81**	22,134.58	150.25	4,764.44	**26,748.77**	**67,297.60**	66,351.93

Assets amounting to Rs. 83.13 lac (Rs. 83.13 lac) (Gross) are owned jointly with RSWM Ltd.
Addition includes foreign exchange fluctuation adjusted of Rs. Nil (Rs. 55.95 lac)

SCHEDULE 6 : INVESTMENTS (Long Term, Non-Trade Investments)

(Rs in lac)

				As at 31.03.2008	As at 31.03.2007
A . QUOTED - FULLY PAID					
(i)	29,41,000	(29,41,000)	Equity shares of Rs.10/- each of Maral Overseas Ltd.	**294.10**	294.10
(ii)	3,00,000	(3,00,000)	Equity Shares of Rs. 10/- each of Bhilwara Spinners Ltd.	**60.00**	60.00
(iii)	6	(6)	Equity Shares of Rs. 10/- each of Ballarpur Ind. Ltd.	**0.01**	0.01
(iv)	1,50,000	(1,50,000)	Units of SBI One India Plan	**15.00**	15.00
	Total of quoted investments			**369.11**	369.11
B. UNQUOTED - FULLY PAID					
(i)	0	(261,27,000)	Equity Shares of Rs.10/- each of Malana Power Co. Ltd.	**-**	2,612.70
(ii)	2,50,000	(2,50,000)	Units of LIC Mutual Fund Dhan Smriddhi of Rs. 10/- each	**25.00**	25.00
(iii)	0	(73,030)	Equity Shares of Rs.10/- each of Indo Canadian Consultancy Services Ltd.	**-**	7.30
(iv)	4,190,000	(4,190,000)	Equity Shares of Rs.10/- each of Bhilwara Infotech Ltd.	**419.00**	419.00
(v)	26,127,000	(2,61,27,000)	Equity Shares of Rs.10/- each of Bhilwara Energy Ltd.	**2,612.70**	2,612.70
	Total non-quoted Investments			**3,056.70**	5,676.70
	Total			**3,425.81**	6,045.81
	Less: provision for diminution in value of investments			**394.05**	399.27
				3,031.76	5,646.54
	Aggregate Market Value of Quoted Investments			**448.91**	554.88

Figures in bracket represent previous year figures.

SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in lac)

	As at 31.03.2008	As at 31.03.2007
CURRENT ASSETS		
Inventories		
Stock-in-trade (as per para 18 J & K of part B of schedule - 15)	**1,909.15**	3,229.86
Work-in-process	**14,840.69**	11,004.58
Raw Materials [incl in-transit/ Third Parties Rs. 1,956.26 lac (Rs.2,552.88 lac)]	**8,541.00**	11,249.58
Stores & Spares/ Loose Tools	**2,047.03**	2,604.73
	27,337.87	28,088.75
Sundry Debtors (Unsecured)		
Due for a period exceeding six months		
- Considered good	**2,474.46**	1,321.86
- Considered doubtful	**17.79**	-
	2,492.25	1,321.86
Less : Provision for doubtful debts	**17.79**	-
	2,474.46	1,321.86
Others (Considered good)	**26,360.96**	18,991.29
	28,835.42	20,313.15
Cash & Bank Balances :		
Cash in hand (including stamp & hundi papers)	**14.01**	17.78
Cheques in hand	**56.50**	25.73
With scheduled banks		
- Current Accounts *	**2,108.51**	434.68
- Fixed Deposits **	**2,006.04**	9,758.36
- Dividend/ Special purpose Accounts	**133.94**	88.46
	4,319.00	10,325.01
Loans and advances (Refer Note 13 of Schedule 15-B)		
Loans (Secured, considered good)	**85.92**	75.88
Loans (Unsecured, considered good)	**452.68**	65.54
Advances recoverable in cash or kind or for value to be received (net of provision) (including recoverable against transfer of Durg unit Rs. 4,200 lac)	**15,240.13**	9,179.67
Advances for Capital Expenditure	**3,488.09**	660.76
Balance with Excise Department including Cenvat Credit	**982.96**	1,155.68
Deposit with Government Deptt. and others	**954.93**	1,303.57
	21,204.71	12,441.10
	81,697.00	71,168.01

* Includes proceeds received from issue of warrants Rs. 1,743.97 lac (Rs. NIL)

** Includes pledged with bank & others Rs. NIL (Rs. 0.55 lac) and unutilised money out of FCCB issue proceeds of Rs. 2,005.75 lac (Rs. 9,757.52 lac)

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

(Rs. in lac)

	As at 31.03.2008	As at 31.03.2007
CURRENT LIABILITIES		
Sundry Creditors (Refer Note no. 14 of Schedule 15 B)	**7,138.92**	5,118.82
Sundry Creditors for Capital Expenditure	**336.98**	410.40
Other Liabilities	**751.87**	969.04
Unclaimed Dividend**	**133.94**	88.46
Sundry Deposits	**387.36**	618.36
Advances from Customers	**120.95**	196.13
Interest accrued but not due on loans	**18.50**	58.19
	8,888.52	7,459.40
Proposed Dividend Including Corporate Dividend Tax	**1,555.49**	2,358.06
Provision for Taxation [Net of Advance Tax Rs. 5,530 lac (Rs. 680 lac)]	**1,199.89**	432.31
Provision for premium on redemption on FCCBs	**792.85**	1,260.00
	3,548.24	4,050.37
	12,436.76	11,509.77

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

SCHEDULE 9 : MISCELLANEOUS EXPENDITURE
(to the extent not written off or adjusted)

(Rs. in lac)

	As at 31.03.2008	As at 31.03.2007
Opening Balance	**347.67**	451.97
Less: Charged off to Profit and Loss account	**104.30**	104.30
Closing Balance	**243.37**	347.67

SCHEDULE 10 : OTHER INCOME

(Rs. in lac)

Foreign Currency Fluctuation	**-**	615.63
Miscellaneous Sales/ Receipts	**267.38**	369.27
Profit on Sale of Investments	**164.32**	-
Rent Receipts	**184.89**	109.24
Interest [Including TDS Rs. 82.86 lac (Rs. 17.81 lac)]	**775.75**	738.88
Dividend Received	**2.90**	-
Liabilities/ provisions no longer required, written back	**229.60**	174.58
Profit on Sale of Fixed Assets	**20.44**	12.56
Gain on Sale of Durg Unit	**1,410.94**	-
Doubtful Debts Realised	**-**	0.40
	3,056.23	2,020.56

SCHEDULE 11 : INCREASE/(DECEASE) IN STOCKS

(Rs. in lac)

CLOSING STOCK		
Stock-in-trade	**1,909.15**	3,229.86
Work-in-Process	**14,840.69**	11,004.58
	16,749.84	14,234.44
LESS: OPENING STOCK		
Stock-in-trade	**3,229.86**	2,062.87
Work-in-Process	**11,004.58**	8,641.76
	14,234.44	10,704.64
INCREASE/ (DECREASE) IN STOCKS	**2,515.40**	3,529.80

SCHEDULE 12 : CONSUMPTION OF MATERIALS

(Rs. in lac)

	As at 31.03.2008	As at 31.03.2007
OPENING STOCK	**8,696.71**	6,449.75
ADD : Purchases	**38,105.95**	43,153.67
	46,802.66	49,603.42
LESS : CLOSING STOCK	**6,584.74**	8,696.71
LESS : STOCK TRANSFERRED ON SALE OF DURG UNIT	**612.23**	-
Consumption of Materials	**39,605.69**	40,906.71

SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES

(Rs. in lac)

