NOTICE

Regd. Off: Mandideep (Near Bhopal), Distt. Raisen – 462046, (Madhya Pradesh)
Corporate Office: Bhilwara Towers, A-12, Sector – 1, Noida – 201 301 (U.P.)

NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of HEG LIMITED will be held on Monday, the 20th September, 2010 at 2.00 P.M. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462046, Madhya Pradesh to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at the 31st March, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To declare Dividend on Equity Shares.

3. To appoint a Director in place of Shri D. N. Davar, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri K.N. Memani, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Shri Shekhar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.

6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring auditors M/s S.S. Kothari Mehta & Co., Chartered Accountants and M/s Doogar & Associates, Chartered Accountants, are however eligible for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 198, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the remuneration paid/payable to Shri Riju Jhunjhunwala, as Executive Director of the Company for the period 1st May, 2010 to 27th July 2010 be and is hereby approved and ratified per terms enumerated hereunder:-

Salary : Rs. 2,00,000/- p.m.

Commission : Not more than 0.333% of the net profits of the Company as computed in the manner laid down in Section 309(5) of the Companies Act, 1956.

Perquisites: In addition to the salary and commission, Shri Riju Jhunjhunwala 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 salary, over and above 10% payable by him, or

b) In case the accommodation is owned by the Company, 10% of the 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 salary.

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 salary.

ii) Medical Reimbursement:

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

iii) Leave Travel Concession:

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

iv) Club Fees:

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

v) Personal Accident Insurance:

Of an amount, the annual premium of which not to exceed Rs. 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 scheme of the Company.

ii) Superannuation / Annuity Funds:

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

iii) Soft furnishing allowance of Rs.3,000/- per month."

BY ORDER OF THE BOARD
For **HEG LIMITED**

Place: Noida (U.P.) **(ASHISH SABHARWAL)**
Date : 27^{th} July, 2010 **COMPANY SECRETARY**

NOTES:

1. A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
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.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business under Item No. 7 of the Notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from the 10^{th} September, 2010 to 20^{th} September, 2010, 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 Thursday, the 9^{th} September, 2010.
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 at the Meeting.
8. Members, who hold shares in Physical/ Dematerialised Form, are requested to bring their Folio No./ DP ID Number and Client ID Number for identification at the Meeting.
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. As required under Clause 49 of the Listing Agreement with Stock Exchanges, brief profiles of Directors seeking appointment / re-appointment at the Annual General Meeting are given in the Corporate Governance Report forming part of the Annual Report of the Company.

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

ITEM No.7:-

Shri Riju Jhunjhunwala was appointed as a Whole-time Director of the Company designated as Executive Director for the period of 5 years effective from the 30^{th} April, 2009. His remuneration was approved for a period of one year w.e.f. the 1^{st} May, 2009. The Board had at its meeting held on 30^{th} April, 2010 approved the remuneration of Shri Riju Jhunjhunwala for the period of next two years only w.e.f. 1^{st} May, 2010 to 30^{th} April, 2012. However, on 27th July, 2010, on the request of Shri Riju Jhunjhunwala, he was relieved from the position of Executive Director of the company. He shall continue as a non-executive director of the company retiring by rotation. Hence his remuneration for the period 1st May, 2010 to 27th July 2010 needs to be approved/ratified by the shareholders.

Accordingly, the resolution at Item No. 7 is commended for your approval in terms of schedule XIII of the Companies Act, 1956.

The particulars set out in the resolution may be treated as an abstract in terms of Section 302(2) of the Companies Act,1956.

None of the Directors may be deemed to be concerned or interested in the proposed Resolution except Shri L.N. Jhunjhunwala, Shri Ravi Jhunjhunwala and Shri Riju Jhunjhunwala himself.

BY ORDER OF THE BOARD
For **HEG LIMITED**

Place: Noida (U.P.) **(ASHISH SABHARWAL)**
Date : 27^{th} July, 2010 **COMPANY SECRETARY**

HEG Limited

HEG LIMITED

Regd. Off: Mandideep (Near Bhopal), Distt. Raisen – 462046 (Madhya Pradesh)

PROXY FORM

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

I/We .... of .... being a member/members of HEG Limited, hereby appoint .... of .... or failing him/her .... of .... as my/our proxy in my/our absence to attend and vote on my/our behalf at the 38th Annual General Meeting of the Company to be held on Monday, the 20th September, 2010 at 2.00 P.M. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen - 462 046 (Madhya Pradesh) and/or at any adjournment thereof.

Signed this .... day of .... 2010.

Signature ....

Please affix Re. 1/- Revenue Stamp here

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

HEG LIMITED

Regd. Off: Mandideep (Near Bhopal), Distt. Raisen – 462046, Madhya Pradesh

ATTENDANCE SLIP

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

Full name of shareholder ....

Full name of Proxy / Representative ....

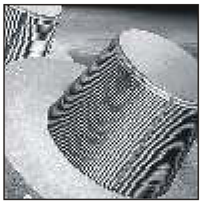
I hereby record my presence at the 38th Annual General Meeting of the Company being held on Monday, the 20th September, 2010, at 2.00 P.M. at the Registered Office of the Company at Mandideep (Near Bhopal), District Raisen - 462 046 (Madhya Pradesh).

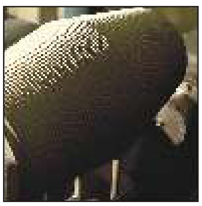
Signature of the shareholder / proxy / representative* ....

Note: Please fill in this attendance slip and hand over at the entrance of the Meeting hall.

* *Strike out whichever is not applicable.*

HEG Limited





LEADING BY EXAMPLE

ANNUAL REPORT 2009-10

BHILWARA GROUP

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

Group Salient Features

- The Group has a turnover of Rs. 4,000 crore - Export constitutes 46% (Rs. 1,840 crore).
- One of the largest textile houses in the country with a turnover of over Rs. 2,450 crore - Export constitutes 42% (Rs. 1,025 crore).
- One of leading manufacturer and exporter of Graphite Electrodes in the country with turnover of Rs. 1,084 crore - Export constitutes 74% (Rs. 807 crore).
- Largest producer and exporter of Synthetic Blended Yarn and largest range in Greige, Dyed and Mélange Yarn with total spindleage capacity of nearly 5 Lacs.
- Manufacturer of Wool Blended and Premium Light Weight Fabrics, Worsted Fabric, Silk Synthetic fashion Fabric and Denim Fabric.
- India's one of the largest vertically integrated Knitwear Company.
- Manufacturer of Flame Retardants, Air – texturized Yarn and Automotive Furnishing Fabric.
- World's largest single site plant of Graphite Electrodes with a production capacity of 66,000 TPA.
- The Group has 120 MW Thermal Power Plants, approx. 300 MW Hydro Power Plants & 60 MW HFO based Captive Power Plants.
- The Group generated 1,300 Million power units in the year 2009-10.
- A consulting Company providing engineering consultancy services for Hydro Power Projects.

Group Companies

RSWM Limited
an LNJ Bhilwara Group Company

HEG

Maral

BEL
BHILWARA ENERGY

MPCL
MALANA POWER

adhpl
AD HYDRO POWER LIMITED

BSL
LIMITED

BMD

BTTL

chslind

Getting IT right for you
Bhilwara Infotech Limited

Bhilwara Scribe Pvt. Ltd.

HEG Limited

Corporate Information

BOARD OF DIRECTORS

L. N. Jhunjhunwala	Chairman-Emeritus
Ravi Jhunjhunwala	Chairman & Managing Director
Shekhar Agarwal	Vice-Chairman
V. K. Mehta	Director
D. N. Davar	Director
K. N. Memani	Director
Kamal Gupta	Director
P. Murari	Director
Mohanraj Nair	Nominee Director - LIC
O. P. Bahl	Director
N. Mehta	Alternate to V. K. Mehta
Riju Jhunjhunwala	Executive Director

Chief Operating Officer
K. Vaidyanathan

Chief Strategy & Project Officer
Jacob Mani

Chief Financial Officer
Manvinder Singh Ajmani

Company Secretary
Ashish Sabharwal

Bankers
State Bank of India
Punjab National Bank
HDFC Bank Ltd.
The Hongkong & Shanghai Banking Corp. Ltd.
IDBI Bank Ltd.
Landesbank Baden Wurttemberg, Germany
DEG, Germany
Central Bank of India
Kotak Mahindra Bank
Standard Chartered Bank

Auditors
Doogar & Associates
S. S. Kothari Mehta & Co.

Registrar
M/s. MCS Ltd.
F-65, First Floor, Okhla Industrial Area,
Phase-I, New Delhi - 110020

Note : Mr. V. K. Mehta : Deceased on 24-07-2010, Mr. N. Mehta : Consequently ceased to be Alternate Director, Mr. Riju Jhunjhunwala : At his request relieved from the position of Executive Director w.e.f. 27-07-2010 and continues as a Non-Executive Director, Mr. L .M. Lohani is the nominee Director of LIC in place of Mr. Mohanraj Nair w.e.f. 27-07-2010.

Stock Exchanges where the Company's shares are listed:
Bombay Stock Exchange 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) 2531648

Registered Office
Mandideep (Near Bhopal)
Distt. Raisen - 462046
Madhya Pradesh, India
Phone: +91 (07480) 233524 to 233527
Fax: +91 (07480) 233522

Works
Graphite Electrodes & Thermal Power Plant
Mandideep (Near Bhopal)
Distt. Raisen - 462046
Madhya Pradesh, India
Phone: +91 (07480) 233524 to 233527
Fax: +91 (07480) 233522

Hydro Electric Power
Village Ranipur, Tawa Nagar
Distt. Hoshangabad - 461001
Madhya Pradesh, India
Phone: +91 (07572) 272810, 272859
Fax: +91 (07572) 272849

Contents

Message from the **Chairman & Managing Director**

Dear Shareholders,

I am happy to write this at a time when we are in the midst of a significantly improved global economic situation compared to last year. The developing economies have shown tremendous resilience even as the downward spirals in the developed countries appear to have halted. There are some uncertainties in Europe and Japan, but USA is gradually showing some growth prospects.

