



weathering challenges



ANNUAL REPORT
2014-15

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In a sluggish business environment...

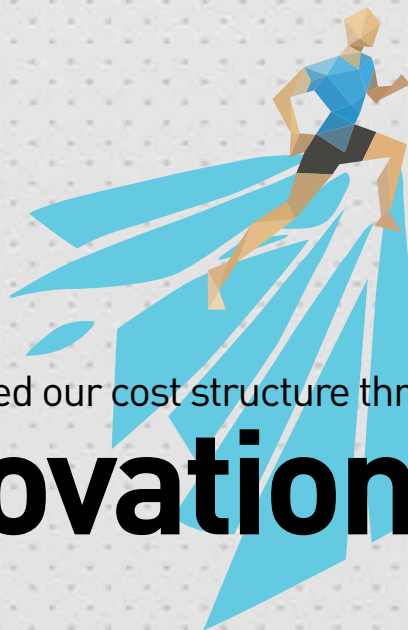
The global economy underperformed. Geopolitical tensions increased. Business uncertainty deepened. Fresh infrastructure investments declined. Steel demand growth decelerated, more so for the EAF segment. Peripheral steel sectors struggled.

...graphite electrode demand remained weak ...

Demand weakened. Prices dropped. Margins were affected. Global players shut high cost capacities.

...but the Company's strategy to counter operational challenges paid off.

HEG Limited reported an EBIDTA of ₹208 crore and a net profit of ₹39 crore in 2014-15.



We right-sized our cost structure through **innovation**

IT WOULD HAVE BEEN USUAL FOR A COMPANY TO BE AFFECTED BY FIXED COSTS AS SOON AS REVENUES DECLINED.

But at HEG, we used this slowdown to implement alternate strategies and processes, which have improved every element of costs.

- Optimised the product mix, leading to better cost management.
- Introduced innovative recipes, the output of which has stabilised during the year and is likely to have a positive impact over the coming years.
- Monitored process controls, which strengthened material consumption and reduced in-process wastage.









We remained prudently **liquid**

ONE OF THE FIRST CASUALTIES IN A SLOWDOWN IS LIQUIDITY, WHICH AFFECTS A COMPANY'S ABILITY TO PROCURE RAW MATERIAL, ADDRESS OVERHEADS AND REPAY LENDERS.

At HEG, we selected to strengthen our cash resources in an increasingly cash-starved economy through the following initiatives:

- Liquidated export incentives through proactive preparation and continuous follow-ups; our related receivables declined significantly.
- Enhanced our focus on receivable management; streamlined our supply chain by reinforcing just-in-time input delivery; adjusted our production cycle to suit customer requirements, moderating the inventory cycle.

HEG generated ₹270 crore from operations in 2014-15, which facilitated an overall reduction in its debt that strengthened competitiveness and liquidity.



We ring-fenced our

opportunities

A SIGNIFICANT CASUALTY DURING A SLOWDOWN IS NOT JUST AN OFFTAKE-DECLINE BY CUSTOMERS; IT IS CUSTOMER ATTRITION.

At HEG, as the market size shrank, we worked closer with all our customers with the objective to protect our market share. We did so through the following initiatives:

- Maintained close touch with key customers, which ensured steady volumes despite depressed conditions. Reopened product lines which helped in cushioning the impact of decline.
- Added 25 new customers in 2014-15.

The result was that HEG strengthened its hold in the market place despite challenging times.





HEG Limited.

**Among the
world's large
manufacturers
of graphite
electrodes.**

**Operating the
world's largest
single-site
integrated
graphite
electrodes plant.**



VISION

A vibrant globally acknowledged top league player in graphite electrodes and allied business with a commitment to growth, innovation, quality and customer focus.

MISSION

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

BACKGROUND

- Established technical and financial collaboration with Societe Des Electrodes Et Refractaires Savoie (SERS) in 1977.
- Leading manufacturer and largest exporter of graphite electrodes from India.

STANDARDS

Certified for ISO 9001:2008, ISO 14001:2004 and OHSAS 18000:2007.



LISTING

Listed on BSE Limited, National Stock Exchange of India Limited and Madhya Pradesh Stock Exchange Limited.

CAPACITY

- Installed capacity of 80,000 tonnes per annum.
- Operates three power generation facilities (76.5 MW).

868.71

Market capitalisation
(₹crore)

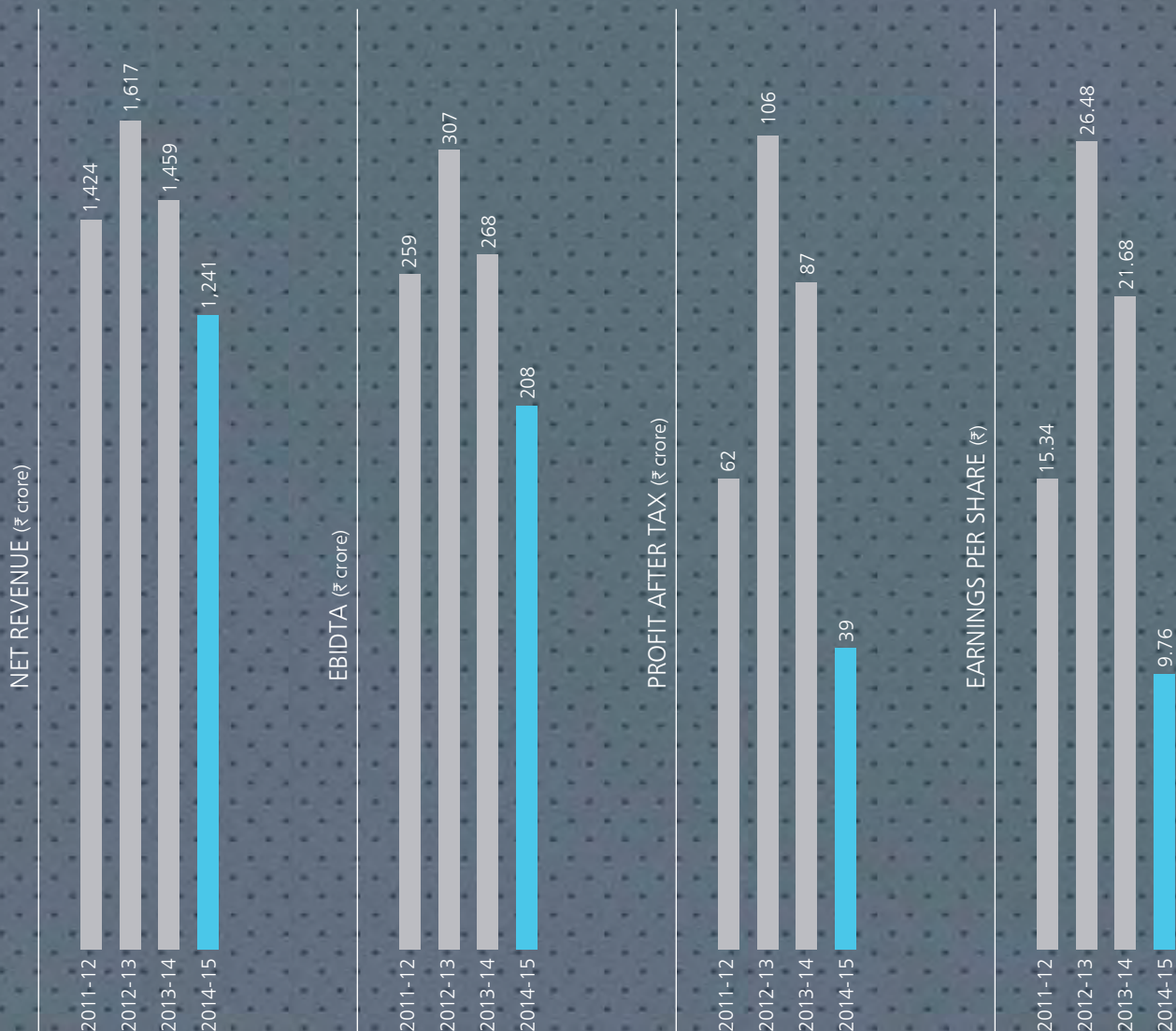
1,000+

Team size

30+

Global presence
(nations)

Weathering challenges through sectoral outperformance



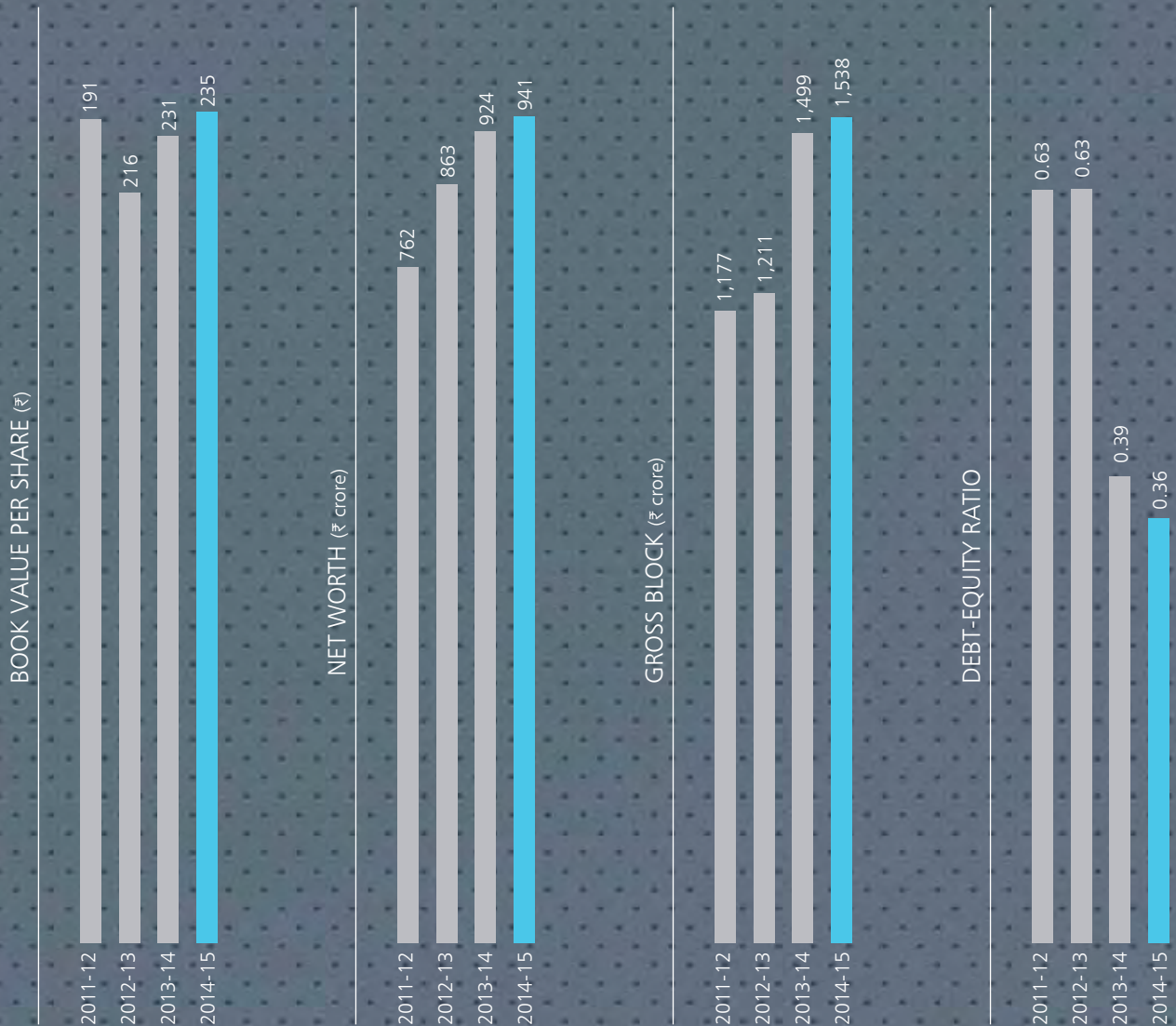
OUR 2014-15 PERFORMANCE

OPERATIONAL

Streamlined operational discipline for higher productivity and business liquidity

RESEARCH AND DEVELOPMENT

Crytallised innovative recipes for enhancing product quality and performance



MARKETING

Added customers in a period where the industry size shrunk

FINANCE

Optimised resource allocation for key improvement initiatives and enhanced focus on working capital management

STATEMENT FROM
THE CHAIRMAN'S DESK

“The strength and relevance of our business model has enabled us to withstand volatility over the last two fiscals and deliver incremental shareholder value.”

Dear Shareholders,

Despite our topline, EBIDTA and bottomline declining from the previous year, we bravely transformed challenges into opportunities in 2014-15.



At a time when all global graphite electrode players reported a sharp decline in their financial performance, HEG Limited reported respectable results that represent a positive divergence from external realities.

GLOBAL ENVIRONMENT

The international graphite electrodes industry was affected by overcapacity despite 1,20,000 tonnes per annum capacity going off the market during the year under review, indicating the grimness of the industry position.

To aggravate the reality, the key user industry – the electric arc furnace segment of the steel industry – remained affected by weak demand on account of surplus Chinese blast furnace steel production that was exported at very low prices. This reduced EAF route steel production, moderated steel demand and eroded graphite electrode realisations. Besides, a subdued economic sentiment in Europe and crude oil prices affected steel consumption.

HEG'S RESPONSE

At HEG, we tightened our business to address this challenging scenario.

We enhanced business liquidity, deleveraging our Balance Sheet.

We strengthened shop-floor efficiency to enhance competitiveness.

We expanded our steel customer base and identified non-steel opportunities.

We stabilised our state-of-the-art, nipple machining chain, which improved the product. The products were well received by customers and are comparable with the best in the industry.

The result is that HEG emerged stronger in a weaker business environment, attractively positioned to capitalise as soon as fortunes rebound.

TREND REVERSAL

The fortunes of the graphite electrode sector are expected to improve in a phased manner as India offers reasonable growth in the current year even as global demand growth is expected to only materialise over 18-24 months.

Domestic optimism: The Indian government prioritised industry-driven growth through favourable policies. As on-paper policies translate into tangible growth, steel demand is expected to accelerate, leading to a renewed demand for graphite electrodes.

The imposition of anti-dumping duty on imports from China in February 2015 for five years should assist domestic players revive volumes in the immediate near future.

Besides, the cost of key electrode raw material-needle coke, declined following a decline in crude prices and electrode demand.

Further, the weakening of Indian rupee is likely to make imports of electrodes

costlier, thus enabling the Indian graphite industry to compete with imports.

Global fortunes: The global demand for steel is expected to remain subdued. As per the World Steel Association forecast, steel consumption is projected to increase only by 0.5% in 2015 and 1.4% in 2016. On the other hand, following sizeable losses by large global graphite electrode players, additional capacity closures are not ruled out, which could correct the demand-supply skew across the medium-term.

OUR STRATEGY

HEG's focus will be on enhancing domestic market share growth while expanding its global footprint across key electric arc furnace steel manufacturing hubs. Besides, we intend to expand our product basket of graphite specialities as an essential de-risking strategy.

HEG will continue to focus on enhancing efficiency, optimising costs and increasing liquidity, preparing for the big leap when the sector rebounds.

MESSAGE TO OUR SHAREHOLDERS

The robustness of our business model enabled us to counter sectoral weakness of the last two fiscals and as things improve, we are confident of delivering superior results.

Ravi Jhunjunwala
Chairman, Managing Director & CEO

Competitive advantages

SCALE

- The Company is one of the globally recognised quality players, which allows it to leverage economies-of-scale.
- The Company's single largest location offers a large scope of cost-efficiency, enhancing flexibility in challenging times.

INTEGRATION

- The Company's ability to integrate operations strengthens its reputation as one of the most competitive manufacturers of graphite electrodes.
- The captive generation of power ensures adequate quality of electricity and availability at optimum cost.

PRESENCE

- The Company's large customer base comprises leading steel manufacturers in India and more than 30 global destinations.
- More than 70% of the Company's customer base has been engaged with the Company for five years or more.

DIVERSITY

- The Company made prudent investments in cutting-edge technology, enabling it to produce 100% UHP electrodes with large demand in bigger and sophisticated furnaces.
- The Company widened its product basket to manufacture graphite electrodes upto 30 inches in diameter, providing a full range to address the unique requirements of each customer in various geographies including India.

QUALITY

- The Company's operations were certified for ISO 9001:2008, ISO 14001:2004 and OHSAS 18000:2007, making it a preferred partner for discerning customers.
- The Company's products are recognised within their peer group for quality.

LEVERAGE

- The Company deleveraged its Balance Sheet; overall debt reduction was ₹110 crore, resulting in an attractive debt-equity ratio of 0.36.
- The Company streamlined its working capital management.

Management discussion and analysis



ECONOMIC OVERVIEW

GLOBAL ECONOMY

The global economy struggled to gain momentum as many developed economies continue to grapple with legacies of the global financial crisis and emerging economies have been rendered less dynamic.

Global growth in 2014 was lower than expected, following disappointing outturns. Growth picked up marginally in 2014 to 3.4%. However, beneath these numbers lie

increasingly divergent trends manifesting themselves in major economies.

While activity in the United States and the United Kingdom gathered momentum as labour markets healed and monetary policy remained accommodative, recovery was intermittent in the Eurozone and Japan. China, meanwhile, is undergoing a carefully managed slowdown.



Overall, global growth is expected to rise moderately to 3.5% in 2015, and average about 3.7% through 2016.

Disappointing growth in developing countries in 2014 reflected weak external demand, domestic policy tightening, political uncertainties and supply-side constraints.

Soft commodity prices, persistently low interest rates coupled with increasingly divergent monetary policies across major economies, weakened global trade. In particular, a sharp decline in oil prices since mid-2014 supported global activity and helped offset some of the headwinds to growth in oil-importing developing economies. However, these same factors will dampen growth prospects for oil-exporting countries, with significant regional repercussions.

Overall, global growth is expected to rise moderately to 3.5% in 2015, and average about 3.7% through 2016. developed economies are likely to see a growth of 2.4% in 2015, up from 1.8% in 2014, on the back of gradually recovering labour

markets, ebbing fiscal consolidation and still-low financing costs.

As the domestic headwinds that held back growth in the developing countries eases and recovery in developed economies slowly strengthens, growth is projected to gradually accelerate, rising from 4.6% in 2014 to 4.7% in 2016.

INDIAN ECONOMY

The latest indicators, emerging from the recently revised estimates of national incomes brought out by the Central Statistics Office, indicate that markets began reviving in 2013-14 and gained steam in 2014-15.

Factors like a steep decline in oil prices, international funds inflow, reform initiatives and fiscal management bode well for the macroeconomic situation.

One of the redeeming features was the emergence of India as a large economy with a promising outlook, amidst



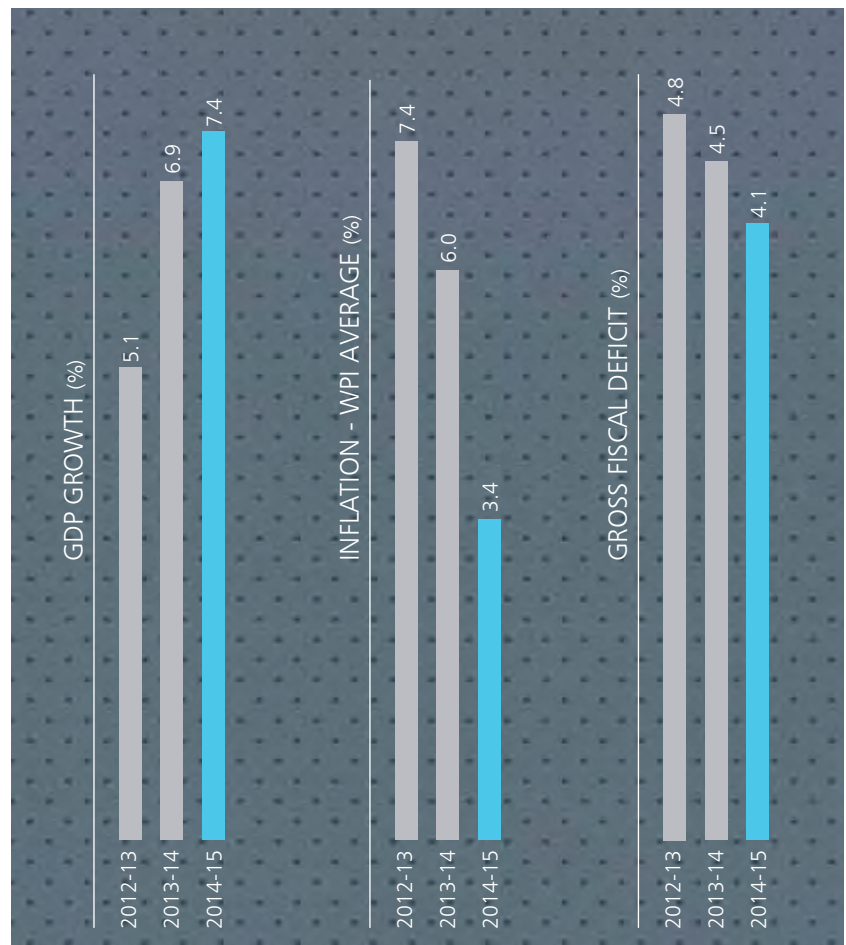
pessimism and uncertainties in advanced and emerging economies.

On the demand side, growth in private consumption increased to 7.6% in 2014-15 from 6.5% in 2013-14 as per advance estimates, which point to strong domestic demand despite a subdued global environment.

The economy was relatively independent of factors associated with an economic slowdown – inflation, fiscal deficit, weak demand, external account imbalances and an oscillating rupee, which had choked growth during FY2011-12 and FY2012-13.

LOOKING AHEAD

- According to the Economic Survey, India's GDP could expand by 8.1-8.5% in 2015-16.
- Asian Development Bank projects India's economy to grow 7.8% in 2015-16.
- International Monetary Fund forecast India's economy growth at 7.5% in 2015-16.





INDUSTRY OVERVIEW

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

Global perspective: According to the World Steel Association, global steel production in 2014 was estimated at 1,661 million tonnes, representing an increase of about 1.2% over 2013. World steel production (without China) grew 1.3% in 2014 compared with 2013. Some growth was seen in Asia, the Middle East and America. All other regions, including the EU, CIS and South America, reported a marginal production decline. China's steel production increased by 0.9% to

about 823 million tonnes in 2014.

Global steel production for the first quarter of 2015 stood at 400 million tonnes, showing a negative growth of 1.8% vis-à-vis the same period in 2014. China's growth declined by 1.7% and that of the world excluding China also dipped by 1.9% for the same period.

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

Outlook: The outlook for the steel industry is one of slow demand growth. As per World Steel Association forecasts, world steel consumption will grow by 0.5% to touch 1,544 million tonnes in 2015 following growth of 0.6% in 2014. In 2016, demand is expected to grow by 1.4%, reaching 1,565 million tonnes.

World steel production (without China) grew 1.3% in 2014 compared with 2013. Some growth was seen in Asia, the Middle East and America. All other regions, including the EU, CIS and South America reported a marginal production decline.



The news from developed economies is positive, especially with signs of recovery in the Eurozone. In the developing and emerging world, there is increased optimism about India's growth and steel use is on the ascendance in some MENA and ASEAN countries. While these developments will not be enough to counterbalance the deceleration of China, growth prospects are expected to gradually improve 2016 onwards, as per the World Steel Association.

The increase in US interest rates expected in 2015 is likely to impact global capital flow, creating instability in vulnerable emerging markets. At the same time, the outlook in emerging markets remains cautious, fuelled by a need for structural reforms, geopolitical tensions and falling oil prices.

India's performance and prospects:

India became the world's third largest steel producer after China and Japan by overcoming the US, reporting an output of 22.8 million tonnes in the

first quarter of 2015. India is expected to become the world's second largest producer of crude steel in 2015-16, moving up from the fourth position in 2013-14, as its capacity is projected to increase from 102 million tonnes to about 112.5 million tonnes in 2015-16. India will soon move up to the second position in terms of consumption as well.

The infrastructure and automotive industries will drive steel demand. The government is working proactively to provide incentives for economic growth by infusing funds in the construction, infrastructure, automotive and power segments.

While total installed capacity for crude steel in 2014 was 102 million tonnes, capacity utilisation was about 80%.

GRAPHITE ELECTRODE SPACE

Overview: The global market size for graphite electrodes is estimated at about 1.1 million tonnes. Of this, about 800,000 tonnes (following the closure of a 120,000-tonne capacity) is accounted by the UHP grade of graphite electrodes and around 250,000 to 300,000 tonnes of the non-UHP grade of graphite electrodes, mainly produced by Chinese manufacturers.

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

Performance in 2014: It was yet another challenging year for graphite electrode market; demand remained subdued due to a less-than-expected growth of the EAF steel sector. Prices and profits remained under pressure as most global majors reported losses in CY2014. Two of the leading graphite electrodes producers saw capacity closures. Correspondingly, needle coke prices declined as well, which could benefit users as soon as production volumes increase and capacity utilisations improve.

Needle coke accounts for the single largest direct cost in the manufacture of graphite electrodes. Needle coke prices have been declining since 2013 through 2015 due to excess supply resulting from reduced production levels of electrodes, which helped reduce costs. Going forward, needle coke availability may not be a critical issue considering the commissioning of two new needle pitch coke plants in China and Korea, adding almost 15% to the global capacity.

Outlook, 2015-16: Prices continue to be under pressure due to reduced demand for electrodes. Capacity utilisation for 2015 is expected to be at similar levels as 2014. Chinese blast furnace steel production is more cost-competitive compared to EAF steel due to a steeper fall in iron ore prices compared to scrap. Increase in steel exports from China is reducing the demand for graphite electrodes and bringing down electrodes prices, having a negative impact on all producers.



BUSINESS OVERVIEW

1 GRAPHITE ELECTRODES

OVERVIEW

The year under review was one of the most challenging years for the Company as the graphite electrode industry saw erosion in margins. The Company, by reformulating its operational management discipline, was able to reduce the effect of declining margins.

COMPETITIVE ADVANTAGES

- HEG is one of the world's most competitive graphite electrode manufacturers.
- The Company operates the largest single location graphite electrode facility

in the world.

- The Company is India's largest graphite electrode exporter with an active global presence in 30+ countries.
- The Company's revenues are driven by enduring relationships with leading global steel producers.
- The Company's captive power generation enables continuous production and lower operating costs.

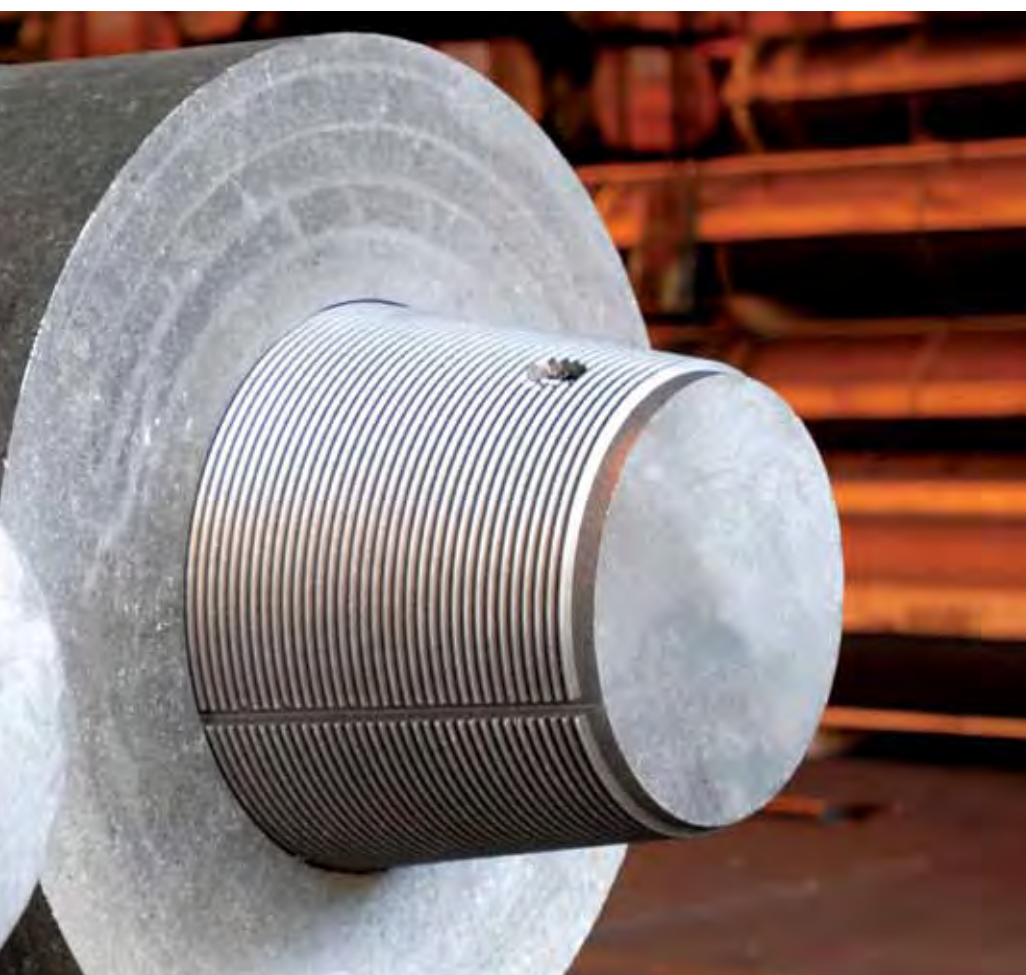
INPUT COSTS

Crude oil prices fell significantly towards the end of 2014 and are expected to remain on the lower side during 2015 as well. This is expected to have a

favourable impact on raw material and fuel costs. The availability of linkage coal for captive power plants and met coke remained a concern in last couple of quarters though the situation is expected to improve.

INITIATIVES, 2014-15

Major initiatives were undertaken to usher qualitative improvement. A keen emphasis was laid on optimising costs across all operational and commercial areas. The Company's focus on reducing working capital continued to show improvements in the level of plant inventories, receivables and other current assets, releasing cash for



HEG is one of the world's most competitive graphite electrode manufacturers. The Company operates the largest single site graphite electrode facility in the world.

productive purposes.