MANUFACTURING EXPENSES		
Consumption of Stores & Spares including Refractory blocks	**4,147.38**	4,522.78
Excise duty on Increase/ (Decrease) in Finished Stock	**(90.54)**	248.62
Power & fuel	**18,120.66**	17,604.92
Repairs and Maintenance of :		
Plant & Machinery	**1,711.92**	1,528.31
Building	**198.50**	208.51
Others	**125.83**	41.64
Equipment Hire Charges & Lease Rent	**9.79**	39.06
Job/Process Charges	**399.74**	326.31
Power generation charges	**233.35**	90.68
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salary, Wages and Bonus etc.	**2,838.08**	2,865.99
Contribution to Provident, Gratuity and other Funds	**335.19**	395.44
Workmen & Staff Welfare & Safety measures expenses	**344.57**	256.85
SELLING EXPENSES		
Freight and forwarding and other selling expenses	**5,520.69**	4,473.44
Packing Expenses (including Packing material consumption)	**988.22**	617.75
Commission	**1,873.27**	1,503.37
Claims, Rebates and Discount	**369.75**	451.49
ADMINISTRATIVE & OTHER EXPENSES		
Insurance	**325.41**	412.12
Rent	**100.18**	95.63
Rates & Taxes	**174.16**	387.72
Directors' Remuneration including sitting fees	**377.84**	241.34
Donations	**4.69**	22.92
Loss on fixed assets sold / discarded	**-**	3.23
Provision for doubtful debts & advances	**31.99**	-
Travelling Expenses	**213.21**	173.08
Postage & Communication	**73.03**	93.30
Legal & Professional Expenses	**357.32**	202.03
Vehicle Running & Maintenance	**101.78**	127.77
Foreign Currency Fluctuation (Refer Note no. 15 (b) of schedule 15 B)	**1,292.48**	-
Miscellaneous Expenses	**415.70**	378.86
	40,594.18	37,313.16

SCHEDULE 14 : FINANCIAL EXPENSES

(Rs. in lac)

Interest on		
Debentures	**438.48**	213.64
Term Loans	**1,725.81**	2,496.46
Working Capital Borrowings	**2,873.45**	2,361.32
Foreign Currency Convertible Bonds	**88.57**	143.35
Interest on Currency Swaps	**(318.68)**	(797.38)
Bank Charges	**249.84**	188.59
	5,057.46	4,605.98

SCHEDULE 15 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

(a) The accounts are prepared on historical cost convention, on accrual basis and on the principle of going concern.

(b) Accounting policies not specifically referred to otherwise, are consistent and in accordance with Indian Generally Accepted Accounting Practices/ principles comprising of the mandatory Accounting Standards, Guidance Notes and other pronouncements issued by ICAI and the provisions of the Companies Act, 1956.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amounts of income and expenses for the period, the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as on the date of financial statements. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

3. REVENUE RECOGNITION

(a) 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.

(b) Domestic Sales includes excise duty. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover.

(c) Power generated at the power plants is primarily consumed by the manufacturing units and excess power is sold to SEBs which is included in the sales as below:

i) Power generated at Tawa unit is transferred to Graphite unit at MPEB rate including wheeling charges. Power generated at Mandideep unit is transferred to Graphite unit at MPEB rate. Power generated by WHRS plant is transferred to Steel unit at CSEB rate.

ii) Excess power generated is sold to SEB's at rate stipulated by SEB's.

(d) Interdivisional sales comprising of sale of power from power plants to Graphite unit is reduced from gross turnover in deriving net turnover.

(e) Income, Expenditure and Export Incentives / benefits are accounted for on accrual basis and as per principles given under AS-9 – Revenue Recognition.

4. VALUATION OF INVENTORIES

(a) Inventories are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition.

(b) Historical cost is determined on the basis of weighted average method.

(c) Excise duty is included in the valuation of finished goods and by-product inventory.

(d) Obsolete stocks are identified every year on the basis of technical evaluation and are charged off to revenue.

5. INVESTMENTS

Long Term Investments are stated at cost. Provision for diminution in the value is made in accordance with AS-13 – Accounting for Investment if the decline is other than temporary. Current investments are stated at lower of cost or fair/ market value.

6. FIXED ASSETS

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

(b) Borrowing costs eligible for capitalization incurred, in respect of acquisition / construction of a qualifying asset, till the asset is substantially ready for use, are capitalized as part of the cost of that asset.

7. EXPENSES INCURRED DURING CONSTRUCTION PERIOD

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction/ implementation, interest on term loans/ debentures 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.

8. DEPRECIATION

Depreciation is charged on the following basis:

(a) On Plant & Machinery and other assets of Hydel Power Project at Tawa, at the rates notified under the Electricity Act as per approval of Department of Company Affairs.

(b) i) On Plant & Machinery other than those mentioned at (a) above, on straight line method,

ii) 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.

(c) Cost & improvement of lease hold land is amortized over the lease period.

(d) The Sponge Iron Unit, Waste Heat Recovery Power Plant, 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.

9. FOREIGN EXCHANGE TRANSACTIONS / TRANSLATION

(a) Export and Import transactions for which the documents are pending for collection/ negotiation and commission payable on export in foreign currency are accounted for at conversion rates prevailing at the year-end. Difference on actual realization/ remittance is credited/ charged to profit and loss account in the year of realization/remittance.

(b) Monetary items denominated in foreign currencies except forward contracts for hedging purposes at the year end are translated at year end rate.

(c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

(d) Pursuant to 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 has early adopted the Standard for the year under review, 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 foreign exchange forward contracts and options to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk to the Company.

A forward contract or option is designated as an effective hedge after the management objectively evaluates at the inception each contract as to whether the contract is effective in offsetting the cash flows attributable to the hedged risk. In the absence of such hedge being identified as an effective hedge, a gain or loss is recognized in the profit & loss account. Exchange differences on fair value hedge are accounted for in profit & loss account while those relating to cash flow hedge are accumulated in a hedging reserve account. Amounts from hedging reserve account are transferred to profit & loss account on the hedge becoming fair value hedge/ termination/ forecast transaction materializing.

10. RESEARCH AND DEVELOPMENT

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

11. RETIREMENT BENEFITS

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employee Benefits (Revised 2005) issued by the ICAI.

(a) Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act , 1952 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.

(b) 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 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 and independent actuary using the projected unit credit method.

Actuarial gains and losses arising form past experience and changes in actuarial assumptions are charged or credited to the Profit and loss account in the year to which such gains or losses relate.

(c) Leave Encashment

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

(d) 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 as rendered by the employee.

(e) Other Short term benefits

Expense in respect or 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.

12. SEGMENT ACCOUNTING & REPORTING

Segmental accounting policies are in line with the accounting policies of the company. However, the following specific accounting policies have been followed for segment reporting:

(a) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

(b) Expenses that are directly identifiable with / allocable to segment are considered for determining the segment result. The expenses / incomes, not allocable to any segments, are included under "Unallocable items / others".

(c) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities not attributable to any segment.

13. TAXES ON INCOME

(a) Provision for Current Taxes are made in accordance with the provisions of applicable tax statutes.

(b) In accordance with the Accounting Standard AS-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, 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.

14. INTANGIBLE ASSETS

Capital Expenditure on purchase and development of identifiable non-monetary 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. These are amortized over their expected useful life.

15. IMPAIRMENT OF ASSETS

Specified assets 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 for which the assets carrying amount 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. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units).

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.

16. PROVISIONS & CONTINGENT LIABILITIES

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

17. MISCELLANEOUS EXPENDITURE

Expenditure incurred on issuing foreign currency convertible bonds are being amortised over a period of five years from the date of the issue of said bonds.