Active steps taken by various Governments to provide stimulus packages have contributed a great deal in this recovery. In the Indian context, the steps taken by the Government and the RBI have not only insulated the Indian economy but have also provided growth incentives wherein we hope to achieve a 9-10% GDP growth for FY 2010-11.

HEG Limited is a leading global manufacturer of Graphite Electrodes, which find their biggest application in Electric Arc Furnaces (EAF) in steel plants. As you are aware, HEG Limited's customer base is spread across the world, and the global economic conditions had affected the business marginally during the year under review. However, in the backdrop of signs of recovery, sustainability and growth are returning to the steel and graphite electrode industry.

Given the gloom and associated anxieties during the year under review, we have performed fairly well. Largely on account of a satisfied strong customer base, quality, cost initiatives and improved realizations, our revenues for the current year have shown an increase of 10% over the preceding year. Concurrently we could achieve an EBITDA of Rs.354 crore, an increase of 29% over the last financial year and increase in Profit After Tax of 60% at Rs.171 crore.

We are also enthused at the prospects of Steel and Electric Arc Furnace manufacturing in the near future. Industry data suggests Global Steel production in 2010-11 is likely to reach an all time high at about 1400 million MTs, significantly above the previous year's level of 1220 million MTs and even higher than the peak levels achieved in 2007 & 2008. Electric Arc Furnace Steel production is also likely to see an equally good recovery. The uptrend is likely to continue as we move ahead in FY 2011-12. We have

diligently worked on improving operational efficiencies along with rational control on our costs all these years and would continue. This, along with improvement in the market conditions and increased production levels, has given us the conviction to project another sound performance in FY 2010-11.

Considering the improved scenario, we have expanded HEG's capacity from 60,000 tons to 66,000 tons in the year under review. With this, our plant has become the largest single-site facility for graphite electrode manufacturing in the world, a feat which bolsters our confidence. The expansion has helped us achieve optimization of costs and better operating efficiencies. The current sentiments also gives us the confidence to move ahead with the next phase of expansion to take the capacity to 80,000 MTs per annum. This expansion will require an investment of approximately Rs.206 crore and we hope to achieve this by September – October 2011. The financial requirement will be met by a combination of internal accruals and debt. Currently this expansion is on schedule.

During FY2009-10, the Company's production volume has been lower than the previous year's level as a result of the global meltdown. However, this is expected to rise considering the growth in global EAF capacities. Rising confidence in the economy and steel industry has also meant we witness an upsurge in order booking.

You will also be glad to know that there were no major fluctuations in prices of needle coke for calendar year 2010 as compared to 2009 and we have requisite stocks to meet our annual requirement for UHP grade electrode production.

You are aware, power is another major cost component for graphite electrode industry. HEG is well-placed with the strategic advantage it has built through the power segment. The total power capacity of around 77MW will be sufficient even at the expanded capacity levels of graphite electrodes. During the last year the Company received coal linkages for the thermal power plants. The hydel power plant at Tawa has performed well as a result of adequate rainfall in the catchment area and this has helped us further in lowering costs.

Along with deploying best industry practices, we are also critically aware of the need to be in harmonious sync with the communities with which we work. At HEG, we have adopted a robust corporate social responsibility practices towards social welfare, environment, energy conservation and stakeholder interests. HEG has adopted two villages in Madhya Pradesh which are witnessing all round development. Realizing that the future lies in today's youth, we have created the Graphite Education and Welfare Society, a non- profit trust for improving educational awareness, health care, afforestation, drinking water, hygiene, sanitation, crafts and other community welfare work.

You are all aware graphite electrode industry is a capital and technologically intensive industry with a long gestation period. Our efforts in last 30 years have resulted in a world class, hi-technology and exclusive facility of international standards at Mandideep for manufacturing of graphite electrodes. It is no mean achievement that today our product is at par with products of other global players. Going ahead, we not only wish to sustain but also improve the quality of our products through continuous research and development activities. With substantial new capacities of the electric arc furnaces expected in the short to medium term, the demand for graphite electrodes is expected to improve and your Company is well positioned to take the leadership position in this upswing.

With a view to share our growth with our shareholders, the Board of Directors is pleased to recommend a dividend of Rs.10/- per share for the FY 2009-10.

On behalf of the Board of Directors, it gives me immense pleasure in thanking each one of you - our trusted customers, suppliers, service providers, employees, lenders and shareholders for your spirited support in our endeavours. I feel extremely humbled and honoured to be part of you all.

With best regards,

Ravi Jhunjhunwala
Chairman & Managing Director

Management Discussion and Analysis

The Macro Economic Scenario

The year under review has seen significant improvement in the global economic sentiments. While the recovery has been uneven across various regions, the developing countries have contributed significantly to the overall growth. There is general unanimity that the worst of the crisis is behind us. While there are some uncertainties with regard to economies in Europe and Japan, USA seems to have stabilized and is gradually showing steady improvement. The active steps taken by various Governments to provide stimulus to their respective economies, have contributed significantly to this improved situation. Global capacity utilization levels have increased, thus indicating return to normalized levels. As per the WTO, world trade is slated to rebound in 2010 by growing by 9.5%. It is heartening to note that majority of the countries did not impose any additional trade barriers, and in fact reduced the number of barriers, which is going to prove advantageous for growth of global trade.

This financial crisis which began in the United States affected the Indian economy since the second half of 2008-09. As per the Economic Survey, India's fiscal deficit increased from the end of 2007-08, reaching 6.80% (budget estimate) of GDP in 2009-10. The exports were affected as the developed nations were struck by recessionary conditions. Timely steps were taken by the Indian Government and the RBI to somewhat insulate the Indian economy and these steps now give us the confidence to achieve 9-10% growth in FY 2010-11. The efforts of the Chinese Government too have resulted in an increase in the GDP growth of China, which has in turn significantly contributed to the global improvement.

Encouraging Sectoral Outlook

The steel industry achieved an estimated production volume of 1220 million MTs in 2009 which was significantly lower than the previous 2 years. However, the production trends for the current year globally are showing steady improvements and now there is general optimism to achieve a level of 1400 million MTs, which would be an all time high. The outlook is very optimistic and will be driven by most of the developing nations. Further, infrastructure activities globally are gaining importance through emphasis on projects like rail, roads and bridges. India is expected to become the second-largest steel producer by 2012, as a result of its increased focus on infrastructure. Currently China leads in steel production followed by Japan, South Korea and India.

This uptrend in the steel industry will drive production by Electric Arc Furnaces (EAF), thus increasing the demand for graphite electrodes that HEG manufactures. There is growing confidence that even for EAF steel by FY 2011-12, we would be back to previous best level. Most of the growth in the steel industry in general and EAF steel specifically is arising from Asian countries and we are strategically positioned to take advantage of that growth.

The graphite electrode industry being capital and technology incentive, we do not expect any new entrants into this business in the medium term. We are already an established player in this business and can therefore hope to benefit significantly from the overall growth that is expected in the medium term. Our ability to expand our customer base remains consistent with our past performance.

Operating Perspectives

Graphite Electrodes

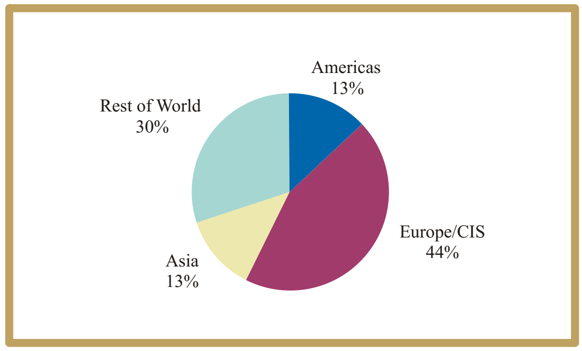
HEG Limited is a global manufacturer of graphite electrodes since last 30 years. The Company operates from a single plant in Mandideep, Madhya Pradesh, with a capacity of 66,000 tons of graphite electrodes. The Company manufactures international quality, Ultra High Power (UHP) grade graphite electrodes. As this industry is technologically intensive and has a long gestation period for Greenfield projects, there are very few established manufacturers of Graphite Electrodes globally. The demand for electrodes largely comes from USA, South America, China, Japan, Europe and Middle East.

Currently HEG is a key exporter of graphite electrodes along with a significant focus on the domestic market. The Company has a broad clientele base spanning over 25 countries, with companies like POSCO, Arcelor Mittal, Krupp Thyssen, Nucor, Usinor, SAIL, TISCO, Jindal and Hyundai to name a few. The Company is also focusing on establishing new relations with potential clients in various new geographies.