OUTLOOK, 2015-16

The graphite electrode segment has become increasingly challenging, reflected in weak demand. The Company continues to build its order book. Pricing remains under pressure for graphite electrodes, though it is expected to be offset by softening needle coke prices. A reduction in working capital, cost reduction and reduced debt strengthened the Company and will generate a first-mover's benefit when the tide turns favourable.

2 POWER GENERATION OVERVIEW

The power segment went through a challenging phase and the Company continues to utilise bulk of the power generated for captive purposes. Hydropower generation was also lower due to insufficient rains in the region.

INITIATIVES 2014-15

HEG's thermal power plant was set up to address the internal demand for power. Reduced operating levels in Graphite Electrode segment and limited availability of cost-effective coal during the year made it imperative for

the Company to optimise on specific coal consumption, to ensure a healthy bottomline.

OUTLOOK, 2015-16

Pressure on volume is expected to continue, which is linked to slowness in the graphite electrode segment. The Company will be affected by the completion of the exemption period of duty payment on one of its power generation facilities. This will have an impact on the cost of power generation, going forward.



DRIVERS OF EXCELLENCE

1. QUALITY ASSURANCE

In 2014-15, we stabilised processes which were a part of the earlier expansion and we now expect a reduction in manufacturing costs.

To sustain ourselves in a competitive market, we deployed well-developed TQM tools which resulted in a consistent output of quality products. We followed a philosophy of continual improvement that sought to make relentless process improvements in converting inputs into output at the lowest possible cost. The implementation of TQM concepts by our well-trained workforce allowed us to reduce quality deviations.

Engaging customers helped serve them better by emphasising quality, delivery and cost. Critical operations, processes and activities were monitored with the objective to reduce dispersions and maintain consistency. State-of-the-art equipment ensured minimal intervention and consistent output.

The Company strengthened efficiency through the following initiatives:

- Strengthening procedural controls and parameters
- Reducing energy consumption and raking in incremental operational savings

2. RESEARCH AND DEVELOPMENT

Our R&D team explored alternative methods and formulations to improve the quality of graphite electrodes and nipples. In particular, appreciable results were obtained with the novel use of carbon nanomaterial as an additive. The use of carbon nanomaterial

in graphite will help push the technological frontier and improve product quality. On the other hand, various carbon-based specialty products were developed for energy and environmental applications.

3. HUMAN CAPITAL AND INDUSTRIAL RELATIONS

The Company's human capital focus was reinforced through a people-centric HR strategy. The Company's 1,046-member team, combined youthful energy with in-depth experience.

The Company's objective was to address organisational challenges, establish sectoral superiority, innovate effectively and ensure employee career growth. All people initiatives and programmes were aligned with the Company's business needs. The Company provided performance-based incentives and groomed leaders through rigorous training (customised exercises across functional and behavioural competencies). This was facilitated by setting up a state-of-the-art training centre called Gurukul at Tawanagar.

The Company adheres to a comprehensive talent management/career planning policy, which addresses a gamut of issues – from recruiting candidates from the best institutes, creating a strong leadership pipeline and nurturing talent pool through succession planning. The Company, thus, guaranteed continuous learning, introspection, collaboration and development from the shop floor to the top floor.

The Company strengthened its performance management system through superior goal-setting, identifying relevant measures and sharing organisational information. The Balance Scorecard method standardised organisational performance in line with global benchmarks. The Company intends to go paperless and run on an ERP-driven system. We harnessed the best-in-class technology to provide an all-encompassing computerised platform to process reimbursements.

The Company's learning and development agenda was mediated through coaching and mentoring, competence mapping, behavioural training, vertical-wise capability development (graphite, hydro and thermal power, daily work management and standard operating procedures), total employee involvement drives (Quality Circles, SGA, suggestion schemes, Kaizen) and on-the-job training.

Industrial relations: The Company reinforced its commitment to the environment and society. Workers were made aware of the competitive global landscape, dynamic business realities and organisational challenges that needed to be addressed. Industrial relations remained cordial throughout the year.

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OPPORTUNITIES AND THREATS

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

OPPORTUNITIES

- Global steel consumption trends indicated a mild recovery. In 2014, steel consumption picked up by 0.6%, reaching 1,537.3 million tonnes.
- New EAF installations will always be preferred over BOFs (Basic Oxygen Furnaces) in the long run as they present a more cost-effective option, strengthening electrode prospects.
- The growth in India's steel industry is a result of increased domestic consumption, which has been driven primarily by infrastructural investments and growth in the consumer durables segment. India's Twelfth Five Year Plan projects an infrastructural investment

of US\$1 trillion, which could accelerate steel consumption.

- The imposition of anti-dumping duty on the import of graphite electrodes of all diameters into India from China, effective February 13, 2015, will provide a level playing field for Indian manufacturers. This is expected to enhance capacity utilisation for Indian graphite electrode manufacturers in 2015-16.

THREATS

The prolonged slowdown in the European Union and relative slowdown in China poses a challenge for the graphite electrode sector for the following reasons:

- Slowdown in Chinese steel consumption is resulting in increased Chinese steel exports all over the world, disturbing the EAF steel plants

worldwide resulting in reduced electrodes demand, especially in the fast growing emerging economies.

- Steep fall in international price of Iron Ore as compared to scrap has made blast furnaces more cost competitive. This trend, if continues, would further impact volume and prices in the near term.
- Due to the global economy continuing to be under pressure, reduced steel consumption could lead to a reduction in demand for graphite electrodes.
- This could compel graphite electrode manufacturers in that geography to export products and depress international prices.
- A sizeable capacity of electrode coming up in the US and upgradation in China are expected to add to the demand-supply gap.



INTERNAL CONTROLS

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

all regulatory norms and procedural and systemic improvements on a periodic basis. The Company uses an ERP (Enterprise Resource Planning) package supported by in-built controls which guarantee unswerving and well-timed financial reporting. The audit system periodically reviews the control

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

FINANCIAL PERFORMANCE

Net sales decreased by 15.37% from ₹1,458.91 crore in 2013-14 to ₹1,234.63 crore in 2014-15 and EBITDA (before foreign exchange fluctuations) declined from ₹267.76 crore to ₹207.61 crore during the corresponding period.

The Company focused on improving operating and cost parameters to

counter the impact of fall in sale prices. Profit after tax (PAT) decreased from ₹86.62 crore in 2013-14 to ₹39.00 crore in 2014-15 and a corresponding decrease was also seen in EPS numbers from ₹21.68 to ₹9.76.

Having invested in capacity-building during the industry down cycle, HEG is

positioned to reap the benefits of the upturn, the signs of which have now become visible.

In the backdrop of operating efficiencies as a result of modernisation and investment in cost-effective equipments, the cost outlook appears encouraging.

Risk management

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

1

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

Risk mitigation: Economists suggest that the worst is over for global and Indian economies. The US is expected to report better growth in 2015, while Europe continues to witness negative economic growth. In India, a dynamic Central Government

is taking a host of decisive steps in this regard. It is expected that majority of the steel capacity addition, especially in the US and the Middle East, would be through the EAF route, catalysing the demand for graphite electrodes.

2

The Company may not be able to achieve its projected business volumes.

Risk mitigation: HEG enjoys an active presence in more than 30+ countries and healthy relationships with the top 20 global steel manufacturers. The Company's superior value proposition and

customer service has helped it carve a sizeable share of the market. The Company's order book position is expected to improve, keeping in view the imposition of anti-dumping duty on Chinese imports, into India.

3

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

Risk mitigation: A slowdown in the global steel sector in 2014 adversely impacted the fortunes of global graphite electrode manufacturers, consequently leading to capacity closures. This

may gradually strengthen graphite electrode prices. Moreover, signs of further softening of needle coke prices (key raw material for graphite electrodes) could facilitate in sustaining, if not expanding, margins.

4

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

Risk mitigation: About 80% of HEG's revenues are derived from exports; hence, it is a cause for concern. The impact of a strengthening rupee on export realisations are expected to be

partly neutralised by raw material (needle coke) imports, repayment commitments towards long-term ECBs, foreign currency denominated working capital borrowings and selective use of hedging tools.

5

An inability to mobilise adequate working capital could impact growth and profitability.

Risk mitigation: The graphite electrode business warrants timely working capital infusion. Since the last two years, the Company has institutionalised a stringent inventory and debtor management protocol,

which significantly reduced the working capital cycle and increased organisational liquidity.

Responsibly Social. Socially Responsible.



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

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

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

Our key areas of focus include healthcare, education and environment.

HEALTHCARE

- Provided medical consultation from qualified doctors to the general public at the OPD centre (dispensary) at Mandideep and Tawanagar and free medicines to BPL category patients.
- Conducted medical health camps for check-up of villagers and their families;

medical facilities were extended to all needy patients.

- Distributed medicines in tribal villages and other economically weaker sections through Sewa Bharati, Bhopal.
- Provided clean drinking water at Mandideep and nearby areas by installing water coolers with RO filters.
- Conducted vaccination camps for livestock development and AI (Artificial Insemination) for breed development of cows and buffaloes in 12 villages, increasing milk production.

INFRASTRUCTURE

- Renovated the government primary school building (classrooms and toilets) at Mandideep.
- Constructed a shed at the cremation centre at Mandideep.

EDUCATION

- Witnessed continuous progress across academics, science-based activities and sports at the Graphite

Higher Secondary School. The school commenced the new academic year (2014-15) in two shifts with more than 1,250 students.

- Construction of a new building to accommodate students in single shift and providing quality education; provided free education to more than 200 BPL students.
- Renovated labs and equipped them with modern facilities.
- Provided complete education including hostel fees, books and uniforms to few hearing-impaired students at the Asha Niketan School for Deaf and Dumb, Bhopal.

ENVIRONMENT

- Conducted an afforestation drive at Tawanagar and NH-12 Road near Mandideep to combat air pollution.
- Purified and filtered sewerage water at Ekant Park Bhopal under the guidance of the Madhya Pradesh Pollution Control Board.

Directors' Report

Dear members

Your Directors have the pleasure of presenting their 43rd Annual Report and audited statements of accounts for the year ended 31st March, 2015.

(₹ in crore)

1. (i) FINANCIAL RESULTS	2014-15	2013-14
Net sales	1234.63	1458.91
Other operating income	5.89	7.90
Total income from operations (Net)	1240.52	1466.81
Other income	11.55	21.77
Total income	1252.06	1488.58
Profit before exceptional items, finance cost, depreciation and amortisation	207.61	267.76
Exceptional items	(22.18)	(25.36)
Profit before finance cost, depreciation and amortisation	185.44	242.40
Finance cost	65.76	72.30
Profit before depreciation and amortisation	119.67	170.10
Depreciation and amortisation	75.36	72.66
Profit before tax	44.32	97.44
Provision for taxation:-		
Current year	5.32	10.65
Income tax for earlier years	-	0.17
Net profit for the period	39.00	86.62
EPS (Basic) ₹	9.76	21.68
(ii) Appropriations		
Amount available for appropriation	457.80	455.51
Dividend :		
a) On Equity Shares		
Proposed dividend	11.99	23.98
b) Dividend distribution tax		
On proposed dividend	2.40	4.07
Transfer to:		
General reserve	3.90	8.66
Balance carried forward	439.52	418.80

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2. OVERALL PERFORMANCE

The Company recorded net sales of ₹1234.63 crore during the financial year 2014-15 as compared to ₹1458.91 crore in the previous financial year. The Net profit during the financial year 2014-15 was at ₹39.00 crore as compared to ₹86.62 crore in financial year 2013-14 translating to basic earning per share at ₹9.76 for the financial year 2014-15 as against ₹21.68 in financial year 2013-14.

3. STATE OF COMPANY'S AFFAIRS

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

Graphite Electrodes

The year under review was one of the most challenging years for the Company, as the Graphite Electrode industry saw erosion in margins. The Company by reformulating its operational management discipline, was able to reduce the effect of declining margins.

The major initiatives during financial year 2014-15 were undertaken to usher in qualitative improvement. A keen emphasis was laid on optimising costs across all operational and commercial areas. Company's focus on reducing working capital continued to show improvements in the level of plant inventories, receivables and other current assets, thereby releasing cash for productive purposes.

Graphite Electrode segment has become increasingly challenging, reflected by weakness in demand. Journey on reducing working capital, cost reduction and reduced debt position, adds strength to the Company in times like these and will reap the first mover benefit, as the tide turns favourable.

Power Generation

Power Generation comprises of facilities, which are primarily run for meeting captive requirement of manufacturing graphite electrodes and in the process, also sells surplus power in the open market.

The power segment went through a challenging phase and the Company continues to utilise bulk of the power generated for captive purposes. Hydro power generation was also lower due

to insufficient rains in the region.

Reduced operating levels in Graphite Electrode segment and limited availability of cost effective coal during the year made it imperative for the Company, to optimise on specific coal consumption, to ensure healthy bottomline.

The Company will be affected by the completion of the exemption period of duty payment on one of its power generation facility. This will have an impact on the cost of power generation, going forward.

4. MATERIAL CHANGES AND COMMITMENTS DURING THE YEAR

No material changes and commitments, affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

5. CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business during the financial year 2014-15.

6. SUBSIDIARY, ASSOCIATE COMPANIES OR JOINT VENTURES

(i) Subsidiary Company

In terms of provisions of Section 136(1) of the Companies Act, 2013, the audited financial statements of M/s. HEG Graphite Products and Services Ltd, subsidiary Company of the HEG Ltd, have been placed on the website of the Company and are not being annexed in this Annual Report.

The financial statements of the subsidiary Company are kept for inspection by the shareholders at the registered office of the Company. The Company shall provide, the copy of the financial statements of its subsidiary Company to the shareholders upon their request.

There were no business operations in the subsidiary Company. The subsidiary reported a net loss of ₹30,495/- in the financial year 2014-15.

The Managing Director of the Company does not receive any remuneration or commission from its subsidiary.

(ii) Associate Companies or Joint Ventures

There are two Associates of the Company namely M/s.

Bhilwara Infotechnology Ltd and M/s. Bhilwara Energy Ltd. M/s. Bhilwara Infotechnology Ltd had a turnover of ₹37.07 crore and Net Profit was ₹4.65 crore in the financial year 2014-15. M/s. Bhilwara Energy Ltd had a turnover of ₹416.77 crore and Net Loss (after Minority Interest) was ₹17.70 crore as per their financial statements (unaudited but limited reviewed and consolidated) for the financial year 2014-15. The Company has no Joint Ventures.

No Company has become/ceased to be a Subsidiary, Associate or Joint venture during the financial year 2014-15.

A report on the performance and financial position of Subsidiary and Associate Companies as per the Companies Act, 2013 is annexed in the Form AOC-1 to the consolidated Financial Statement and hence not repeated here for the sake of brevity.

7. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

8. DIVIDEND

The Board has recommended a dividend at the rate of ₹3/- per share on Equity Shares of face value of ₹10/- each for the financial year ended 31st March, 2015, subject to your approval at the Annual General Meeting.

9. CORPORATE GOVERNANCE

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

10. MANAGEMENT DISCUSSION AND ANALYSIS

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

11. INTERNAL CONTROL SYSTEMS AND ADEQUACY THEREOF

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

12. 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 required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure - I.

13. PUBLIC DEPOSITS

Your Company has not invited any deposits from public/ shareholders in accordance with Chapter V of the Companies Act, 2013.

14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals during the financial year 2014-15.

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

The information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given as Annexure II forming part of this Report.

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL

One of your Directors namely Shri Shekhar Agarwal, shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The brief profile, pursuant to Clause 49 of the Listing Agreement of the Director retiring by rotation at the ensuing Annual General Meeting and being eligible, for re-appointment, forms part of the Corporate Governance Report.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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Shri Raju Rustogi, Chief Financial Officer of the Company was designated as Key Managerial Personnel of the Company under the provisions of Section 203 of the Companies Act, 2013 w.e.f. 30th July, 2014.

17. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

18. NOMINATION AND REMUNERATION POLICY

The Board, on the recommendation of the Nomination & Remuneration Committee approved a policy for appointment and removal of Directors, Key Managerial Personnel and Senior Management and their remuneration. The policy is appended as Annexure – III forming part of this Report.

19. MEETINGS OF THE BOARD

The Board of Directors met 4 (four) times in the financial year 2014-15. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

20. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All related party contracts/arrangements/transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which are of a foreseen and repetitive nature. The statement of transactions entered into pursuant to the omnibus approval so granted is placed before the Audit Committee for approval on a quarterly basis. The statement is supported by a Certificate from the CFO.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

Weblink:

http://www.hegltd.com/policy_on_related_party_transactions.aspx

There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company that have a potential

conflict with the interests of the Company.

21. AUDIT COMMITTEE

The composition of the Audit Committee is stated in the Corporate Governance Report. All the recommendations of the Audit Committee were accepted by the Board during the financial year 2014-15.

22. AUDITORS

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

23. BUSINESS RISK MANAGEMENT

The objective of risk management at the Company is to protect shareholder value by minimising threats or losses and identifying and maximising opportunities. An enterprise-wide risk management framework is applied so that effective management of risk is an integral part of every employee's job.

The Risk Management Policy of the Company is in place. The Company's risk management strategy is integrated with the overall business strategies of the organisation and is communicated throughout the organisation. Risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

The annual strategic planning process provides the platform for identification, analysis, treatment and documentation of key risks. It is through this annual planning process that key risks and risk management strategies are communicated to the Board. The effectiveness of risk management strategies is monitored both formally and informally by management and process owners. There is no major risk which may threaten the existence of the Company.

24. COST AUDITORS

The Cost Audit for financial year ended March 31, 2014 was conducted by M/s. N.D. Birla & Co. (M. No. 7907). The due date for filing the Cost Audit Report in XBRL mode for financial year ended March 31, 2014 was September 27, 2014 and Cost Audit Report was filed on September 09, 2014.

Based on the Audit Committee recommendations at its meeting held on 14th May, 2015, the Board has approved the re-appointment of M/s. N.D. Birla & Co. (M. No. 7907), as the Cost Auditors of the Company for the financial year 2015-16 on a remuneration of ₹2 lakhs plus service tax and out of pocket expenses that may be incurred by them during the course of audit. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. N.D. Birla & Co., Cost Auditors is included in the Notice convening the Annual General Meeting.

25. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. GSK & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the financial year 2014-15. The Secretarial Audit Report is annexed herewith as Annexure IV. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Board has re-appointed M/s. GSK & Associates, Company Secretaries in practice as Secretarial Auditor of the Company for the financial year 2015-16.

26. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of promotion of Education, Eradicating hunger & poverty, initiatives towards Community Service and rural development, Healthcare, Plantation & Environment Development, Protection of National heritage, art, culture etc. These projects were in accordance with the CSR Policy of the Company and Schedule VII of the Companies Act, 2013.

The CSR Committee comprises Shri Ravi Jhunjhunwala (Chairman), Shri D.N. Davar and Smt. Vinita Singhania.

The CSR policy may be accessed on the Company's website at

the link mentioned below:

http://www.heg ltd.com/pdf/Corporate_Social_Responsibility_Policy.pdf

The Annual Report on CSR activities is enclosed as Annexure V forming part of this report.

27. INTERNAL AUDITORS

Based on the Audit Committee recommendations at its meeting held on 14th May, 2015, the Board has approved the re-appointment of M/s. S.L. Chhajed & Co, as the Internal Auditors of the Company for the financial year 2015-16.

28. DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that:

- i) In preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2015 and of the profit of the Company for the year under review;
- iii) They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv) They have prepared the annual accounts on a going concern basis;
- v) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

29. VIGIL MECHANISM /WHISTLE BLOWER POLICY

The Company has a vigil mechanism named "Whistle Blower Policy" in place. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and the policy is also posted on the website of the Company. The weblink is: <http://www.heg ltd.com/whistle-blower-policy.aspx>

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30. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

31. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT - 9 is annexed herewith as Annexure VI.

32. GENERAL DISCLOSURE

The Company has a group policy in place against Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. Two complaints of Sexual Harassment were

received during the financial year 2014-15 and were disposed off within the prescribed time-limit.

33. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place: Noida (U.P.)

Ravi Jhunjhunwala

Dated: 14th May, 2015

Chairman, Managing Director & CEO

Annexure – I to the Directors' Report

I. The information required pursuant to Section 197 read with Rule 5 sub rule - 1 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(i) a Remuneration paid to Chairman, Managing Director & CEO and Key Managerial Personnel's

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2014-15 (in ₹)	% increase in Remuneration in the financial year 2014-15	Ratio of remuneration of each Director/ to median remuneration of employees
1	Ravi Jhunjhunwala (Chairman, Managing Director & CEO)	3,40,84,544	(-)13.59%	123.75
2	Raju Rustogi (Chief Financial Officer)	74,06,428	15.70%	NA
3	Ashish Sabharwal (Company Secretary)	35,61,549	13.75%	NA

(i) b Remuneration paid to Non-Executive and Independent Directors *

Sr. No.	Name of Director	Remuneration of Non- Executive & Independent Director for financial year 2014-15 (in ₹)	% increase in Remuneration* in the Financial Year 2014-15
1	Riju Jhunjhunwala (Non-Executive)	2,90,000	141.67%
2	Shekhar Agarwal (Non-Executive)	4,20,000	90.91%
3	Dharmendar Nath Davar (Non-Executive & Independent Director)	7,30,000	65.91%
4	Kamal Gupta (Non-Executive & Independent Director)	10,35,000	99.04%
5	Lalit Mohan Lohani (Non-Executive)	2,45,000	145.00%
6	Om Parkash Bahl (Non-Executive & Independent Director)	9,75,000	143.75%
7	Vinita Singhania (Non-Executive & Independent Director)	1,70,000	**

* The Non-Executive Directors are only paid sitting fee for attending meetings of the Board of Directors, Independent Directors and various Committee of Directors, hence the ratio of remuneration of such Directors to median remuneration of employees has not been given.

** Details not given as Smt. Vinita Singhania was a Director, only for part of financial year 2013-14.

- (ii) The median remuneration of the employees of the Company for the financial year is ₹2,75,431/- per annum;
- (iii) Percentage increase in the median remuneration of employees in the financial year was 8%;
- (iv) Number of permanent employees on the rolls of the Company were 1046 as on 31st March, 2015.
- (v) The average increment of employees was at the rate of 14% per annum as compared to profit after tax of ₹39 crores for the financial year 2014-15. However, the increase in remuneration to artisans is as per 3 year wage settlement of 2013. For other employees, the increase is a result of individual's performance viz a viz his KRA's, locational industry norms and inflation.
- (vi) The net Profit of the Company for the FY 2014-15 was ₹39 crore as compared to Remuneration of KMP's mentioned herein above. The remuneration of Chairman, Managing Director & CEO includes variable component in the form of commission at the rate not exceeding 2.5% of the profits of the Company calculated as per Section 198 of the Companies Act, 2013. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.
- (vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Market Capitalisation and Price Earnings Ratio:

Date	Market Capitalisation	Price Earnings Ratio
31st March, 2015	₹868.71 Cr.	22.27
31st March, 2014	₹803.98 Cr.	9.28

Variation in Market Capitalisation and Price Earnings Ratio:

% of variation	8.05%	139.98%
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Market quotation of equity share of the Company in comparison to the rate at which the Company came out with the last public offer:

Closing price as on 31st March, 2015	₹217.40
Price at which last public offer was made#	₹40.00

#The Company came out with its last public offer in the year 1991 at a premium of ₹30 per equity share of face value of ₹10 per equity share. The percentage increase in the market quotation of the equity shares since the last public offer is 987%, adjusted for bonus shares to date.

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Note:

Closing price of share of the Company as on 31st March, 2015 :	₹217.40
Closing price of share of the Company as on 31st March, 2014 :	₹201.20

Source: NSE

(viii) The average percentage increase in the salaries of employees other than the managerial personnel in the last financial year was at 14%, as compared to decrease of 13.59% in the remuneration of Chairman, Managing Director and CEO.

(ix) There are no employees in the Company who received remuneration in excess of the highest paid Director of the Company during the year.

(x) It is affirmed that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.

II. The information of employees receiving salary in excess of the limits as prescribed under the provisions of Section 197 read with Rule 5, sub rule 2 & 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 under the Companies Act, 2013, who were employed throughout or for a part of the financial year under review is given as under:

Sr. No.	Name of Employee	Designation	Remuneration (₹ in lacs)	Qualification	Experience	Age	Date of Commencement of Employment	Last Employment held, Organisation, Designation & Duration
1	Shri Ravi Jhunjhunwala	Chairman, Managing Director & CEO	340.84	B.Com. (Hons.), MBA	35	60	08.09.1979	–
2	Shri K. Vaidyanathan	Chief Operating Officer	75.02	BE-Chemical	34	55	13.03.2009	SRF Ltd, Vice President, 3 years
3	Shri Raju Rustogi	Chief Financial Officer	74.06	FCA	23	48	16.04.2013	SRF Ltd, Sr. Vice President, 6 years 5 months

Note:

- 1 Shri Ravi Jhunjhunwala is relative of Shri Riju Jhunjhunwala.
- 2 As per records of the Company, no employee is holding more than 2% of the paid-up Share Capital of the Company.
- 3 All appointments are contractual in nature.

Annexure – II to the Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

(A)	CONSERVATION OF ENERGY	
(a)	the steps taken or impact on conservation of energy;	
1	Saved 4800KWh per day, by commissioning VFD in CPP 1 for ID fan 1 & 2.	
2	Saved ₹2 Lacs per annum with the provision of energy efficient tower air conditioning system in Finance & Commercial hall.	
3	Saved 4320KWh per day through Impeller trimming of water pumps for cooling tower and furnace cooling system for Flohe/Hall 6-8 and Hall 1.	
(b)	the steps taken by the Company for utilising alternate sources of energy; The Company is in process of evaluating solar options for some of its non critical requirements.	
(c)	the capital investment on energy conservation equipments;	
	Invested ₹5 Lacs on equipment for cleaning of Thermic Fluid oil used for heating of pitch circuit in GEP/Impregantion and ₹3 Lacs on LED lights in canteen area, CPP MCC and control rooms.	
(B)	TECHNOLOGY ABSORPTION	
	(i) the efforts made towards technology absorption	Efforts were made to improve graphite electrode properties by using carbon nanotubes.
	(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	Improved the quality of graphite electrodes and nipples.
	(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –	All our efforts were made through in-house R&D activities and collaborative research in India.
	(a) the details of technology imported;	-
	(b) the year of import;	-
	(c) whether the technology been fully absorbed;	-
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	-
	(iv) the expenditure incurred on Research and Development	₹159.60 Lacs
(C)	FOREIGN EXCHANGE EARNINGS & OUTGO	
	1. Activities relating to export, initiatives to increase exports, Developments of New export markets for Products and services and Export Plan.	
	The Company has continued to maintain focus and avail of export opportunities based on economic considerations.	
	2. Total foreign exchange used and earned	(₹ in lacs)
	(i) Foreign Exchange Earned	91,841.92
	(ii) Foreign Exchange Used	34,201.96

Annexure – III to the Directors' Report

Nomination and Remuneration Policy

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

The Key Objectives of the Committee would be:

- a) to advise the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

2. DEFINITIONS

- (a) "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- (b) "Board" means Board of Directors of the Company.
- (c) "Key Managerial Personnel" (KMP) means—
 - (i) Chief Executive Officer or the Managing Director or the Manager;
 - (ii) Company Secretary,
 - (iii) Whole-time director;
 - (iv) Chief Financial Officer; and
 - (v) such other officer as may be prescribed.
- (d) "Senior Management" means personnel of the Company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

3. ROLE OF COMMITTEE

The role of the Committee inter-alia will be the following:

- a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's

corporate strategy, with the objective to diversify the Board;

- b) to recommend to the Board the appointment and removal of Director or KMP or Senior Management Personnel.
- c) to carry out evaluation of Director's performance.
- d) assessing the independence of independent directors;
- e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f) making recommendations to the Board on the remuneration/ fee payable to the Directors/ KMPs/Senior Officials so appointed/re-appointed;
- g) ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- h) to devise a policy on Board diversity;
- i) to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- j) such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act, 2013 and Rules thereunder.

4. MEMBERSHIP

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

However, the Chairperson of the Company (whether executive or non—executive) may be appointed as a member of the Nomination and Remuneration Committee, but shall not chair such Committee.

- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.

- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRMAN

- a) Chairman of the Committee shall be an Independent Director.
- b) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- c) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member or any other Director to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. POLICY ON BOARD DIVERSITY

The Nomination and Remuneration Committee shall ensure that Board of Directors have the combination of Directors from different areas /fields or as may be considered appropriate in the best interest of the Company. The Board shall have atleast one Board member who has accounting/ financial management expertise.

11. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

1. Ensuring that there is an appropriate induction & training programme in place for new Directors, Key Managerial Personnel's and members of Senior Management and reviewing its effectiveness;
2. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
3. Determining the appropriate size and composition of the Board;
4. Follow a formal and transparent procedure for selecting new Directors for appointment to the Board, Key Managerial Personnel's and Senior Management Personnel;
5. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
6. Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;
7. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
8. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
9. Considering any other matters as may be requested by the Board.

12. REMUNERATION DUTIES

The Committee will recommend the remuneration/fee to be paid to the Managing Director, Whole-time Director, other Directors, Key Managerial Personnel and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration/fee so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration/fee to

performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

1. Director/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission/fee to be paid to Director/ Managing Director/ Whole Time Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

2. Non executive Independent Directors

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

3. Key Managerial Personnel's /Senior Management Personnel etc

The Remuneration to be paid to Key Managerial Personnel's/ Senior Management Personnel shall be based on the experience, qualification, performance and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

4. Directors and officers' insurance

Where any insurance is taken by the Company on behalf of its Directors, Key Managerial Personnel's/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

13. EVALUATION/ ASSESSMENT OF DIRECTORS OF THE COMPANY

The evaluation/assessment of the Directors of the Company is to be conducted on an annual basis.

The following criteria may assist in determining how effective the performances of the Directors have been:

- Contributing to clearly defined corporate objectives & plans
- Obtain adequate, relevant & timely information from external sources
- Review of strategic and operational plans, objectives and

budgets

- Regular monitoring of corporate results against projections
- Identify, monitor & take steps for mitigation of significant corporate risks
- Assess policies, structures & procedures
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles & monitoring activities of committees

Additionally, for the evaluation/assessment of the performances of Managing Director(s)/Whole Time Director(s) of the Company, following criteria may also be considered:

- Leadership abilities
- Communication of expectations & concerns clearly with subordinates
- Direct, monitor & evaluate KMPs, senior officials

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

14. DISCLOSURE

The Remuneration policy and the evaluation criteria shall be disclosed in the Board's Report.

15. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

16. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case. However, this shall be subject to the approval of Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company.

Annexure – IV to the Directors' Report

SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

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

To,
The Members,
HEG Limited
Mandideep,
Near Bhopal, Dist Raisen
Madhya Pradesh - 462046

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by HEG LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended on 31st March, 2015 according to the provisions of:

I.

- The Companies Act, 2013 (the Act) and the rules made thereunder.
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.

- The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder.

- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client.

- Compliance with applicable clauses of Listing Agreement entered into by the Company with the Stock Exchange.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, etc. mentioned above.

II.

- Provisions of the Foreign Exchange Management Act, 1999 and rules and regulations made thereunder to the extent of External Commercial Borrowings.
- Water (Prevention and Control of Pollution) Act, 1974.
- Air (Prevention and Control of Pollution) Act, 1981.
- Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2008.

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- Indian Boiler Act as amended and Indian Boilers (Amendment) Act, 2007.
- The Indian Electricity Act, 2003 as amended from time to time and rules made thereunder.
- Central Sales Tax, 1956 and rules framed thereunder.
- Entry Tax Act, 1976 (Madhya Pradesh Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam, 1976).
- Factories Act, 1948 as amended in 1987 along with Madhya Pradesh Factories Rules, 1962.
- Workmen's Compensation Act, 1923 and Workmen's Compensation (Madhya Pradesh) Rules, 1962 and Madhya Pradesh Workmen's Compensation (Occupational Diseases) Rules, 1963.
- Employees' Provident Funds And Miscellaneous Provisions Act, 1952.
- Employees' State Insurance Act, 1948.
- Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation and Abolition) Madhya Pradesh Rules 1973.
- Maternity Benefit Act, 1961 and Rules 1965.
- Payment of Wages Act, 1936; Payment of Wages Rules, 1937 and Madhya Pradesh Payment of Wages Rules, 1962.
- Minimum Wages Act, 1948 and Madhya Pradesh Minimum Wages Rules, 1958.
- Payment of Bonus Act, 1965 and Rules 1975.
- Madhya Pradesh VAT Act, 2002 and rules framed thereunder.

During the year under review the Company has filed periodical return and has not received any show cause notice and has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have relied on the representation made by the Company and its officers on systems and mechanism formed by the Company for compliance under other Act, Laws and Regulations to the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while there has been no member dissenting from the decisions arrived.

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Company has passed special resolutions at its Annual General Meeting held on 30th August, 2014, under Section 180(1)(c) and 180(1)(a) authorising the Board of Directors to borrow money and to create charge on assets of the Company in favour of the lenders.

For GSK & Associates
(Company Secretaries)

Saket Sharma
Partner

Date: 14th May, 2015
Place: Noida

(Membership No.: F4229)
(CP No.: 2565)

Annexure – V to the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2014-2015

PART-A

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs and the Composition of the CSR Committee.	Refer to Point No 26 on Corporate Social Responsibility in Director's Report.
2	Average Net Profit of the Company for last three financial years:	₹9822.98 Lacs
3	Prescribed CSR Expenditure (two percent of the amount as in item 2 above):	₹196.46 Lacs
4	Details of CSR spent during the financial year 2014-15:	
	a. Total amount to be spent for the financial year 2014-15:	₹196.46 Lacs
	b. Total amount spent during the financial year 2014-15:	₹114.68 Lacs
	c. Amount unspent, if any:	₹81.78 Lacs
	d. Manner in which the amount spent during the financial year:	As detailed below

Manner in which the amount spent during the financial year 2014-15

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs.	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
			1. Local Area or other 2. Specify the State and district where projects or programs were undertaken	(₹ in lacs)	(₹ in lacs) Subheads: I. Direct expenditure on projects or programs. II. Overheads:		
I							
1	Construction of class rooms due to increase in strength of students at Graphite Higher Secondary School at Mandideep.	Promotion of Education	Mandideep-Dist. Raisen (M.P)	130.00	47.31	47.31	Directly to Graphite Education and Welfare Society
2	Promotion of Education by renovation of class rooms (changing of doors, windows) / toilets / labs & furnitures at Govt. Schools & Graphite school Mandideep. Free education to BPL Category students	Promotion of Education	Mandideep-Dist. Raisen (M.P)	22.20	22.29	22.29	Through Implementing Agency - LNJ Bhilwara HEG Lok Nyas*
3	Support for Live stock development, providing agriculture equipments to farmers for better yield & to uplift their life style.	Eradicating hunger and poverty, initiatives towards Community Service and rural development	Berkhera Setu / Mandideep-Dist. Raisen (M.P)	6.50	5.71	5.71	Through Implementing Agency - LNJ Bhilwara HEG Lok Nyas*

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Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs	Amount outlay (budget)	Amount spent on the projects or programs.	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
			1. Local Area or other 2.Specify the State and district where projects or programs were undertaken	project or programs wise (₹ in lacs)	(₹ in lacs) Subheads: I. Direct expenditure on projects or programs. II. Overheads:		
4	Providing medical facilities / medicines to BPL Category patients / Tribals at door step. Medical check up & medicines to school children for Malaria / Typhoid & other diseases. Reducing child mortality & improving maternal health by providing expertise through lady doctor.	Healthcare	Berkhera Setu / Mandideep-Dist. Raisen (M.P)	15.00	16.06	16.06	Through Implementing Agency-LNJ Bhilwara HEG Lok Nyas*
5	Ensuring Environment Sustainability & ecological balance by planting trees for sustaining green cover in Mandideep & Tawa .	Plantation & Environment Development	Tawa Nagar- District- Hoshangabad/ Mandideep-Dist. Raisen(M.P.)	10.50	10.20	10.20	Through Implementing Agency -LNJ Bhilwara HEG Lok Nyas*
6	Restoration & maintenance of Vivekananda Museum at New Delhi	Protection of National heritage, art, culture etc	Shri Ramkrishna Mission, New Delhi	-	8.00	8.00	Through Implementing Agency-LNJ Bhilwara HEG Lok Nyas*

II

Overheads			9.50	5.11	5.11	
Total			193.70	114.68	114.68	

*LNJ Bhilwara HEG Lok Nyas is a Public Charitable Trust promoted by the Company to undertake activities of community development, social development, rural development and related subjects for the welfare of society, any where in India but more specifically in MP, Bhopal and District of Raisen.

PART-B

Reason for not spending the entire amount as given in point no.3 of (PART-A) above:

Earlier, the approval of building construction was granted by Municipal corporation of the area. Now it is done by MD - MPAKVN / CMO & SDM jointly for the areas falling under the purview of MPAKVN. Due to the above reason the work of construction of class rooms at Graphite Higher Secondary School at Mandideep could not start on scheduled time and we were not able to spend the entire amount. The arears will be spent in 2015-16.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company, is reproduced below:

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

Sd/-

Ravi Jhunjunwala
Chairman, Managing Director & CEO
Chairman, CSR Committee
14th May, 2015

Annexure – VI to the Directors' Report

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

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

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L23109MP1972PLC008290
2	Registration Date	27/10/1972
3	Name of the Company	HEG Limited
4	Category / Sub-Category of the Company	Company Limited by Shares
5	Address of the Registered office and contact details	Mandideep, Near Bhopal, Dist Raisen, Madhya Pradesh - 462046 Phone: 91(07480) 233524 to 233527 Fax: 91(07480) 233522 Email: heg.investor@lnjbhilwara.com Website: www.hegltd.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent	M/s. MCS Share Transfer Agent Ltd., F-65, First Floor, Okhla Industrial Area, Phase -I, New Delhi – 110020, Phone: 011 -41406149, Fax: 011-41709881 E- mail: mcssta@rediffmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Graphite Electrode	329	98.10%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	HEG Graphite Products and Services Ltd Mandideep, Near Bhopal Madhya Pradesh - 462046.	U31908MP2009PLC022414	Subsidiary	100%	2(87)
2	Bhilwara Energy Ltd Bhilwara Bhawan 40-41, Community Centre New Friends Colony New Delhi - 110065.	U31101DL2006PLC148862	Associate	29.49%	2(6)
3	Bhilwara Infotechnology Ltd 40-41, Community Centre New Friends Colony New Delhi - 110065.	U74899DL2000PLC104401	Associate	38.59%	2(6)

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2014)				No. of Shares held at the end of the year (As on 31.03.15)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual/ HUF	12,77,588	0	12,77,588	3.20	12,77,588	0	12,77,588	3.20	0
b. Central Govt.	0	0	0	0	0	0	0	0	0
c. State Govt. (s)	0	0	0	0	0	0	0	0	0
d. Bodies Corp.	1,03,92,764	0	1,03,92,764	26.01	1,03,97,055	0	1,03,97,055	26.02	0.01
e. Banks/FI	0	0	0	0	0	0	0	0	0
f. Any Other.	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	1,16,70,352	0	1,16,70,352	29.21	1,16,74,643	0	1,16,74,643	29.22	0.01
(2) Foreign									
a. NRIs Individuals	0	0	0	0	0	0	0	0	0
b. Other Individuals	0	0	0	0	0	0	0	0	0
c. Bodies Corp.	1,18,18,107	0	1,18,18,107	29.58	1,18,18,107	0	1,18,18,107	29.58	0
d. Banks / FI	0	0	0	0	0	0	0	0	0
e. Any Other.	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	1,18,18,107	0	1,18,18,107	29.58	1,18,18,107	0	1,18,18,107	29.58	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	2,34,88,459	0	2,34,88,459	58.78	2,34,92,750	0	2,34,92,750	58.79	0.01
B. Public Shareholding									
(1) Institutions									
a. Mutual Funds	10,093	5,150	15,243	0.04	13,986	5150	19,136	0.05	0.01
b. Banks/FI	3,53,939	222	3,54,161	0.89	3,49,388	222	3,49,610	0.87	-0.01
c. Central Govt	0	0	0	0	0	0	0	0	0
d. State Govt(s)	0	0	0	0	0	0	0	0	0
e. Venture Capital Funds	0	0	0	0	0	0	0	0	0
f. Insurance Companies	38,94,926	0	38,94,926	9.75	38,86,797	0	38,86,797	9.73	-0.02
g. FIs	3,53,816	0	3,53,816	0.89	5,30,081	0	5,30,081	1.33	0.44
h. Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i. Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	46,12,774	5,372	46,18,146	11.56	47,80,252	5,372	47,85,624	11.98	0.42
(2) Non-Institutions									
a. Bodies Corp. Indian	33,70,633	14,104	33,84,737	8.47	32,75,891	14,028	32,89,919	8.23	-0.24
b. Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	37,27,729	10,63,280	47,91,009	11.99	37,51,089	10,15,843	47,66,932	11.93	-0.06
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6,30,533	0	6,30,533	1.58	5,97,374	0	5,97,374	1.49	-0.08

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2014)				No. of Shares held at the end of the year (As on 31.03.15)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others (specify)									
Foreign Corporate Body	28,93,888	0	28,93,888	7.24	28,93,888	0	28,93,888	7.24	0
NRI	1,30,342	2,305	1,32,647	0.33	1,18,008	1,745	1,19,753	0.30	-0.03
Trusts	19,523	200	19,723	0.05	12,702	200	12,902	0.03	-0.02
Sub-total (B)(2)	1,07,72,648	10,79,889	1,18,52,537	29.66	1,06,48,952	10,31,816	1,16,80,768	29.23	-0.43
Total Public Shareholding (B) = (B)(1) + (B)(2)	1,53,85,422	10,85,261	1,64,70,683	41.22	1,54,29,204	10,37,188	1,64,66,392	41.21	-0.01
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	3,88,73,881	10,85,261	3,99,59,142	100	3,89,21,954	10,37,188	3,99,59,142	100	0

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Norbury Investments Ltd	53,62,991	13.42	0	53,62,991	13.42	0	0
2	Microlight Investments Ltd	46,65,579	11.68	0	46,65,579	11.68	0	0
3	Bharat Investments Growth Ltd	26,09,598	6.53	0	26,09,598	6.53	0	0
4	Purvi Vanijya Niyojan Ltd	17,45,350	4.37	0	17,45,350	4.37	0	0
5	Raghav Commercial Ltd	15,33,166	3.84	0	15,33,166	3.84	0	0
6	Mekima Corporation	15,04,691	3.77	0	15,04,691	3.77	0	0
7	RSWM Ltd	9,78,000	2.45	0	9,78,000	2.45	0	0
8	LNJ Financial services Ltd	13,08,798	3.28	0	13,08,798	3.28	0	0
9	Shashi Commercial Company Ltd	7,15,187	1.79	0	7,15,187	1.79	0	0
10	Giltedged Industrial Securities Ltd	5,04,668	1.26	0	5,04,668	1.26	0	0
11	Mekima Corporation	2,84,846	0.71	0	2,84,846	0.71	0	0
12	Riju Jhunjunwala	2,33,290	0.58	0	2,33,290	0.58	0	0
13	Rita Jhunjunwala	2,24,312	0.56	0	2,24,312	0.56	0	0
14	India Texfab Marketing Ltd	2,18,851	0.55	0	2,18,851	0.55	0	0
15	Ravi Jhunjunwala –HUF	2,14,710	0.54	0	2,14,710	0.54	0	0
16	Rishabh Jhunjunwala	1,86,126	0.47	0	1,86,126	0.47	0	0
17	Lakshmi Niwas Jhunjunwala	1,79,740	0.45	0	1,79,740	0.45	0	0
18	Ravi Jhunjunwala	1,36,060	0.34	0	1,36,060	0.34	0	0
19	Mani Devi Jhunjunwala	1,03,350	0.26	0	1,03,350	0.26	0	0
20	Nivedan Vanijya Niyojan Ltd	70,597	0.18	0	70,597	0.18	0	0
21	Investors India Ltd	38,382	0.10	0	38,382	0.10	0	0
22	Sandhu Auto Deposits Ltd	4,27,074	1.07	0	4,31,365	1.08	0	0.01
23	M.L. Finlease Pvt Ltd	2,43,093	0.61	0	2,43,093	0.61	0	0
	Total	2,34,88,459	58.78	0	2,34,92,750	58.79	0	0.01

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year	2,34,88,459	58.78	2,34,88,459	58.78
2	Bought on 28.11.2014	4,291*	0.01	2,34,92,750	58.79
3	At the End of the year	2,34,92,750	58.79	2,34,92,750	58.79

* Bought by Sandhu Auto Deposits Ltd (Promoter Group Company).

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

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
		No of shares at beginning (01-04-14) / end of the year (31-03-15)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Life Insurance Corporation of India	34,33,294	8.59	01.04.14				
				12.09.14	-100	Transfer	34,33,194	8.59
				19.09.14	-36,307	Transfer	33,96,887	8.50
				30.09.14	-2,602	Transfer	33,94,285	8.49
		33,94,285	8.49	31.03.15			33,94,285	8.49
2.	GPC Mauritius II LLC	28,93,888	7.24	01.04.14	0	Nil movement during the year	28,93,888	7.24
		28,93,888	7.24	31.03.15			28,93,888	7.24
3	Pacific Management Pvt Ltd	5,58,526	1.40	01.04.14	0	Nil movement during the year	5,58,526	1.40
		5,58,526	1.40	31.03.15			5,58,526	1.40
4	The New India Assurance Company Ltd	4,61,482	1.15	01.04.14				
				17.10.14	2,576	Transfer	4,64,058	1.16
				24.10.14	7,247	Transfer	4,71,305	1.18
				31.10.14	2,326	Transfer	4,73,631	1.19
				28.11.14	18,731	Transfer	4,92,362	1.23
		4,92,362	1.23	31.03.15			4,92,362	1.23
5	Apex Holdings Ltd	4,39,726	1.10	01.04.14	0	Nil movement during the year	4,39,726	1.10
		4,39,726	1.10	31.03.15				
6	Life insurance Corporation of India P & GS Fund	3,42,383	0.86	01.04.14	0	Nil movement during the year	3,42,383	0.86
		3,42,383	0.86	31.03.15			3,42,383	0.86
7	East India Securities Ltd*	2,60,000	0.65	01.04.14				
				13.06.14	-58,000	Transfer	2,02,000	0.51
				01.08.14	-30,000	Transfer	1,72,000	0.43
				30.09.14	-300	Transfer	1,71,700	0.43
				09.01.15	-700	Transfer	1,71,000	0.43
				20.03.15	-1,000	Transfer	1,70,000	0.43
		1,70,000	0.43	31.03.15			1,70,000	0.43

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
		No of shares at beginning (01-04-14) / end of the year (31-03-15)	% of total shares of the Company				No. of Shares	% of total shares of the Company
8	Kotyark Distributors Pvt Ltd	2,36,179	0.59	01.04.14				
				04.04.14	23,184	Transfer	2,59,363	0.65
				13.02.15	5,432	Transfer	2,64,795	0.66
				20.02.15	8,096	Transfer	2,72,891	0.68
				06.03.15	22,946	Transfer	2,95,837	0.74
				13.03.15	7,526	Transfer	3,03,363	0.76
		3,03,363	0.76	31.03.15			3,03,363	0.76
9	Sarita Computers Pvt Ltd	2,28,333	0.57	01.04.14	0	Nil movement during the year	2,28,333	0.57
		2,28,333	0.57	31.03.15			2,28,333	0.57
10	Chancellor Commodeal Pvt Ltd*	2,06,221	0.52	01.04.14				
				11.04.14	-17,081	Transfer	1,89,140	0.47
				25.04.14	-49,609	Transfer	1,39,531	0.35
				23.05.14	-6,000	Transfer	1,33,531	0.33
				06.06.14	-86,031	Transfer	47,500	0.12
				13.06.14	-5,433	Transfer	42,067	0.11
				30.06.14	1,00,000	Transfer	1,42,067	0.36
				30.09.14	-1,500	Transfer	1,40,567	0.35
				28.11.14	-500	Transfer	1,40,067	0.35
				13.02.15	6,814	Transfer	1,46,881	0.37
		1,46,881	0.37	31.03.15			1,46,881	0.37
11	JDM financial Services Ltd#	1,19,030	0.30	01.04.14				
				30.06.14	77,000	Transfer	1,96,030	0.49
				30.09.14	-500	Transfer	1,95,530	0.49
		1,95,530	0.49	31.03.15			1,95,530	0.49
12	Dimensional Emerging Markets Value Fund#	1,38,303	0.35	01.04.14				
				05.09.14	2,930	Transfer	1,41,233	0.35
				12.09.14	7,143	Transfer	1,48,376	0.37
				19.09.14	8,525	Transfer	1,56,901	0.39
				30.09.14	10,430	Transfer	1,67,331	0.42
				31.10.14	2,251	Transfer	1,69,582	0.42
				07.11.14	2,951	Transfer	1,72,533	0.43
				21.11.14	3,672	Transfer	1,76,205	0.44
		1,76,205	0.44	31.03.15			1,76,205	0.44

*Ceased to be in the list of top 10 shareholders as on 31-03-2015. The same is reflected above since the shareholder was one of the top 10 shareholders as on 01-04-2014.

#Not in the list of top 10 shareholders as on 01-04-2014. The same is reflected above since the shareholder was one of the top 10 shareholders as on 31-03-2015.

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v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding	
		No of shares at beginning (01-04-14) / end of the year (31-03-15)	% of total shares of the Company				No. of shares	% of total shares of the Company
A	DIRECTORS							
1	Shri Ravi Jhunjunwala Chairman, Managing Director & CEO	3,50,770*	0.88	01.04.2014	0	Nil Movement during the year	3,50,770*	0.88
		3,50,770*	0.88	31.03.2015			3,50,770*	0.88
2	Shri D.N. Davar Non Executive Director	1,500	0.00	01.04.2014	0	Nil Movement during the year	1,500	0.00
		1,500	0.00	31.03.2015			1,500	0.00
3	Dr. Kamal Gupta Non Executive Director	200	0.00	01.04.2014	0	Nil Movement during the year	200	0.00
		200	0.00	31.03.2015			200	0.00
4	Shri Riju Jhunjunwala Non Executive Director	2,33,290	0.58	01.04.2014	0	Nil Movement during the year	2,33,290	0.58
		2,33,290	0.58	31.03.2015			2,33,290	0.58

* Includes 2,14,710 Equity Shares of Ravi Jhunjunwala (HUF).

Note: Except as mentioned in the above table, no other Directors/KMP's of the Company holds any Equity Shares in the Company.

V. INDEBTEDNESS

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

(₹in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	976.54	50.90	-	1,027.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.29	-	-	4.29
Total (i+ii+iii)	980.83	50.90	-	1,031.73
Change in Indebtedness during the financial year				
Addition	167.00	78.10	-	245.10
Reduction	357.61	-	-	357.61
Net Change	-190.61	78.10	-	-112.51
Indebtedness at the end of the financial year				
i) Principal Amount	788.16	129.00	-	917.16
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.06	-	-	2.06
Total (i+ii+iii)	790.22	129.00	-	919.22

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of Chairman, Managing Director & CEO
		Shri Ravi Jhunjhunwala
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹1,92,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	₹38,84,544
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit 2.5%	₹1,10,00,000
	- others, specify	-
5	Others, please specify	-
	Total (A)	₹3,40,84,544
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.

B. Remuneration to other Directors:

1. Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount in ₹
		Shri D.N. Davar	Dr. Kamal Gupta	Dr. O.P. Bahl	Smt. Vinita Singhania	
1	Fee for attending board committee meetings	7,30,000	10,35,000	9,75,000	1,70,000	29,10,000
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
4	Total (1)					29,10,000

2. Other Non-Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount in ₹
		Shri Shekhar Agarwal	Shri Riju Jhunjhunwala	Shri Lalit Mohan Lohani	
1	Fee for attending board committee meetings	4,20,000	2,90,000	2,45,000	9,55,000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	Total (2)				9,55,000
	Total (B) = (1 + 2)				38,65,000
	Total Managerial Remuneration & Overall Ceiling as per the Act				*

* The Non-Executive Directors including Independent Directors are only paid sitting fee for attending meetings of Board of Directors, Independent Directors and various Committee of Directors.

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C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Ashish Sabharwal Company Secretary	Shri Raju Rustogi Chief Financial Officer	Total Amount in ₹
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34,48,531	71,66,759	1,06,15,290
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,13,018	2,39,669	3,52,687
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	N.A.	N.A.	-
3.	Sweat Equity	N.A.	N.A.	-
4	Commission	-	-	-
	- as % of profit			
	- others, specify...			
5	Others, please specify	-	-	-
	Total	35,61,549	74,06,428	1,09,67,977

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

(i) Composition

The Board has an appropriate composition of Executive, Non-Executive and Independent Directors. The Independent Directors on the Board are experienced, competent and reputed names in their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds value in the decision-making process of the Board of Directors. The details of composition of the Board, number of other Directorship, Chairmanship/Membership of Committee of each Director in other Companies, attendance of Directors at the Board Meetings and last Annual General Meeting are given below:

Name of Director	Category of Directorship	No. of other Directorships* in public Ltd. Companies	Board Committees** in other Companies in which		No. of Board Meetings attended	Whether Attended the last AGM Yes/No
			Member / Chairman			
Shri Ravi Jhunjunwala	Chairman, Managing Director & CEO -Promoter Executive	9	2	1	4	No
Shri Shekhar Agarwal	Vice-Chairman-Promoter Non-Executive	5	3	0	3	No
Shri D. N.Davar	Non-Executive and Independent	9	4	4	3	Yes
Dr. Kamal Gupta	Non-Executive and Independent	6	3	5	4	No
Shri Lalit Mohan Lohani	Non-Executive (LIC nominee)	0	0	0	4	No
Dr. O. P. Bahl	Non-Executive and Independent	1	0	0	4	Yes
Smt. Vinita Singhania	Non-Executive and Independent	4	0	0	3	No
Shri Riju Jhunjunwala	Director -Promoter – Non-Executive	9	7	1	3	No

* Excludes Directorships in Private Limited Companies, Foreign Companies and Section 8 Companies.

** Only Audit Committee and Stakeholders Relationship Committee have been considered as per Clause 49 of Listing Agreement.

Note: Shri Ravi Jhunjunwala and Shri Riju Jhunjunwala are relatives.
Smt. Vinita Singhania is the Woman Director on the Board.

(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 D N Davar	1,500
Dr. Kamal Gupta	200
Shri Riju Jhunjhunwala	2,33,290

(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. Four Board Meetings were held during the financial year ended 31st March, 2015. These were held on 21st April, 2014, 30th July, 2014, 12th November, 2014 and 5th February, 2015.

3. AUDIT COMMITTEE

(i) Terms of Reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;

- g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. All related party transactions and subsequent modification thereof shall require prior approval of the Audit Committee.
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Review the internal audit report and discuss with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in

case of non-payment of declared dividends) and creditors;

19. To review the functioning of the Whistle Blower mechanism;

20. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

22. Management discussion and analysis of financial condition and results of operations;

23. Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provision of this Act, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence by the Board of Directors of that Company.

24. The Chairman of the Audit Committee shall be present at Annual General Meeting of the Company to answer shareholder queries.

(ii) Composition of the Committee

The composition of the Audit Committee is as under:

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

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2015, four meetings were held on 21st April, 2014, 30th July, 2014, 12th

November, 2014 and 5th February, 2015.

The attendance at the above Meetings was as under:

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

4. NOMINATION AND REMUNERATION COMMITTEE

(i) The terms of reference of the Committee as per the Nomination and Remuneration Policy of the Company inter-alia includes the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- to recommend to the Board the appointment and removal of Director or KMP or Senior Management Personnel;
- to carry out evaluation of Director's performance;
- assessing the independence of independent directors;
- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- making recommendations to the Board on the remuneration/ fee payable to the Directors/ KMPs/Senior Officials so appointed/re-appointed;
- ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- to devise a policy on Board diversity;
- to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act, 2013 and Rules thereunder.

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(ii) Composition of the Committee

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

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

The Company Secretary acts as Secretary of the Committee.

(iii) Meeting and Attendance

During the financial year ended 31st March, 2015, two meetings were held on 12th November, 2014 and 5th February, 2015.

The attendance at the above Meetings was as under:

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

(iv) Nomination and Remuneration Policy

The Board, on the recommendation of the Nomination & Remuneration Committee approved a policy for appointment and removal of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Nomination and Remuneration policy is attached as Annexure III to the Board's Report.

(v) Details of Remuneration to the Directors for the year ended 31st March, 2015

(Amount in ₹)

Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
Shri Ravi Jhunjhunwala	1,92,00,000	38,84,544	1,10,00,000	-	3,40,84,544
Shri Shekhar Agarwal	-	-	-	4,20,000	4,20,000
Shri D. N. Davar	-	-	-	7,30,000	7,30,000
Dr. Kamal Gupta	-	-	-	10,35,000	10,35,000
Shri Lalit Mohan Lohani	-	-	-	2,45,000	2,45,000
Dr. O.P. Bahl	-	-	-	9,75,000	9,75,000
Smt. Vinita Singhanian	-	-	-	1,70,000	1,70,000
Shri Riju Jhunjhunwala	-	-	-	2,90,000	2,90,000

5. EVALUATION OF THE BOARD'S PERFORMANCE

Pursuant to the provisions of Companies Act, 2013 and the Clause- 49 of the Listing Agreement, the Board has carried out the evaluation of its own performance, that of various Committees of Directors and the Directors individually. The exercise covered various aspects of the Board's functioning such as composition of the Board & Committee(s), their functioning & effectiveness, contribution of all the Directors and the decision making process by the Board.

The evaluation of Independent Directors' was carried out by entire Board and that of the Chairman and the non-independent Directors were carried out by the independent Directors.

The Directors express their satisfaction with the evaluation process.

6. FAMILIARISATION PROGRAMME

The Familiarisation Programme of the Company has been disclosed on its website and a weblink thereto is as under:

http://www.hegltd.com/pdf/Familiarisation_Programmes_for_Independent_Directors.pdf

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

(i) Broad Terms of Reference

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

(ii) Composition of the Committee

The composition of the Committee is as under:

Sl. No.	Name of Director	Designation	Category
1	Shri Riju Jhunjunwala	Chairman	Non-Executive Promoter Director
2	Shri Ravi Jhunjunwala	Member	Executive Promoter Director
3	Dr. Kamal Gupta	Member	Non-Executive Independent Director

Shri Ashish Sabharwal, Company Secretary is the Compliance Officer.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2015, Four meetings were held on 21st April, 2014, 30th July, 2014, 12th November, 2014 and 5th February, 2015.

The attendance at the above Meetings was as under:

Sl. No.	Name of Director	No. of Meetings Attended
1	Shri Riju Jhunjunwala	2
2	Shri Ravi Jhunjunwala	4
3	Dr. Kamal Gupta	4

The Company received 26 complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31.03.2015.

8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(i) Broad Terms of Reference

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend and monitor the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

(ii) Composition of the Committee

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

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2015, Three meetings were held on 30th July, 2014, 12th November, 2014 and 5th February, 2015.

The attendance at the above Meetings was as under:

Sl. No.	Name of Director	No. of Meetings Attended
1	Shri Ravi Jhunjunwala	3
2	Shri D.N.Davar	2
3	Smt. Vinita Singhanian	2

9. INDEPENDENT DIRECTORS' MEETING

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Agreement, a separate meeting of the Independent Directors of the Company was held on 5th February, 2015 to review the performance of Non-independent Directors (including the Chairman, Managing Director & CEO) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

10. VIGIL MECHANISM /WHISTLE BLOWER POLICY

The Board on the recommendation of Audit Committee has adopted a Whistle Blower Policy. The details of the same is disclosed on the website of the Company and a weblink thereto is as under:

<http://www.hegltd.com/whistle-blower-policy.aspx>

11. GENERAL BODY MEETINGS

(a) Annual General Meeting:

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

Date of AGM	Relevant financial year	Venue/Location where held	Time of Meeting	Whether any special resolution passed
21st September, 2012	2011-2012	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	1.30 P.M.	No
21st September, 2013	2012-2013	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	1.30 P.M.	Yes
30th August, 2014	2013-2014	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	1.30 P.M.	Yes

(b) Extra- ordinary General Meeting:

No Extra-ordinary General Meeting took place during the financial year 2014-15.

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 110 of the Companies Act, 2013.