B. NOTES TO ACCOUNTS

(Rs. in lac)

			As at 31.03.2008	As at 31.03.2007
1.	**Contingent liabilities**			
	a)	Claims against the company not acknowledged as debts :		
		i) Excise duty under appeal	**59.22**	29.60
		ii) Other matters	**258.55**	382.17
	b)	Bank Guarantee	**7,130.92**	6,392.84
	c)	Bills discounted with bankers	**4,292.35**	5,828.47
	d)	Pending export obligation against Advance Licence & EPCG Licence	**6,536.64**	6,643.44
2.	Estimated amount of contracts remaining to be executed on capital account , not provided for (net of advances of Rs.1,946.75 lac (Rs.1,925.84 lac))		**4,265.14**	1,234.33

3. There are no unprovided present obligations requiring provision in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 as it is not probable that an outflow of resources embodying economic benefit will be required.

4. Pursuant to the notification of Accounting Standard AS-11 in the Companies (Accounting Standards) Rules, 2006, the Company has changed the accounting policy of treating foreign exhange differences on foreign exchange loans /liabilities from considering them as part of the cost of fixed assets acquired from a country outside India to charging them of to profit & loss account this year. This has resulted in credit to profit & loss account for the year by Rs. 420.71 lac.

5. a) The Board of Directors of the Company at their meeting held on 18th July, 2007 had approved the proposal in principle to Hive Off the Steel Division (including WHRS) situated at Borai, Durg (Chhatisgarh) and authorized the Planning & Review Committee to finalise a Scheme of Arrangement u/s. 391–394 of the Companies Act, 1956. The Planning & Review Committee of directors at its meeting held on 20th September, 2007 approved the Scheme of Arrangement to hive-off the Steel Division to M/s. Jai Balaji Industries Ltd (hereinafter referred as JBIL) w.e.f. 01.08.2007. The decision of the Board as well Committee of directors was disclosed through Stock Exchange(s) and Press.

b) The Management started taking steps to hive-off the Steel Division of the Company. Necessary in-principle approval of the Stock Exchange(s) i.e. BSE, NSE, MPSE & CSE were obtained vide their letters dated 07.01.2008, 09.01.2008, 09.02.2008 and 22.02.2008 respectively. Equity Shareholders, Secured & Un-secured creditors approved the Scheme of Arrangement at their meeting held on 8th March, 2008 at the direction of the Hon'ble High Court at Jabalpur.

c) As per the Scheme of Arrangement agreed between HEG Ltd and JBIL, a sum of Rs. 88.50 crore was agreed to be paid to HEG Ltd. for fixed assets and a sum of Rs. 32.30 crore towards Current Assets. JBIL also took over unsecured interest free sales tax loan of Rs. 9.58 crore. The above said consideration has since been received alongwith the stipulated interest.

d) In the case of HEG Final Order was passed by the Hon'ble High Court at Jabalpur on 16th May, 2008 and certified true copy of the order was received on 23rd May, 2008. The order was filed with the Registrar of Companies, which was registered on 29th May, 2008.

e) In the case of Jai Balaji Industries Ltd., Final Order was passed by the Hon'ble High Court at Calcutta on 9th May, 2008 and certified true copy was received on 7th June, 2008. The same was filed with the Registrar of Companies on 9th June, 2008.

As per Accounting Standard 24 "Discontinuing Operations", required disclosures are given below:

At the end of the current year, the carrying amount of assets and liabilities of this discontinued operations were as follows:

(Rs. in lac)

Particulars	As at 31.03.08	As at 31.03.07
Fixed Assets (Net Block)	-	6,759.01
Capital Work in Progress	-	712.75
Current assets, Loans & Advances	**101.70**	5,502.90
Total Assets	**101.70**	12,974.66
Secured Loans	-	4,068.80
Unsecured Loans	-	957.97
Current Liabilities	**203.06**	909.81
Total Liabilities	**203.06**	5,936.58

The following statement shows the revenue and expenses of continuing operations and discontinuing operations:

(Rs. in lac)

	Continuing Operations		Discontinuing Operations		Total	
	2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
Net Sales	**98,727.18**	73,154.77	**6,557.94**	19,633.94	**1,05,285.12**	92,788.71
Interunit Transactions	**10,131.58**	8,783.77	**556.75**	2,218.01	**10,688.33**	11,001.78
Other Income	**1,432.09**	1,911.88	**1,624.14**	108.68	**3,056.23**	2,020.56
Total Income	**90,027.69**	66,282.88	**7,625.33**	17,524.61	**97,653.02**	83,807.49
Operating Expenses	**65,955.45**	52,091.30	**5,920.53**	17,103.27	**71,875.98**	69,194.57
Pre-tax profit from operations	**24,072.24**	14,191.58	**1,704.79**	421.34	**25,777.03**	14,612.92
Financial Expenses	**4,932.14**	4,245.78	**125.32**	360.21	**5,057.46**	4,605.99
Profit before Tax	**19,140.10**	9,945.81	**1,579.47**	61.13	**20,719.57**	10,006.94
Tax Expense	**6,087.05**	2,595.78	**(2.93)**	27.60	**6,084.12**	2,623.38
Profit after Tax	**13,053.05**	7,350.02	**1,582.40**	33.53	**14,635.45**	7,383.56

(Rs. in lac)

	As at 31.03.08	As at 31.03.07
6. Work in process includes Refractory Blocks and other consumable stores lying at shop floor.	**31.12**	25.29
7. Prior period items include:-		
Income	**0.26**	-
8. Auditors' remuneration paid/ payable during the year included in miscellaneous expenses :		
Statutory Audit Fee	**12.00**	12.00
Other services	**2.00**	2.66
Reimbursement of expenses	**2.53**	2.67
	16.53	17.32
9. a) Computation of net profit in accordance with section 349 of the Companies Act, 1956 for the purpose of section 198 of the said Act		
Profit for the year before taxation as per Profit and Loss account	**20,719.57**	10,006.94
Add: Directors' Remuneration	**360.44**	229.14
Miscellaneous Expenditure written off/ provisions	**104.30**	104.30
	21,184.31	10,340.38
Profit/ (Loss) on sale of Fixed Assets (Net)	**1,431.39**	9.33
Profit/ (Loss) on sale of Investment (Net)	**164.32**	-
Net Profit on which commission is payable	**19,588.61**	10,331.05
Commission @ 1.25 % of net profit (previous year @ 1.25%)	**244.86**	129.14

(Rs. in lac)

		As at 31.03.08	As at 31.03.07
(b)	Details of remuneration & perquisites of managerial personnel :		
	Salary	**58.76**	50.43
	Commission	**244.86**	129.14
	Other perquisites	**41.97**	35.96
		345.59	215.53
	Provident Fund	**6.04**	6.05
	Superannuation	**8.81**	7.56
	Total	**360.44**	229.14
(c)	Sitting fee to non executive directors	**17.40**	12.20

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

a) Graphite Export Development Trust subsidy.

b) Claims lodged with insurance companies.

c) Interest on income tax refunds granted on summary basis, pending finalisation of assessments, is treated as income in the year of accrual. Final adjustments are carried out in the year of completion of Assessment.

11. Term loan, debentures and Interest free Sales Tax Loan falling due in next 12 months Rs. 7,712 lac (previous year Rs. 9,467 lac).