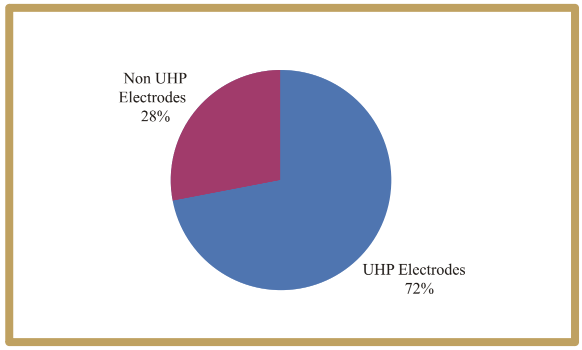
The overall capacity utilization was 75%, with the last quarter reaching a high of 90%. The Company aims to maintain the capacity utilization levels at 80%-90% of the rated capacity. As a result of the industry slowdown during the first half of last year, the realizations witnessed moderation, which was offset by stable volumes. Subsequently, the annual margins were slightly affected by these lower realization levels. Order booking has since picked up.

Further the key raw material, needle coke has been booked for the entire CY 2010, at nearly the same rates of the previous year.

Locationwise Sales Volume break-up



Graphite Segment Revenue breakup for 2010



Power

Power is a key raw material in graphite electrode production. It also forms a major cost component and hence optimization in terms of cost and usage of this key element is a major concern in this industry.

HEG's power requirement is met by captive production via three power plants. There are two thermal power plants in Mandideep, close to the graphite electrode manufacturing unit with capacity of around 64 MW. The hydro electric power plant is located at Tawa with a capacity of around 13.5 MW, taking the total rated power generation capacity around 77 MW.

During the last year the 33 MW thermal power plant was commissioned with a long term view in mind. This plant was set up to support the capacity expansion in graphite electrodes and to optimize costs.

During the last year, the hydel power plant performed reasonably well as there was adequate rainfall in the catchment area. This enabled the company to be well positioned throughout the year in terms of power generation.

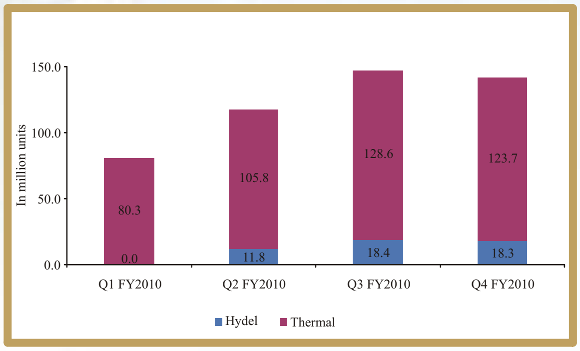
With the expected improvement in graphite electrode demand, the Company is strategizing to ensure sufficient levels of captive power generation as well as sell additional power at profitable rates. Currently as per the Madhya Pradesh state regulations, the Company has to buy 10% of its power requirement from the electricity board whereas the Company can sell around 49% on merchant basis to third parties at market determined prices. As a result of excess capacities currently, 20-25 MW of power is being sold on a daily basis, until 80,000 tons capacity is reached.

For the FY 2009-10, power revenues increased by 82% from Rs.100.79 crore to Rs.183.83 crore on account of the new 33 MW thermal power plant becoming operational in May 2009. The 13.5 MW hydel power plant witnessed steady operations on the back of adequate rainfall in the catchment area.

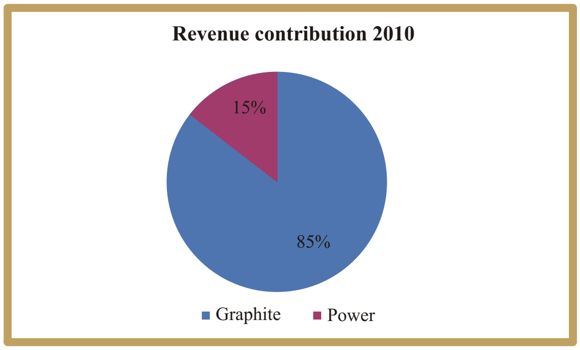
Review of Financial Performance

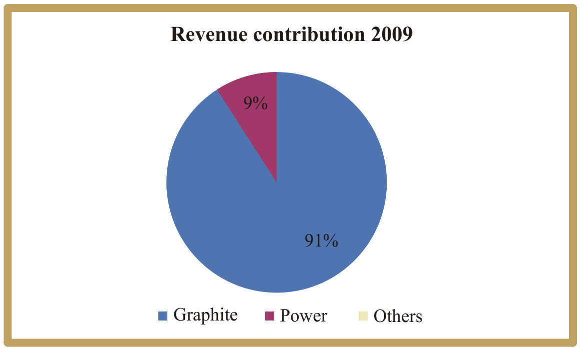
Despite the challenging market conditions, we have been able to report a significantly improved performance during FY 2010. The revenues increased by 10% to reach Rs.1268.45 crore from Rs.1149.94 crore in the previous year. The EBITDA for the year stood at Rs.354 crore, an increase of 29% over Rs.274.74 crore in the previous year. The Profit Before Tax was Rs.242.32 crore (Rs.161.39 crore in FY 2009) and the net profit from ordinary activities after tax was Rs.171.06 crore (Rs.106.99 crore in FY2009).

Power Generation



Annual Revenue Contribution





Segment-wise Performance

For the Graphite Electrode Division, the PBIT was higher by 29% at Rs.252.41 crore as compared to Rs.195.95 crore in the previous year. Similarly, the return on sales was 24% in the current year against 19% in FY2009.

In the case of Power Division, we achieved increased revenue of Rs.183.83 crore as against Rs.100.79 crore last year on account of the new 33 MW thermal power plant becoming operational in May 2009. The 13.5 MW hydel power plant witnessed steady operations. The profit for the Division was higher by 74% at Rs.41.86 crore compared to Rs.24.11 crore in the previous year.

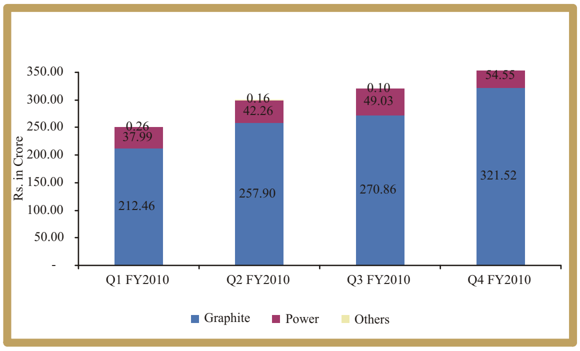
A strong Balance Sheet position

The Balance Sheet position of HEG Limited remains stable and represents sustainability over the years. Largely on account of the internal accruals, the net worth has increased to Rs.730.55 crore in FY2010 from Rs.592.15 crore last year. The internal accruals will largely support the expansion plans in the near future. As on March 31, 2010 the long term debt (excluding FCCB) was 210.40 crore, resulting in a debt equity ratio of 0.28. The Return on Net worth and the Return on Capital were 23% and 19% respectively.

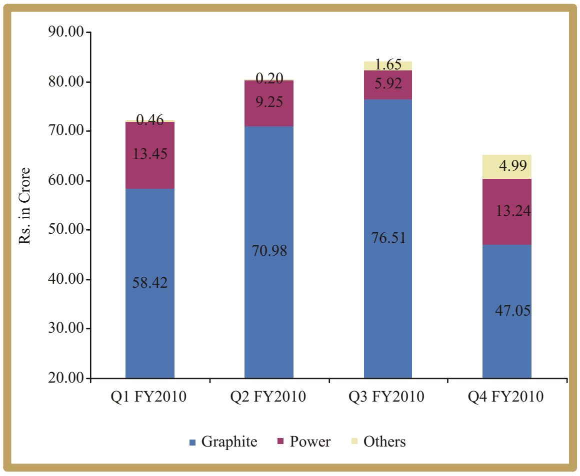
Opportunities and Threats

As reported earlier, global steel production in 2010 is expected to reach an all time high level of 1400 million tons. The largest

Quarterly Revenue Contribution



Segmental PBIT



contribution to this growth comes from Asian Countries, especially China and India. In case of Electric Arc Furnace steel making, we expect to remain below the previous peaks of 2007, in the current calendar year. But we expect that in 2011, these previous peak levels may once again be achieved. We also anticipate that the risks previously presumed from the developed markets may not materialize to that extent, considering the slow and steady improvements in most of these markets.

Considering the opportunities that arise over the medium term, HEG revised its plans towards the end of the fiscal year for capacity expansion. In the fourth quarter the company achieved a rated capacity of 66,000 tons from the earlier 60,000 tons. In the first quarter of FY 2010-11, HEG announced further capacity expansion of 14,000 tons, taking the capacity to 80,000 tons, by September-October 2011. This Brownfield expansion is expected to be achieved with an investment of approximately Rs.206 crore, which will be a combination of internal accruals and debt.

The Company has already booked needle coke at determined prices for the entire year and secured itself on the power front by achieving self sufficient captive power consumption for 80,000 tons capacity.

Though the industry is technologically advanced, there is a sufficient requirement for manpower, and the Company provides continuous training programs to the workforce at all levels.

On account of the fact that Graphite Electrode industry is highly capital and technology incentive, we do not expect new entrants to come into this business in the medium term, while our own brownfield expansion at economic cost is expected to help us in competing globally with better operational efficiencies.

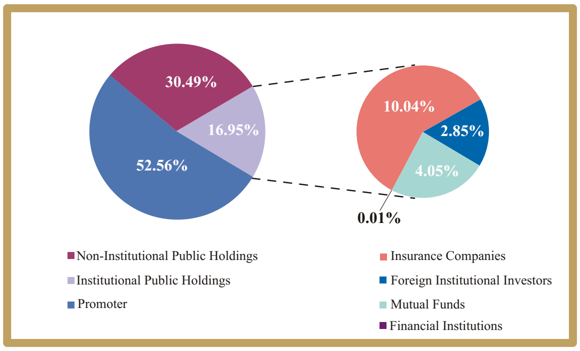
Considering the market dynamics and the organic growth at HEG, we continuously aim at manufacturing products of international quality and improving our operational efficiencies. We are observing global trends at all times to take advantage of the opportunities that arise in untapped geographies also.