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

h) The Chairman, Managing Director & CEO and Chief Financial officer have certified to the Board, inter-alia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(IX) of the Listing Agreement, for the year ended 31.03.2015. The annual Certificate given by the Chairman, Managing Director & CEO and the Chief Financial Officer is published in this report.

12. DISCLOSURES

- There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS)-18 (Related Party Disclosures), has been made in the Annual Report.
- There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company that have a potential conflict with the interests of the Company.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.
- The Company has complied with the mandatory requirements of the Clause 49 of Listing Agreement.
- No personnel have been denied any access to the Audit Committee of the Company.
- The Company has complied with all the applicable Accounting Standards.
- The Internal Auditor directly reports to the Audit Committee.

13. 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 Chairman & Managing Director in this regard is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2014-15."

14. MEANS OF COMMUNICATION

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

15. DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTOR

Name of Director	Shri Shekhar Agarwal
Date of Birth	09/10/1952
Date of Appointment	15/07/1996
Qualification	B. Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA.
Expertise in specific functional areas	Industrialist with a rich business experience and well known name in Textile Industry.
List of other Public Ltd. Companies in which directorships held.	1. RSWM Ltd 2. Maral Overseas Ltd 3. Essay Marketing Company Ltd 4. BSL Ltd 5. Bhilwara Technical Textiles Ltd
Chairman/Member of the Committees of the Board of Directors of the Company.	Audit Committee
Chairman/Member of the Committee of Directors of other Companies.	
a) Audit Committee	BSL Ltd
b) Stakeholders Relationship Committee	1. RSWM Ltd 2. Maral Overseas Ltd
No of Equity Shares held in the Company	-

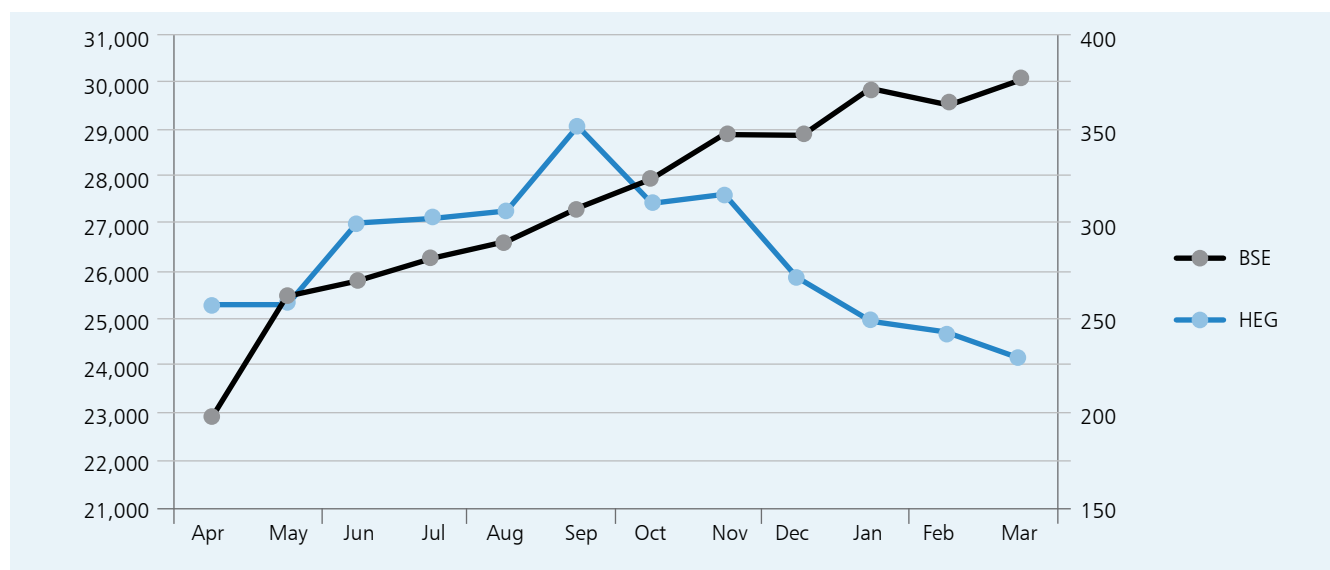
16. SHAREHOLDERS INFORMATION

a) Annual General Meeting: Date & Time, Venue	Tuesday, 22nd September, 2015 at 11.30 A.M. at the registered office of the Company at Mandideep, Near Bhopal, Distt. Raisen, Madhya Pradesh - 462 046.
b) Financial Calendar:	Financial Year: 1st April, 2015 – 31st March, 2016. Reporting:
	a) First quarter results Within 45 days of end of the 1st Qtr
	b) Second Quarter Within 45 days of end of the 2nd Qtr Results
	c) Third Quarter Results Within 45 days of end of the 3rd Qtr
	d) Results for Fourth Within 60 days of end of the FY Quarter & the FY
c) Date of Book Closure	16th September, 2015 to 22nd September, 2015 (both days inclusive)
d) Dividend payment date:	Dividend if declared shall be paid/ dispatched to the shareholders between 5th October, 2015 and 8th October, 2015.
e) Listing of Shares on Stock Exchanges	1. BSE Limited 2. National Stock Exchange of India Limited 3. Madhya Pradesh Stock Exchange Limited
f) Stock Code / ISIN No.	Equity Shares: BSE: 509631 NSE: HEG ISIN No. : INE545A01016

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

Month	NSE		BSE		BSE Sensex	
	High	Low	High	Low	High	Low
April, 2014	258.00	201.10	256.95	191.70	22939.31	22197.51
May, 2014	257.90	216.00	257.95	217.05	25375.63	22277.04
June, 2014	301.00	235.05	300.00	237.55	25725.12	24270.20
July, 2014	300.70	248.90	300.70	248.90	26300.17	24892.00
August, 2014	310.80	254.65	310.80	255.00	26674.38	25232.82
September, 2014	351.25	279.00	350.90	279.20	27354.99	26220.49
October, 2014	311.80	276.05	311.80	276.00	27894.32	25910.77
November, 2014	315.00	259.05	315.50	261.00	28822.37	27739.56
December, 2014	269.00	225.00	273.90	224.00	28809.64	26469.42
January, 2015	252.00	221.60	251.45	222.00	29844.16	26776.12
February, 2015	243.25	200.50	242.50	201.00	29560.32	28044.49
March, 2015	233.35	203.10	233.80	212.90	30024.74	28209.66

ii) Comparative chart of Company's share price movement vis-à-vis the movement of BSE Sensex during FY 2014-15:



h) Registrar and Transfer Agent	M/s. MCS Share Transfer Agent Limited F-65, Okhla Industrial Area, Phase-I, New Delhi-110020 Phone : 011-41406149 – 52 Fax : 011-41709881 E-mail Id: helpdeskdelhi@mcsregistrars.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, 2015.

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	29,377	94.86	31,24,136	7.82
501-1000	867	2.80	6,69,187	1.67
1001-2000	358	1.16	5,24,536	1.31
2001-3000	122	0.39	3,03,500	0.76
3001-4000	58	0.19	2,09,745	0.52
4001-5000	29	0.09	1,36,147	0.34
5001-10000	61	0.20	4,45,782	1.12
10001 and above	96	0.31	3,45,46,109	86.45
Total	30,968	100.00	3,99,59,142	100.00

k) Category of Shareholders

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Promoters and Promoter Group	23	0.07	2,34,92,750	58.79
Mutual Funds / UTI	9	0.03	19,136	0.05
Financial Institutions / Banks	11	0.04	3,49,610	0.87
Insurance Companies	3	0.01	38,86,797	9.73
Foreign Institutional Investors	25	0.08	5,30,081	1.33
Bodies Corporate	629	2.03	32,89,919	8.23
Individuals	29,971	96.78	53,64,306	13.42
Others:				
I) Trusts	2	0.01	12,902	0.03
II) Foreign Corporate Bodies	1	0.00	28,93,888	7.24
III) NRI Individuals	294	0.95	1,19,753	0.30
Total	30,968	100.00	3,99,59,142	100.00

l) Dematerialisation of shares and liquidity.	3,89,21,954 shares were dematerialised till 31.03.2015 which was 97.40.% of the total paid-up Equity Share Capital of the Company on that date. Trading in shares of the Company is permitted in dematerialised form only.
m) Outstanding GDRs/ADRs/warrants or any Convertible instruments, conversion date and likely impact equity.	There are no such instruments outstanding as on 31st March, 2015.
n) Plant locations	a) Mandideep (Near Bhopal), Distt. Raisen- 462046, Madhya Pradesh. b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461001 Madhya Pradesh.
o) Address for correspondence:	HEG Limited Secretarial Department Bhilwara Towers, A-12, Sector –1, Noida - 201301 Phone:0120-4390300, 4390000 Fax:0120- 4277841 E-mail: heg.investor@lnjbhilwara.com Website: www.hegltd.com

CEO/CFO

Certificate Under Clause 49(IX)

To,
The Board of Directors
HEG Limited

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March, 2015 and that to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- a) significant changes in internal control over financial reporting during the year;
 - b) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ravi Jhunhunwala
Chairman, Managing Director & CEO

Raju Rustogi
Chief Financial Officer

Noida (U.P.)
14th May, 2015

Compliance Certificate

To,
The Members of
HEG Limited

We have examined the compliance of conditions of Corporate Governance by HEG Limited ("the Company") for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Regn. No.000561N

SUNIL WAHAL
PARTNER
Membership No. 087294

MUKESH GOYAL
PARTNER
Membership No. 081810

Place: Noida (U.P.)
Date: 14th May, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEG LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HEG Limited ("the Company") which comprises the balance sheet as at 31st March, 2015, the statement of profit and loss and the cash flow statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation, and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statement, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order;
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the Directors as on 31st March 2015, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2015, from being appointed as a Director in terms of Section 164(2) of the Act;
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements- Refer Note 32 & 33 to the financial statements;
- ii) As explained to us, the Company did not have any long term contracts, therefore the Company was not required to make any provision for material foreseeable losses required under the applicable law or accounting standards;

- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Mukesh Goyal
Partner
Membership No. 081810
Place : Noida (U.P.)
Date : 14th May, 2015

Sunil Wahal
Partner
Membership No. 087294

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditor's Report to the Members of the Company on the standalone financial statements for the year ended 31st March, 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Physical verification of fixed assets is being conducted by the management based on a program designed to cover all assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.
- (ii) (a) The inventories have been physically verified by the management during the year at all its locations, except stocks located outside India, lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured Company to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clauses iii (a) and (b) are not applicable.
- (iv) In our opinion and according to the information and

explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control system.

- (v) The Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company as specified by the Central Government of India under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.

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Corporate Overview	Management Review	Statutory Reports	Financial Statements

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Wealth Tax, Custom Duty and Cess which have not been deposited on account of any dispute, except the following in respect of Income Tax, Excise Duty, Service Tax and Sales Tax which have not been deposited on account of any dispute, are as follows: -

S. No	Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Excise Duty	296.49	2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08	CESTAT, New Delhi
			1.42	2004-05	Hon'ble High Court, Jabalpur
			3.12	Oct 07 to May 08	Commissioner (Appeal), Bhopal
2	Income Tax Act, 1961	Income Tax	289.00	Assessment year 2013-14	CIT (Appeals), Bhopal
			516.00	Assessment year 2003-04, 2004-05	Hon'ble High Court, Jabalpur
		Income Tax Penalty	20.00	Assessment year 2011-12	CIT (Appeals), Bhopal
		Income Tax Penalty	20.00	Assessment year 2010-11	CIT (Appeals), Bhopal
3	Finance Act, 1994	Service Tax and penalty	585.35	2004-06, 2006-07, 2008-09, 2009-10, 2010-11	CESTAT, New Delhi
		Service Tax and penalty	109.64	2012-13	Commissioner of Excise and Customs, Bhopal
4	Central Sales Tax Act, 1956	Central Sales Tax	20.89	2002-03	Sales Tax Tribunal, Bhopal
	Central Sales Tax Act, 1956	Central Sales Tax	21.30	2003-04	Hon'ble High Court, Jabalpur
	Madhya Pradesh Parvesh Kar Adhiniyam, 1976	Entry Tax	1171.74	2010-11, 2011-12 and 2012-13	Commissioner (Appeals), Bhopal
			131.09	2002-03, 2006-07, 2007-08, 2008-09, 2009-10	Appellate Tribunal, Bhopal
			20.11	1997-98, 2003-04	Hon'ble High Court, Jabalpur
	Chattishgarh Commercial Tax	VAT	3.03	2006-07	Commissioner (Appeals), Raipur
			1.51	1992-93	Appellate Tribunal, Raipur
		Entry Tax	9.79	2005-06	Appellate Tribunal, Raipur
		Entry Tax	12.00	2007-08	Commissioner (Appeals), Raipur

- (c) According to the information and explanations given to us the amounts which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder has been transferred to such fund within time.

- | | | | |
|--|--|--|---|
| <p>(viii) The Company does not have any accumulated losses as at the close of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.</p> <p>(ix) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of its dues to banks and financial institutions. The Company has not taken any loans from debenture holders.</p> <p>(x) The Company has given a guarantee jointly with another Company to a financial institution for loans taken by others from that financial institution, the terms and conditions of which are not, prima facie, prejudicial to the interest of the Company.</p> <p>(xi) As per the information and explanations given to us and on the basis of our examination of the records, in our opinion, the term loans taken by the Company have been applied for</p> | <p>the purpose for which they were obtained, where such end use has been stipulated by the lender.</p> <p>(xii) 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 or reported during the year, nor have we been informed of such case by the management.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>For Doogar & Associates
Chartered Accountants
Firm Regn. No. 000561N</p> <p>Mukesh Goyal
Partner
Membership No. 081810
Place : Noida (U.P.)
Date : 14th May, 2015</p> </td> <td style="width: 50%; vertical-align: top;"> <p>For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Regn. No. 000756N</p> <p>Sunil Wahal
Partner
Membership No. 087294</p> </td> </tr> </table> | <p>For Doogar & Associates
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Chartered Accountants
Firm Regn. No. 000756N</p> <p>Sunil Wahal
Partner
Membership No. 087294</p> | | |

BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in Lacs)			
Particulars	Notes	As at 31st March, 2015	As at 31st March, 2014
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3	3,995.95	3,995.95
(b) Reserves and Surplus	4	90,076.51	88,410.82
2. Non-current liabilities			
(a) Long-term borrowings	5	25,237.17	16,895.86
(b) Deferred tax liabilities (Net)	6	9,734.27	9,202.77
(c) Other Long term liabilities	7	105.11	217.09
(d) Long-term provisions	8	300.26	205.09
3. Current liabilities			
(a) Short-term borrowings	9	57,591.74	66,441.23
(b) Trade payables	10	12,892.56	22,985.03
(c) Other current liabilities	11	15,742.20	31,294.45
(d) Short-term provisions	8	1,617.74	3,343.96
TOTAL		2,17,293.51	2,42,992.25
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	90,639.99	94,007.33
(ii) Intangible assets	13	13.83	49.86
(iii) Capital work-in-progress	14	10,774.86	11,869.71
(iv) Intangible assets under development		-	-
(b) Non-current investments	15	14,930.88	9,766.32
(c) Long-term loans and advances	16	8,194.01	5,921.02
(d) Other non-current assets	17	180.08	2,806.80
2. Current assets			
(a) Current investments	18	25.00	25.00
(b) Inventories	19	40,190.48	49,400.46
(c) Trade receivables	20	40,546.40	52,388.09
(d) Cash and bank balances	21	406.43	1,202.30
(e) Short-term loans and advances	16	9,336.52	11,416.32
(f) Other current assets	17	2,055.03	4,139.03
TOTAL		2,17,293.51	2,42,992.25
Summary of significant accounting policies	2		

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

Signed in terms of our report of even date

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

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

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D.N.Davar
Director
DIN No. 00002008

Riju Jhunjunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated: 14th May, 2015

Raju Rustogi
Chief Financial Officer

Ashish Sabharwal
Company Secretary

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Corporate Overview	Management Review	Statutory Reports	Financial Statements

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)			
Particulars	Notes	Year ended 31st March, 2015	Year ended 31st March, 2014
I. Revenue from operations			
Sale of products	22	1,26,294.84	1,49,149.01
Other Operating Income		588.53	789.65
Less:Excise Duty		2,831.85	3,257.54
Revenue from operations (Net)		1,24,051.52	1,46,681.12
II. Other income	23	1,154.91	2,177.15
III. Total Revenue (I + II)		1,25,206.43	1,48,858.26
IV. Expenses:			
Cost of materials consumed	24	59,315.80	64,487.74
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	2,425.08	5,972.99
Employee benefit expense	26	6,107.16	5,719.22
Finance costs	27	6,576.32	7,229.69
Depreciation and amortization expense	28	7,535.72	7,265.99
Other expenses	29	36,596.97	45,902.52
Total expenses		1,18,557.05	1,36,578.14
V. Profit before exceptional and extraordinary items and tax (III-IV)		6,649.38	12,280.12
VI. Exceptional items	30	2,217.71	2,535.83
VII. Profit before extraordinary items and tax (V - VI)		4,431.67	9,744.29
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		4,431.67	9,744.29
X. Tax expense:			
(1) Current tax			
Current Tax		963.18	2,120.69
MAT Credit Entitlement		(963.18)	(2,120.69)
Net Current Tax		-	-
Previous Year		-	-
Income Tax		(2.91)	29.42
MAT Credit Previous Year		2.91	(12.02)
(2) Deferred tax		531.51	1,065.14
XI. Profit (Loss) for the year from continuing operations (IX-X)		3,900.16	8,661.76
XII. Profit (Loss) for the year		3,900.16	8,661.76
XIII. Earnings per equity share: (Par value of ₹ 10 each)			
(1) Basic (₹)	31	9.76	21.68
(2) Diluted (₹)	31	9.76	21.68

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

Signed in terms of our report of even date

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

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

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D.N.Davar
Director
DIN No. 00002008

Riju Jhunjunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated: 14th May, 2015

Raju Rustogi
Chief Financial Officer

Ashish Sabharwal
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

Note:1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards prescribed under the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

Note:2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Use of Estimates

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

2.2 Revenue Recognition

Sale of Goods

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

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

Dividends

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

2.3 Inventories

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

2.4 Investments

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.5 Fixed & Intangible Assets

Fixed Assets

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

Intangible Assets

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

2.6 Expenses Incurred During Construction Period

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

2.7 Depreciation & Amortisation

Based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Assets description	Useful Life
Building	30-60 Years
Plant & Machinery	9-20 Years
Railway Siding	9 Years
Office Equipment(Includes Computers & data processing units)	6-20 Years
Electrical Installation	20 Years
Furniture & Fixtures	15 Years
Vehicle	10 Years

And Depreciation is charged on the following basis:-

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

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

- (ii) a) On Plant & Machinery other than those mentioned at (i) above, on straight line method,
b) On other fixed assets, on written down value method, in the manner as prescribed in Companies Act, 2013 and rate as per prescribed useful life above.
- (iii) Cost of acquisition & improvement of lease hold land is amortized over the lease period.

NOTES TO THE FINANCIAL STATEMENTS

- (iv) Assets costing upto ₹5,000 are fully depreciated in the year of purchase.
- (v) Intangible assets are amortised over a period of 3-5 years on a straight line basis.

2.8 Impairment of Assets

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

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

2.9 Foreign Exchange Transactions/Translation

- a) 1. Export and Import transactions are accounted for at the prevailing conversion rates.
- 2. Monetary items denominated in foreign currencies (except financial instruments designated as Hedging Instruments) and outstanding at the year end are translated at year end conversion rates.
- 3. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.
- 4. The Company has opted to avail the choice provided under paragraph 46A of AS11: The Effects of Changes in Foreign Exchange Rates inserted vide notification No GSR 914(E) dated December 29,2011 issued by the Ministry of Corporate affairs. Consequently, the following exchange differences on long term foreign currency monetary items, which were until now being recognised in the Statement of Profit and Loss are now being dealt with in the following manner:
 - Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
 - In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

- b) Pursuant to The Institute of Chartered Accountants of India (ICAI) announcement "Accounting for Derivatives" on the early adoption of Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", the Company had early adopted the AS-30 in earlier financial years, to the extent that such adoption does not conflict with existing mandatory Accounting Standards and other authoritative pronouncements, Company law and other regulatory requirements.

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

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

- (a) the forecast transaction materializes,
- (b) the hedging instrument expires or is sold, terminated or exercised (except for the replacement or rollover of a hedging instrument into another hedging instrument where such replacement or rollover is part of the Company's hedging strategy),
- (c) the hedge no longer meets the criteria for hedge accounting in AS-30,
- (d) the Company revokes the designation.

Hedge effectiveness of financial instruments designated as Hedging instruments is evaluated at the end of each financial reporting Period.

2.10 Research and Development

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

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2.11 Employee Benefits

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

(i) Provident Fund & ESI

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

(ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss for the period in which they occur.

(iii) Compensated Absences

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

(iv) Superannuation Benefit

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

(v) Other Short Term Benefits

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

2.12 Leases

Where the Company is the lessee

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

Where the Company is the lessor

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

2.13 Segment accounting & reporting

Identification of Segments

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

Allocation of Common Costs

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

Unallocated Items

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

Segment Policies

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

2.14 Taxes On Income

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

In accordance with Accounting Standard AS-22 'Accounting for Taxes on Income' as notified by Companies (Accounting Standards) Rules, 2006 Deferred Tax Liability/ Asset arising from timing differences between book and income tax profits is accounted for at the

NOTES TO THE FINANCIAL STATEMENTS

current rate of tax to the extent these differences are expected to crystallize in later years. However, deferred tax assets are recognized only if there is a reasonable/ virtual certainty of realization thereof. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

2.15 Government grants & subsidies

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

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

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

2.16 Borrowing Cost

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

2.17 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

2.18 Earning Per Share

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

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

2.19 Cash and cash equivalents

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

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Note: 3 SHARE CAPITAL (₹ in Lacs)

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Authorised		
5,50,00,000 (Previous year 5,50,00,000) Equity Shares of ₹10/- each	5,500.00	5,500.00
15,00,000 (Previous year 15,00,000) Preference Shares of ₹100/- each	1,500.00	1,500.00
	7,000.00	7,000.00
Issued, subscribed & fully paid-up		
3,99,59,142 (Previous year 3,99,59,142) Equity Shares of ₹ 10/- each	3,995.91	3,995.91
1,150 (Previous year 1,150) Forfeited Equity Shares	0.04	0.04
Total	3,995.95	3,995.95

Of the above

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

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

Particulars	2014-15		2013-14	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
Equity Shares				
At the beginning of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91

b) Terms/Rights attached to equity shares

Company has only one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year ended 31st March, 2015, the amount per share dividend recognized as distribution to Equity Shareholders was ₹ 3 per Equity Share (Previous year ₹ 6 per Equity Share).

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

Name of the Shareholder	As at		As at	
	31st March, 2015		31st March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Norbury Investments Limited	53,62,991	13.42	53,62,991	13.42
Microlight Investments Limited	46,65,579	11.68	46,65,579	11.68
Life Insurance Corporation of India	33,94,285	8.49	34,33,294	8.59
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	7.24
Bharat Investments Growth Limited	26,09,598	6.53	26,09,598	6.53

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

NOTES TO THE FINANCIAL STATEMENTS

Note: 3 SHARE CAPITAL (contd...)

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

Particulars	Aggregate No. of Shares				
	2014-15	2013-14	2012-13	2011-12	2010-11
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
FCCB's Conversion	-	-	-	-	2,37,733
Shares bought back	-	-	-	28,85,765	-
Closing Balance	3,99,59,142	3,99,59,142	3,99,59,142	3,99,59,142	4,28,44,907

Note: 4 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Capital Reserves		
Balance as per the last financial statements	3,138.24	3,138.24
Add: Additions during the year	-	-
Closing balance	3,138.24	3,138.24
Capital Redemption Reserve		
Balance as per the last financial statements	1,893.57	1,893.57
Add: Current year transfers	-	-
Closing balance	1,893.57	1,893.57
Securities Premium Account		
Balance as per the last financial statements	1,269.61	1,269.61
Add : Received during the year	-	-
Closing balance	1,269.61	1,269.61
Hedging Reserve		
Balance as per the last financial statements	795.97	575.06
Add: Amount utilized on settlement of hedged instrument	-	(25.91)
Add/(Less): Transfer during the year	(795.97)	246.82
Closing balance	-	795.97
General Reserve		
Balance as per the last financial statements	39,433.36	38,567.18
Add: Transfer from Statement of Profit and Loss during the year	390.02	866.18
Closing balance	39,823.37	39,433.36
Surplus/(Deficit) balance in Statement of Profit and Loss		
Balance as per the last financial statements	41,880.07	36,889.50
Add: Amount transferred from Statement of Profit and Loss	3,900.16	8,661.76
Amount available for Appropriation	45,780.23	45,551.26
Less: Proposed Dividend	1,198.77	2,397.55
Less: Dividend distribution tax on Proposed Dividend	239.72	407.46
Add: Transfer from Debenture Redemption Reserve	-	-
Less: Amount Transferred to General Reserve	390.02	866.18
Closing balance	43,951.72	41,880.07
Total	90,076.51	88,410.82

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Note : 5 LONG TERM BORROWINGS

Particulars	(₹ in Lacs)			
	Non Current Portion		Current maturities	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Secured				
Term loans				
Rupee Loans from Banks	12,500.00	2,265.00	2,261.56	8,345.98
Foreign currency Loans from Banks	12,737.17	13,130.86	5,125.33	9,061.34
Rupee Loans from others	-	1,500.00	1,500.00	2,000.00
	25,237.17	16,895.86	8,886.89	19,407.32
Amount disclosed under the head:- "other Current liabilities"(Note No-11)""			8,886.89	19,407.32
Total	25,237.17	16,895.86	-	-

Terms of repayment / details of security are as follows:

From Banks – Term loans

Lending institution	Rate of interest	No of installments	Outstanding as at 31.03.2015	Annual repayment schedule		
				2015-16	2016-17	2017-18
Axis Bank	Base Rate Linked	1-Quarterly	625.00	625.00	-	-
Development Credit Bank	Base Rate Linked	4-Quarterly	1,636.56	1,636.56	-	-
Kotak Mahindra bank	Libor Linked rate	8-Quarterly	4,258.35	283.89	1,646.56	2,327.90
IDBI Bank	Base Rate Linked	4-Quarterly	7,700.00	-	1,925.00	5,775.00
State bank of India	Base Rate Linked	4-Quarterly	4,800.00	-	2,400.00	2,400.00
DBS-ECB	Libor Linked rate	3-Yearly	11,892.25	3,129.54	4,130.99	4,631.72
DBS-ECB(Fully Hedged in INR)	Libor Linked rate	1-Yearly	1,711.90	1,711.90	-	-
Total			32,624.06	7,386.89	10,102.55	15,134.62

From Others

Lending institution	Rate of interest	No of installments	Outstanding as at 31.03.2015	Annual repayment schedule		
				2015-16	2016-17	2017-18
Aditya Birla Finance Ltd	Base Rate Linked	3-Quarterly	1,500.00	1,500.00	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

Note: 6 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Deferred tax liabilities		
Arising on account of Timing difference		
Accumulated Depreciation	10,189.60	9,586.95
Deferred tax assets		
Due to section 43B of the Income Tax Act	280.08	266.81
Others	175.25	117.37
Net deferred tax Liability	9,734.27	9,202.77
Movement		
Opening Balance	9,202.77	8,137.63
Addition/(deduction) during the year	531.51	1,065.14
Closing balance	9,734.27	9,202.77

Note: 7 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Security received	105.11	217.09
	105.11	217.09

Note: 8 PROVISIONS

(₹ in Lacs)

Particulars	Long term		Short term	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Provision for employee benefits				
Compensated absences	300.26	205.09	59.65	43.89
Gratuity			45.90	64.46
Others				
Provision for Proposed Dividend on Equity Shares	-	-	1,198.77	2,397.55
Provision for Dividend distribution tax	-	-	239.72	407.46
Provision for Income Tax (Net of Advance Tax of ₹ 900 lacs (Previous Year ₹ 1,700 lacs)	-	-	63.18	420.69
Provision for wealth tax	-	-	10.50	9.90
Total	300.26	205.09	1,617.74	3,343.96

Note: 9 SHORT TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Secured		
Loans repayable on demand		
Working Capital Loans from Banks	44,691.17	61,351.23
Unsecured		
Short Term borrowings from banks	12,900.57	5,090.00
Total	57,591.74	66,441.23

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

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Note: 10 TRADE PAYABLES (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Trade payables	12,892.56	22,985.03
	12,892.56	22,985.03

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

Particulars	As at 31st March, 2015	As at 31st March, 2014
Principal amount remaining unpaid as at end of the year	-	22.85
Interest due on above	-	-
1 Total	-	22.85
2 Interest paid on delayed payment of principal, paid along with such interest during the year	-	-
3 Interest due on delayed payment of principal, paid without such interest during the year	-	-
4 Interest accrued but not due, in respect of delayed payments of principal due as at end of the year	-	-
5 Total interest due and payable together with that from prior year(s)	-	-

Note: 11 OTHER CURRENT LIABILITIES (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(a) Current maturities of long-term Borrowings (Note-5)	8,886.89	19,407.32
(b) Interest accrued but not due on borrowings	206.77	429.71
(c) Unpaid dividends-Unclaimed*	223.72	240.02
(d) Advance from Customers	125.43	842.23
(e) Deposits from employees against various scheme	274.23	257.30
(f) Other payables		
Employees Related	697.86	1,174.89
Statutory dues payable (Including PF and TDS)	1,892.94	1,544.96
Others	3,434.36	7,398.01
	15,742.20	31,294.45

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

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Note: 12 TANGIBLE ASSETS

(₹ in Lacs)

	Land		Building	Plant & Equipment	Railway Siding	Office Equipment	Electrical Installation	Furniture & Fixtures	Vehicles	Total
	Freehold	Leasehold (a)								
Gross Block										
At 1st April 2013	276.31	324.71	18,477.34	97,354.31	600.07	1,097.55	1,518.35	509.21	936.99	1,21,094.84
Additions	40.38	399.65	6,466.21	18,163.47	321.62	133.55	1,454.85	114.83	279.05	27,373.62
Disposals	-	-	(187.75)	(414.20)	-	(99.15)	(20.90)	(7.20)	(212.79)	(941.98)
Adjustment (b)	-	-	578.97	1,672.11	-	(1.12)	77.38	(0.01)	-	2,327.33
At 31st March 2014	316.69	724.36	25,334.77	1,16,775.69	921.69	1,130.84	3,029.69	616.83	1,003.25	1,49,853.81
Additions	-	38.04	85.91	4,632.86	-	88.37	176.06	37.42	225.60	5,284.27
Disposals	-	-	(60.17)	(86.53)	-	(15.30)	(12.75)	(4.27)	(152.64)	(331.68)
Adjustment (b)	-	-	(307.57)	(720.41)	-	0.69	(23.93)	(0.01)	-	(1,051.23)
At 31st March 2015	316.69	762.41	25,052.94	1,20,601.61	921.69	1,204.61	3,169.06	649.97	1,076.21	1,53,755.17
At 1st April 2013	-	83.27	7,069.25	39,668.62	160.10	806.34	752.86	375.62	475.18	49,391.23
Charge for the year	-	10.79	1,215.60	5,296.80	32.23	102.53	231.22	26.93	145.08	7,061.19
Disposals	-	-	(158.46)	(356.59)	-	(93.07)	(11.95)	(4.92)	(143.97)	(768.96)
Adjustment (b)	-	-	64.66	91.85	-	(1.12)	7.64	(0.01)	-	163.02
At 31st March 2014	-	94.06	8,191.05	44,700.69	192.33	814.68	979.77	397.62	476.29	55,846.48
Charge for the year	-	14.79	1,388.83	5,528.60	42.79	101.76	285.81	42.43	156.46	7,561.48
Disposals	-	-	(24.59)	(76.57)	-	(13.33)	(6.00)	(2.48)	(108.04)	(231.01)
Adjustment (b)	-	-	(26.40)	(33.85)	-	0.30	(1.84)	-	-	(61.79)
At 31st March 2015	-	108.85	9,528.89	50,118.87	235.11	903.41	1,257.74	437.57	524.70	63,115.17
Net Block										
At 31st March 2014	316.69	630.30	17,143.72	72,075.00	729.36	316.16	2,049.92	219.21	526.97	94,007.33
At 31st March 2015	316.69	653.55	15,524.03	70,482.74	686.58	301.19	1,911.32	212.40	551.51	90,639.99

a) Assets amounting to ₹83.13 Lacs (Previous Year ₹83.13 Lacs) (Gross) are owned jointly with RSWM Ltd.

b) The Company had exercised the option made available by the notification No GSR 914(E) dated 29th December 2011 issued by the Ministry of Corporate affairs. Accordingly, an amount of ₹1051.23 Lacs (Unrealized Gain) & ₹70.11 lacs (Realized Loss being adjusted against respective assets), (Previous Year ₹2327.33 Lacs (Unrealized Loss) & ₹1884.60 (Realized Loss being adjusted against respective assets)) being exchange difference arising on reporting of long term Foreign currency loans availed for acquisition of depreciable Fixed assets have been taken to respective assets and ₹732.89 Lacs, (Previous Year ₹852.42) to capital work-in-progress.