12. CAPITALISATION OF PRE-OPERATIVE EXPENDITURE

The following expenditure has been capitalised/ included under Capital work in progress:

(Rs. in lac)

(a)	Financial Expenses including Foreign Exchange fluctuation Rs. Nil (Rs.55.95 lac)	**-**	666.59
	Insurance Expenses	**20.74**	13.07
	Administrative Overheads & Other Cost	**209.31**	636.30
	Total	**230.05**	1,315.96
(b)	The same has been capitalised / is lying under Capital work in progress as under:		
	Building	-	202.86
	Plant & Machinery	**-**	1,110.66
	Capital work in progress	**230.05**	2.44
	Total	**230.05**	1,315.96

13. (a) In the opinion of the management and to the best of their knowledge and belief, the value on realisation of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

(b)	Loans and advances include :		
	(i) Share application money pending allotment	**112.08**	112.08
	(ii) Due from officers of the company	**-**	-
	(iii) the maximum amount at anytime during the year	**-**	-

14. On the basis of information obtained by the company from its creditors regarding registration under the provisions of Micro, Small and Medium Enterprises Development Act,2006 ("Act"), dues to the Small Scale Industrial Undertakings are Rs.1.25 lac (Previous year Rs. 1.22 lac), none of which are exceeding the limit of 45 days. In view of above, disclosure specified below is not given:

a) Delayed payments due as at the end of each accounting year on account of principal and interest thereon

b) Total interest paid on all delayed payments during the year under the provisions of the Act

c) Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under the Act

d) Interest accrued but not due

e) Total interest due but not paid

15. a) The Company has following derivatives exposure outstanding as on balance sheet date:

Sl. No.	Particulars	Purpose	As at 31.03.2008 Amount	As at 31.03.2007 Amount
(i)	Cross Currency Swaps	Hedging	**$ 10 mn.**	$ 40 mn.
(ii)	Cross Currency Swaps	Hedging	**Euro 35 mn.**	INR 50 crore
(iii)	Options	Hedging	**$ 32 mn.**	$ 5 mn.

b) In accordance with the principles for prudence and the announcement on "Accounting for Derivatives" issued by the Institute of Chartered Accountants of India, the Company has accounted for a loss of Rs. 2,443 lac on derivative instruments entered into for hedging purposes on net written options on mark to market basis.

16. The Board of Directors in their Meeting held on 7th February, 2008, approved issue of 63,40,000 Warrants of Rs. 365/- each with option of conversion of each Warrant into One Equity Share of Rs. 10/- each within a period of 18 months from the date of issue and allotment to Promoters, Directors and Persons acting in concert, which includes Associates, Relatives and Friends of such Promoters and Directors and Employees of the Company, Group Companies and Associate Companies. The same was approved by the shareholders u/s 81(A) of Companies Act, 1956 at their meeting held on 3rd March, 2008.

Subsequently, applications for issue of 47,78,000 warrants were received for which amount of Rs. 1,743.93 lac towards 10% of the face value of the Warrant i.e. @ Rs. 36.50 per warrant was received.

The initial amount received on preferential allotment is lying in schedule bank in current account at the end of the year.

17. As per Accounting Standard 15 "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standard are given below:

The Company has adopted Revised Accounting Standard-15 "Employee Benefit". In accordance with the transitional provision of revised AS-15, additional liability (net of tax) under new method as at 1st April, 2007 as compared to liability provided under Pre-revised AS-15 to be adjusted against the balance of General Reserve as at 1st April, 2007 is NIL.

Defined Contribution Plan

Contribution to Defined Plan, recognised as expense for the year are as under: (Rs. in lac)

Employer's contribution to Provident Fund	164.00
Employer's contribution to Superanuation Fund	95.75

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 is maintaining a fund with LIC and ICICI Prudential.

Reconciliation of opening and closing balances of Defined Benefit Obligaton.

	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit obligation at the beginning of the year	819.64	206.26
Current Service Cost	49.52	21.34
Interest Cost	65.57	16.50
Actuarial (gain)/loss	7.80	12.20
Benefits Paid	(39.71)	(16.63)
Settlement Cost	-	-
Defined Benefit obligation at the end of the year	902.81	239.68*

Reconcilation of opening and closing balances of Fair Value of Plan Assets (Rs. in lac)

	Gratuity (Funded)
Fair value of plan assets as at the beginning of the year	828.83
Expected Return	82.88
Actuarial (gain)/ loss	21.10
Contribution by Employer	-
Benefits Paid	(39.71)
Settlement Cost	-
Fair value of plan assets as at the end of the year	893.10
Actual return on plan assets	103.98

Reconciliation of amount recognised in Balance Sheet

	Gratuity (Funded)	Leave Encashment (Unfunded)
Fair value of plan assets as at 31st March, 2008	893.10	-
Present value of obligation as at 31st March, 2008	902.81	239.68
Net asset/ (liability) recognised in the Balance Sheet	(9.72)	(239.68)*

Expense Recognised during the year (under the head)

	Gratuity (Funded)	Leave Encashment (Unfunded)
Current Service Cost	49.52	21.34
Interest Cost	65.57	16.50
Expected return on plan assets	(82.88)	-
Net Actuarial (gain)/ loss recognised during the period	(13.30)	12.20
Expenses recognised in the statement of Profit & Loss	18.91	50.04*

Actual Return on Plan Assets

	Gratuity (Funded)
Expected Return on Plan Assets	82.88
Actuarial (gain)/ loss	21.10
Actual return on plan assets	103.98

Principle Actuarial Asumptions

	Gratuity (Funded)	Leave Encashment (Unfunded)
Mortality Table (LIC)	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March, 2008	8.00%	8.00%
Future Salary Increase	5.50%	5.50%
Expected rate of return on plan assets	10.00%	-
Retirement Age	60 years	60 years
Withdrawal Rates	Age	Withdrawal Rates
	Upto 30 years	3.00%
	Upto 44 years	2.00%
	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 emploment market. The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.

Disclosure in respect of previous four annual periods as required by Revised Accounting Standard-15 'Employee Benefits' is not presented as the management considers it impracticable in the absence of requisite information.

* The figures in respect of Leave Encashment include amounts pertaining to Durg unit totalling to Rs. 34.67 lac (Closing balance of Defined Benefit Obligation), Rs. 34.67 lac (Liability recognised in Balance Sheet) and Rs. 10.04 lac (Expense recognised during the year). The figures mentioned here above are in respect of the entire year, of which the liability for the first four (4) months i.e. 1st April, 2007 to 31st July, 2007 pertains to HEG and the remaining eight (8) months i.e. 1st August, 2007 to 31st March, 2008 pertains to JBIL.

(Rs. in lac)

				As at 31.3.2008	As at 31.3.2007
18.	**Additional Information**				
A)	Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)				
	(i)	Graphite Electrodes & Anodes	MT	**52,000**	52,000
	(ii)	Sponge Iron	MT	**-**	120,000
	(iii)	Thermal Power	MW	**30.00**	25.00
	(iv)	Waste Heat Recovery System	MW	**-**	12.80
	(v)	Hydel Power	MW	**13.50**	13.50
	(vi)	Steel Billet	MT	**-**	100,000
B)	Value of Imports (CIF basis) in respect of :				
	Raw Materials			**21,452.07**	16,845.80
	Components & spare parts			**386.85**	403.57
	Capital goods			**621.33**	622.67
C)	Expenditure in Foreign Currency (Cash basis) on account of :				
	Commission, Consultancy, Travelling and Others.			**2,109.99**	1,402.09
D)	Amount remitted in foreign currency on account of dividend			**806.48**	423.40
	Number of NRI/ OCB shareholders			**119**	113
	Number of shares held by above shareholders			**1,61,29,550**	1,41,13,453
	Year to which the dividend relates			**2006-07**	2005-06
	Amount remitted in foreign currency on account of interim dividend			**1,299.62**	-
	Number of NRI/ OCB shareholders			**151.00**	-
	Number of shares held by above shareholders			**1,85,66,011**	-
	Year to which the dividend relates			**2007-08**	-
E)	Earnings in Foreign currency :				
	(i)	Export of goods calculated on FOB basis		**70,011.47**	45,902.77
	(ii)	Interest on Fixed Deposits		**392.26**	626.59
F)	Earnings Per Share				
	The basic and diluted Earning Per Share is as under :				
	Net Profit After Tax			**14,635.45**	7,383.56
	Weighted no of Equity Shares outstanding			**4,16,14,137**	4,03,10,466
	Basic Earning Per Share (Rs.)			**35.17**	18.32
	Diluted Earning Per Share (Rs.)			**31.39**	18.32

Weighted average no. of Equity Shares have been calculated on the basis of no. of days these shares were outstanding during the period.