Risks and Concerns

Although the global economic recovery is underway, a few reports state that a double dip scenario cannot be ignored, and this could spell a slowdown for the graphite electrode industry, in turn affecting the Company's performance.

On the subject of raw materials, we would like to report that our requirement of Needle Coke, which is the key raw material for UHP grade electrode production has been fully booked for FY 2010-11.

Shareholding pattern as on 31st March 2010



Based on current scenario, we are optimistic to cover our raw material requirement for the near future.

The next most critical input for our graphite operation is availability of power. Here again, with our captive generation capacity of about 77 MW, we anticipate full and continuous availability of power at economic cost. While the EAF steel industry is steadily improving globally, we have witnessed better inflow of orders and hope to achieve substantially improved operating levels compared to the levels of FY 2010.

As HEG services global clients, there is a perennial risk of foreign exchange currency fluctuations which could negatively affect the Company's margins. The business from developed countries is at a higher risk as they are recovering at a slower pace than the developing countries. In the short run, any adverse impact on one or two orders will not lead to any serious implications but taking the long run into consideration, the scale of orders should not decrease.

The working capital need in this industry is high as the production cycle spans over a few months. There might be a delay in the manufacturing process, if the working capital requirement is not easily available.

Research and Development

At HEG research and development is given paramount priority, as growth and innovation are co-related. We continue to focus our attention on the Research and Development activities in order to make improvements in our process technologies, develop new sources for various inputs, besides developing products for new applications. We continue to collaborate with institutions such as IIT, Kanpur and RRL, Bhopal for support and assistance in various development initiatives.

Human Resource

At HEG, human resources are valued as human capital. As a technologically intensive industry, the Company particularly focuses on nurturing its engineering talent. As you may be aware, HEG has made continuous investment in the development of Human Resources. We have implemented the Balance Score Card which provides macro-level focus in achieving all corporate objectives, while simultaneously utilizing these score cards through the performance management system at the individual level. The rewards linked with individual & corporate performance further brings an objective platform for employee growth and development. Total number of employees as on 31st March, 2010 was 1079.

We are in the process of adopting individual development programme for our key managers in the current year in consultation with professional agencies in this field. We continuously try to improve our benchmarks with regard to safety, environmental and occupational health by effective monitoring and control of our operations at all levels.

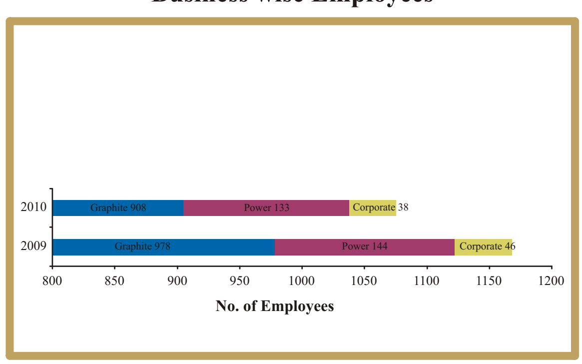
Industrial Relations

Our aim has always been to create and maintain a professional environment with regard to our industrial relations by enabling free flow of information and ideas. The management has always aimed at creating and maintaining a professional but friendly environment throughout the organization. The employees are always encouraged to approach the management with any issues that are relevant to their cause. We encourage team building through joint meetings so as to identify and address issues at an early stage, thus delivering a very harmonious and peaceful industrial relations climate in FY2010.

Fostering a quality-conscious organizational structure

Around 30 years ago, at the inception of the Company, while designing the organizational structure, emphasis was laid on quality of products, processes, employees, customers and overall functioning. Quality consciousness was and is, not only a practice but a culture at HEG. Over the years the focus on quality has increased at every stage as it is ingrained in the management and the entire workforce over the years.

Business wise Employees



To enhance the quality of products to meet international standards, measures such as comprehensive Statistical Process Control (SPC) systems and Six Sigma have been incorporated. HEG has been successful in incorporating efforts on implementing automation and installing Data Capturing Systems which have helped in real time analysis and assessment while minimizing manual interventions. Such measures are taken each year so as to enhance productivity and de-bottleneck processes. All the domestic and international quality standards have been met by HEG. In an effort to upgrade its processes and seek assistance, HEG has been inviting international consultants on a regular basis.

Environmental and Social Initiatives

Ecological Impact

The Company has always understood the hazards of industrial processes and has taken numerous steps towards preserving and improving the environment. As a responsible Corporate, we continuously explore and implement action plans with regard to recycling of by-products & wastes in order to achieve our environmental friendly objectives.

The company recognizes the importance of local communities in the creation of wealth and overall well being of its citizens. As in the past, we have taken various steps to improve the standard of living of the local community and provide a meaningful development program for the youth. Our Graphite Education and Welfare Society has taken the initiative to implement 'Smart Classes', an IT enabled learning module for the students at the Graphite Higher Secondary School in Mandideep.

Two villages adopted by HEG near Mandideep are thus witnessing growth and development in all aspects. Besides setting up increased medical camps to assess the occupational health, we have involved

local NGOs to further promote various socio-cultural activities and community development work. With the whole hearted support from all stakeholders, these activities are now being extended to five more villages.

Internal Control Systems and Risk Management

HEG's internal control system has been built over time and consists of a strong internal audit control system which provides an independent, objective assessment of risk and evaluation of the effectiveness of the internal operating and financial controls. HEG also has a risk management system in place, committed to identification and management of risks related to business activities.

The Company stresses on transparent procedures and identification of weaknesses and rectifying the same so as to strengthen the foundation. The management team is closely involved in the internal control systems and risk management procedures, so as to have detailed knowledge of the functioning of the Company, identification of risks and implementation of new processes and procedures.

To support the financial reporting processes in all the offices and the manufacturing facility, the Company has installed and upgraded the modern IT enabled systems. The Management team also looks into the operational risk factors relating to its product portfolio, raw material supplies, customer profile, foreign currency fluctuations, reliability and integrity of financial and other operational controls, and takes suitable measures as and when required.

Outlook

The outlook for HEG is bright, anchored by healthy prospects in the Graphite Electrode sector. The continued momentum in steel will spur higher demand for HEG's products and the Company remains geared to benefit from the upsides of the demand. HEG has completed the expansion project undertaken last year and achieved the capacity level of 66,000 MTs per annum. With the improved sentiments consistent with strong recovery, we have decided to implement the next phase of our expansion to achieve a level of 80,000 MTs per annum. The broad customer base built across various countries and especially with Companies such as POSCO, Arcelor Mittal, Krupp Thyssen, Nucor, Usinor, SAIL, TISCO, Jindal, Hyundai, etc., gives us the confidence to achieve increased volumes going into the future. The increased volumes in turn would also help us to achieve better economies, remain cost competitive globally and deliver another year of good value-creation.

Cautionary Statement

Some of the statements in this document that are not historical facts may be '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, change in Government's regulations, statutes and tax regimes, and other factors not specifically mentioned herein but those that are common to the industry.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 38th Annual Report and audited statements of accounts for the year ended 31st March, 2010. We are delighted to report a buoyant operating performance. Our graphite electrode segment continued to contribute strongly towards revenue growth, primarily driven by improved operating efficiencies, cost effectiveness measures and a better product mix.

1) (i) FINANCIAL RESULTS (Rs. in Crore)

	2009-10	2008-09
Turnover :		
Domestic	**461.17**	317.59
Export	**807.27**	832.35
Less : Excise Duty	**21.15**	23.98
: Inter Division Sales	**115.89**	96.96
Net Sales	**1131.40**	1029.00
Other Income	**14.99**	16.94
Total Income	**1146.39**	1045.95
Profit before Interest, Depreciation and Amortization	**354.00**	274.73
Interest	**59.26**	66.75
Profit before Depreciation and Amortization	**294.74**	207.98
Depreciation and Amortization	**52.41**	46.60
Profit Before Tax	**242.32**	161.39
Provision for Taxation:–		
Current Year	**70.48**	46.95
Deferred	**(0.09)**	1.37
Fringe Benefit Tax	**(0.01)**	0.48
Income Tax for earlier Years	**0.88**	5.60
Net Profit for the Period	**171.06**	106.99
EPS (Basic)	**41.10**	24.36
EPS (Diluted)	**40.91**	24.36
(ii) Appropriations		
Amount available for appropriation	**316.94**	202.97
Dividend :		
a) Proposed Dividend on Equity Shares	**42.83**	27.43
b) Corporate Dividend Tax	**7.28**	4.66
Transfer to :		
a) General Reserve	**25.00**	25.00
b) Capital Redemption Reserve	**3.30**	–
c) Debenture Redemption Reserve	**4.77**	–
Balance carried forward	**233.76**	145.87

2. OVERALL PERFORMANCE

The Company recorded Net Sales Rs.1131.40 crore as compared to Rs. 1029 crore in the previous year. The Net Profit increased to Rs.171.06 as compared to Rs. 106.99 in 2008-09 translating to basic earning per share at Rs. 41.10 as against Rs. 24.36 in FY 2008-09. The core graphite electrodes segment and the power division posted healthy growth rates.

3. SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENTS

M/s HEG Graphite Products and Services Ltd was incorporated as an wholly owned subsidiary of the Company on 18th September, 2009. The accounts of Subsidiary Company form part of the Annual Report alongwith the statement pursuant to Section 212 of the Companies Act, 1956. Also the consolidated financial statements alongwith the Auditors Report thereon, form part of the Annual Report.