Note: 13 INTANGIBLE ASSETS

(₹ in Lacs)

Particulars	Computer Software
Gross Block	
At 1st April 2013	449.20
Additions	2.17
Disposals	-
At 31st March 2014	451.37
Additions	-
Disposals	-
At 31st March 2015	451.37
Amortisation	
At 1st April 2013	359.69
Charge for the year	41.82
Disposals	-
At 31 March 2014	401.51
Charge for the year	36.02
Disposals	-
At 31st March 2015	437.54
Net Block	
At 31 March 2014	49.86
At 31st March 2015	13.83

Note: 14 CAPITAL WORK IN PROGRESS

Capital work in progress includes ₹2,257.56 Lacs (Previous Year ₹4,305.32 Lacs) being pre-operative expenditure and ₹40.03 Lacs (Previous Year ₹66.28 Lacs) being capital stores.

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Note: 15 INVESTMENTS		(₹ in Lacs)	
Non-Current Investments		As at 31st March, 2015	As at 31st March, 2014
	Other Investments (valued at cost, except for diminution in value other than temporary)		
	Investments in Equity instruments		
	Unquoted-Investments in subsidiary		
	HEG Graphite Products and Services Ltd		
50,000	(Previous year 50,000) Equity Shares of ₹10 each fully paid up (Includes 6 Shares held by the nominees of the Company)	5.00	5.00
	Unquoted-Investments in Associates		
4,88,81,556	(Previous year 4,11,50,025) Equity Shares of ₹10/- each fully paid up of Bhilwara Energy Ltd. (BEL)(*)	14,506.88	5,342.32
12,62,048	(Previous year 12,62,048) Equity Shares of ₹10/- each fully paid up of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.)	419.00	419.00
	Quoted-Investment in Others		
18	(Previous year 18) Equity Shares of ₹ 2/-each of Ballarpur Ind. Ltd.	0.01	0.01
	Investments in Preference Shares		
	Unquoted-Investments in Associates		
	(Previous year 40,00,000) Preference Shares of ₹100/- each of Bhilwara Energy Ltd.	-	4,000.00
	Total	14,930.88	9,766.32
	(*) Includes 7,86,895 Equity Shares allotted in Rights Issue, 9,84,152 transfer from promoters, 11,36,364 purchased from NYLIM in the year 2014-15 and 48,24,120 Equity Shares of BEL on conversion of Preference Shares of BEL		
	Aggregate amount of quoted investments	0.01	0.01
	Market value of quoted investments	**	**
	Aggregate amount of unquoted investments	14,930.87	9,766.31
	Aggregate provision for diminution in value of investments	-	-
	(**)Amount is below the Rounding off norm adopted by the Company		

Note: 16 LOANS AND ADVANCES		(₹ in Lacs)			
Particulars	Long term		Short term		
	As at	As at	As at	As at	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	
Unsecured, considered good unless stated otherwise					
Capital advances	30.35	2.56	-	-	
Security deposits	543.40	487.78	-	-	
Other loans and advances					
Advances for goods / services	-	-	-	-	
Unsecured, considered good	-	-	1,227.28	503.25	
Doubtful	-	-	-	-	
Balances with statutory authorities	-	-	1,579.96	940.26	
Loans and advances to employees-Secured	85.92	116.18	51.49	62.73	
Unsecured, considered good		-	264.29	211.74	
Prepaid expenses	-	-	193.98	226.72	
Excise rebates / refunds receivable	-	-	5,475.45	7,538.42	
Direct taxes refundable (net of provisions ₹30,715.21 Lacs, previous year ₹29,755.16 Lacs)	1,865.71	736.31		1,137.28	
MAT Credit Entitlement	5,259.59	4,299.32	-	-	
Mark to Market on derivative	-	-	544.08	795.91	
Other Receivables	-	-	-	-	
Payments under protest	409.04	278.87	-	-	
	8,194.01	5,921.02	9,336.52	11,416.32	

NOTES TO THE FINANCIAL STATEMENTS

Note: 16 LOANS AND ADVANCES (contd...)

(₹ in Lacs)

Detail of payments under protest is as follows:

	As at 31st March, 2015	As at 31st March, 2014
Entry Tax	237.62	105.62
Central Sales Tax	32.66	32.66
Excise duty/Service Tax	138.30	139.82
MPST/MPCT	0.46	0.77
	409.04	278.87

Detail of Tax Expense /(Benefit)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Current Income Tax	963.18	2,120.69
MAT Credit Entitlement	(963.18)	(2,120.69)
Deferred Tax Charge / Credit	531.51	1,065.14
Tax- Earlier Years	(2.91)	29.42
Previous year MAT Credit Entitlement	2.91	(12.02)
	531.51	1,082.53

- a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the Company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, Company has filed appeals which are pending at various levels. For assessment years where the issues have been decided in favour of the Company, the Company is in the process of reconciling / adjusting the same with the department. Necessary value adjustments shall be made on final settlement by the department.
- c) Provision for Income Tax for earlier years has been made based on Income Tax Assessment cases pending at Appellate Jurisdictions on which Income Tax demand has arisen and the cases are sub-judice.

d) Loans & advances include :

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(i) Share application money pending allotment	NIL	NIL
(ii) Due from officers of the Company	7.08	16.72
(iii) The maximum amount at any time during the year	12.08	30.42

Note: 17 OTHER ASSETS

(₹ in Lacs)

Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Export benefits receivable	-	-	2,035.38	4,071.12
Interest/Dividend Accrued, Not due	-	2,639.55	19.65	67.91
Non-current bank balance (note no-21)	180.08	167.25	-	-
	180.08	2,806.80	2,055.03	4,139.03

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Note: 18 CURRENT INVESTMENTS (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Other Investments (valued at lower of cost or fair value, unless stated otherwise)		
Investments in Mutual Funds		
2,50,000 (Previous year 2,50,000) Units of LIC Mutual Fund Dhan Samriddhi of ₹10/- each	25.00	25.00
	25.00	25.00
Aggregate amount of quoted investments	25.00	25.00
Market value of quoted investments	52.77	37.50
Aggregate amount of unquoted investments	-	-
Aggregate provision for diminution in value of investments	-	-

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

Particulars	As at 31st March, 2015	As at 31st March, 2014
Raw materials (Refer note No 24) [Includes material in transit ₹1,251.91 lacs; Previous year: ₹ 5177.95 lacs]	7,597.49	13,859.10
Finished goods (Refer note no-25)	6,953.15	8,491.57
Work-in-progress (Refer note no-25)	21,416.64	22,303.30
Stores and Spares	4,219.05	4,738.19
[Includes stores in transit ₹ 51.35 lacs ; Previous year: Nil]		
Others	4.14	8.31
	40,190.48	49,400.46

Note: 20 TRADE RECEIVABLES (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,343.87	8,561.90
Doubtful	-	-
	4,343.87	8,561.90
Age-based provision in respect of debtors outstanding for more than one year net of ECGC cover	(506.35)	(407.00)
(A)	3,837.52	8,154.90
Other receivables		
Unsecured, considered good	36,708.88	44,233.19
Doubtful	-	-
	36,708.88	44,233.19
Provision for doubtful receivable	-	-
(B)	36,708.88	44,233.19
Total (A+B)	40,546.40	52,388.09

NOTES TO THE FINANCIAL STATEMENTS

Note: 21 CASH AND BANK BALANCES

(₹ in Lacs)

Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Cash and cash equivalents				
Balances with banks				
In Current accounts	-	-	162.54	955.78
In Cash Credit accounts	-	-	-	-
In Unpaid dividend account	-	-	223.72	240.02
Cheques, drafts in hand	-	-	5.69	0.55
Cash in hand (Including foreign currency notes)	-	-	14.39	5.85
Others	-	-	-	-
Postage and Stamps	-	-	0.09	0.11
	-	-	406.43	1,202.30
Other bank balances				
Held as margin money	-	0.29	-	-
Fixed Deposits with maturity more than one year*	180.08	166.96	-	-
	180.08	167.25	-	-
Less: Amount disclosed under the head "other non current assets" (Note no-17)	180.08	167.25		
Total	-	-	406.43	1,202.30

*Pledged with Bank against Bank Guarantee to Shipping line.

Note: 22 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
Sale of Products				
Manufactured goods				
Graphite Electrodes	1,24,529.55		1,46,693.75	
Power (Net of inter-divisional sales of ₹ 20,452.57 Lacs ,Previous year ₹ 19703.96 Lacs)	1,765.29	1,26,294.84	2,455.26	1,49,149.01
Other Operating Income				
REC sales	319.84		399.31	
Fly Ash Income	268.70	588.53	390.34	789.65
Less: Excise Duty		2,831.85		3,257.54
		1,24,051.52		1,46,681.13

Note: 23 OTHER INCOME

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Interest income		
-Income tax Refunds/Others	-	110.25
Other Interest Income	309.68	60.96
Accrued Redemption Premium on Non Trade Investment	80.48	639.29
Rent Receipts	140.25	272.86
Provision for diminution in value of Investment in Associates-written back	-	14.03
Liabilities / provisions no longer required, written back	65.65	147.36
Profit on sale of Fixed Assets	320.59	-
Miscellaneous Sales / Receipts	238.25	932.40
	1,154.91	2,177.15

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Note: 24 COST OF MATERIAL CONSUMED (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Raw Material Consumed		
Opening Stock	8,681.15	15,002.08
Add : Purchases	56,980.24	58,166.81
	65,661.38	73,168.89
Less: Closing Stock	6,345.58	8,681.15
Cost of Material Consumed (Net of Export Incentive ₹1,691.75 Lacs , previous year ₹3,098.17)	59,315.80	64,487.74

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

Breakup of raw material consumption is as under (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Calcined Petroleum Coke	36,860.74	44,588.63
Pitch	11,972.74	10,173.51
Coal	10,125.41	9,023.87
Others	356.91	701.73
	59,315.80	64,487.74

Breakup of raw material inventory is as under (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Calcined Petroleum Coke	4,413.78	5,692.40
Pitch	487.98	896.42
Coal	1,390.28	2,042.16
Others	53.55	50.17
	6,345.58	8,681.15

Note: 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	(Increase) / Decrease
Inventories (At close)			
Finished Goods	6,953.15	8,491.57	
Work-in-progress	21,416.64	22,303.30	
	28,369.79	30,794.87	2,425.08
Inventories (At opening)			
Finished Goods	8,491.57	12,915.79	
Work-in-progress	22,303.30	23,852.07	
	30,794.87	36,767.86	5,972.99

Breakup of finished goods is as under (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Finished goods		
a) Graphite Electrodes, Nipples & Specialities	6,421.53	7,438.36
b) By-products etc	531.62	1,053.21
	6,953.15	8,491.57

NOTES TO THE FINANCIAL STATEMENTS

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

Breakup of work-in-progress is as under

Particulars	Year ended	Year ended
	31st March, 2015	31st March, 2014
Work-in-progress		
a) Intermediaries product at various stage	11,142.64	9,704.56
b) Intermediaries products in furnaces	10,270.47	12,595.21
c) Refractory blocks & sengries	3.53	3.53
	21,416.64	22,303.30

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

Note: 26 EMPLOYEE BENEFIT EXPENSE (₹ in Lacs)

Particulars	Year ended	Year ended
	31st March, 2015	31st March, 2014
Salaries and Wages	4,880.70	4,608.69
Contribution to Provident and other Funds	571.78	530.03
Staff Welfare	654.68	580.50
	6,107.16	5,719.22

Note: 27 FINANCE COST (₹ in Lacs)

Particulars	Year ended	Year ended
	31st March, 2015	31st March, 2014
Interest Expense		
Term Loans	1,681.93	2,869.13
Working Capital Borrowing	4,824.93	4,360.56
Others	69.47	-
	6,576.32	7,229.69

Note: 28 DEPRECIATION AND AMORTISATION (₹ in Lacs)

Particulars	Year ended	Year ended
	31st March, 2015	31st March, 2014
Depreciation of tangible assets	7,499.70	7,224.17
Amortisation of intangible assets	36.02	41.82
	7,535.72	7,265.99

During the year there was no impact reported in above figures after considering the manner prescribed in Schedule II of the Companies Act, 2013 for calculation of Depreciation.

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Note: 29 OTHER EXPENSES	(₹ in Lacs)	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Consumption of stores and spare parts (Including Refractory Blocks)	9,164.54	8,412.78
Job/Process Charges	344.69	310.86
Power & fuel	27,812.01	28,475.35
Less: Interdivisional Purchases	(20,452.57)	(19,703.96)
Repairs and maintenance		
Plant & Machinery	3,921.24	4,069.23
Building	543.95	410.24
Others	479.88	526.48
Insurance	368.24	649.31
Rent	89.83	105.94
Rates and taxes, excluding taxes on income	62.99	82.33
Directors' sitting fees & incidental expenses	41.80	19.89
Freight & forwarding	7,318.30	9,889.22
Packing Expenses (including Packing material consumption)	1,601.81	1,653.71
Commission	1,538.05	4,614.31
Claims, Rebates and Discount	884.74	2,730.47
Donation	-	9.32
Power generation charges	120.86	181.95
Travelling Expenses	319.36	266.91
Postage & Communication	68.24	73.04
Payment to auditors (Refer details below*)	39.06	33.95
Expenditure on CSR Activities (**)	114.68	164.32
Legal & Professional Expenses	591.10	605.64
Vehicle Running & Maintenance	148.73	146.66
Provision for doubtful debts & advances	101.82	331.28
Bad debts	465.51	1,182.40
Excise duty (Inc adjustment on stocks)	9.54	(369.33)
Loss on sale/discard of fixed assets	-	65.17
Miscellaneous Expenses	898.60	965.07
	36,596.97	45,902.52

*Payments to the statutory auditors (excluding service tax)	(₹ in Lacs)	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
As auditor		
Statutory audit	30.00	24.00
Other Services		
Management Services	3.65	2.94
Certification fees	0.68	0.70
Reimbursement of expenses	4.73	6.31
	39.06	33.95

** Corporate Social Responsibility (CSR)	(₹ in Lacs)	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
2% of average net profit over the last three years	196.46	-
Amount expended on CSR activities during the year	114.68	164.32
Pending obligation towards expenditure on CSR	81.78	-

NOTES TO THE FINANCIAL STATEMENTS

Note: 30 EXCEPTIONAL ITEM (₹ in Lacs)		
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Loss on account of Foreign Exchange arising out of exceptional volatility in Foreign currency rates.	2,217.71	2,535.83
	2,217.71	2,535.83

Note: 31 EARNING PER SHARE (₹ in Lacs)		
Particulars	As at 31st March, 2015	As at 31st March, 2014
The basic and diluted Earning Per Share is as under :		
Net Profit After Tax	3,900.16	8,661.76
Weighted average number of Equity Shares outstanding	3,99,59,142	3,99,59,142
Basic Earning Per Share (₹)	9.76	21.68
Diluted Earning Per Share (₹)	9.76	21.68
Face value per Equity Share (₹)	10	10

Note: 32 CONTINGENT LIABILITIES NOT PROVIDED FOR (₹ in Lacs)		
Particulars	As at 31st March, 2015	As at 31st March, 2014
For Taxation matters		
a) Excise duty under appeal	265.09	261.97
b) Service Tax	1,040.51	953.22
c) Income Tax	4,805.62	2,187.00
d) Sales Tax	1,439.70	210.64
Other than Taxation matters		
a) Electricity Charges	4,945.38	4,650.00
b) RPO Obligation	750.62	520.35
c) Advance & EPCG License	232.62	508.84
Labour related matters	42.37	34.22

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

Note: 33 OBLIGATIONS AND COMMITMENTS OUTSTANDING: (₹ in Lacs)		
Particulars	As at 31st March, 2015	As at 31st March, 2014
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 30.35 Lacs, previous year ₹ 2.56 Lacs.)	29.67	10.24
b) Bills discounted with bankers.	2,462.80	5,534.32
c) Liability on EPCG License*	-	7,331.78
d) The Company has provided Guarantee in favour of International Finance Corporation (IFC) with M/s RSWM Ltd. on joint and several basis on behalf of M/s AD Hydro Power Ltd.	600.00	600.00

*This excludes an amount of ₹ 6,004 lacs (previous year ₹ 1,327.78 lacs) for which the applications for closure have been lodged.

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Note: 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE (₹ in Lacs)

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

Category	Currency	Nature	As at 31st March, 2015		As at 31st March, 2014		Purpose
			(USD) Million	(INR)	(USD) Million	(INR)	
Plain Vanilla Forwards (Sold)	USD/ INR	Sold	5.60	3,630.69	-	-	Hedging
Plain Vanilla Forwards(Bought)	USD/INR	Bought	3.15	1,992.47	-	-	Hedging
Plain Vanilla Forwards	EURO/INR	Sold	3.00	2,454.89	-	-	Hedging
Cross Currency Forward	EURO/ USD	Sold	1.50	USD 1.85 Mn	-	-	Hedging
USD-INR Full Currency Forwards	USD		3.40	1,711.90	6.70	3373.45	Hedging

b) Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	Currency	As at 31st March, 2015		As at 31st March, 2014	
		Amount in FC (Million)	Amount in INR (₹ in Lakhs)	Amount in FC (Million)	Amount in INR (₹ in Lakhs)
Secured Loan	USD	63.34	39,646.00	33.16	19,930.12
	EURO	4.63	3,128.52	3.23	2,668.49
	GBP	-	-	0.19	194.45
Unsecured Loan	USD	14.05	8,791.53	-	-
Creditors(Net of Advances)	USD	13.12	8,211.67	17.69	12,563.97
	EURO	0.16	130.07	0.01	12.22
Total	USD	90.51	56,649.20	90.16	56,115.98
Total	EURO	4.79	3,258.58	17.73	14,644.03
Total	GBP	-	-	0.48	483.29
Debtors (Net of Advances)	USD	31.06	19,439.49	39.31	23,621.89
	EURO	14.56	9,576.27	14.48	11,963.32
	GBP	0.28	259.43	0.29	288.84

Note: 35

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

Note: 36 AS-15 'EMPLOYEE BENEFITS'

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

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

Particulars	FY 2014-15	FY 2013-14
Employer's contribution to Provident Fund	211.84	197.18
Employer's contribution to Superannuation Fund	164.16	138.03
Employer's contribution to ESI	36.16	35.18

Defined Benefit Plan

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

NOTES TO THE FINANCIAL STATEMENTS

Note: 36 AS-15 'EMPLOYEE BENEFITS' (contd...)

(₹ in Lacs)

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

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14	Leave encashment (Unfunded) FY 2014-15	Leave encashment (Unfunded) FY 2013-14
Defined Benefit obligation at the beginning of the year	901.81	969.72	225.28	226.83
Current Service Cost	55.19	50.36	33.69	16.65
Interest Cost	76.65	77.58	19.15	18.15
Actuarial (gain)/loss	(33.89)	24.03	96.82	3.78
Past Service Cost	-	-	-	-
Benefits Paid	(11.26)	(219.89)	(15.02)	(40.13)
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the year	988.50	901.81	359.92	225.28

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

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14
Fair value of plan assets as at the beginning of the year	823.74	904.36
Expected Return	82.37	90.44
Actuarial (gain)/loss	23.35	16.68
Contribution by Employer	72.65	65.50
Benefits Paid	(11.26)	(219.89)
Settlement cost	-	-
Fair value of plan assets as at the end of the year	944.15	823.74
Actual return on plan assets	59.02	73.76

3. Reconciliation of amount recognised in Balance Sheet

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14	Leave encashment (Unfunded) FY 2014-15	Leave encashment (Unfunded) FY 2013-14
Fair Value of Plan Assets as at 31st March, 2015	944.15	823.74	-	-
Present value of obligation as at 31st March, 2015	988.50	901.81	359.92	225.28
Net asset/(liability) recognised in the Balance Sheet	(44.35)	(78.07)	(359.92)	(225.28)

4. Expense Recognised during the year under the head

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14	Leave encashment (Unfunded) FY 2014-15	Leave encashment (Unfunded) FY 2013-14
Current Service Cost	55.19	50.36	33.69	16.65
Past Service Cost	-	-	-	-
Interest Cost	76.65	77.58	19.15	18.15
Expected return on plan assets	(82.37)	(90.44)	-	-
Net Actuarial (gain)/ loss recognised during the year	(10.54)	40.71	96.82	3.78
Expenses recognised in the statement of Profit & Loss	38.93	78.22	149.65	38.58

5. Actual Return on Plan Assets

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14
Expected Return on Plan Assets	82.37	90.44
Actuarial (gain)/ loss	23.35	16.68
Actual return on plan assets	59.02	73.76

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Note: 36 AS-15 'EMPLOYEE BENEFITS' (contd...) (₹ in Lacs)

6. Principal Actuarial Assumptions

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14	Leave Encashment (Unfunded) FY 2014-15	Leave Encashment (Unfunded) FY 2013-14
Mortality Table (LIC)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Discount rate	8.00%	8.50%	8.00%	8.00%
Future Salary Increase	5.50%	6.00%	5.50%	6.00%
Expected rate of return on plan assets	10.00%	10.00%	-	-
Retirement Age	60 years	60 years	60 years	60 years

	FY 2014-15		FY 2013-14	
Withdrawal Rates	Age	Withdrawal Rates	Age	Withdrawal Rates
	Upto 30 years	3.00%	Upto 30 years	3.00%
	From 31 to 44 years	2.00%	From 31 to 44 years	2.00%
	Above 44 years	1.00%	Above 44 years	1.00%

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

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

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
PBO (C)	359.92	225.28	226.80	238.89	329.17
Plan assets	-	-	-	-	-
Net Assets/ (Liability)	(359.92)	(225.28)	(226.80)	(238.89)	(329.17)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	(97.16)	(3.70)	4.60	112.40	(35.29)

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

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
PBO (C)	988.50	901.81	969.72	1,050.51	1,031.15
Plan assets	944.15	823.74	904.36	966.61	960.22
Net Assets/ (Liability)	44.35	(78.07)	(65.40)	(83.90)	(70.93)
Experience adjustment on plan assets	(23.35)	(16.68)	(16.00)	(25.86)	(12.59)
Experience adjustment on plan liabilities	(35.66)	(23.60)	(4.11)	(17.51)	(31.05)

Provident Fund

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

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

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

A. List of Related Parties & Relationships

Particulars	As at 31st March, 2015	As at 31st March, 2014
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).		
(i) HEG Graphite Products and Services Ltd.	Subsidiary	Subsidiary
b) Associates and joint ventures		
(i) Bhilwara Energy Limited	Associate	Associate
(ii) Bhilwara Infotechnology Ltd	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.	Sh. L.N. Jhunjhunwala	Sh. L.N. Jhunjhunwala
	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala
d) Key Management Personnel and their relatives	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala
	Sh. Raju Rustogi	
	Sh. Ashish Sabharwal	

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

- (i) RSWM Ltd
- (ii) Malana Power Company Ltd
- (iii) Aadi Marketing Company Pvt Ltd
- (iv) Bhilwara Energy Ltd
- (v) Bhilwara Services Pvt Ltd
- (vi) BMD Renewable Energy Pvt Ltd
- (vii) Essay Marketing Company Ltd
- (viii) Glorious Commodore Pvt Ltd
- (ix) Giltedged Industrial Securities Ltd
- (x) India Texfab Marketing Ltd
- (xi) Investors India Ltd
- (xii) Kalati Holdings Pvt Ltd
- (xiii) LNJ Financial Services Ltd
- (xiv) Modify Distributors Pvt Ltd
- (xv) Nikita Electrotrades Pvt Ltd
- (xvi) Nivedan Vanijya Niyojan Ltd
- (xvii) Purvi Vanijya Niyojan Ltd
- (xviii) Raghav Commercial Ltd
- (xix) Raghav Knits & Textile Pvt Ltd
- (xx) Shashi Commercial Company Ltd
- (xxi) Veronia Tie-Up Pvt Ltd
- (xxii) Zongoo Commercial Company Pvt Ltd

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

B. The following transactions were carried out / outstanding with related parties in the ordinary course of business (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
1 With parties referred to in (a) above.		
(i) Investment in Equity of HEG Graphite Products and Services Limited	5.00	5.00
2 With parties referred to in (b) above.		
(i) Investment in Cumulative Redeemable Preference shares of Bhilwara Energy Limited	-	4,000.00
(ii) Investment in Equity of Bhilwara Energy Limited	14,506.88	5,342.32
(iii) Conversion of Preference Share of Bhilwara Energy Limited (BEL) including premium thereon into Equity Shares of BEL	6,720.00	-
(iv) Bhilwara Energy Limited Rights Issue Subscription	1,096.14	2,729.62
(v) Investment in Equity of Bhilwara Infotechnology Limited	419.00	419.00
(vi) Redemption premium accrued on Preference Shares of Bhilwara Energy Limited	80.48	2,639.55
(vii) Amount received for Property Sale from Bhilwara Infotechnology Limited	111.11	238.88
(viii) Interest received from Bhilwara Infotechnology Limited	4.77	18.86
(ix) Rent Paid to Bhilwara Infotechnology Limited	-	0.79
(x) Rent received from Bhilwara Infotechnology Limited	-	0.92
(xi) Reimbursement of Security Deposit paid on behalf of Bhilwara Infotechnology Limited	2.04	-
3 With parties referred to in (c) above.		
(i) Sitting Fees paid to		
- Sh. Riju Jhunjunwala-Director	2.90	1.20
(ii) Remuneration paid to		
- Sh. Ravi Jhunjunwala-CMD		
Salaries & Allowances (Including Perquisites)	198.45	148.93
Contribution to PF & Superannuation	32.40	23.95
Commission (Provision)	110.00	221.56
(iii) Compensation for Equilisation of Cost of BEL shares to HEG	53.41	-
Remuneration does not Include provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole		
4 With parties referred to in (d) above.		
(i) Remuneration paid to		
- Sh. Ravi Jhunjunwala-CMD		
Salaries & Allowances (Including Perquisites)	198.45	148.93
Contribution to PF & Superannuation	32.40	23.95
Commission (Provision)	110.00	221.56
- Sh. Raju Rustogi-CFO	74.06	57.58
- Sh. Ashish Sabharwal-CS	35.62	31.31
Remuneration does not Include provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole		
5 With parties referred to in (e) above.		
(a) Purchase of fabrics		
-RSWM Ltd	9.37	12.57
(b) Rent Received		
-RSWM Ltd	10.56	10.52
(c) Rent Paid		
-RSWM Ltd	50.24	67.90
-Shashi Commercial Co. Ltd.	27.12	28.27
-Purvi Vanijya Niyojan Ltd.	2.89	2.59
-Giltedged Industrial Securities Ltd.	18.10	17.00
d) Sale of SHIS License to RSWM	398.23	-
e) Reimbursement of Expenses incurred by Company		
-Malana Power Co.Ltd.	5.14	-
-RSWM Ltd	31.52	-
f) Reimbursement of Expenses incurred on behalf of Company		
-RSWM Ltd	37.19	-

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

Outstanding Balance

(₹ in Lacs)

Sl. No.	Related Party	As at 31st March, 2015	As at 31st March, 2014
1	RSWM Ltd	0.03	(7.03)
2	Purvi Vanijya Niyojan Ltd.	-	1.12
3	Bhilwara Infotechnology Ltd.	-	(238.89)
4	Bhilwara Energy Ltd	0.11	0.11
	TOTAL	0.14	(244.69)

Note: Figures marked in brackets denote credit balances

Note: 38 SEGMENT REPORTING

(₹ in Lacs)

1) Primary Segment Information (By Business Segment) :

Particulars	Graphite		Power		Unallocable Items / Others		Total	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
a) Segment Revenue								
External Turnover	1,24,520.69	1,46,687.67	22,806.40	22,948.88	8.86	6.07	1,47,335.95	1,69,642.62
Less: Inter Segment turnover	-	-	20,452.57	19,703.96	-	-	20,452.57	19,703.96
Turnover	1,24,520.69	1,46,687.67	2,353.83	3,244.91	8.86	6.07	1,26,883.37	1,49,938.65
Less: Excise Duty	2,831.47	3,257.54	-	-	0.38	-	2,831.85	3,257.54
Net Turnover	1,21,689.22	1,43,430.13	2,353.83	3,244.91	8.48	6.07	1,24,051.52	1,46,681.12
b) Segment Result before Interest & taxes	2,371.28	6,308.92	8,579.11	9,965.30	57.60	699.76	11,007.99	16,973.98
Less: Financial Expenses							6,576.32	7,229.69
Profit Before Tax							4,431.67	9,744.29
Less: Income Tax (including Deffered tax)							531.51	1,082.53
Net Profit for the year							3,900.16	8,661.76
c) Other Information								
Segment Assets	1,81,785.52	2,02,649.92	19,927.16	21,801.61	15,580.63	18,540.71	2,17,293.52	2,42,992.25
Segment Liabilities	1,10,814.92	1,36,762.23	554.52	293.65	11,851.63	13,529.59	1,23,221.06	1,50,585.47
Capital Exp.incurred during the year	2,918.72	19,686.58	156.42	375.61	63.05	56.36	3,138.19	20,118.56
Depreciation	6,112.49	5,825.84	1,386.53	1,405.55	36.70	34.60	7,535.72	7,265.99
Other Non Cash Expenses other than depreciation and amortisation								

2) Secondary Segment Information (By Geographical Location) :

Particulars	Within India		Outside India		Total	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
a) Segment Revenue	32,009.14	33,589.41	94,874.23	1,16,349.25	1,26,883.37	1,49,938.66
b) Segment Assets	2,17,293.52	2,42,992.25	-	-	2,17,293.52	2,42,992.25
c) Capital Expenditure	3,138.19	20,118.56	-	-	3,138.19	20,118.56

Note: 39 VALUE OF IMPORTS CALCULATED ON CIF BASIS IN RESPECT OF

(₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Raw Materials	29,355.26	36,784.75
Components & spare parts	310.10	351.20
Capital goods	107.18	3,173.27

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

(₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Commission, Consultancy, Travelling, Interest and Others.	4,429.43	5,600.90

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Note: 41 EARNINGS IN FOREIGN CURRENCY (₹ in Lacs)		
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Export of goods calculated on FOB basis	91,841.92	1,12,130.85

Note: 42 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND (₹ in Lacs)		
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Amount paid on repatriation basis on account of dividend*	913.68	1,215.52
Number of NRI / OCB shareholders	257	287
Number of shares held by above shareholders	1,52,28,055	1,51,93,953
Year to which the dividend relates	2013-14	2012-13

*The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained. An amount equivalent to ₹ 7,09,08,642 was paid in foreign currency by the Company, whereas amount ₹ 2,04,59,688 was paid to non-residents in INR during the financial year 2014-15.