G)	Related Party Transactions			
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).		**None**	None
b)	Associates and joint ventures			
(a)	Bhilwara Infotech Ltd		**Associate**	Associate
(b)	Indo Canadian Consultancy Services Limited		**-**	Associate
(c)	Malana Power Company Limited		**-**	Associate
(d)	A D Hydropower Limited		**Associate**	Associate
(e)	Escribe India Pvt. Ltd.		**Associate**	Associate
(f)	Bhilwara Energy Limited		**Associate**	Associate
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.			
(a)	Bhilwara Scribe Pvt. Ltd.			
(b)	Giltedged Industrial Securities Ltd.			
(c)	Purvi Vanijya Niyojan Limited			
d)	Key Management Personnel and their relatives	**Sh. Ravi Jhunjhunwala**		
		Sh. R. C. Surana		

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

f) The following transactions were carried out with related parties in the ordinary course of business

(Rs. in lac)

		As at 31.3.2008	As at 31.3.2007
1	With parties referred to in (b) above.		
(a)	Investment in Equity of Bhilwara Infotech Limited	**419.00**	419.00
(b)	Provision for Dimunition in value of Investment in Equity Shares of Bhilwara Infotech Limited	**377.10**	377.10
(c)	Sale of Equity of Malana Power Company Limited	**2,612.70**	2,612.70
(d)	Consultancy charges to Indo Canadian consultancy Services Limited	**6.91**	10.97
(e)	Investment in Equity of Bhilwara Energy Limited	**2,612.70**	2,612.70
(f)	Sale of Equity Shares of Indo Canadian Consultancy	**171.62**	-
	Services Limited to Bhilwara Energy Limited		
2	With parties referred to in G (c) above.		
	Rent Paid	**10.70**	10.70
3	With parties referred to in G (d) above.		
	Salaries , Perquisites and Commission paid during the year	**360.44**	229.14
4	With parties referred to in G (e) above.		
	(a) Purchase of consumables	**-**	7.12
	(b) Rent Received	**4.68**	4.80
	(c) Purchase of DEPB certificates	**6.02**	22.96
	(d) Rent Paid	**48.84**	35.49
H)	Provision for Income Tax for Earlier years has been made based on Income Tax Assessments case pending at Appellate Jurisdictions on which Income Tax Demand has arisen and the cases are subjudice.	**-**	-

Weighted average no. of Equity Shares have been calculated on the basis of no. of days these shares were outstanding during the period.

G)	Related Party Transactions			
	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).	**None**	None
	b)	Associates and joint ventures		
		(a) Bhilwara Infotech Ltd	**Associate**	Associate
		(b) Indo Canadian Consultancy Services Limited	**-**	Associate
		(c) Malana Power Company Limited	**-**	Associate
		(d) A D Hydropower Limited	**Associate**	Associate
		(e) Escribe India Pvt. Ltd.	**Associate**	Associate
		(f) Bhilwara Energy Limited	**Associate**	Associate
	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.		
		(a) Bhilwara Scribe Pvt. Ltd.		
		(b) Giltedged Industrial Securities Ltd.		
		(c) Purvi Vanijya Niyojan Limited		
	d)	Key Management Personnel and their relatives	**Sh. Ravi Jhunjhunwala**	
			Sh. R. C. Surana	

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

f) The following transactions were carried out with related parties in the ordinary course of business:

(Rs. in lac)

			As at 31.3.2008	As at 31.3.2007
1		With parties referred to in (b) above.		
	(a)	Investment in Equity of Bhilwara Infotech Limited	**419.00**	419.00
	(b)	Provision for Dimunition in value of Investment in Equity Shares of Bhilwara Infotech Limited	**377.10**	377.10
	(c)	Sale of Equity of Malana Power Company Limited	**2,612.70**	2,612.70
	(d)	Consultancy charges to Indo Canadian consultancy Services Limited	**6.91**	10.97
	(e)	Investment in Equity of Bhilwara Energy Limited	**2,612.70**	2,612.70
	(f)	Sale of Equity Shares of Indo Canadian Consultancy	**171.62**	-
		Services Limited to Bhilwara Energy Limited		
2		With parties referred to in G (c) above.		
		Rent Paid	**10.70**	10.70
3		With parties referred to in G (d) above.		
		Salaries , Perquisites and Commission paid during the year	**360.44**	229.14
4		With parties referred to in G (e) above.		
		(a) Purchase of consumables	**-**	7.12
		(b) Rent Received	**4.68**	4.80
		(c) Purchase of DEPB certificates	**6.02**	22.96
		(d) Rent Paid	**48.84**	35.49
H)		Provision for Income Tax for Earlier years has been made based on Income Tax Assessments case pending at Appellate Jurisdictions on which Income Tax Demand has arisen and the cases are subjudice.	**-**	-

I) SEGMENT REPORTING

(Rs. in lac)

		Graphite	Steel/ Sponge	Power	Unallocable items/ Others	Total
A	**Business Segments**					
	Segments Revenue					
	External Sales / other Income (Net of Excise Duty)	**88,538.53** (63,012.96)	**7,578.80** (17,397.83)	**626.16** (1,289.58)	**909.53** (2,107.02)	**97,653.02** (83,807.39)
	Inter Segment Transfers			**10,688.33** (11,001.78)		**10,688.33** (11,001.78)
	Total Revenue	**88,538.53** (63,012.96)	**7,578.80** (17,397.83)	**11,314.49** (12,291.36)	**909.53** (2,107.02)	**1,08,341.35** (94,809.17)
	Segment Result					
	Segment Results (Continuing)	**20,178.17** (8,915.74)	**–** –	**4,406.14** (3,763.38)	**(512.07)** (1,512.46)	**24,072.24** (14,191.58)
	Segment Results (Discontinuing)	**–** –	**1,719.09** (457.91)	**14.30** (879.25)	**–** –	**1,704.79** (1,337.16)
	Less: Financial Expenses					**5,057.46** (4,605.98)
	Profit Before Tax					**20,719.57** (10,006.94)
	Less: Income Tax (incl. Deferred)					**6,084.12** (2,623.38)
	Net Profit for the year					**14,635.45** (7,383.56)
	Other Information					
	Unallocated Assets				**13,128.50** (17,784.38)	**13,128.50** (17,784.38)
	Segment Assets	**1,19,022.03** (99,826.53)	**-** (9,552.55)	**13,345.11** (17,331.57)		**1,32,367.14** (1,26,710.65)
	Total Assets	**1,19,022.03** (99,826.53)	**-** (9,552.55)	**13,345.11** (17,331.57)	**13,128.50** (17,784.38)	**1,45,495.64** (1,44,495.03)
	Segment Liabilities	**71,289.43** (72,407.17)	**-** (5,702.00)	**3,847.62** (5,488.91)		**75,137.06** (83,598.08)
	Unallocated Liabilities				**8,477.64** (16,729.41)	**8,477.64** (16,729.41)
	Total Liabilities	**71,289.43** (72,407.17)	**-** (5,702.00)	**3,847.62** (5,488.91)	**8,477.64** (16,729.41)	**83,614.69** (1,00,327.49)
	Capital Employed	**54,962.39** (51,615.83)	**(0.00)** (7,217.80)	**12,032.08** (15,061.79)	**8,836.31** (13,166.49)	**75,830.78** (87,061.91)
	Capital Exp. incurred during the year	**4,702.52** (5,204.60)	**(388.96)** (470.75)	**378.48** (45.28)	**43.21** (65.17)	**4,735.24** (5,785.80)
	Depreciation	**3,379.99** (3,155.90)	**146.59** (449.56)	**924.94** (1,098.94)	**57.28** (60.04)	**4,508.81** (4,764.44)
	Other Non Cash Expenses	**-** -	**-** -	**-** -	**104.30** (104.30)	**104.30** (104.30)
B	**Geographical Segments**					
	Segment Revenue					
	Based on Location of Customers					
	Domestic	**15,863.89** (15,064.07)	**7,578.80** (17,397.83)	**11,314.49** (12,291.36)	**909.53** (867.75)	**35,666.70** (45,621.01)
	Export	**72,674.64** (47,948.89)			**-** (1,239.27)	**72,674.64** (49,188.16)
	Segment Assets					
	Based on Location of assets					
	In India	**91,210.80** (72,895.09)	**-** (9,552.55)	**13,345.11** (17,331.57)	**13,128.50** (17,784.38)	**1,17,684.41** (1,17,563.59)
	Outside India	**27,811.23** (26,931.45)				**27,811.23** (26,931.45)