4. DIVIDEND

The Board, has recommend a dividend at the rate of Rs.10/- per share on Equity Shares of Rs.10/- each for the financial year ended March 31, 2010, subject to your approval at the Annual General Meeting.

5. OPERATIONS

GRAPHITE ELECTRODES

During the year under review, the production of Graphite Electrodes was lower as compared to FY 2008-09. Being a challenging year, when the volumes witnessed moderation, the margins still remained encouraging.

POWER GENERATION

HEG's strategic planning has resulted in reliable captive power generation of about 77 MW. A new thermal power plant with a capacity of 33 MW has commenced operations since May, 2009, making it a total of two thermal power plants with total capacity of about 64 MW and a hydroelectric power plant with a capacity of 13.5 MW. The current capacity will result in a self-sufficiency level of power at 80,000 TPA production of Graphite Electrodes.

6. CAPACITY EXPANSION OF GRAPHITE ELECTRODE PLANT AT MANDIDEEP

Your Company has at its Board Meeting held on 29th January, 2010 approved the expansion plans of its graphite electrodes manufacturing capacity to about 80,000 TPA from current level of about 66,000 TPA at an estimated capital cost of Rs. 206 crore. This will help HEG consolidate its manufacturing lead in graphite electrodes segment at the shortest schedule and optimum cost.

7. BUYBACK OF EQUITY SHARES BY THE COMPANY

The Company successfully completed the Buyback of Equity Shares on 18th August, 2009 with the buyback and extinguishment of 32,95,703 shares at an average price of Rs. 147.15 per share. Almost the entire amount approved for Buyback i.e. Rs. 48.50 Crore was utilized.

8. CORPORATE GOVERNANCE

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

9. MANAGEMENT DISCUSSION AND ANALYSIS

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

10. INTERNAL CONTROL SYSTEMS AND ADEQUACY THEREOF

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

Internal audit programme covers various areas of activities and periodical reports are submitted to the management. The Audit Committee reviews financial statements and internal audit reports along with internal control systems. The Company has a well-defined organizational structure, authority levels and internal rules and guidelines for conducting business transactions.

11. PERSONNEL

A) INDUSTRIAL RELATIONS

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

B) PARTICULARS OF EMPLOYEES

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

12. PUBLIC DEPOSITS

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

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

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

14. DIRECTORS

a) The Board of Directors had appointed Shri Riju Jhunjhunwala, as Executive Director of the Company at its meeting held on 30th April, 2009, for a period of 5 years and approved his remuneration for a period of 1 year. Now his remuneration has been approved for the period of 2 years as per the terms and conditions enumerated in the resolution being put up for your approval.

b) Three of your Directors namely Shri D.N. Davar, Shri K.N. Memani and Shri Shekhar Agarwal shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Board recommends their appointment.

c) Shri R.C. Surana has ceased by way of premature retirement to be the Executive Director, Director and Employee of the Company in accordance with a mutual agreement between Shri R.C. Surana and the Company w.e.f. 30th April, 2010. The Board appreciates and puts on record the services rendered by Shri R.C. Surana during his association with the Company.

15. AUDITORS

M/s Doogar & Associates, Chartered Accountants and M/s S.S. Kothari Mehta & Co., Chartered Accountants, Auditors of the Company, will retire from their office at the ensuing Annual General Meeting. They are, however, eligible for re-appointment. They have furnished a Certificate to the effect that their appointment will be in accordance with limits specified in sub-section (IB) of Section 224 of the Companies Act, 1956. You are requested to consider their appointment.

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

16. DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that:

(i) in preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March,2010 and of the profit of the Company for the year under review;

(iii) they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

(iv) they have prepared the annual accounts on a going concern basis.

17. ACKNOWLEDGEMENTS

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

Place : Noida (U.P.)
Dated : April 30, 2010

(RAVI JHUNJHUNWALA)
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE I TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (2A) of the Companies Act,1956, read with Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March, 2010

S. No	Name of Employee	Designation	Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Age (Years)	Date of Commencement of Employment	Last Employment held, Organisation, Designation & Duration
1.	Shri Ravi Jhunjhunwala	Chairman & Managing Director	Managerial	59762118	B.Com.(Hons.), MBA	30	55	08.09.1979	–
2.	Shri Riju Jhunjhunwala	Executive Director	Managerial	12145895	Graduate in Business Management Studies	9	31	30.04.09	RSWM Limited, Joint Managing Director, 6 years
3.	Shri R. C. Surana	Executive Director & CEO	Managerial	14602523	BBA, MBA, DFT	32	57	01.03.87	Bhilwara Services Pvt Ltd, Manager, 6 months
4.	Shri Jacob Mani	Chief Strategy & Project Officer	Project Head	3150037	BE (MECH)	37	60	15.11.76	Carborundum Universal Ltd., Jr. Suptt., 4 years
5.	Shri K. Vaidyanathan	Chief Operating Officer	Plant Head	3245036	B.TECH (CHEM. ENGG.)	29	50	13.03.09	SRF Ltd, Vice President, 3 years
6.	Shri V. Sukumar	Vice President	Head - Domestic Marketing	3439024	BE, MBA	31	58	01.06.79	Planning Commission, Consultant, 2 years
7.	Shri Manvinder Singh Ajmani	Chief Financial Officer	Head - Finance, Commercial & IT	3277702	FCA, ACS, ACTM	22	45	13.06.08	International Tractors Ltd, Vice President (Finance), 1.5 year.
8.	Shri Man Mohan Damani	AVP, Environment & Safery	Safety & Environment	2664093	BSC Engg, Dip in Mgt	34	57	01.09.99	Carbon Everflow Ltd, Gen. Manager, 22 years
9.	Shri M. K. Shrivastava	AVP-COE-Maintenance	Plant Maintenance	2414725	BE(MECH)	33	56	11.03.77	Straw Product Ltd., 1 year as GET
10.	Shri A.K. Dixit	AVP-Export Mktg.	Head - Export Mktg.	2441712	B.Tech (Met. Engg.), DMM, PGDFT	32	57	01.06.78	Indian Iron & Steel Co. Ltd., Sales Executive, 4 years

Notes:

1. Shri R.C. Surana has ceased, by way of premature retirement, to be the Executive Director, Director and Employee of the Company in accordance with a mutual agreement between Shri R.C. Surana and the Company on 30th April, 2010, with effect from that date.
2. Appointment of Shri Ravi Jhunjhunwala, Chairman & Managing Director, Shri Riju Jhunjhunwala, Executive Director and Shri R.C. Surana is/was in accordance with Schedule XIII of the Companies Act, 1956. All other aforesaid employees are in non- contractual employment of the Company.

ANNEXURE II TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

(A) CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

1. Installation of Variable Frequency Drive (VFD) in ID Fan in Riedhammer 4 resulted in the improvement of operating efficiency of the fan as well as reduction in energy consumption in power.
2. Reduction in energy consumption of lighting by optimizing the voltage.

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

1. Cost of SA fan VFD would be about Rs 16 lacs , proposed to be installed at CPP for unit 1 & unit 2.
2. Replacement of AI blades by FRP blades in cooling tower fans at CPP. Cost of FRP blade would be about Rs 9.0 Lacs.
3. Optimum rating energy efficient motors in CW pump hall No. 06 (Flohe) & PFE. Cost of new pump would be about Rs. 0.9 Lac.

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

1. The saving in electrical energy consumption on account of the above implemented measure is in range of 4.02 lacs kwh per year.
2. The proposed saving (1,2,3) for the project which is being implemented would be in the range of about 14 lacs kwh / year.

INFORMATION AS PRESCRIBED IN FORM A

PARTICULARS	Graphite	
	2009-10	2008-09
ELECTRICITY		
Purchased		
Units (lacs)	**2585.76**	2940.80
Total amount (Rs lacs)	**13055.52**	13849.28
Rate / Unit (Rs)	**5.05**	4.71
Own Generation		
Generated Units	**–**	–
Units / Litre of fuel oil	**–**	–
Cost of generation / Unit (Rs)	**–**	–
Fuel Consumption		
Quantity (KL)	**11033.00**	11629.00
Total amount (Rs lacs)	**3027.67**	3340.98
Average rate per KL (Rs)	**27442**	28730
Computation / Unit of Production		
Product description / Unit - MT	**Graphite Electrode**	
Electricity Consumed / Unit	**5897**	5855
Fuel Oil consumed (KL) / Unit	**0.252**	0.232

(B) TECHNOLOGY ABSORPTION

The particulars with respect of absorption in the prescribed form are given below:-

i) RESEARCH & DEVELOPMENT (R&D)

Specified areas in which R&D carried out by the Company	1. Development of carbon / Graphite Specialties for fuel cell, Cryosorption pump, Gas mask, Water filter, Quick heat removal applications. 2. Exploring alternative methods, formulation & additives, for Graphite electrode quality improvement. 3. Advance Characterization of raw materials to study its effect on quality of Graphite Electrodes.
Benefits derived as a result of the above R&D	1. Stringent quality control for raw materials.

	2. Quality Improvement in Graphite Electrodes. 3. Carbon / Graphite products development used for thermal, energy, environment and electronics applications.
Future plan of action	1. Development of Specialty products like carbon / graphite rods and blocks and carbon - carbon composites. 2. Development of thermo - Oxidative coating on Graphite material. 3. Development of Graphite based conductive coating material. 4. Development of Impregnated Activated Carbon Fabric (ACF) for removal of Pollutants and Toxic Gases.