Note: 43 CAPITALIZATION OF PRE-OPERATIVE EXPENDITURE (₹ in Lacs)		
The following expenditure has been capitalised / included under Capital work in progress:	Year ended 31st March, 2015	Year ended 31st March, 2014
Insurance Expenses	0.97	2.97
Financial Expenses - Interest on term loans	329.59	2,242.64
Administrative Overheads & Other Cost	249.96	981.96
Foreign currency fluctuation	3,465.86	6,451.11
Total	4,046.38	9,678.68
The same has been capitalised / is lying under Capital work in progress as under:		
Building	28.72	1,405.68
Plant & Machinery	1,760.10	3,967.68
Capital work in progress	2,257.56	4,305.32
Total	4,046.38	9,678.68

Note: 44	
The Company had opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification No 914 (E) dated December 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, The following exchange differences on long term foreign currency monetary items are being dealt with in the following manner:	
- Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset. - It has transferred the differences arising out of foreign currency translation in respect of acquisition of depreciable capital assets to the respective assets account / Capital Work-in-progress. In case this accounting practice had not been adopted, the Pre-tax Profit for the financial year ended 31st March 2015 would have been up by ₹ 248.22 Lacs (Gain) (Previous year ₹ 5,064.34 (Loss)) with a consequential impact on both the Basic and Diluted EPS.	

Note: 45	
There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets'	

Note: 46 ADDITIONAL INFORMATION		
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)		
Graphite Electrodes & Anodes MT	80,000	80,000
Thermal Power MW	63.00	63.00
Hydel Power MW	13.50	13.50

Note: 47	
In accordance with the provisions of Accounting Standard on impairment of Assets (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.	

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Note: 48

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

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

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

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lacs	%	₹ in Lacs	%
Raw materials				
Imported	31,609.21	53.29	41,576.02	74.69
Indigenous	27,706.60	46.71	13,889.33	25.31
Stores & spare parts				
Imported	481.72	7.91	320.46	3.67
Indigenous	5,611.72	92.09	8,412.78	96.33

Note: 50 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013

Particulars	Amount outstanding as at 31st March, 2015	Amount outstanding as at 31st March, 2014
Loan Given	-	-
Guarantee Given	600 Lacs	600 Lacs
Investments made	14,955.88 Lacs	9,791.32 Lacs

Loan, Guarantee and Investments made during the Financial Year 2014-2015

Name of Entity	Relation	Amount (₹ In Lacs)	Particulars of Loan, Guarantee and Investments	Purpose for which the loans, Guarantee and Investments are proposed to be utilized
Bhilwara Energy Ltd	Associate	9,164.56*	Investments	Business Purpose

* Includes Allotment of Equity Shares on conversion of Preference Shares issued in the year 2009, Face Value ₹40 crore and Accrued Premium ₹27.20 crore.

Note: 51

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

Signed in terms of our report of even date

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

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

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D.N.Davar
Director
DIN No. 00002008

Riju Jhunjunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated: 14th May, 2015

Raju Rustogi
Chief Financial Officer

Ashish Sabharwal
Company Secretary

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

		(₹ in Lacs)	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Tax	4,431.67	9,744.29	
Add: Depreciation	7,535.72	7,265.99	
Misc Exps Written off	0.00	0.01	
Interest Paid	6,576.32	7,229.69	
Net(Profit)/Loss on fixed assets sold / discarded	(320.59)	65.17	
Diminution in value of Investments (net)	-	(14.03)	
Provision for doubtful debts/age base provisions	101.82	331.29	
Transfer to Hedging Reserves	(795.97)	246.82	
Bad Debts	465.51	1,182.40	
Less: Interest received	309.68	171.21	
Operating Profit before working capital changes	17,684.79	25,880.42	
Working capital			
Trade receivables	11,274.35	7,467.97	
Inventories	9,209.98	11,366.46	
Loans & advances / Other current assets	4,489.74	22,231.92	
Liabilities and provisions	(15,615.37)	11,466.10	
Cash from operating activities	27,043.49	78,412.88	
Income tax	531.51	1,082.53	
Net Cash from operating activities	26,511.99	77,330.34	
B CASH FLOW FROM INVESTING ACTIVITIES			
Addition in Fixed Assets (net)	(3,138.15)	(20,118.56)	
Sale of Fixed Assets	421.25	116.83	
Advances for Capital Expenditure	27.79	(7,099.83)	
Sundry Creditors for Capital Expenditure	(720.43)	294.46	
Investments	(5,164.56)	(2,743.65)	
Interest received	309.68	171.21	
Net Cash from investing activities	(8,264.41)	(29,379.53)	
C CASH FROM FINANCING ACTIVITIES			
Long term borrowings - Term Loans	16,700.00	-	
Repayment of Term loans	(18,879.13)	(19,078.24)	
Short term borrowings (working capital)	(8,849.49)	(19,097.82)	
Interest Paid	(6,576.32)	(7,229.69)	
Dividend paid	(1,198.77)	(2,397.55)	
Corporate Dividend Tax	(239.72)	(407.46)	
Net Cash from financing activities	(19,043.44)	(48,210.76)	
INCREASE IN CASH OR CASH EQUIVALENTS	(795.87)	(259.95)	
Opening cash or cash equivalents	1,202.30	1,462.25	
Closing cash or cash equivalents	406.43	1,202.30	

Signed in terms of our report of even date

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

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

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D.N.Davar
Director
DIN No. 00002008

Riju Jhunjunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated: 14th May, 2015

Raju Rustogi
Chief Financial Officer

Ashish Sabharwal
Company Secretary

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
HEG LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HEG Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associates, comprising of the consolidated balance sheet as at 31st March, 2015, the consolidated statement of profit and loss, the consolidated cash flow statement for the year ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of a subsidiary, whose financial statement reflect total assets of ₹3.46 lacs as at 31st March, 2015, total revenues of ₹ Nil and net cash outflows amounting to ₹0.30 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹179.42 lacs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of one of the associates financial statements / financial information have not been audited by

us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate, is based solely on the reports of the other auditors.

- (b) The consolidated financial statements also includes the Groups share of net loss of ₹ 522.02 lacs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of Bhilwara Energy Ltd an associate entity whose consolidated financial statements have not been audited but limited reviewed by one of the joint auditors in accordance with SRE 2410 issued by the Institute of Chartered Accountants of India and our opinion on the consolidated financial statements, in so far as it relates the aforesaid associate is based solely on such limited review. In our opinion and according to the information and explanations given to us by the Management, the Group's share of such net loss is not material to the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information limited reviewed by us.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and subsidiary Company and associate Company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

- The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary Company and associate Companies incorporated in India, none of the directors of the Group Companies and its associate Companies incorporated in India is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164 (2) of the Act; and
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and associate Companies -Refer Note 32 & 33 to the consolidated financial statements;
 - The Group and its associates did not have any material foreseeable losses on long term contracts including derivative contracts; and
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and its associates incorporated in India.

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

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

Mukesh Goyal
Partner
Membership No. 081810
Place : Noida (U.P.)
Date : 14th May, 2015

Sunil Wahal
Partner
Membership No. 087294

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the members of HEG Limited on its consolidated financial statements as of and for the year ended March 31, 2015.

Our reporting on the Order includes one subsidiary and two associates incorporated in India, to which the Order is applicable. The subsidiary and one associate have been audited by the other auditors and our report in respect to these entities is solely based on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

In respect of the other associate incorporated in India, which have been included in the consolidated financial statements based on limited review conducted by one of the joint auditors under SRE 2410 issued by the Institute of Chartered Accountants of India and hence no report under the Order is available, and accordingly the possible effects of the same on our reporting under the Order has not been considered.

- (i) (a) The Group and its associate have maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The physical verification of fixed assets is being conducted by the respective management of the Group and its associate based on a program designed to cover all assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.
- (c) In case of subsidiary, there are no fixed assets during the year, therefore the provisions of clause 3(i) of the Order are not applicable.
- (ii) (a) The inventories of the Group and its associate have been physically verified by the respective management of the Group and associate during the year.
- (b) In our opinion and the opinion of other auditors and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the respective management of the Group and associate are reasonable and adequate in relation to the size of the respective entities and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Group and its associate are maintaining proper records of inventories. As explained to us and other auditors, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the respective books of accounts.
- (d) In case of subsidiary Company, there is no inventory during the year; therefore the provisions on clause 3(ii) of the Order are not applicable.
- (iii) The Group and its associate have not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly,

clauses 3 (iii) (a) and (b) of the Order are not applicable.

- (iv) According to the information and explanations given to us and the other auditors, there seems to be adequate internal control systems commensurate with the size of the Group and its associate and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services. The subsidiary does not have any purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our and other auditors examination of the books and records of the Group and its associate carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us and other auditors, we and other auditors have neither come across nor have been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control systems.
- (v) In our opinion and according to the information and explanations given to us, the Group and its associate have not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable.
- (vi) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Holding Company as specified by the Central Government of India under section 148(1) 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 records.
According to the information and explanation given to us by other auditors, maintenance of the cost records as stated above is not applicable in case of subsidiary Company & associate.
- (vii) (a) According to the information and explanations given to us and the other auditors the records of the Group and its associate examined by us and the other auditors, in our opinion and the opinion of the other auditor, the Group and its associate is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the other auditor and as per the books and records examined by us and the other auditor of Group and its associate, there are no dues of Wealth Tax, Custom Duty and Cess which have not been deposited on account of any dispute, except the following pertaining to Holding

Company in respect of disputed Income Tax, Sales Tax, Excise Duty and Service Tax along with the forum where dispute is pending:

S. No	Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Excise Duty	296.49	2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08	CESTAT, New Delhi
			1.42	2004-05	Hon'ble High Court, Jabalpur
			3.12	Oct 07 to May 08	Commissioner (Appeal), Bhopal
2	Income Tax Act, 1961	Income Tax	289.00	Assessment year 2013-14	CIT (Appeals), Bhopal
			516.00	Assessment year 2003-04, 2004-05	Hon'ble High Court, Jabalpur
		Income Tax Penalty	20.00	Assessment year 2011-12	CIT (Appeals), Bhopal
		Income Tax Penalty	20.00	Assessment year 2010-11	CIT (Appeals), Bhopal
3	Finance Act, 1994	Service Tax and penalty	585.35	2004-06, 2006-07, 2008-09, 2009-10, 2010-11	CESTAT, New Delhi
		Service Tax and penalty	109.64	2012-13	Commissioner of Excise and Customs, Bhopal
4	Central Sales Tax Act, 1956	Central Sales Tax	20.89	2002-03	Sales Tax Tribunal, Bhopal
	Central Sales Tax Act, 1956	Central Sales Tax	21.30	2003-04	Hon'ble High Court, Jabalpur
	Madhya Pradesh Parvesh Kar Adhiniyam, 1976	Entry Tax	1171.74	2010-11, 2011-12 and 2012-13	Commissioner (Appeals), Bhopal
			131.09	2002-03, 2006-07, 2007-08, 2008-09, 2009-10	Appellate Tribunal, Bhopal
			20.11	1997-98, 2003-04	Hon'ble High Court, Jabalpur
	Chattishgarh Commercial Tax	VAT	3.03	2006-07	Commissioner (Appeals), Raipur
			1.51	1992-93	Appellate Tribunal, Raipur
		Entry Tax	9.79	2005-06	Appellate Tribunal, Raipur
		Entry Tax	12.00	2007-08	Commissioner (Appeals), Raipur

(c) There are no dues of Wealth Tax, Custom Duty, Sales Tax, Income Tax, Excise Duty, Service Tax and Cess has not been deposited on account of any dispute in case of subsidiary Company.

(d) The Group and its associate has transferred the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time as applicable.

(viii) The Holding Company does not have any accumulated losses at the end of the financial year. The Holding Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. In the case of subsidiary Company, the subsidiary Company has accumulated losses at the end of the financial year of ₹ 1.65 lacs and there is cash loss of ₹ 0.30 lac during the financial year and ₹ 0.18 lac in the immediately preceding financial year.

The associate whose audited financial produced to us does not have any accumulated losses at the end of the financial year. The associate Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(ix) According to the records of the Group and its associate examined by us and the other auditors and the information and explanations given to us and the other auditors, in our opinion, the Group and its associate has not defaulted in repayment of its dues to banks and financial institutions. The Group and its associate does not have any debentures.

(x) As per the information and explanations given to us and the other auditor and on the basis of our and other auditors examination of the records, the Holding Company has given a guarantee jointly with another Company to a financial institution for loans taken by others from that financial institution, the terms and conditions of which are not, prima facie, prejudicial to the interest of the Holding Company. The Subsidiary and the Associate has not given any guarantee for loan taken by others,

hence the related reporting requirement is not applicable.

(xi) As per the information and explanations given to us and the other auditors and on the basis of our and other auditor's examination of the records, in our opinion, the term loans taken by the Holding Company have been applied for the purpose for which they were obtained, where such end use has been stipulated by the lender. The subsidiary and Associate has not taken any loan during the year, hence the related reporting requirement is not applicable..

(xii) During the course of our and other auditors examination of the books and records of the Group and its associate carried out in accordance with the generally accepted auditing practices in India, we and the other auditor have neither come across any instance of fraud on or by the Group and its associate, noticed or reported during the year, nor have we and the other auditor been informed of such case by the management.

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

Mukesh Goyal
Partner
Membership No. 081810
Place : Noida (U.P.)
Date : 14th May, 2015

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

Sunil Wahal
Partner
Membership No. 087294

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Notes	(₹ in Lacs)	
		As at 31st March, 2015	As at 31st March, 2014
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3	3,995.95	3,995.95
(b) Reserves and Surplus	4	97,405.74	95,997.72
2. Non-current liabilities			
(a) Long-term borrowings	5	25,237.17	16,895.86
(b) Deferred tax liabilities (Net)	6	9,734.27	9,202.77
(c) Other Long term liabilities	7	105.11	217.09
(d) Long-term provisions	8	300.26	205.09
3. Current liabilities			
(a) Short-term borrowings	9	57,591.74	66,441.23
(b) Trade payables	10	12,892.68	22,985.15
(c) Other current liabilities	11	15,742.20	31,294.45
(d) Short-term provisions	8	1,617.73	3,343.96
TOTAL		2,24,622.86	2,50,579.26
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	90,639.99	94,007.33
(ii) Intangible assets	13	13.83	49.86
(iii) Capital work-in-progress	14	10,774.86	11,869.71
(iv) Intangible assets under development		-	-
(b) Non-current investments	15	22,256.76	17,349.56
(c) Long-term loans and advances	16	8,194.00	5,921.02
(d) Other non-current assets	17	180.08	2,806.80
2. Current assets			
(a) Current investments	18	25.00	25.00
(b) Inventories	19	40,190.48	49,400.46
(c) Trade receivables	20	40,546.40	52,388.09
(d) Cash and bank balances	21	409.90	1,206.07
(e) Short-term loans and advances	16	9,336.52	11,416.32
(f) Other current assets	17	2,055.03	4,139.03
TOTAL		2,24,622.86	2,50,579.26
Summary of significant accounting policies	2		

The accompanying notes (1-52) are integral part of the financial statements

Signed in terms of our report of even date

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

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

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D.N.Davar
Director
DIN No. 00002008

Riju Jhunjunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated: 14th May, 2015

Raju Rustogi
Chief Financial Officer

Ashish Sabharwal
Company Secretary

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)			
Particulars	Notes	Year ended 31st March, 2015	Year ended 31st March, 2014
I. Revenue from operations			
Sale of products	22	1,26,294.84	1,49,149.01
Other Operating Income		588.53	789.65
Less:Excise Duty		2,831.85	3,257.54
Revenue from operations(Net)		1,24,051.52	1,46,681.12
II. Other income	23	1,154.91	2,177.15
III. Total Revenue (I + II)		1,25,206.43	1,48,858.26
IV. Expenses:			
Cost of materials consumed	24	59,315.80	64,487.74
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	2,425.08	5,972.99
Employee benefit expense	26	6,107.16	5,719.22
Finance costs	27	6,576.32	7,229.69
Depreciation and amortization expense	28	7,535.72	7,265.99
Other expenses	29	36,597.27	45,902.71
Total expenses		1,18,557.36	1,36,578.33
V. Profit before exceptional and extraordinary items and tax (III-IV)		6,649.08	12,279.93
VI. Exceptional items	30	2,217.71	2,535.83
VII. Profit before extraordinary items and tax (V - VI)		4,431.36	9,744.10
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		4,431.36	9,744.10
X. Tax expense:			
(1) Current tax			
Current Tax		963.18	2,120.69
MAT Credit Entitlement		(963.18)	(2,120.69)
Net Current Tax		-	-
Previous Year		-	-
Income Tax		(2.91)	29.42
MAT Credit Previous Year		2.91	(12.02)
(2) Deferred tax		531.51	1,065.14
XI. Profit (Loss) for the year from continuing operations (IX-X)		3,899.85	8,661.57
XII. Profit (Loss) for the year		3,899.85	8,661.57
Add : Share in Result of Associates		(257.35)	(590.39)
Profit (Loss) for the period		3,642.50	8,071.18
XIII. Earnings per equity share: (Par value of ₹ 10 each)			
(1) Basic (₹)	31	9.12	20.20
(2) Diluted (₹)	31	9.12	20.20

The accompanying notes (1-52) are integral part of the financial statements

Signed in terms of our report of even date

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

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

Ravi Jhunjhunwala
Chairman, Managing Director & CEO
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D.N.Davar
Director
DIN No. 00002008

Riju Jhunjhunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated: 14th May, 2015

Raju Rustogi
Chief Financial Officer

Ashish Sabharwal
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note:1 BASIS AND PRINCIPLES OF CONSOLIDATION

The Consolidated financial statements (CFS) of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards prescribed under the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

Note:2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Components considered

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

(a) Subsidiary Companies.

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

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

(b) Investment in Associates.

Name	Country	Ownership (%)	Period Considered	Audited
Bhilwara Infotechnology Ltd.	India	38.59%	01.04.2014 to 31.03.2015	Audited
Bhilwara Energy Ltd.	India	29.49%	01.04.2014 to 31.03.2015	*
Indo Canadian Consultancy Services Ltd. (Subsidiary of BEL)	India	15.04%	01.04.2014 to 31.03.2015	*
Malana Power Corporation Limited (Subsidiary of BEL)	India	15.04%	01.04.2014 to 31.03.2015	*
AD Hydro Power Ltd. (Fellow Subsidiary of BEL)	India	13.23%	01.04.2014 to 31.03.2015	*
NJC Hydro Power Ltd. (subsidiary of BEL)	India	29.49%	01.04.2014 to 31.03.2015	*
Green Ventures Pvt.Ltd. (Subsidiary of BEL)	Nepal	24.97%	01.04.2014 to 31.03.2015	*
Balephi Jal Vidyut Co. Ltd	Nepal	28.27%	01.04.2014 to 31.03.2015	*
Bhilwara Green Energy Limited	India	29.49%	01.04.2014 to 31.03.2015	*
Chango Yangthang Hydro Power Ltd.	India	29.49%	01.04.2014 to 31.03.2015	*
LNJ Power Venture Ltd.	India	21.82%	01.04.2014 to 31.03.2015	*

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

*Unaudited but limited reviewed

2.2 Accounting policies

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

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

a) Presentation and disclosure of financial statements

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

b) Change in accounting policy

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

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

2.3 Goodwill / capital reserve

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

2.4 Minority interest

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

Note: 3 SHARE CAPITAL		(₹ in Lacs)	
Particulars	As at 31st March, 2015	As at 31st March, 2014	
Authorised			
5,50,00,000 (Previous year 5,50,00,000) Equity Shares of ₹10/- each	5,500.00	5,500.00	
15,00,000 (Previous year 15,00,000) Preference Shares of ₹100/- each	1,500.00	1,500.00	
	7,000.00	7,000.00	
Issued, subscribed & fully paid-up			
3,99,59,142 (Previous year 3,99,59,142) Equity Shares of ₹ 10/- each	3,995.91	3,995.91	
1,150 (Previous year 1,150) Forfeited Equity Shares	0.04	0.04	
Total	3,995.95	3,995.95	

Of the above

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note: 3 SHARE CAPITAL (contd...)

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

Particulars	2014-15		2013-14	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
Equity Shares				
At the beginning of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91

b) Terms/Rights attached to equity shares

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

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

During the year ended 31st March, 2015, the amount per share dividend recognized as distribution to Equity Shareholders was ₹3 per Equity Share (Previous year ₹ 6 per Equity Share).

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

Name of the Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Norbury Investments Limited	53,62,991	13.42	53,62,991	13.42
Microlight Investments Limited	46,65,579	11.68	46,65,579	11.68
Life Insurance Corporation of India	33,94,285	8.49	34,33,294	8.59
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	7.24
Bharat Investments Growth Limited	26,09,598	6.53	26,09,598	6.53

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

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

Particulars	Aggregate No. of Shares				
	2014-15	2013-14	2012-13	2011-12	2010-11
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
FCCB's Conversion	-	-	-	-	2,37,733
Shares bought back	-	-	-	28,85,765	-
Closing Balance	3,99,59,142	3,99,59,142	3,99,59,142	3,99,59,142	4,28,44,907

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Note: 4 RESERVES AND SURPLUS		(₹ in Lacs)	
Particulars	As at 31st March, 2015	As at 31st March, 2014	
Capital Reserves			
Balance as per the last financial statements	3,138.24	3,138.24	
Add: Additions during the year	-	-	
Closing balance	3,138.24	3,138.24	
Capital Redemption Reserve			
Balance as per the last financial statements	1,893.57	1,893.57	
Add: Current year transfers	-	-	
Closing balance	1,893.57	1,893.57	
Securities Premium Account			
Balance as per the last financial statements	1,269.61	1,269.61	
Add : Received during the year	-	-	
Closing balance	1,269.61	1,269.61	
Hedging Reserve			
Balance as per the last financial statements	795.97	575.06	
Add/(Less): Amount utilized on settlement of hedged instrument	-	(25.91)	
Add/(Less): Transfer during the year	(795.97)	246.82	
Closing balance	-	795.97	
General Reserve			
Balance as per the last financial statements	39,433.36	38,567.18	
Add: Transfer from Statement of Profit and Loss during the year	389.99	866.18	
Closing balance	39,823.34	39,433.36	
Surplus/(Deficit) balance in Statement of Profit and Loss			
Balance as per the last financial statements	41,878.72	36,888.33	
Add: Amount transferred from Statement of Profit and Loss	3,899.85	8,661.57	
Amount available for Appropriation	45,778.58	45,549.90	
Less: Proposed Dividend	1,198.77	2,397.55	
Less: Dividend distribution tax on Proposed Dividend	239.72	407.46	
Add: Transfer from Debenture Redemption Reserve	-	-	
Less: Amount Transferred to General Reserve	389.99	866.18	
Closing balance	43,950.09	41,878.72	
Total	90,074.84	88,409.47	
Add: Shares in Reserves of Associates			
(a) Opening Balance	6,444.03	6,444.03	
Add : Current year transfer	-	-	
Less : Written back in current year	-	-	
Closing balance	6,444.03	6,444.03	
(b) Statement of Profit & Loss			
Opening Balance	1,144.22	1,734.61	
Add : Current year transfer	-	-	
Less : Written back in current year	257.35	590.39	
Closing balance	886.87	1,144.22	
	97,405.74	95,997.72	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note : 5 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars	Non Current Portion		Current maturities	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Secured				
Term loans				
Rupee Loans from Banks	12,500.00	2,265.00	2,261.56	8,345.98
Foreign currency Loans from Banks	12,737.17	13,130.86	5,125.33	9,061.34
Rupee Loans from others	-	1,500.00	1,500.00	2,000.00
	25,237.17	16,895.86	8,886.89	19,407.32
Amount disclosed under the head:- "other Current liabilities"(Note No-11)"			8,886.89	19,407.32
Total	25,237.17	16,895.86	-	-

Terms of repayment / details of security are as follows:

From Banks – Term loans

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.03.2015	Annual repayment schedule		
				2015-16	2016-17	2017-18
Axis Bank	Base Rate Linked	1-Quarterly	625.00	625.00	-	-
Development Credit Bank	Base Rate Linked	4-Quarterly	1,636.56	1,636.56	-	-
Kotak Mahindra bank	Libor Linked rate	8-Quarterly	4,258.35	283.89	1,646.56	2,327.90
IDBI Bank	Base Rate Linked	4-Quarterly	7,700.00	-	1,925.00	5,775.00
State Bank of India	Base Rate Linked	4-Quarterly	4,800.00	-	2,400.00	2,400.00
DBS-ECB	Libor Linked rate	3-Yearly	11,892.25	3,129.54	4,130.99	4,631.72
DBS-ECB(Fully Hedged in INR)	Libor Linked rate	1-Yearly	1,711.90	1,711.90	-	-
Total			32,624.06	7,386.89	10,102.55	15,134.62

From Others

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.03.2015	Annual repayment schedule		
				2015-16	2016-17	2017-18
Aditya Birla Finance Ltd	Base Rate Linked	3-Quarterly	1,500.00	1,500.00	-	-

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

Note: 6 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Deferred tax liabilities		
Arising on account of Timing difference		
Accumulated Depreciation	10,189.60	9,586.95
Deferred tax assets		
Due to section 43B of the Income Tax Act	280.08	266.81
Others	175.25	117.37
Net deferred tax Liability	9,734.27	9,202.77
Movement		
Opening Balance	9,202.77	8,137.63
Addition/(deduction) during the year	531.51	1,065.14
Closing balance	9,734.27	9,202.77

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note: 7 OTHER LONG TERM LIABILITIES (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Security received	105.11	217.09
	105.11	217.09

Note: 8 PROVISIONS (₹ in Lacs)

Particulars	Long term		Short term	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Provision for employee benefits				
Compensated absences	300.26	205.09	59.65	43.89
Gratuity			45.90	64.46
Others				
Provision for Proposed Dividend on Equity Shares	-	-	1,198.77	2,397.55
Provision for Dividend distribution tax	-	-	239.72	407.46
Provision for Income Tax (Net of Advance Tax of ₹ 900 lacs (previous year ₹ 1,700 lacs)	-	-	63.18	420.69
Provision for wealth tax	-	-	10.50	9.90
Total	300.26	205.09	1,617.73	3,343.96

Note: 9 SHORT TERM BORROWINGS (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Secured		
Loans repayable on demand		
Working Capital Loans from Banks	44,691.17	61,351.23
Unsecured		
Short Term borrowings from banks	12,900.57	5,090.00
Total	57,591.74	66,441.23

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note: 10 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Trade payables	12,892.68	22,985.15
	12,892.68	22,985.15

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

Particulars	As at 31st March, 2015	As at 31st March, 2014
Principal amount remaining unpaid as at end of the year	-	22.85
Interest due on above	-	-
1 Total	-	22.85
2 Interest paid on delayed payment of principal, paid along with such interest during the year	-	-
3 Interest due on delayed payment of principal, paid without such interest during the year	-	-
4 Interest accrued but not due, in respect of delayed payments of principal due as at end of the year	-	-
5 Total interest due and payable together with that from prior year(s)	-	-

Note: 11 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(a) Current maturities of long-term Borrowings (Note-5)	8,886.89	19,407.32
(b) Interest accrued but not due on borrowings	206.77	429.71
(c) Unpaid dividends-Unclaimed*	223.72	240.02
(d) Advance from Customers	125.43	842.23
(e) Deposits from employees against various scheme	274.23	257.30
(f) Other payables		
Employees Related	697.86	1,174.89
Statutory dues payable (Including PF and TDS)	1,892.94	1,544.96
Others	3,434.36	7,398.01
	15,742.20	31,294.45

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note: 12 TANGIBLE ASSETS (₹ in Lacs)

	Land		Building	Plant & Equipment	Railway Siding	Office Equipment	Electrical Installation	Furniture & Fixtures	Vehicles	Total
	Freehold	Leasehold (a)								
Gross Block										
At 1st April 2013	276.31	324.71	18,477.34	97,354.31	600.07	1,097.55	1,518.35	509.21	936.99	1,21,094.84
Additions	40.38	399.65	6,466.21	18,163.47	321.62	133.55	1,454.85	114.83	279.05	27,373.62
Disposals	-	-	(187.75)	(414.20)	-	(99.15)	(20.90)	(7.20)	(212.79)	(941.98)
Adjustment (b)	-	-	578.97	1,672.11	-	(1.12)	77.38	(0.01)	-	2,327.33
At 31st March 2014	316.69	724.36	25,334.77	1,16,775.69	921.69	1,130.84	3,029.69	616.83	1,003.25	1,49,853.81
Additions	-	38.04	85.91	4,632.86	-	88.37	176.06	37.42	225.60	5,284.27
Disposals	-	-	(60.17)	(86.53)	-	(15.30)	(12.75)	(4.27)	(152.64)	(331.68)
Adjustment (b)	-	-	(307.57)	(720.41)	-	0.69	(23.93)	(0.01)	-	(1,051.23)
At 31st March 2015	316.69	762.41	25,052.94	1,20,601.61	921.69	1,204.61	3,169.06	649.97	1,076.21	1,53,755.17
At 1st April 2013	-	83.27	7,069.25	39,668.62	160.10	806.34	752.86	375.62	475.18	49,391.23
Charge for the year	-	10.79	1,215.60	5,296.80	32.23	102.53	231.22	26.93	145.08	7,061.19
Disposals	-	-	(158.46)	(356.59)	-	(93.07)	(11.95)	(4.92)	(143.97)	(768.96)
Adjustment (b)	-	-	64.66	91.85	-	(1.12)	7.64	(0.01)	-	163.02
At 31st March 2014	-	94.06	8,191.05	44,700.69	192.33	814.68	979.77	397.62	476.29	55,846.48
Charge for the year	-	14.79	1,388.83	5,528.60	42.79	101.76	285.81	42.43	156.46	7,561.48
Disposals	-	-	(24.59)	(76.57)	-	(13.33)	(6.00)	(2.48)	(108.04)	(231.01)
Adjustment (b)	-	-	(26.40)	(33.85)	-	0.30	(1.84)	-	-	(61.79)
At 31st March 2015	-	108.85	9,528.89	50,118.87	235.11	903.41	1,257.74	437.57	524.70	63,115.17
Net Block										
At 31st March 2014	316.69	630.30	17,143.72	72,075.00	729.36	316.16	2,049.92	219.21	526.97	94,007.33
At 31st March 2015	316.69	653.55	15,524.03	70,482.74	686.58	301.19	1,911.32	212.40	551.51	90,639.99

a) Assets amounting to ₹83.13 Lacs (Previous Year ₹83.13 Lacs) (Gross) are owned jointly with RSWM Ltd.

b) The Company had exercised the option made available by the notification No GSR 914(E) dated 29th December 2011 issued by the Ministry of Corporate affairs. Accordingly, an amount of ₹ 1051.23 Lacs (Unrealized Gain) & ₹ 70.11 lacs (Realized Loss being adjusted against respective assets),(Previous Year ₹ 2327.33 Lacs (Unrealized Loss) & ₹1884.60 (Realized Loss being adjusted against respective assets)) being exchange difference arising on reporting of long term Foreign currency loans availed for acquisition of depreciable Fixed assets have been taken to respective assets and ₹ 732.89 Lacs,(Previous Year ₹ 852.42) to capital work-in-progress.