J) INFORMATION IN RESPECT OF TURNOVER (INCLUDING INTER DIVISIONAL TRANSFER), PRODUCTION & GOODS MANUFACTURED

	PARTICULARS	UNIT/VALUE	OPENING STOCK		PRODUCTION	TURNOVER		CLOSING STOCK	
	100,000		QTY.	VALUE	QTY.	QTY.	VALUE	QTY.	VALUE
(a)	Graphite Electrodes , Anodes & Specialities	MT/Rs Lac	1,324.43 (93.93)	1,407.19 (108.29)	51,863.27 (43,182.21)	52,365.88 (41,951.71)	85,469.60 (59,676.61)	821.82 (1,324.43)	1,075.02 (1,407.19)
(b)	Steel Billets	MT/Rs Lac	1,306.60 (3,852.72)	268.24 (727.43)	21,853.04 (84,583.95)	23,159.64 (87,130.07)	5,491.16 (18,166.64)	- (1,306.60)	- (268.24)
(c)	By Products / others	Units / Rs. Lac	- -	1,471.16 (1,227.15)	- -	- -	6,541.92 (8,730.12)	 -	834.13 (1,471.16)
(d)	**Inter-Divisional Sales**								
	(1) Thermal Power	Units / Rs. Lac			219,865,510 (251,913,000)	207,958,510 (205,267,700)	8,429.44 (7,907.75)		
	(2) WHRS - Power	Units / Rs. Lac	- -	- -	24,819,000 (95,306,500)	20,245,520 (89,553,300)	556.75 (2,218.01)	- -	- -
	(3) Hydel Power	Units / Rs. Lac	-	-	53,542,636 (57,198,756)	42,181,232 (24,608,426)	1,702.13 (876.02)	-	-

K) INFORMATION IN RESPECT OF GOODS TRADED IN :

	PARTICULARS		OPENING STOCK		PURCHASE		SALES		CLOSING STOCK	
			QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
(a)	Graphite Electrodes , Anodes & Specialities	MT/Rs. Lac	118.68 -	77.54 -	293.45 (332.30)	266.73 (247.57)	412.13 (213.62)	396.51 (179.74)	- (118.68)	- (77.54)
	Purchase of traded goods in Foreign Currency					178.61 (235.00)				

L) RAW MATERIAL CONSUMED

	PARTICULARS	UNIT / VALUE	QTY.	AMOUNT
(a)	Calcined Petroleum Coke	MT/Rs. lac	61,084.70 (52,038.33)	22,455.90 (16,987.98)
(b)	Pitch	MT/Rs. lac	25,182.08 (22,484.06)	7,243.08 (7,053.85)
(c)	Iron Ore	MT/Rs. lac	48,550.07 (1,54,240.40)	2,099.83 (6,171.12)
(d)	Coal	MT/Rs. lac	55,330.13 (3,94,798.06)	878.42 (6,893.69)
(e)	Others		- -	6,928.46 (3,800.07)

M) CONSUMPTION OF RAW MATERIAL AND SPARE PARTS & COMPONENTS

		Current Year		Previous Year	
		Rs. lac	**%**	Rs. lac	%
(a)	Raw Material				
	Imported	**20,243.58**	**51.11**	15,229.50	37.23
	Indigenous	**19,362.11**	**48.89**	25,677.22	62.77
(b)	Spare Parts & Components				
	Imported	**298.33**	**7.19**	433.80	10.22
	Indigenous	**3,849.05**	**92.81**	3,812.39	89.78

19. (a) Previous Year's figures have been regrouped and recast wherever considered necessary.
(b) Figures in amount have been rounded off to nearest lac upto two decimals. Figures in bracket relate to the previous year.
(c) The Schedules referred to in the Balance Sheet and Profit and Loss Account form an integral part of the accounts.

Signed in terms of our Report of even date

For **DOOGAR & ASSOCIATES**
Chartered Accountants

MUKESH GOYAL
Partner

Membership No. 81810

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

ARUN K. TULSIAN
Partner

Membership No. 89907

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D.N. DAVAR
Director

MANVINDER SINGH AJMANI
Vice-President (Fin. & Accounts)

ASHISH SABHARWAL
Company Secretary

R.C. SURANA
Executive Director & CEO

Place : Noida, U P.
Dated : 13th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in lac)

	PARTICULARS	FY 2007-08	FY 2006-07
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	**20,719.57**	10,006.94
Add:	Depreciation	**4,508.81**	4,764.44
	Misc Exps Written off	**104.30**	104.30
	Interest Paid	**5,057.46**	4,605.98
	Net Loss on fixed assets sold/ discarded	**(20.44)**	(9.33)
	Diminution in value of Investments (net)	**(5.22)**	(5.22)
Less:	Dividend received	**2.90**	0.00
	Interest received	**775.75**	738.88
	Net Gain on sale of assets of Durg division	**1,354.47**	0.00
	Income / Wealth Tax	**7,072.18**	1,226.03
	Operating Profit before working capital changes	**21,159.19**	17,502.20
	Working capital		
	Trade receivables	**(8,522.27)**	(7,909.35)
	Inventories	**750.88**	(6,675.99)
	Loans & advances / Other current assets	**(5,936.27)**	(2,047.83)
	Liabilities and provisions	**1,467.56**	2,178.76
	Net Cash from operating activities	**8,919.08**	3,047.79
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Addition in Fixed Assets (net)	**(4,735.24)**	(5,785.80)
	Sale of Fixed Assets	**7,020.96**	85.03
	Net Gain on sale of assets of Durg division	**1,354.47**	
	Advances for Capital Expenditure	**(2,827.33)**	827.22
	Sundry Creditors for Capital Expenditure	**(73.42)**	(328.24)
	Investments	2,620.00	(2,627.70)
	Dividend Received	**2.90**	-
	Interest received	**775.75**	738.88
	Net Cash from investing activities	**4,138.08**	(7,090.60)
C	**CASH FROM FINANCING ACTIVITIES**		
	Allotment of Preferential Warrants	**1,743.97**	-
	Long term borrowings - Term Loans / NCD's (net of repayments)	**(20,172.43)**	(3,874.79)
	Short term borrowings (working capital)	**9,541.91**	12,159.54
	Conversion of Foreign Currency Convertible Bond's	**6,974.05**	
	Less: Transfer to Share Capital Account	**(400.75)**	
	Less: Transfer to Share Premium Account	**(6,573.30)**	**-**
	Interest Paid	**(5,057.46)**	(4,605.98)
	Dividend paid	**(4,375.53)**	(2,015.52)
	Corporate Dividend Tax	**(743.62)**	(342.54)
	Net Cash from financing activities	**(19,063.18)**	1,320.71
	INCREASE IN CASH OR CASH EQUIVALENTS	**(6,006.01)**	(2,722.11)
	Opening cash or cash equivalents	**10,325.01**	13,047.12
	Closing cash or cash equivalents	**4,319.00**	10,325.01

Cash flows of continuing and discontinuing operations are: (Rs. in lac)