4 Expenditure incurred on R&D (Rs. in Lac)

	Current Year	Previous year
(a) Capital	**5.77**	18.12
(b) Recurring	**173.43**	153.13
(c) Total	**179.20**	171.25
(d) Total R&D expenditure as Percentage of total turnover	**0.16**	0.16

ii) TECHNOLOGICAL ABSORPTION, ADAPTATION AND INNOVATION

1	Efforts, in brief, made towards technology absorption, adoption and innovation	1. Efforts made to develop high surface area ACP / ACS for light weight NBC Suits.
		2. Efforts made to develop 100% mesosphase pitch from coal tar pitch.
		3. Efforts made to scale-up know how (taken from National Research Development Corporation New Delhi) for development of Porous Conducting Carbon Paper for fuel cell application.
2	Benefits derived as a result of the above efforts	Scope for new business in Carbon / Graphite Specialties.
3	In case of recently imported technology the requisite information, in brief	Nil. All our efforts are made through in house R&D activities and collaborative research in India.

(C) EXPORTS & FOREIGN EXCHANGE EARNINGS AND OUTGO

		(Rs. in Lac)
Earnings	:	76,375.18
Outgo	:	3,191.38

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1	Name of the subsidiary company	HEG Graphite Products And Services Limited
2	Financial year of the subsidiary company	Year ended 31st March, 2010.
3	Extent of the interest of holding company in the subsidiary company	100% (wholly owned subsidiary)
4	Total advances made by the holding company to the subsidiary company stood as at the close of financial years ended 31st March, 2010	Nil
5	Net Aggregate amount of subsidiary's Profit / (Losses) so far as they concern members of holding company and not dealt within the holding company's account :	
	i) For subsidiary Financial Year	(48,680)
	ii) For subsidiary's Previous Financial years since it became subsidiary	Nil
6	Net Aggregate amount of subsidiary's Profit / (Losses) so far as they concern members of holding company and dealt within the holding company's account :	
	i) For subsidiary Financial Year	Nil
	ii) For subsidiary's Previous Financial years since it became subsidiary	Nil
7	As the financial year of the subsidiary company does not coincide with the financial year of the holding Company, information u/s 212 (5) of the Companies Act, 1956 is given below:-	
	a) Is there any changes in the holding company's interest in the subsidiary company between the end of the financial year of the subsidiary company and the holding Company	N.A.
	b) Is there any material changes which have occurred between the ended of financial year of subsidiary company and end of financial year of holding company	N.A.
	i) Fixed Assets of subsidiary company	N.A.
	ii) Investments of subsidiary company	N.A.
	iii) Money lent by the subsidiary Company	N.A.
	iv) Total advances made by the holding company as on 31st March, 2010	N.A.

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

(i) Composition

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

The details of composition of the Board, number of other 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 Meeting attended	Whether Attended the last AGM Yes/No
			Member	Chairman		
Shri L. N. Jhunjhunwala	Chairman Emeritus-Promoter Non-Executive	7	2	–	–	No
Shri Ravi Jhunjhunwala	Chairman & Managing Director-Promoter Executive	9	1	2	5	No
Shri Shekhar Agarwal	Vice-Chairman-Promoter Non-Executive	6	3	–	6	No
Shri D. N. Davar	Non-Executive & Independent	13	4	4	6	Yes
Dr. Kamal Gupta	Non-Executive & Independent	6	3	5	6	No
Shri K. N. Memani	Non-Executive & Independent	9	2	4	3	No
Shri P. Murari	Non-Executive & Independent	10	5	–	1	No
Shri V. K. Mehta	Non-Executive & Promoter	–	–	–	–	No
Shri Mohanraj Nair	Non-Executive & Independent (LIC Nominee)	1	1	–	4	No
Shri Niket A R Mehta (Alternate to Shri V K Mehta)	Non-executive & Promoter	–	–	–	1	No
Dr. O. P. Bahl	Non-Executive & Independent	1	–	–	4	No
Shri Riju Jhunjhunwala	Executive Director Promoter	3	3	–	4	No
Shri R.C. Surana**	Executive Director & CEO	–	–	–	5	No

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

** Shri R.C Surana has ceased by way of premature retirement to be the Executive Director, Director and Employee of the Company in accordance with a mutual agreement between Shri R.C. Surana and the Company w.e.f. 30th April 2010.

(ii) Shareholding of Non-Executive Directors

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

Name of Director	No. of Equity Shares Held
Shri L. N. Jhunjhunwala	179740
Shri D. N. Davar	1000
Dr. Kamal Gupta	200

(iii) Board Meetings

The Board meets at least once in every quarter to review quarterly results and other items on agenda. Additional meetings are held when necessary. Six Board Meetings were held during the financial year ended 31st March, 2010. These were held on 30th April, 2009, 19th May, 2009, 31st July, 2009, 5th September, 2009, 30th October, 2009 and 29th January, 2010.

3. Audit Committee

(i) Broad Terms of Reference

The terms of reference of the Audit Committee are as per Section 292 A of the Companies Act,1956 and the guidelines set out in the listing agreements with the Stock Exchanges that inter-alia include overseeing financial reporting processes, reviewing periodic financial results, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal audit function, risk management, discussions with the Internal and Statutory Auditors about the scope of audit including the observations of the auditors and discussion with them on any significant findings.

(ii) Composition of the Committee

The composition of the Audit Committee is as under:-

Sl No.	Names of Director	Designation	Category
1.	Shri D. N. Davar	Chairman	Non-Executive Independent Director
2.	Dr. Kamal Gupta	Member	Non-Executive Independent Director
3.	Shri Mohanraj Nair	Member	Non-Executive Independent Director

All these Directors possess knowledge of Corporate Finance, Accounts & Corporate Laws. The Statutory Auditors, Internal Auditors and Senior Executives of the Company are invited to attend the meetings of the Committee, whenever necessary. The Company Secretary acts as Secretary of the Committee.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2010, four meetings were held on 30th April, 2009, 31st July, 2009, 30th October, 2009 and 29th January, 2010.

The attendance at the above Meeting was as under: -

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

4. Remuneration Committee

i) Broad Terms of Reference

To review & decide the policy on specific remuneration package of Managing Director and other whole time Directors.

ii) Composition of the Committee

The composition of the Remuneration Committee is as under:-

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

The Company Secretary acts as Secretary of the Committee.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2010, two meetings were held on 30th April, 2009 and 29th January, 2010.

The attendance at the above Meeting was as under: -

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri D. N. Davar	2
2.	Dr. Kamal Gupta	2
3.	Shri Mohanraj Nair	2

(iv) Remuneration Policy

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

(v) Details of Remuneration to the Directors for the year ended 31st March, 2010

(Amount in Rupees)

Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
Shri Ravi Jhunjhunwala	50,77,143	42,93,184	5,03,91,791	–	5,97,62,118
Shri Riju Jhunjhunwala	22,00,000	22,61,147	76,84,748	–	1,21,45,895
Shri R. C. Surana	30,60,000	31,52,290	83,90,233	–	1,46,02,523
Shri L. N. Jhunjhunwala	–	–	–	–	–
Shri Shekhar Agarwal	–	–	–	1,20,000	1,20,000
Shri V. K. Mehta	–	–	–	–	–
Shri D. N. Davar	–	–	–	5,00,000	5,00,000
Shri K. N. Memani	–	–	–	60,000	60,000
Dr. Kamal Gupta	–	–	–	5,00,000	5,00,000
Shri P. Murari	–	–	–	20,000	20,000
Shri Mohanraj Nair	–	–	–	2,00,000	2,00,000
Dr. O.P. Bahl	–	–	–	1,20,000	1,20,000
Shri Niket A R Mehta (Alternate to Shri V.K. Mehta)	–	–	–	20,000	20,000

5. Shareholders'/Investors' Grievance Committee

(i) Composition of the Committee

The composition of the Committee is as under:-

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

Shri Ashish Sabharwal, Company Secretary is the Compliance Officer.

(ii) Meetings and Attendance

During the financial year ended 31st March, 2010, two meetings were held on 30th October, 2009 and 25th March, 2010.

The attendance at the above Meeting was as under: -

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri L. N. Jhunjhunwala	–
2.	Shri Ravi Jhunjhunwala	2
3.	Dr. Kamal Gupta	2

The Company received 46 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 31.03.2010.

6. General Body Meetings

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
29th September, 2007	2006-2007	Mandideep, (Near Bhopal)	11.00 A.M.	Yes
27th September, 2008	2007-2008	Mandideep, (Near Bhopal)	12.30 P.M.	No
19th September, 2009	2008-2009	Mandideep, (Near Bhopal)	12.30 P.M.	No

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

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

7. Disclosures

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

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

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

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

(v) No personnel has been denied any access to the Audit Committee of the Company.

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

(vii) The Chairman & Managing Director and Chief Financial Officer have certified to the Board, interalia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(v) of the Listing Agreement, for the year ended 31.03.2010.

8. Code of Conduct

There is a Code of Conduct for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Directors and members of the Senior Management. A copy of the Code has been put on the Company's website www.hegltd.com.

The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by Shri Ravi Jhunjhunwala, 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 2009-10."

9. Means of Communication

The Company publishes its quarterly results in leading national newspapers as per the requirements of listing agreement. These results are displayed along with other news releases and presentations, if any, made to institutional investors or to analysts etc and all other vital information are placed on the website of the Company.