Note: 13 INTANGIBLE ASSETS (₹ in Lacs)

Particulars	Computer Software
Gross Block	
At 1st April 2013	449.20
Additions	2.17
Disposals	-
At 31st March 2014	451.37
Additions	-
Disposals	-
At 31st March 2015	451.37
Amortisation	
At 1st April 2013	359.69
Charge for the year	41.82
Disposals	-
At 31 March 2014	401.51
Charge for the year	36.02
Disposals	-
At 31st March 2015	437.54
Net Block	
At 31 March 2014	49.86
At 31st March 2015	13.83

Note: 14 CAPITAL WORK IN PROGRESS

Capital work in progress includes ₹ 2257.56 Lacs (Previous Year ₹ 4305.32 Lacs) being pre-operative expenditure and ₹ 40.03 Lacs (Previous Year ₹ 66.28 Lacs) being capital stores.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note: 15 INVESTMENTS

(₹ in Lacs)

		As at 31st March, 2015	As at 31st March, 2014
Non-Current Investments			
Other Investments (valued at cost, except for diminution in value other than temporary)			
Investments in Equity instruments			
Unquoted-Investments in Associates			
4,88,81,556	(Previous year 4,11,50,025) Equity Shares of ₹10/- each fully paid up of Bhilwara Energy Ltd.(BEL)(*)	14,506.88	5,342.32
12,62,048	(Previous year 12,62,048) Equity Shares of ₹10/- each fully paid up of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.)	419.00	419.00
Quoted-Investments in Others			
18	(Previous year 18) Equity Shares of ₹ 2/-each of Ballarpur Ind. Ltd.	0.01	0.01
Investments in Preference Shares			
Unquoted-Investments in Associates			
	(Previous year 40,00,000) Preference Shares of ₹100/- each of Bhilwara Energy Ltd.	-	4,000.00
Total		14,925.88	9,761.32
(*) Includes 7,86,895 Equity Shares allotted in Rights Issue, 9,84,152 transfer from promoters,11,36,364 purchased from NYLIM in the year 2014-15 and, 48,24,120 Equity Shares of BEL on conversion of preference shares of BEL.			
Aggregate amount of quoted investments		0.01	0.01
Market value of quoted investments		**	**
Aggregate amount of unquoted investments		14,925.87	9,766.31
Aggregate provision for diminution in value of investments		-	-
Add/(Less) : Increase in value of investment in Associates			
Opening Balance		7,588.25	8,178.64
Add : Increase in value of investments		(257.35)	(590.39)
Closing Balance		7,330.90	7,588.25
		22,256.76	17,349.56

(**)Amount is below the Rounding off norm adopted by the Company

Note: 16 LOANS AND ADVANCES

(₹ in Lacs)

Particulars	Long-term		Short-term	
	As at	As at	As at	As at
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Unsecured, considered good unless stated otherwise				
Capital advances	30.35	2.56	-	-
Security deposits	543.40	487.78	-	-
Other loans and advances				
Advances for goods / services	-	-	-	-
Unsecured, considered good	-	-	1,227.28	503.25
Doubtful	-	-	-	-
Balances with statutory authorities	-	-	1,579.96	940.26
Loans and advances to employees-Secured	85.92	116.18	51.49	62.73
Unsecured, considered good	-	-	264.29	211.74
Prepaid expenses	-	-	193.98	226.72
Excise rebates / refunds receivable	-	-	5,475.45	7,538.42
Direct taxes refundable (net of provisions ₹ 30,715.21 Lacs, previous year ₹ 29,755.16 Lacs)	1,865.71	736.31		1,137.28
MAT Credit Entitlement	5,259.58	4,299.32	-	-
Mark to Market on derivative	-	-	544.08	795.91
Other Receivables	-	-	-	-
Payments under protest	409.04	278.87	-	-
	8,194.00	5,921.02	9,336.52	11,416.32

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Note: 16 LOANS AND ADVANCES (contd...) (₹ in Lacs)

Detail of payments under protest is as follows:

Particulars	As at 31st March, 2015	As at 31st March, 2014
Entry Tax	237.62	105.62
Central Sales Tax	32.66	32.66
Excise duty/Service Tax	138.30	139.82
MPST/MPCT	0.46	0.77
	409.04	278.87

Detail of Tax Expense /(Benefit) (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Current Income Tax	963.18	2,120.69
MAT Credit Entitlement	(963.18)	(2,120.69)
Deferred Tax Charge / Credit	531.51	1,065.14
Tax- Earlier Years	(2.91)	29.42
Previous year MAT Credit Entitlement	2.91	(12.02)
	531.51	1,082.53

- a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the Company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, Company has filed appeals which are pending at various levels. For assessment years where the issues have been decided in favour of the Company, the Company is in the process of reconciling / adjusting the same with the department. Necessary value adjustments shall be made on final settlement by the department.
- c) Provision for Income Tax for earlier years has been made based on Income Tax Assessment cases pending at Appellate Jurisdictions on which Income Tax demand has arisen and the cases are sub-judice.

d) Loans & advances include : (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(i) Share application money pending allotment	NIL	NIL
(ii) Due from officers of the Company	7.08	16.72
(iii) The maximum amount at any time during the year	12.08	30.42

Note: 17 OTHER ASSETS (₹ in Lacs)

Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Export benefits receivable	-	-	2,035.38	4,071.12
Interest/Dividend Accrued, Not due	-	2,639.55	19.65	67.91
Non-current bank balance (note no-21)	180.08	167.25	-	-
Total	180.08	2,806.80	2,055.03	4,139.03

Note: 18 CURRENT INVESTMENTS (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Other Investments (valued at lower of cost or fair value, unless stated otherwise)		
Investments in Mutual Funds		
2,50,000 (Previous year 2,50,000) Units of LIC Mutual Fund Dhan Samridhi of ₹ 10/- each	25.00	25.00
	25.00	25.00
Aggregate amount of quoted investments	25.00	25.00
Market value of quoted investments	52.77	37.50
Aggregate amount of unquoted investments	-	-
Aggregate provision for diminution in value of investments	-	-

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

Particulars	As at 31st March, 2015	As at 31st March, 2014
Raw materials (Refer note No-24) [Includes material in transit ₹ 1251.91 lacs; Previous year: ₹ 5177.95 lacs]	7,597.49	13,859.10
Finished goods (Refer note no-25)	6,953.15	8,491.57
Work-in-progress (Refer note no-25)	21,416.64	22,303.30
Stores and Spares	4,219.05	4,738.19
[Includes stores in transit ₹ 51.35 lacs; Previous year: Nil]		
Others	4.14	8.31
	40,190.48	49,400.46

Note: 20 TRADE RECEIVABLES (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,343.87	8,561.90
Doubtful	-	-
	4,343.87	8,561.90
Age-based provision in respect of debtors outstanding for more than one year net of ECGC cover	(506.35)	(407.00)
(A)	3,837.52	8,154.90
Other receivables		
Unsecured, considered good	36,708.88	44,233.19
Doubtful	-	-
	36,708.88	44,233.19
Provision for doubtful receivable	-	-
(B)	36,708.88	44,233.19
Total (A+B)	40,546.40	52,388.09

Note: 21 CASH AND BANK BALANCES (₹ in Lacs)

Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Cash and cash equivalents				
Balances with banks				
In Current accounts	-	-	166.01	959.55
In Cash Credit accounts	-	-	-	-
In Unpaid dividend account	-	-	223.72	240.02
Cheques, drafts on hand	-	-	5.69	0.55
Cash on hand (Including foreign currency notes)	-	-	14.39	5.85
Others	-	-	-	-
Postage and Stamps	-	-	0.09	0.11
	-	-	409.90	1,206.07
Other bank balances				
Held as margin money	-	0.29	-	-
Fixed Deposits with maturity more than one year*	180.08	166.96	-	-
	180.08	167.25	-	-
Less: Amount disclosed under the head "other non current assets" (Note no-17)	180.08	167.25		
Total	-	-	409.90	1,206.07

*Pledged with Bank against Bank Guarantee to Shipping line.

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Note: 22 REVENUE FROM OPERATIONS (₹ in Lacs)

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
Sale of Products				
Manufactured goods				
Graphite Electrodes	1,24,529.55		1,46,693.75	
Power (Net of inter-divisional sales of ₹ 20,452.57 Lacs, Previous year ₹ 19,703.96 Lacs)	1,765.29	1,26,294.84	2,455.26	1,49,149.01
Other Operating Income				
REC sales	319.84		399.31	
Fly Ash Income	268.70	588.53	390.34	789.65
Less:Excise Duty		2,831.85		3,257.54
		1,24,051.52		1,46,681.13

Note: 23 OTHER INCOME (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Interest income		
-Income tax Refunds/Others	-	110.25
Other Interest Income	309.68	60.96
Accrued Redemption Premium on Non Trade Investment	80.48	639.29
Rent Receipts	140.25	272.86
Provision for diminution in value of Investment in Associates-written back	-	14.03
Liabilities / provisions no longer required, written back	65.65	147.36
Profit on sale of Fixed Assets	320.59	-
Miscellaneous Sales / Receipts	238.25	932.40
	1,154.91	2,177.15

Note: 24 COST OF MATERIAL CONSUMED (₹ in Lacs)

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
Raw Material Consumed				
Opening Stock	8,681.15		15,002.08	
Add : Purchases	56,980.24		58,166.81	
	65,661.38		73,168.89	
Less: Closing Stock	6,345.58		8,681.15	
Cost of Material Consumed (Net of Export Incentive ₹ 1,691.75 Lacs, previous year ₹3,098.17)		59,315.80		64,487.74

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

Breakup of raw material Consumption is as under (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Calcined Petroleum Coke	36,860.74	44,588.63
Pitch	11,972.74	10,173.51
Coal	10,125.41	9,023.87
Others	356.91	701.73
	59,315.80	64,487.74

Breakup of raw material inventory is as under (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Calcined Petroleum Coke	4,413.78	5,692.40
Pitch	487.98	896.42
Coal	1,390.28	2,042.16
Others	53.55	50.17
	6,345.58	8,681.15

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Note: 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	(Increase) / Decrease
Inventories (At close)			
Finished Goods	6,953.15	8,491.57	
Work-in-progress	21,416.64	22,303.30	
	28,369.79	30,794.87	2,425.08
Inventories (At opening)			
Finished Goods	8,491.57	12,915.79	
Work-in-progress	22,303.30	23,852.07	
	30,794.87	36,767.86	5,972.99

Breakup of finished goods is as under

Particulars	As at 31st March, 2015	As at 31st March, 2014
Finished goods		
a) Graphite Electrodes, Nipples & Specialities	6,421.53	7,438.36
b) By-products etc	531.62	1,053.21
	6,953.15	8,491.57

Breakup of work-in-progress is as under

Particulars	As at 31st March, 2015	As at 31st March, 2014
Work-in-progress		
a) Intermediaries product at various stage	11,142.64	9,704.56
b) Intermediaries products in furnaces	10,270.47	12,595.21
c) Refractory blocks & sengries	3.53	3.53
	21,416.64	22,303.30

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

Note: 26 EMPLOYEE BENEFIT EXPENSE (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Salaries and Wages	4,880.70	4,608.69
Contribution to Provident and other Funds	571.78	530.03
Staff Welfare	654.68	580.50
	6,107.16	5,719.22

Note: 27 FINANCE COST (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Interest Expense		
Term Loans	1,681.93	2,869.13
Working Capital Borrowing	4,824.93	4,360.56
Others	69.47	-
	6,576.32	7,229.69

Note: 28 DEPRECIATION AND AMORTISATION (₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Depreciation of tangible assets	7,499.70	7,224.17
Amortisation of intangible assets	36.02	41.82
	7,535.72	7,265.99

During the year there was no impact reported in above figures after considering the manner prescribed in Schedule II of the Companies Act, 2013 for calculation of Depreciation.

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Note: 29 OTHER EXPENSES	(₹ in Lacs)	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Consumption of stores and spare parts (Including Refractory Blocks)	9,164.54	8,412.78
Job/Process Charges	344.69	310.86
Power & fuel	27,812.01	28,475.35
Less: Interdivisional Purchases	(20,452.57)	(19,703.96)
Repairs and maintenance		
Plant & Machinery	3,921.24	4,069.23
Building	543.95	410.24
Others	479.88	526.48
Insurance	368.24	649.31
Rent	89.83	105.94
Rates and taxes, excluding taxes on income	62.99	82.33
Directors' sitting fees & incidental expenses	41.80	19.89
Freight & forwarding	7,318.30	9,889.22
Packing Expenses (including Packing material consumption)	1,601.81	1,653.71
Commission	1,538.05	4,614.31
Claims, Rebates and Discount	884.74	2,730.47
Donation	-	9.32
Power generation charges	120.86	181.95
Travelling Expenses	319.36	266.91
Postage & Communication	68.24	73.04
Payment to auditors (Refer details below*)	39.28	34.13
Expenditure on CSR Activities(**)	114.68	164.32
Legal & Professional Expenses	591.17	605.64
Vehicle Running & Maintenance	148.73	146.66
Provision for doubtful debts & advances	101.82	331.28
Bad debts	465.51	1,182.40
Excise duty (Inc adjustment on stocks)	9.54	(369.33)
Loss on sale/discard of fixed assets	-	65.17
Miscellaneous Expenses	898.61	965.08
	36,597.27	45,902.71

*Payments to the statutory auditors (excluding service tax)	(₹ in Lacs)	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
As auditor		
Statutory audit	30.11	24.11
Other Services		
Management Services	3.76	3.01
Certification fees	0.68	0.70
Reimbursement of expenses	4.73	6.31
	39.28	34.13

** Corporate Social Responsibility(CSR)	(₹ in Lacs)	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
2% of average net profit over the last three years	196.46	-
Amount expended on CSR activities during the year	114.68	164.32
Pending obligation towards expenditure on CSR	81.78	-

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Note: 30 EXCEPTIONAL ITEM (₹ in Lacs)		
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Loss on account of Foreign Exchange arising out of exceptional volatility in Foreign currency rates.	2,217.71	2,535.83
	2,217.71	2,535.83

Note: 31 EARNING PER SHARE (₹ in Lacs)		
Particulars	As at 31st March, 2015	As at 31st March, 2014
The basic and diluted Earning Per Share is as under :		
Net Profit After Tax	3,642.50	8,071.18
Weighted average number of Equity Shares outstanding	3,99,59,142	3,99,59,142
Basic Earning Per Share (₹)	9.12	20.20
Diluted Earning Per Share (₹)	9.12	20.20
Face value per Equity Share (₹)	10	10

Note: 32 CONTINGENT LIABILITIES NOT PROVIDED FOR (₹ in Lacs)		
Particulars	As at 31st March, 2015	As at 31st March, 2014
For Taxation matters		
a) Excise duty under appeal	265.09	261.97
b) Service Tax	1,040.51	953.22
c) Income Tax	4,805.62	2,187.00
d) Sales Tax	1,439.70	210.64
Other than Taxation matters		
a) Electricity Charges	4,945.38	4,650.00
b) RPO Obligation	750.62	520.35
c) Advance & EPCG License	232.62	508.84
Labour related matters	42.37	34.22

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

Note: 33 OBLIGATIONS AND COMMITMENTS OUTSTANDING: (₹ in Lacs)		
Particulars	As at 31st March, 2015	As at 31st March, 2014
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 30.35 Lacs, previous year ₹ 2.56 Lacs.)	29.67	10.24
b) Bills discounted with bankers	2,462.80	5,534.32
c) Liability on EPCG License*	-	7,331.78
d) The Company has provided Guarantee in favour of International Finance Corporation (IFC) with M/s RSWM Ltd. on joint and several basis on behalf of M/s AD Hydro Power Ltd.	600.00	600.00

*This excludes an amount of ₹ 6,004 lacs (previous year ₹ 1,327.78 lacs) for which the applications for closure have been lodged.

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Note: 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE (₹ in Lacs)

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

Category	Currency	Nature	As at 31st March, 2015		As at 31st March, 2014		Purpose
			(USD) Million	(INR)	(USD) Million	(INR)	
Plain Vanilla Forwards (Sold)	USD/ INR	Sold	5.60	3,630.69	-	-	Hedging
Plain Vanilla Forwards (Bought)	USD/ INR	Bought	3.15	1,992.47	-	-	Hedging
Plain Vanilla Forwards	EURO/ INR	Sold	3.00	2,454.89	-	-	Hedging
Cross Currency Forward	EURO/ USD	Sold	1.50	USD 1.85 Mn	-	-	Hedging
USD-INR Full Currency Forwards	USD		3.40	1,711.90	6.70	3373.45	Hedging

b) Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	Currency	As at 31st March, 2015		As at 31st March, 2014	
		Amount in FC (Million)	Amount in INR (₹ in Lakhs)	Amount in FC (Million)	Amount in INR (₹ in Lakhs)
Secured Loan	USD	63.34	39,646.00	33.16	19,930.12
	EURO	4.63	3,128.52	3.23	2,668.49
	GBP	-	-	0.19	194.45
Unsecured Loan	USD	14.05	8,791.53	-	-
Creditors (Net of Advances)	USD	13.12	8,211.67	17.69	12,563.97
	EURO	0.16	130.07	0.01	12.22
Total	USD	90.51	56,649.20	90.16	56,115.98
Total	EURO	4.79	3,258.58	17.73	14,644.03
Total	GBP	-	-	0.48	483.29
Debtors (Net of Advances)	USD	31.06	19,439.49	39.31	23,621.89
	EURO	14.56	9,576.27	14.48	11,963.32
	GBP	0.28	259.43	0.29	288.84

Note: 35
Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

Note: 36 AS-15 'EMPLOYEE BENEFITS'
The Company has adopted Revised Accounting Standard - 15 'Employee Benefits' and the required disclosures are given hereunder:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

Particulars	FY 2014-15	FY 2013-14
Employer's contribution to Provident Fund	211.84	197.18
Employer's contribution to Superannuation Fund	164.16	138.03
Employer's contribution to ESI	36.16	35.18

Defined Benefit Plan

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note: 36 'EMPLOYEE BENEFITS' (contd...)

(₹ in Lacs)

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

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14	Leave encashment (Unfunded) FY 2014-15	Leave encashment (Unfunded) FY 2013-14
Defined Benefit obligation at the beginning of the year	901.81	969.72	225.28	226.83
Current Service Cost	55.19	50.36	33.69	16.65
Interest Cost	76.65	77.58	19.15	18.15
Actuarial (gain)/loss	(33.89)	24.03	96.82	3.78
Past Service Cost	-	-	-	-
Benefits Paid	(11.26)	(219.89)	(15.02)	(40.13)
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the year	988.50	901.81	359.92	225.28

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

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14
Fair value of plan assets as at the beginning of the year	823.74	904.36
Expected Return	82.37	90.44
Actuarial (gain)/loss	23.35	16.68
Contribution by Employer	72.65	65.50
Benefits Paid	(11.26)	(219.89)
Settlement cost	-	-
Fair value of plan assets as at the end of the year	944.15	823.74
Actual return on plan assets	59.02	73.76

3. Reconciliation of amount recognised in Balance Sheet

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14	Leave encashment (Unfunded) FY 2014-15	Leave encashment (Unfunded) FY 2013-14
Fair Value of Plan Assets as at 31st March, 2015	944.15	823.74	-	-
Present value of obligation as at 31st March, 2015	988.50	901.81	359.92	225.28
Net asset/(liability) recognised in the Balance Sheet	(44.35)	(78.07)	(359.92)	(225.28)

4. Expense Recognised during the year under the head

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14	Leave encashment (Unfunded) FY 2014-15	Leave encashment (Unfunded) FY 2013-14
Current Service Cost	55.19	50.36	33.69	16.65
Past Service Cost	-	-	-	-
Interest Cost	76.65	77.58	19.15	18.15
Expected return on plan assets	(82.37)	(90.44)	-	-
Net Actuarial (gain)/ loss recognised during the year	(10.54)	40.71	96.82	3.78
Expenses recognised in the statement of Profit & Loss	38.93	78.22	149.65	38.58

5. Actual Return on Plan Assets

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14
Expected Return on Plan Assets	82.37	90.44
Actuarial (gain) / loss	23.35	16.68
Actual return on plan assets	59.02	73.76

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Note: 36 'EMPLOYEE BENEFITS' (contd...)

6. Principal Actuarial Assumptions

Particulars	Gratuity (Funded) FY 2014-15	Gratuity (Funded) FY 2013-14	Leave encashment (Unfunded) FY 2014-15	Leave encashment (Unfunded) FY 2013-14
Mortality Table (LIC)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Discount rate	8.00%	8.50%	8.00%	8.00%
Future Salary Increase	5.50%	6.00%	5.50%	6.00%
Expected rate of return on plan assets	10.00%	10.00%	-	-
Retirement Age	60 years	60 years	60 years	60 years

Withdrawal Rates	FY 2014-15		FY 2013-14	
Withdrawal Rates	Age	Withdrawal Rates	Age	Withdrawal Rates
	Upto 30 years	3.00%	Upto 30 years	3.00%
	From 31 to 44 years	2.00%	From 31 to 44 years	2.00%
	Above 44 years	1.00%	Above 44 years	1.00%

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

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

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
PBO (C)	359.92	225.28	226.80	238.89	329.17
Plan assets	-	-	-	-	-
Net Assets/ (Liability)	(359.92)	(225.28)	(226.80)	(238.89)	(329.17)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	(97.16)	(3.70)	4.60	112.40	(35.29)

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

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
PBO (C)	988.50	901.81	969.72	1,050.51	1,031.15
Plan assets	944.15	823.74	904.36	966.61	960.22
Net Assets/ (Liability)	44.35	(78.07)	(65.40)	(83.90)	(70.93)
Experience adjustment on plan assets	(23.35)	(16.68)	(16.00)	(25.86)	(12.59)
Experience adjustment on plan liabilities	(35.66)	(23.60)	(4.11)	(17.51)	(31.05)

Provident Fund

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

A. List of Related Parties & Relationships

Particulars	As at 31st March, 2015	As at 31st March, 2014
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).		
(i) HEG Graphite Products & Services Ltd.	Subsidiary	Subsidiary
b) Associates and joint ventures		
(i) Bhilwara Energy Limited	Associate	Associate
(ii) Bhilwara Infotechnology Ltd	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.	Sh. L.N. Jhunjhunwala	Sh. L.N. Jhunjhunwala
	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala
d) Key Management Personnel and their relatives	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala
	Sh. Raju Rustogi	
	Sh. Ashish Sabharwal	

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

- (i) RSWM Ltd
- (ii) Malana Power Company Ltd
- (iii) Aadi Marketing Company Pvt Ltd
- (iv) Bhilwara Energy Ltd
- (v) Bhilwara Services Pvt Ltd
- (vi) BMD Renewable Energy Pvt Ltd
- (vii) Essay Marketing Company Ltd
- (viii) Glorious Commodore Pvt Ltd
- (ix) Giltedged Industrial Securities Ltd
- (x) India Texfab Marketing Ltd
- (xi) Investors India Ltd
- (xii) Kalati Holdings Pvt Ltd
- (xiii) LNJ Financial Services Ltd
- (xiv) Modify Distributors Pvt Ltd
- (xv) Nikita Electrotrades Pvt Ltd
- (xvi) Nivedan Vanijya Niyojan Ltd
- (xvii) Purvi Vanijya Niyojan Ltd
- (xviii) Raghav Commercial Ltd
- (xix) Raghav Knits & Textile Pvt Ltd
- (xx) Shashi Commercial Company Ltd
- (xxi) Veronia Tie-Up Pvt Ltd
- (xxii) Zongoo Commercial Company Pvt Ltd

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

B. The following transactions were carried out / outstanding with related parties in the ordinary course of business (₹ in Lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
1 With parties referred to in (a) above.		
(i) Investment in Equity of HEG Graphite Products and Services Limited	5.00	5.00
2 With parties referred to in (b) above.		
(i) Investment in Cumulative Redeemable Preference shares of Bhilwara Energy Limited	-	4,000.00
(ii) Investment in Equity of Bhilwara Energy Limited	14,506.88	5,342.32
(iii) Conversion of Preference Shares of Bhilwara Energy Ltd (BEL) including premium thereon into Equity Shares of BEL	6,720.00	-
(iv) Bhilwara Energy Ltd Rights Issue Subscription	1,096.14	2,729.62
(v) Investment in Equity of Bhilwara Infotechnology Limited	419.00	419.00
(vi) Redemption premium accrued on Preference Shares of Bhilwara Energy Limited	80.48	2,639.55
(vii) Amount received for Property Sale from Bhilwara Infotechnology Limited	111.11	238.88
(viii) Interest received from Bhilwara Infotechnology Limited	4.77	18.86
(ix) Rent Paid to Bhilwara Infotechnology Limited	-	0.79
(x) Rent received from Bhilwara Infotechnology Limited	-	0.92
(xi) Reimbursement of Security Deposit paid on behalf of Bhilwara Infotechnology Limited	2.04	-
3 With parties referred to in (c) above.		
(i) Sitting Fees paid to		
- Sh. Riju Jhunjunwala-Director	2.90	1.20
(ii) Remuneration paid to		
- Sh. Ravi Jhunjunwala-CMD		
Salaries & Allowances (Including Perquisites)	198.45	148.93
Contribution to PF & Superannuation	32.40	23.95
Commission (Provision)	110.00	221.56
(iii) Compensation for Equilisation of Cost of Bhilwara Energy Ltd shares to HEG	53.41	-
Remuneration does not Include provisions made for gratuity and leave benefits,as they are determined on an actuarial basis for the company as a whole		
4 With parties referred to in (d) above.		
(i) Remuneration paid to		
- Sh. Ravi Jhunjunwala-CMD		
Salaries & Allowances (Including Perquisites)	198.45	148.93
Contribution to PF & Superannuation	32.40	23.95
Commission(Provision)	110.00	221.56
- Sh. Raju Rustogi-CFO	74.06	57.58
- Sh. Ashish Sabharwal-CS	35.62	31.31
Remuneration does not Include provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole		
5 With parties referred to in (e) above.		
(a) Purchase of fabrics		
-RSWM Ltd	9.37	12.57
(b) Rent Received		
-RSWM Ltd	10.56	10.52
(c) Rent Paid		
-RSWM Ltd	50.24	67.90
-Shashi Commercial Co. Ltd.	27.12	28.27
-Purvi Vanijya Niyojan Ltd.	2.89	2.59
-Giltedged Industrial Securities Ltd.	18.10	17.00
(d) Sale of SHIS License to RSWM	398.23	-
(e) Reimbursement of Expenses incurred by Company		
-Malana Power Co.Ltd.	5.14	-
-RSWM Ltd	31.52	-
(f) Reimbursement of Expenses incurred on behalf of Company		
-RSWM Ltd	37.19	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Outstanding Balance		(₹ in Lacs)	
Sl. No.	Related Party	As at 31st March, 2015	As at 31st March, 2014
1	RSWM Ltd	0.03	(7.03)
2	Purvi Vanijya Niyojan Ltd.	-	1.12
3	Bhilwara Infotechnology Ltd.	-	(238.89)
4	Bhilwara Energy Ltd	0.11	0.11
	TOTAL	0.14	(244.69)

Note: Figures marked in brackets denote credit balances

Note: 38 SEGMENT REPORTING

(₹ in Lacs)

1) Primary Segment Information (By Business Segment) :

Particulars	Graphite		Power		Unallocable Items / Others		Total	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
a) Segment Revenue								
External Turnover	1,24,520.69	1,46,687.67	22,806.40	22,948.88	8.86	6.07	1,47,335.95	1,69,642.62
Less: Inter Segment turnover	-	-	20,452.57	19,703.96	-	-	20,452.57	19,703.96
Turnover	1,24,520.69	1,46,687.67	2,353.83	3,244.91	8.86	6.07	1,26,883.37	1,49,938.65
Less: Excise Duty	2,831.47	3,257.54	-	-	0.38	-	2,831.85	3,257.54
Net Turnover	1,21,689.22	1,43,430.13	2,353.83	3,244.91	8.48	6.07	1,24,051.52	1,46,681.12
b) Segment Result before Interest & taxes	2,371.28	6,308.92	8,579.11	9,965.30	57.60	699.76	11,007.99	16,973.98
Less: Financial Expenses							6,576.32	7,229.61
Profit Before Tax							4,431.67	9,744.29
Less: Income Tax (including Deferred tax)							531.51	1,082.53
Net Profit for the year							3,900.16	8,661.76
c) Other Information								
Segment Assets	1,81,785.52	2,02,649.92	19,927.16	21,801.61	15,580.83	18,540.71	2,17,293.52	2,42,992.25
Segment Liabilities	1,10,814.92	1,36,762.23	554.52	293.65	11,851.63	13,529.59	1,23,221.06	1,50,585.47
Capital Exp.incurred during the year	2,918.72	19,686.58	156.42	375.61	63.05	56.36	3,138.19	20,118.56
Depreciation	6,112.49	5,825.84	1,386.53	1,405.55	36.70	34.60	7,535.72	7,265.99
Other Non Cash Expenses other than depreciation and amortisation								

2) Secondary Segment Information (By Geographical Location) :

Particulars	Within India		Outside India		Total	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
a) Segment Revenue	32,009.14	33,589.41	94,874.23	1,16,349.25	1,26,883.37	1,49,938.66
b) Segment Assets	2,17,293.52	2,42,992.25	-	-	2,17,293.52	2,42,992.25
c) Capital Expenditure	3,138.19	20,118.56	-	-	3,138.19	20,118.56

Note: 39 VALUE OF IMPORTS CALCULATED ON CIF BASIS IN RESPECT OF

(₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Raw Materials	29,355.26	36,784.75
Components & spare parts	310.10	351.20
Capital goods	107.18	3,173.27

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

(₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Commission, Consultancy, Travelling, Interest and Others.	4,429.43	5,600.90

Note: 41 EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Export of goods calculated on FOB basis	91,841.92	1,12,130.85

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

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Amount paid on repatriation basis on account of dividend*	913.68	1,215.52
Number of NRI / OCB shareholders	257	287
Number of shares held by above shareholders	1,52,28,055	1,51,93,953
Year to which the dividend relates	2013-14	2012-13

*The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained. An amount equivalent to ₹ 7,09,08,642 was paid in foreign currency by the Company, whereas amount ₹ 2,04,59,688 was paid to non-residents in INR during the financial year 2014-15.