	Continuing Operations		**Discontinuing Operations**		**Total**	
	2007-08	**2006-07**	**2007-08**	**2006-07**	**2007-08**	**2006-07**
Net cash from/ (used in) operating activities	2,467.83	2,924.93	6,451.25	122.86	8,919.08	3,047.79
Net cash from/ (used in) investing activities	(4,769.24)	(7,595.66)	8,907.31	505.06	4,138.08	(7,090.60)
Net cash from/ (used in) financing activities	(13,911.08)	1,584.73	(5,152.10)	(264.02)	(19,063.18)	1,320.71

Signed in terms of our Report of even date

For **DOOGAR & ASSOCIATES**
Chartered Accountants

MUKESH GOYAL
Partner

Membership No. 81810

MANVINDER SINGH AJMANI
Vice-President (Fin. & Accounts)

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

ARUN K. TULSIAN
Partner

Membership No. 89907

ASHISH SABHARWAL
Company Secretary

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D.N. DAVAR
Director

R.C. SURANA
Executive Director & CEO

Place : Noida, U P.
Dated : 13th June, 2008

SCHEDULE-VI (PART-IV)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	08290	State Code	10
Balance Sheet Date	31 (Date) 03 (Month) 2008 (Year)		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	1454956 4	Total Assets	14549564

SOURCES OF FUNDS

Paid-up Capital	443184	Reserves and Surplus	4834387
Secured Loans	6174522	Unsecured Loans	943271
Deferred Taxation	736127	Pref. Warrants App.	174397

APPLICATION OF FUNDS

Net Fixed Assets	6052352	Investments	303176
Net Current Assets	8169700	Misc. Expenditure	24337
Accumulated Losses	NIL		

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover	10858751	Total Expenditure	9092417
Profit/ Loss before Tax	+ ✓ 2071957	Profit/ Loss after Tax	+ ✓ 1463545
Earnings per Share (in Rs.) (Basic)	35.17	Dividend per Share (in Rs.)	10

V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (As per Monetary Terms)

Item Code No. (ITC Code)	8545111
Product Description	GRAPHITE ELECTRODE

Signed in terms of our Report of even date

For **DOOGAR & ASSOCIATES**
Chartered Accountants

MUKESH GOYAL
Partner
Membership No. 81810

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

ARUN K. TULSIAN
Partner
Membership No. 89907

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D.N. DAVAR
Director

MANVINDER SINGH AJMANI
Vice-President (Fin. & Accounts)

ASHISH SABHARWAL
Company Secretary

R.C. SURANA
Executive Director & CEO

Place : Noida, U P.
Dated : 13th June, 2008

NOTES

NOTES

NOTICE

HEG LIMITED

Regd. Office : Mandideep (Near Bhopal), Distt. Raisen, Madhya Pradesh - 462 046
Corporate Office : Bhilwara Towers, A-12, Sector-1, Noida - 201 301 (U.P.)

Notice is hereby given that the **36th** Annual General Meeting of **HEG LIMITED** will be held on Saturday the 27th September, 2008 at 12:30 P.M. at the Bhilwara Sabha Grah situated at the registered office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462046, Madhya Pradesh to transact the following business: -

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008, Profit and Loss Account 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 Shekhar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr Kamal Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri P. Murari, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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 and M/s Doogar & Associates, Chartered Accountants, are, however eligible for re-appointment.

SPECIAL BUSINESS

7. 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 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the provisions of the Articles of Association of the Company and in supersession to the earlier resolution passed in this regard, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow in any manner from time to time any sum or sums of moneys at its discretion on such terms and conditions as the Board of Directors may deem fit, notwithstanding that the moneys to be borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) from the Financial Institutions, Company's Bankers and/or from any person or persons, firms, bodies corporate whether by way of loans, advances, deposits, bill discounting, issue of debentures, bonds or any financial instruments or otherwise and whether secured or unsecured which may exceed the aggregate of the paid up capital of the company and its free reserves that is to say, reserves not set apart for any specific purpose; provided that the maximum amount of money so borrowed by the Board and outstanding at any one time shall not exceed the sum of Rs.1,000 crore (Rupees one thousand crore only).

   "RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do and perform all such acts, deeds matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and also to delegate, subject to the provisions of the Companies Act,1956, all or any of the above powers to such Committee of Directors or the Managing Director or the Director or the Principal Officer of the Company and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution".

BY ORDER OF THE BOARD
FOR HEG LIMITED

Place: Noida — **ASHISH SABHARWAL**
Date : 13th June, 2008 — **(COMPANY SECRETARY)**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** 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.

2. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business under Item No. 7 of the Notice is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th September, 2008 to 27th September, 2008, both days inclusive.

4. The dividend as recommended by the Board of Directors and approved by the members shall be paid to those members, whose names shall appear on the Company's Register of Members:-

   a) As Beneficial Owners as at the close of business hours on Thursday, 18th September,2008 as per the list made available by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in electronic form; and

   b) As Members after giving effect to the valid transfers in respect of the shares lodged with the Company on or before the close of business hours on 18th September,2008 in respect of shares held in physical form.

5. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company's Registrar & Share Transfer Agents in respect of their shareholding in physical segment by mentioning Folio Nos. etc.

6. In order to avoid fraudulent encashment of Dividend Warrant(s), members are advised to inform details of their Bank A/c No., name and address of the Bank, for incorporating the same on Dividend Warrants.

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

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

9. Members are advised to write to the Company at least one week in advance, in case they have any query relating to the Accounts of the Company.

10. As required under Clause 49 of the Listing Agreement with Stock Exchanges, brief profiles of Directors seeking reappointment at the AGM are given in the Corporate Governance Report forming part of the Annual Report of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956: -

ITEM NO.7:-

As per resolution passed by the Shareholders under Section 293(1)(d) of the Companies Act,1956 at the Annual General Meeting held on 29th September, 2004, the Board of Directors was authorised to borrow money upto a limit not exceeding Rs. 600 Crores. The increasing business operations and future growth plans of the Company would require further borrowings which may exceed the limit of Rs. 600 Crores. Hence it is proposed to increase the said limit, which shall not exceed Rs. 1000 Crores at any one time.

It is necessary for shareholders of the Company to grant their consent by passing a resolution at their meeting under Section 293(1) (d) of the Companies Act, 1956, authorising the Board of Directors of the Company to borrow monies in excess of the paid up capital and free reserves of the Company.

The resolution at Item No. 7 is, therefore, commended for your approval.

None of the Directors of the Company is concerned or interested in the aforesaid resolution.

BY ORDER OF THE BOARD
FOR HEG LIMITED

Place: Noida **(ASHISH SABHARWAL)**
Date : 13th June, 2008 **COMPANY SECRETARY**

PROXY FORM

HEG Limited

Regd. Office: Mandideep (Near Bhopal), Distt. Raisen, MADHYA PRADESH-462 046

DP ID/CL ID/Folio No. .... No. of Shares held ....

I/We .... of .... being a Member/

Members of HEG Limited hereby appoint ....of.............................

....or failing him/her ....of ....

as my/our Proxy in my/our absence to attend and vote on my/our behalf at the 36th Annual General Meeting of the Company to be held on Saturday, the 27th September, 2008 at 12.30 P.M. at Bhilwara Sabha Grah, Mandideep (Near Bhopal), Distt. Raisen, Madhya Pradesh - 462 046 and/or at any adjournment thereof.

Signed this .... day of ....2008.

Signature ....

Please Affix
30 Paise
Revenue
Stamp here

NOTE: The Proxy Form duly completed must reach the Registered Office of the Company, not less than forty-eight hours before the time of holding this meeting.

(TEAR HERE)

ATTENDANCE SLIP

HEG Limited

Regd. Office: Mandideep (Near Bhopal), Distt. Raisen, MADHYA PRADESH-462 046

DP ID/CL ID/Folio No. .... No. of Shares held ....