10. Disclosures regarding appointment or reappointment of Directors

Name of Director	Shri D.N. Davar	Shri K.N. Memani	Shri Shekhar Agarwal
Date of Birth	08.08.1934	01.01.1939	09.10.1952
Date of Appointment	10.11.1994	30.04.2004	15.07.1996
Qualification	B. com (Hons.), M.A. (Eco.) CAIIB, Fellow of the Economic Development Institute of the World Bank.	B.Com., FCA	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	Shri D.N. Davar worked in Senior Managerial positions with Punjab National Bank from 1958-68 and with IFCI from 1968-1992. He took retirement from IFCI in 1992 as Executive Chairman, a position he held for 8 years. Presently, besides Directorships in many well known Companies, he is a part time Consultant to the World Bank, UNIDO and Kreditanstalt fur Weideraufbau (KFW) and also associated with professional and social organizations in various capacities.	Shri K.N. Memani was Chairman & CEO, Ernst & Young, India until 31st March, 2004. He was member of Ernst & Young Global Council for 10 years. He specializes in Business & Corporate Advisory, Foreign Taxation, Financial Consultancy etc. He was a member of The National Advisory Committee on Accounting Standards (NACAS) and member of Accounting Standard Board of ICAI. For two consecutive years, Shri Memani was on the External Audit Committee (EAC) of the IMF and was appointed the Chairman of EAC for the year 1999-2000.	Industrialist with a rich business experience and well know name in Textile Industry.
List of other Public Ltd. Companies in which directorships held.	1. Sandhar Technologies Ltd 2. Sandhar Infosystems Ltd 3. Maral Overseas Ltd 4. RSWM Ltd 5. OCL India Ltd 6. Indo Continental Hotels & Resorts Ltd 7. Ansal Properties & Infrastructure Ltd 8. Hero Honda Finlease Ltd 9. Adayar Gate Hotel Ltd 10. Titagarh Wagons Ltd 11. Landmark Property Development Co. Ltd 12. Parsvnath Hotels Ltd 13. Parsvnath SEZ Ltd	1. Aegon Religare Life Insurance Co. Ltd 2. Chambal Fertilisers and Chemicals Ltd 3. DLF Ltd 4. Emami Ltd 5. Great Eastern Energy Corporation Ltd 6. HT Media Ltd 7. ICICI Venture Funds Management Company Ltd 8. J K Lakshmi Cement Ltd 9. National Engineering Industries Ltd	1. RSWM Ltd 2. Maral Overseas Ltd 3. Essay Marketing Company Ltd 4. BSL Ltd 5. Bhilwara Technical Textiles Ltd 6. APPTEX Manpower Development Services Ltd
Chairman/ Member of the Committees of the Board of Directors of the Company.	Audit Committee - Chairman Remuneration Committee - Chairman		
Chairman/ Member of the Committee of Directors of other Companies.			

a) Audit Committee	1. Hero Honda Finlease Ltd-Chairman 2. Titagarh Wagons Ltd-Chairman 3. OCL India Ltd-Chairman 4. Ansal Properties & Infrastructure Ltd-Chairman 5. Maral Overseas Ltd-Member 6. RSWM Ltd-Member	1. Great Eastern Energy Corporation-Chairman 2. HT Media Ltd - Chairman 3. National Engineering Industries Ltd.-Member 4. DLF Ltd-Chairman 5. ICICI Venture Funds Management Company Ltd-Chairman 6. Chambal Fertilisers and Chemicals Ltd-Member	BSL Ltd - Member
b) Shareholders/ Investors Grievance Committee	1. RSWM Ltd-Member 2. Maral Overseas Ltd - Member		1. RSWM Ltd - Member 2. Maral Overseas Ltd - Member

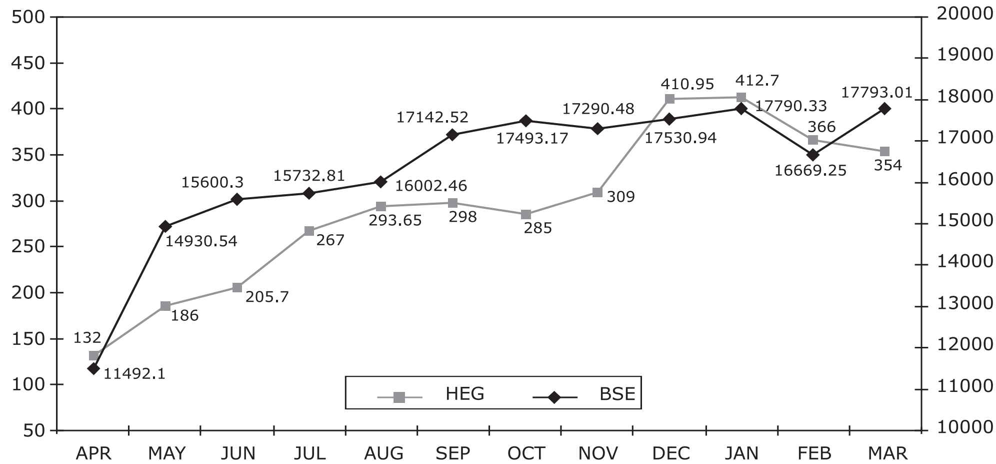
11. Shareholders Information

a) Annual General Meeting: Date & Time, Venue	20th September, 2010 at 2.00 p.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, 2010 – 31st March, 2011. Reporting: (a) First Quarter Results - Within 45 days of end of the 1st Qtr (b) Second Quarter Results - Within 45 days of end of the 2nd Qtr (c) Third Quarter Results - Within 45 days of end of the 3rd Qtr (d) Results for the FY - Within 60 days of end of the FY
c) Date of Book Closure	10th September, 2010 to 20th September, 2010 (both days inclusive)
d) Dividend payment date	Within 30 days from the date of Annual General Meeting.
e) Listing of : (i) Equity Shares on Stock Exchanges (ii) Non-convertible Debentures (iii) Foreign Currency Convertible Bonds	(i) 1. Bombay Stock Exchange Ltd. 2. National Stock Exchange of India Ltd. 3. Madhya Pradesh Stock Exchange Ltd. (ii) WDM segment of Bombay Stock Exchange Ltd. (iii) Singapore Stock Exchange Listing Fee, as prescribed has been duly paid.
f. Stock Code	(i) BSE: 509631 NSE: HEG ISIN No.: INE 545A01016 (ii) ISIN Nos.: INE545A07039, INE545A07047, INE545A07054 (iii) Singapore Stock Exchange: XS0225589869

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

	NSE		BSE		BSE SENSEX	
Month	**High**	**Low**	**High**	**Low**	**High**	**Low**
April, 2009	132.00	95.55	132.00	94.50	11492.10	9546.29
May, 2009	185.90	122.00	186.00	122.00	14930.54	11621.30
June, 2009	208.00	174.00	205.70	165.00	15600.30	14016.95
July, 2009	266.85	185.00	267.00	185.00	15732.81	13219.99
August, 2009	283.80	246.35	293.65	242.15	16002.46	14684.45
September, 2009	297.70	251.55	298.00	250.00	17142.52	15356.72
October, 2009	283.85	245.50	285.00	246.00	17493.17	15805.20
November, 2009	309.40	240.85	309.00	238.00	17290.48	15330.56
December, 2009	410.90	305.00	410.95	304.00	17530.94	16577.78
January, 2010	412.35	330.05	412.70	328.00	17790.33	15982.08
February, 2010	365.90	315.10	366.00	315.10	16669.25	15651.99
March, 2010	390.00	318.20	354.00	315.65	17793.01	16438.45

ii) Comparative chart of Company's share price movement vis-à-vis the movement of BSE Sensex during FY 2009-10:



h) Registrar or Transfer Agent — M/s. MCS Ltd. F-65, Ist Floor, Okhla Industrial Area, Phase-I, New Delhi-110020.
E-mail for Investor Grievances: mcscomplaintsdel@mcsdel.com

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

j) Distribution of shareholding as on 31st March, 2010.

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of sharehoding
1-500	34355	94.74	3738792	8.78
501-1000	1090	3.01	837403	1.97
1001-2000	432	1.19	624594	1.47
2001 - 3000	127	0.35	312620	0.73
3001 - 4000	54	0.15	191455	0.45
4001 - 5000	33	0.09	152571	0.36
5001 - 10000	50	0.14	366098	0.86
10001 and above	123	0.34	36383641	85.39
Total	36264	100.00	42607174	100.00

k) Category of Shareholders

Catagory	No. of shareholders	% of shareholders	No. of shares held	% of sharehoding
Promoters and Promoter Group	25	0.07	22392508	52.56
Mutual Funds / UTI	18	0.05	1726360	4.05
Financial Institutions / Banks	10	0.03	6857	0.02
Insurance Companies	05	0.01	4276996	10.04
Foreign Institutional Investors	21	0.06	1213168	2.85
Bodies Corporate	1043	2.88	3786321	8.89
Individuals	34829	96.04	6246791	14.66
Others				
I) Trusts	4	0.01	12581	0.03
II) Foreign corp. Bodies	4	0.01	2781502	6.53
III) NRI Individuals	305	0.84	164090	0.39
Total	36264	100.00	42607174	100.00

l) Dematerialization of shares and liquidity. — 4,09,63,485 shares were dematerialized till 31.3.2010 which is 96.14% of the total paid up Equity Share Capital of the Company. Trading in shares of the Company is permitted in dematerialised form only.

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

1) The Company had issued unsecured 1% Foreign Currency Convertible Bonds (FCCB) due for redemption in July, 2010 amounting to US$ 28.75 Million convertible at the option of the bond holder into Equity Shares at an initial price of Rs. 192.06 per share. Of the above, upto March 31, 2010, FCCB's amounting to:

   a) USD 24.70 Million have been converted into 55,92,411 equity shares of the Company.

   b) USD 3 Million have been bought back at discounted price during the year in terms of Guidelines issued by RBI in this regard.