Note: 43 CAPITALIZATION OF PRE-OPERATIVE EXPENDITURE (₹ in Lacs)

The following expenditure has been capitalised / included under Capital work in progress:	Year ended 31st March, 2015	Year ended 31st March, 2014
Insurance Expenses	0.97	2.97
Financial Expenses - Interest on term loans	329.59	2,242.64
Administrative Overheads & Other Cost	249.96	981.96
Foreign currency fluctuation	3,465.86	6,451.11
Total	4,046.38	9,678.68
The same has been capitalised / is lying under Capital work in progress as under:		
Building	28.72	1,405.68
Plant & Machinery	1,760.10	3,967.68
Capital work in progress	2,257.56	4,305.32
Total	4,046.38	9,678.68

Note: 44

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

- Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- It has transferred the differences arising out of foreign currency translation in respect of acquisition of depreciable capital assets to the respective assets account / Capital Work-in-progress. In case this accounting practice had not been adopted, the Pre-tax Profit for the financial year ended 31st March 2015 would have been up by ₹ 248.22 Lacs (Gain) (Previous year ₹ 5,064.34 (Loss)) with a consequential impact on both the Basic and Diluted EPS.

Note: 45

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

Note: 46 ADDITIONAL INFORMATION

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)		
Graphite Electrodes & Anodes MT	80,000	80,000
Thermal Power MW	63.00	63.00
Hydel Power MW	13.50	13.50

Note: 47

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

Note: 48

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note: 49 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIAL, STORES & SPARE PARTS CONSUMED (₹ in Lacs)

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lacs	%	₹ in Lacs	%
Raw materials				
Imported	31,609.21	53.29	41,576.02	74.69
Indigenous	27,706.60	46.71	13,889.33	25.31
Stores & spare parts				
Imported	481.72	7.91	320.46	3.67
Indigenous	5,611.72	92.09	8,412.78	96.33

Note: 50 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013

Particulars	Amount outstanding as at 31st March, 2015	Amount outstanding as at 31st March, 2014
Loan Given	-	-
Guarantee Given	600 Lacs	600 Lacs
Investments made	14,955.88 Lacs	9,791.32 Lacs

Loan, Guarantee and Investments made during the Financial Year 2014-2015

Name of Entity	Relation	Amount (₹ In Lacs)	Particulars of Loan, Guarantee and Investments	Purpose for which the loans, Guarantee and Investments are proposed to be utilized
Bhilwara Energy Ltd	Associate	9,164.56*	Investments	Business Purpose

* Includes Allotment of Equity Shares on conversion of Preference Shares issued in the year 2009, Face Value- ₹40 crore and Accrued Premium ₹27.20 crore.

Note: 51 FORM AOC.1

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Amounts in ₹)

1. Name of the subsidiary: HEG GRAPHITE PRODUCTS AND SERVICES LIMITED
2. Reporting period for the subsidiary concerned, if different from the holding Company's reporting period: 01.04.2014 to 31.03.2015
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries: INR
4. Share capital: 5,00,000
5. Reserves & surplus (1,64,870)
6. Total assets 3,46,366
7. Total Liabilities 11,236
8. Investments -
9. Turnover -
10. Profit before taxation (30,495)
11. Provision for taxation -
12. Profit after taxation (30,495)
13. Proposed Dividend -
14. % of shareholding 100%

- Notes:**
1. The aforesaid subsidiary is yet to commence operations.
 2. No subsidiary has been liquidated or sold during the financial year.

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Note: 51 FORM NO. AOC.1 (contd...)

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Amount (₹ in Lacs)		
Name of Associates/Joint Ventures	Bhilwara Energy Ltd	Bhilwara Infotechnology Ltd
1. Latest audited Balance Sheet Date	31/03/2015 *	31/03/2015
2. Shares of Associate/Joint Ventures held by the company on the year end		
No. of Shares	4,88,81,556	12,62,048
Amount of Investment in Associates/ Joint Venture	14,506.88	419.00
Extend of Holding %	29.49	38.59
3. Description of how there is significant influence	Due to percentage of share capital	Due to percentage of share capital
4. Reason why the associate/joint venture is not consolidated	-	-
5. Networth attributable to Shareholding as per latest audited Balance Sheet	20,905.10	755.62
6. Profit / Loss for the year		
i. Considered in Consolidation (₹ In Lacs)	(393.44)	136.09
ii. Not Considered in Consolidation	-	-

*Unaudited but Limited reviewed and consolidated

- Names of associates or joint ventures which are yet to commence operations: N.A.
- Names of associates or joint ventures which have been liquidated or sold during the year: N.A.

Note: 52

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

Signed in terms of our report of even date

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

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

Ravi Jhunjhunwala
Chairman, Managing Director & CEO
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D.N.Davar
Director
DIN No. 00002008

Riju Jhunjhunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated: 14th May, 2015

Raju Rustogi
Chief Financial Officer

Ashish Sabharwal
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

		(₹ in Lacs)	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Tax	4,431.36	9,744.10	
Add: Depreciation	7,535.72	7,265.99	
Misc Exps Written off	-	0.01	
Interest Paid	6,576.32	7,229.69	
Net(Profit)/Loss on fixed assets sold / discarded	(320.59)	65.17	
Diminution in value of Investments (net)	-	(14.03)	
Provision for doubtful debts/age base provisions	101.82	331.29	
Transfer to Hedging Reserves	(795.97)	246.82	
Bad Debts	465.51	1,182.40	
Less: Interest received	309.68	171.21	
Operating Profit before working capital changes	17,684.49	25,880.23	
Working capital			
Trade receivables	11,274.35	7,467.97	
Inventories	9,209.98	11,366.46	
Loans & advances / Other current assets	4,489.74	22,231.92	
Liabilities and provisions	(15,615.38)	11,466.06	
Cash from operating activities	27,043.19	78,412.64	
Income tax	531.51	1,082.53	
Net Cash from operating activities	26,511.68	77,330.10	
B CASH FLOW FROM INVESTING ACTIVITIES			
Addition in Fixed Assets (net)	(3,138.15)	(20,118.56)	
Sale of Fixed Assets	421.25	116.83	
Advances for Capital Expenditure	27.79	(7,099.83)	
Sundry Creditors for Capital Expenditure	(720.43)	294.46	
Investments	(5,164.56)	(2,743.64)	
Interest received	309.68	171.21	
Net Cash from investing activities	(8,264.41)	(29,379.52)	
C CASH FROM FINANCING ACTIVITIES			
Long term borrowings - Term Loans	16,700.00	-	
Repayment of Term loans	(18,879.13)	(19,078.24)	
Short term borrowings (working capital)	(8,849.49)	(19,097.82)	
Interest Paid	(6,576.32)	(7,229.69)	
Dividend paid	(1,198.77)	(2,397.55)	
Corporate Dividend Tax	(239.72)	(407.46)	
Net Cash from financing activities	(19,043.44)	(48,210.76)	
INCREASE IN CASH OR CASH EQUIVALENTS	(796.17)	(260.18)	
Opening cash or cash equivalents	1,206.07	1,466.25	
Closing cash or cash equivalents	409.90	1,206.07	

Signed in terms of our report of even date

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

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

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D.N.Davar
Director
DIN No. 00002008

Riju Jhunjunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated: 14th May, 2015

Raju Rustogi
Chief Financial Officer

Ashish Sabharwal
Company Secretary

CORPORATE INFORMATION

Chairman-Emeritus

L. N. Jhunjhunwala

Board of Directors

Ravi Jhunjhunwala,
Chairman, Managing Director & CEO

Shekhar Agarwal, *Vice-Chairman*

D. N. Davar, *Director*

Kamal Gupta, *Director*

Vinita Singhania, *Director*

Lalit Mohan Lohani, *Nominee Director - LIC[#]*

O. P. Bahl, *Director*

Riju Jhunjhunwala, *Director*

Chief Operating Officer

K. Vaidyanathan

Chief Financial Officer

Raju Rustogi

Chief Human Resource Officer

T. Dev Joshi

Vice President - Marketing

Manish Gulati

Company Secretary

Ashish Sabharwal

Bankers

State Bank of India

Punjab National Bank

HDFC Bank Ltd

IDBI Bank Ltd

Kotak Mahindra Bank Ltd.

DBS Bank Ltd.

Axis Bank Ltd.

DCB Bank Ltd.

YES Bank

ICICI Bank Ltd.

Auditors

Doogar & Associates

S. S. Kothari Mehta & Co.

Registrar & Share Transfer Agent

M/s. MCS Share Transfer Agent Ltd.,

F-65, First Floor,

Okhla Industrial Area, Phase-I

New Delhi - 110020

Phone: 011-41406149-52

Fax: 011-41709881

E-mail: helpdeskdelhi@mcsregistrars.com

Stock Exchanges where the Company's shares are listed:

BSE Ltd.

National Stock Exchange of India Ltd.

Madhya Pradesh Stock Exchange Ltd.

Corporate Office

Bhilwara Towers, A-12, Sector-1

Noida - 201301, U.P., India

Phone: +91 (0120) 4390300

Fax: +91 (0120) 4277841

Website: www.heglttd.com

E-mail: heg.investor@lnjbhilwara.com

Registered Office

Mandideep (Near Bhopal)

Dist. Raizen - 462046

Madhya Pradesh, India

Phone: +91 (07480) 233524 to 233527

Fax: +91 (07480) 233522

CIN No.: L23109MP1972PLC008290

Works

Graphite Electrode & Thermal Power Plants

Mandideep (Near Bhopal)

Distt. Raizen - 462046

Madhya Pradesh, India

Phone: +91 (07480) 233524 to 233527

Fax: +91 (07480) 233522

Hydro Electric Power

Village Ranipur, Tawa Nagar

Distt. Hoshangabad - 461001

Madhya Pradesh, India

Phone: +91 (07572) 272810, 272859

Fax: +91 (07572) 272849

Shri Lalit Mohan Lohani resigned from Directorship of the Company w.e.f. 25/05/2015.

CAUTIONARY STATEMENT

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



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL



HEG LIMITED

Registered Office:

Mandideep (Near Bhopal)

Distt. Raisen - 462046, Madhya Pradesh, India

Website: www.heg ltd.com/www.lnjbhilwara.com

E-mail: heg.investor@lnjbhilwara.com

CIN No. L23109MP1972PLC008290



HEG LIMITED

CIN: L23109MP1972PLC008290

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

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

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

NOTICE

NOTICE is hereby given that the 43rd Annual General Meeting of HEG LIMITED will be held on Tuesday, the 22nd September, 2015 at 11.30 a.m. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raissen – 462046, Madhya Pradesh to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at the 31st March, 2015, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Shekhar Agarwal (holding DIN 00066113), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring auditors M/s S.S. Kothari Mehta & Co., Chartered Accountants (ICAI Registration No.000756N) and M/s Doogar & Associates, Chartered Accountants (ICAI Registration No.000561N), are, however eligible for re-appointment.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and rules made thereunder and such other regulatory approvals as may be applicable, the remuneration payable to Shri Ravi Jhunjunwala (holding DIN 00060972), Chairman, Managing Director & CEO is hereby approved for a period of one year w.e.f. 13th February, 2015 on the following terms:-

Basic Salary:

₹ 10,00,000/- per month.

Commission :

Not more than 2.50% of the profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013.

Perquisites:

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

Category ‘A’

i) Housing:

- a) The expenditure incurred by the Company on hiring unfurnished accommodation for him subject to a

ceiling, namely (for residence in Delhi/outside Delhi), 60% of the basic salary or

- b) In case the accommodation is owned by the Company, 10% of the basic salary shall be deducted by the Company, or
- c) In case no accommodation is provided by the Company, a house rent allowance subject to a ceiling of 60% of the basic salary.

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

iii) Medical Reimbursement:

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

iv) Leave Travel Concession:

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

v) Club Fees:

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

vi) Personal Accident Insurance:

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

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

Category ‘B’

i) Provident Fund:

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

ii) Superannuation / Annuity Funds:

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

iii) Gratuity:

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

Category ‘C’

i) Car:

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

ii) Telephone:

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

RESOLVED FURTHER THAT in terms of provisions of Section 197 of the Companies Act, 2013, approval is hereby given that subject to the company earning profits, the aforesaid remuneration for the period of one year from 13th February, 2015 to 12th February, 2016 could be paid to Shri Ravi Jhunjhunwala even if the aggregate amount exceeds 5% of net profits, but shall be within the limit of 10% of net profits calculated in terms of Section 198 of the Companies Act, 2013; AND THAT it is noted, approved and confirmed that the remuneration that has been paid for the period 13th February, 2014 to 12th February, 2015 was also within the said limit of 10% of net profits.

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

6. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152, 160 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of Articles of Association of the Company, Shri Satyendra Nath Bhattacharya (holding DIN 06758088), representative of Life Insurance Corporation of India, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

7. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, M/s. N.D. Birla & Co., Cost Accountants who were appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be paid the remuneration of ₹ 2,00,000/- (Rupees Two lacs only) plus service tax and out of pocket expenses that may be incurred by them during the course of audit."

BY ORDER OF THE BOARD OF DIRECTORS
For HEG LIMITED

Place: Noida (U.P.)

Date : 30th July, 2015

(ASHISH SABHARWAL)
COMPANY SECRETARY

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/ authority, as applicable.

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

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the special business to be transacted at the Annual General Meeting is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from the 16th September, 2015 to 22nd September, 2015, both days inclusive.
5. The dividend on equity shares, if declared at the Annual General Meeting, shall be paid to those Members whose names appear in the Register of Members on the date of the Annual General Meeting and in case of shares held in electronic form appear as Beneficial Owners at the close of the business hours on Tuesday, the 15th September, 2015.

Dividend shall be paid / dispatched to the shareholders between 5th October, 2015 and 8th October, 2015.

6. In order to avoid fraudulent encashment of Dividend Warrant(s), members are advised to inform any change in their Bank A/c No., name and address of the Bank etc. to their Depository Participant (in case of holding in electronic form) and to the Registrar & Transfer Agent of the Company (in case of holding in physical form) for incorporating the same on Dividend Warrants.
7. Members are requested to bring their copies of the Annual Report, as the same 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 Id Number for identification.
9. Members desiring to seek any information on the Annual Accounts are requested to write to the Company so that the query reaches to the Company at least one week in advance of the Annual General Meeting.
10. The information required to be provided as per the Listing Agreement entered into with Stock Exchanges, for the Directors who are proposed to be appointed / re-appointed is annexed hereto.
11. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose Email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2014-15 is being sent in the permitted mode.
12. Electronic copy of the Notice of the 43rd Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose Email IDs are

registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their Email address, physical copy of the Notice of the 43rd Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

13. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 43rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 19th September, 2015 (9:00 a.m.) and ends on 21st September, 2015 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15th September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)]:

(i)	Open email and open PDF file viz; "HEG remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
(ii)	Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/
(iii)	Click on "Shareholder – Login".

(iv)	Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
(v)	Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
(vi)	Home page of "remote e-voting" opens. Click on remote e-Voting: Active Voting Cycles.
(vii)	Select "REVEN" of HEG Limited.
(viii)	Now you are ready for remote e-voting as "Cast Vote" page opens.
(ix)	Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
(x)	Upon confirmation, the message "Vote cast successfully" will be displayed.
(xi)	Once you have voted on the resolution, you will not be allowed to change /modify your vote.
(xii)	Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to saketfcs@gmail.com with a copy marked to evoting@nsdl.co.in

- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participants(s) or requesting physical copy]:

(i)	Initial password is provided in the attached sheet on the 'Process and manner for e-voting'.		
	REVEN (Remote E-voting Event Number)	USER ID	PASSWORD/PIN
	-----	-----	-----
(ii)	Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.		

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the Downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 15th September, 2015.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 15th September, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or admin@mcsregistrars.com.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mr. Saket Sharma, a Practicing Company Secretary (Membership No. FCS 4229), Partner, M/s. GSK & Associates has been appointed as the Scrutinizer to scrutinize the voting & remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.heg ltd.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall be simultaneously forwarded to the Stock Exchanges where the shares of the Company are listed.

Members holding Shares in physical form are requested to furnish their email ID by post or by emailing to heg.investor@lnjbhilwara.com along with their Folio No. for sending necessary communication / information in future. The Annual Report of the Company will also be available on the website of the Company, www.heg ltd.com. The members holding shares in electronic form may get their email ID's updated with their respective Depository participants.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 5

The term of Shri Ravi Jhunjhunwala (holding DIN 00060972), Chairman, Managing Director and CEO of the Company was fixed for a period of 5 years w.e.f. the 13th February, 2014 and his remuneration was fixed for one year w.e.f. 13th February, 2014 and approved by the shareholders at the Annual General Meeting held on 30th August, 2014.

The Board of Directors ("Board") at its meeting held on 5th February, 2015, on the recommendation of Nomination and Remuneration Committee has fixed his remuneration for a further period of one year with effect from 13th February, 2015. The provisions of Section 197 of the Companies Act, 2013 requires that where a company earns profits, the remuneration payable to any one Managing Director may exceed 5% of the net profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013, with the approval of the Company in General Meeting, however it shall be within the limit of 10% of net profits calculated in terms of Section 198 of the Companies Act, 2013. The remuneration paid for the period 13th February, 2014 to 12th February, 2015 was also within the said limit of 10% of net profits of the Company. Accordingly, approval of shareholders is being sought in the resolution at Item No 5 in respect to the same.

A copy of memorandum containing terms of remuneration of Shri Ravi Jhunjhunwala, Chairman, Managing Director and CEO of the Company shall be open to inspection by any member of the Company without payment of any fee at the registered office of the Company.

The Board commends the resolution at Item No. 5 for your approval as an Ordinary Resolution.

Shri Ravi Jhunjhunwala and Shri Riju Jhunjhunwala and their relatives to the extent of their shareholding interest, if any, in the Company may be deemed to be concerned or interested in the said resolution.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the proposed resolution.

ITEM NO. 6

Life Insurance Corporation of India (LIC) has authorised Shri Satyendra Nath Bhattacharya (holding DIN 06758088) to represent it on the Board of the Company.

Pursuant to Section 160 of the Companies Act, 2013, the Company has received a notice together with requisite deposit from a member signifying his intention to propose Shri Satyendra Nath Bhattacharya as candidate for the office of Director of the Company, liable to retire by rotation.

A brief profile of Shri Satyendra Nath Bhattacharya, the nature of his expertise, the names of Companies in which he holds directorships along with the details of membership / chairmanship on various committee of the Board of other Companies, shareholding in the Company and relationship between the Directors inter-se is annexed to this notice.

The Company has received an intimation from Shri Satyendra Nath Bhattacharya to the effect that he is not disqualified for being appointed as a Director in terms of the provisions of Companies Act, 2013 and has given his consent to act as a Director of the Company. Accordingly, the Board recommends the appointment of Shri Satyendra Nath Bhattacharya as a Director of the Company, whose period of office is liable to determination by retirement of Director by rotation for approval of the Members of the Company.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, in the proposed Resolution.

This explanatory statement along with the disclosure pertaining to the details of Director as annexed herewith, may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

ITEM NO. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be approved by the members.

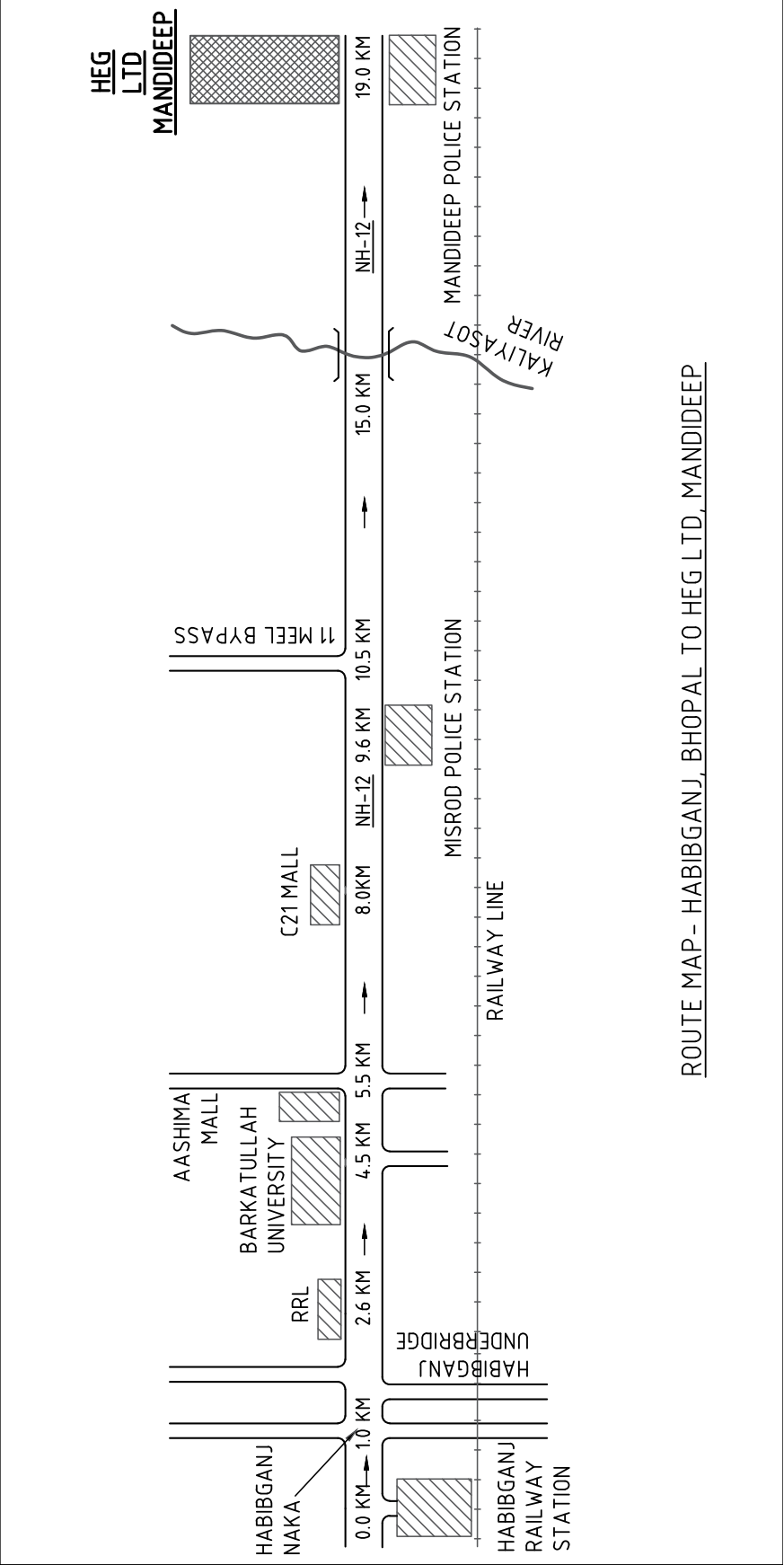
The Board commends the resolution at Item No. 7 for your approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed Resolution.

(Annexure to Notice dated 30th July, 2015)

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name	Shri Shekhar Agarwal	Shri Satyendra Nath Bhattacharya
Date of Birth	09/10/1952	20/02/1958
Date of Appointment	15/07/1996	–
Qualification	B. Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA.	Graduate in Economics, Mathematics and Statistics with a Diploma in Marketing.
Expertise in specific functional areas	Industrialist with a rich business experience and well-known name in Textile Industry.	Has a rich Work experience of about 33 years with Life Insurance Corporation of India Ltd. His area of expertise is Marketing.
List of other Public Ltd. Companies in which directorships held.	1. RSWM Ltd 2. Maral Overseas Ltd 3. Essay Marketing Company Ltd 4. BSL Ltd 5. Bhilwara Technical Textiles Ltd	Gloster Ltd
Chairman/Member of the Committees of the Board of Directors of the Company.	Audit Committee – Member	–
Chairman/Member of the Committee of Directors of other Companies:		
a) Audit Committee	BSL Ltd – Member	–
b) Stakeholders Relationship Committee	1. RSWM Ltd – Member 2. Maral Overseas Ltd – Member	–
No of Equity Shares held in the Company	–	–





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

ATTENDANCE SLIP

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

Full name of shareholder

Full name of Proxy / Representative

I/We hereby record my/our presence at the 43rd Annual General Meeting of the Company to be held on Tuesday, the 22nd September, 2015 at 11.30 a.m. at the Registered Office of the Company at Mandideep (Near Bhopal), District Raigarh – 462046 (Madhya Pradesh).

Signature of the shareholder / proxy / representative*

Note: Please fill in this attendance slip and hand over at the entrance of the Meeting hall.

**Strike out whichever is not applicable*



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PROXY FORM

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

Name of the member(s) :

Registered address :

Email Id :

Folio No/ DP ID-Client ID :

I/We, being the member (s) of..... Shares of the above named Company, hereby appoint:

1. Name :Address :

..... E-mail Id :

Signature , or failing him / her

2. Name :Address :

..... E-mail Id :

Signature , or failing him / her

3. Name :Address :

..... E-mail Id :

Signature ,

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company, to be held on Tuesday, the 22nd September, 2015 at 11.30 a.m. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462046, Madhya Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below:

(*Optional)

Resolution Number	Resolution	For	Against
1.	Consider and adopt the Audited Financial Statements, Reports of the Board of Directors and Auditors.		
2.	Declaration of Dividend on Equity Shares.		
3.	Re-appointment of Shri Shekhar Agarwal, who retires by rotation.		
4.	Appointment of M/s S.S. Kothari Mehta & Co., Chartered Accountants and M/s Doogar & Associates, Chartered Accountants, as Auditors and fixing their remuneration.		
5.	Approval of remuneration of Shri Ravi Jhunjhunwala, Chairman, Managing Director and CEO for a period of one year w.e.f. 13th February, 2015.		
6.	Appointment of Shri Satyendra Nath Bhattacharya, representative of Life Insurance Corporation of India, as a Director of the Company, liable to retire by rotation.		
7.	Approval of the remuneration payable to M/s. N.D. Birla & Co., Cost Auditors of the Company for the Financial Year 2015-16.		

Signed this.....day of.....2015.

.....
Signature of shareholder

.....
Signature of Proxy holder(s)

Affix
Revenue
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 43rd Annual General Meeting.
- *3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.