Full name of Shareholder ....

Full name of Proxy/Representative ....

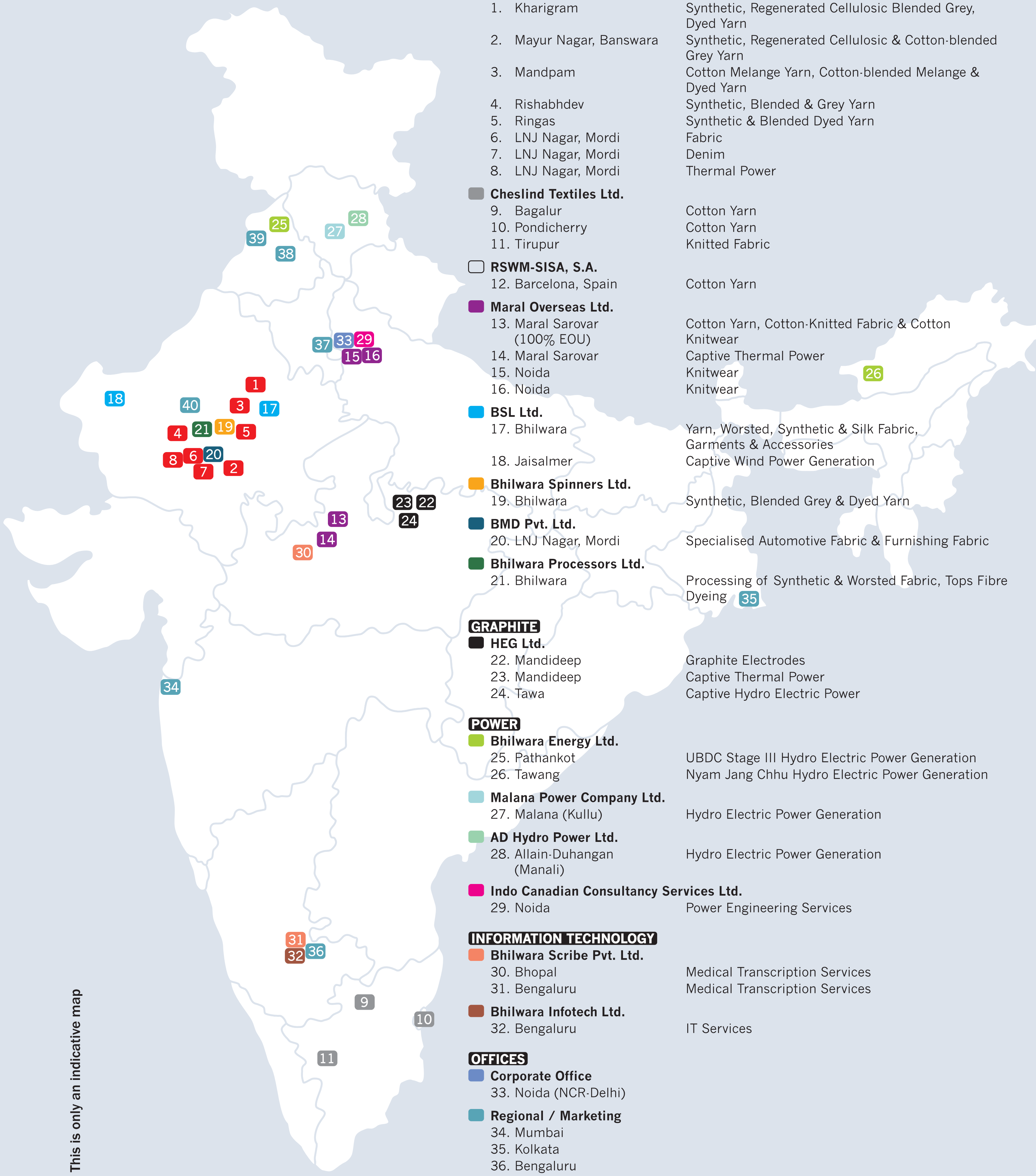
I hereby record my presence at the 36th Annual General Meeting of the Company to be held on Saturday, the 27th September, 2008 at 12.30 P.M. at Bhilwara Sabha Grah, Mandideep (Near Bhopal), Distt. Raisen, Madhya Pradesh - 462 046

Signature of the Shareholder / Proxy / Representative* ....

NOTE: Please fill in this attendence slip and hand over at the entrance of the meeting hall .

*Strike out whichever is not applicable

LNJ Bhilwara Group



TEXTILES

RSWM Limited

1.	Kharigram	Synthetic, Regenerated Cellulosic Blended Grey, Dyed Yarn
2.	Mayur Nagar, Banswara	Synthetic, Regenerated Cellulosic & Cotton-blended Grey Yarn
3.	Mandpam	Cotton Melange Yarn, Cotton-blended Melange & Dyed Yarn
4.	Rishabhdev	Synthetic, Blended & Grey Yarn
5.	Ringas	Synthetic & Blended Dyed Yarn
6.	LNJ Nagar, Mordi	Fabric
7.	LNJ Nagar, Mordi	Denim
8.	LNJ Nagar, Mordi	Thermal Power

Cheslind Textiles Ltd.

9.	Bagalur	Cotton Yarn
10.	Pondicherry	Cotton Yarn
11.	Tirupur	Knitted Fabric

RSWM-SISA, S.A.

12.	Barcelona, Spain	Cotton Yarn

Maral Overseas Ltd.

13.	Maral Sarovar (100% EOU)	Cotton Yarn, Cotton-Knitted Fabric & Cotton Knitwear
14.	Maral Sarovar	Captive Thermal Power
15.	Noida	Knitwear
16.	Noida	Knitwear

BSL Ltd.

17.	Bhilwara	Yarn, Worsted, Synthetic & Silk Fabric, Garments & Accessories
18.	Jaisalmer	Captive Wind Power Generation

Bhilwara Spinners Ltd.

19.	Bhilwara	Synthetic, Blended Grey & Dyed Yarn

BMD Pvt. Ltd.

20.	LNJ Nagar, Mordi	Specialised Automotive Fabric & Furnishing Fabric

Bhilwara Processors Ltd.

21.	Bhilwara	Processing of Synthetic & Worsted Fabric, Tops Fibre Dyeing

GRAPHITE

HEG Ltd.

22.	Mandideep	Graphite Electrodes
23.	Mandideep	Captive Thermal Power
24.	Tawa	Captive Hydro Electric Power

POWER

Bhilwara Energy Ltd.

25.	Pathankot	UBDC Stage III Hydro Electric Power Generation
26.	Tawang	Nyam Jang Chhu Hydro Electric Power Generation

Malana Power Company Ltd.

27.	Malana (Kullu)	Hydro Electric Power Generation

AD Hydro Power Ltd.

28.	Allain-Duhangan (Manali)	Hydro Electric Power Generation

Indo Canadian Consultancy Services Ltd.

29.	Noida	Power Engineering Services

INFORMATION TECHNOLOGY

Bhilwara Scribe Pvt. Ltd.

30.	Bhopal	Medical Transcription Services
31.	Bengaluru	Medical Transcription Services

Bhilwara Infotech Ltd.

32.	Bengaluru	IT Services

OFFICES

Corporate Office

33. Noida (NCR-Delhi)

Regional / Marketing

34. Mumbai
35. Kolkata
36. Bengaluru
37. New Delhi
38. Ludhiana
39. Amritsar
40. Bhilwara

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

HEG Limited

Registered Office:
Mandideep (near Bhopal), Distt. Raisen - 462046, Madhya Pradesh, India
Tel: +91 (07480) 233524 to 233527 Fax: +91 (07480) 233522
www.hegltd.com / www.lnjbhilwara.com

Thomson Press