2) The Company had allotted 47,30,000 Preferential Warrants of Rs.365/- each on 5th June, 2008. These Warrants were convertible into equity shares within 18 months from the date of allotment by payment of balance 90% amount. The Company did not receive any request for conversion during this period and the option for conversion expired on 4th December, 2009. Hence the same have been forfeited by the Company.

n) Plant Locations

a) Mandideep (Near Bhopal), Distt. Raisen - 462 046 (Madhya Pradesh)

b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad - 461 001 (Madhya Pradesh)

o) Address for correspondence:

HEG Ltd.
Secretarial Department
Bhilwara Towers, A-12, Sector -1, NOIDA - 201301 (U.P.)
Phone:0120-4390300, 4390000 Fax:0120-2531648/1745
E-mail: Investor.complaints@hegltd.com
Website: www.hegltd.com

COMPLIANCE CERTIFICATE

To the Members of HEG Limited,

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended 31st March, 2010, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

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

ARUN K TULSIAN
Partner
Membership No. 089907

For **DOOGAR & ASSOCIATES**
Chartered Accountants
Firm Registraion No. 000561N

MUKESH GOYAL
Partner
Membership No. 081810

Place : Noida (U.P.)
Date : 30th April, 2010

AUDITORS' REPORT

To the members of HEG Limited

We have audited the attached Balance Sheet of HEG Limited as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto.

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

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

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

Further to our comments in the Annexure referred to above, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

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

e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the Accounting policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

   ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and

   iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Doogar & Associates**	For **S. S. Kothari Mehta & Co.**
Chartered Accountants	Chartered Accountants
Firm Regn. No. 000561N	Firm Regn. No. 000756N
Mukesh Goyal	**Arun K. Tulsian**
Partner	Partner
Membership No. 081810	Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

ANNEXURE TO AUDITORS' REPORT
(Annexure referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   (b) Verification of the fixed assets is being conducted based on a programme by the management 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) No Substantial part of the fixed assets was disposed off during the year.
2. (a) The inventory has been physically verified during the year by the management at all its locations, except stocks lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipts of goods. In our opinion, the frequency of such verification is reasonable.
   (b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
   (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4 (iii) (b) to (d) of the Order are not applicable.
   (b) The company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4 (iii) (f) and (g) of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
   (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975.
7. In our opinion, the Company has an internal audit system commensurate with its size & nature of its business.
8. We have broadly reviewed the Cost Accounting records, maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
9. (a) According to the examination of records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities during the year. There are no such dues outstanding for more than six months from the date they became payable as on the date of balance sheet.
   (b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of custom duty, service tax, wealth tax, and cess that have not been deposited on account of any dispute except the following dues of income tax, sales tax and excise duty along with the forum where the dispute is pending :

(Rupees in Lacs)

Name of the Statute	Nature of Dues	Year to which amount pertains	Forum	Amount
Income Tax Act,1961	Income Tax	2007-08	**CIT (Appeals), Bhopal**	303.00
		2003-04, 2004-05	**High Court, Jabalpur**	516.00
Central Excise Act, 1944	Excise Duty	2004-09,2005-09, 2006-07	**CIT (Appeals), Bhopal and Raipur**	87.39
		1999-2003, 2002-03, 2004-06, 2004-07, 2005-06, 2006-07, 2007-08	**Tribunal, New Delhi**	517.40
		2004-05	**High Court, Jabalpur**	1.42
Central Sales Tax Act, 1956	Central Sales Tax	2005-06	**CIT (Appeals), Bhopal**	2.05
		2002-03, 2003-04	**Tribunal, Bhopal**	49.17
Madhya Pradesh Parvesh Kar Adhiniyam, 1976	Entry Tax	2005-06, 2006-07	**CIT (Appeals), Bhopal**	86.92
		2002-03, 2003-04	**Tribunal, Bhopal**	25.09
		1997-98	**High Court, Jabalpur**	9.94
Chattishgarh Commercial Tax	Local Sales Tax	2005-06	**CIT (Appeals), Raipur**	39.59
		1992-93	**Tribunal, Raipur**	1.12

10. There are no accumulated losses of the Company as at the end of the financial year. There are no cash losses during the financial year and in the immediately preceding financial year.

11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.

15. 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.

16. In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.

17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of balance sheet, the funds raised by the Company on short term basis have not been applied for long term investment.

18. The Company has not made any preferential allotment of shares, during the year, to companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956.

19. The Company has created necessary securities and other charges for the debentures issued in the current financial year.

20. The Company has not raised any money through public issues during the year.

21. 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 noticed a case of theft of raw material of Rs 360.85 lacs, the company has got the matter investigated and has taken appropriate action (refer note no.18 of Schedule 15B Notes to Accounts). Apart from this, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of any other such case by the management.

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

Mukesh Goyal
Partner
Membership No. 081810

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

Arun K. Tulsian
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Lac)

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	**4,260.76**	4,257.34
Reserves & Surplus	2	**68,828.50**	53,369.90
Preferential Warrants Application Money		**–**	1,726.45
		73,089.26	59,353.69
Loan Funds :	3		
Secured Loans		**71,608.64**	66,408.91
Unsecured Loans		**1,471.66**	21,795.51
		73,080.30	88,204.42
Deferred Tax Liability	4	**7,488.78**	7,497.84
TOTAL		**153,658.34**	155,055.95
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		**99,463.71**	85,346.09
Less: Depreciation		**33,676.21**	28,943.62
Net Block		**65,787.50**	56,402.46
Capital Work in Progress		**5,809.91**	13,422.72
		71,597.41	69,825.18
Investments	6	**6,699.61**	8,354.09
Current Assets, Loans & Advances	7		
Inventories		**34,281.79**	40,972.41
Sundry Debtors		**44,023.97**	32,854.30
Cash & Bank Balances		**449.36**	638.30
Loans and Advances		**12,447.77**	16,269.09
		91,202.89	90,734.11
Less : Current Liabilities and Provisions	8		
Liabilities		**10,128.65**	8,953.65
Provisions		**5,747.69**	5,042.84
		15,876.34	13,996.49
Net Current Assets		**75,326.55**	76,737.62
Miscellaneous Expenditure	9	**34.77**	139.07
(to the extent not written off or adjusted)			
TOTAL		**153,658.34**	155,055.95
Notes to Accounts	15		

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D. N. DAVAR
Director

RIJU JHUNJHUNWALA
Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Lac)

	Schedule	Current Year 2009-10	Previous Year 2008-09
INCOME			
Gross Turnover		**126,844.58**	114,994.35
Less: Interdivisional Sales		**(11,589.13)**	(9,696.23)
Less: Excise Duty		**(2,115.48)**	(2,397.73)
Net Turnover		**113,139.97**	102,900.39
Other Income	**10**	**1,499.02**	1,694.13
Increase/(Decrease) in Stocks	**11**	**(703.42)**	5,620.07
		113,935.57	110,214.60
EXPENDITURE			
Consumption of Materials	**12**	**47,356.60**	36,488.73
Purchases of Goods traded		**–**	70.44
Manufacturing and Other Expenses	**13**	**42,768.55**	55,878.61
Less: Interdivisional Purchases		**(11,589.13)**	(9,696.23)
TOTAL EXPENDITURE		**78,536.02**	82,741.55
PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION		**35,399.55**	27,473.05
Financial Expenses	**14**	**5,925.82**	6,674.77
PROFIT BEFORE DEPRECIATION AND AMORTISATION		**29,473.73**	20,798.28
Depreciation	**5**	**5,137.06**	4,555.31
Amortisation - Misc. Expenditure written off	**9**	**104.30**	104.30
PROFIT BEFORE TAX		**24,232.37**	16,138.67
Less: Taxation – Current		**7,048.03**	4,694.68
– Deferred		**(9.06)**	136.57
– Fringe Benefit Tax		**(1.11)**	47.94
– Earlier Years		**87.97**	560.30
PROFIT AFTER TAX		**17,106.54**	10,699.18
Balance brought forward from previous year		**14,587.48**	9,597.70
Amount available for appropriation		**31,694.02**	20,296.88
APPROPRIATIONS			
General Reserve		**2,500.00**	2,500.00
Capital Redemption Reserve		**329.57**	–
Debenture Redemption Reserve		**477.13**	–
Proposed Dividend on Equity Shares		**4,283.36**	2,743.19
Corporate Dividend Tax		**727.96**	466.21
Balance Carried Forward		**23,376.00**	14,587.48
NOTES TO ACCOUNTS	**15**		
Earning Per Share (Rs.)			
– Basic		**41.10**	24.36
– Diluted		**40.91**	24.36

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D. N. DAVAR
Director

RIJU JHUNJHUNWALA
Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

SCHEDULES

SCHEDULE 1 : SHARE CAPITAL

(Rs. in Lac)

			As at 31.03.2010	As at 31.03.2009
AUTHORISED				
5,50,00,000	(5,50,00,000)	Equity Shares of Rs. 10/- each	**5,500.00**	5,500.00
15,00,000	(15,00,000)	Preference shares of Rs. 100/- each	**1,500.00**	1,500.00
			7,000.00	7,000.00
ISSUED & SUBSCRIBED				
4,59,02,877*	(4,43,17,983)*	Equity Shares of Rs.10/- each fully paid up	**4,590.29**	4,431.80
*Includes 32,95,703 (17,44,978) equity shares of Rs 10/- each fully paid bought back			**4,590.29**	4,431.80
PAID UP				
4,25,73,005	(4,43,17,983)	Equity Shares of Rs.10/- each fully paid up	**4,257.30**	4,431.80
15,50,725	(15,03,059)	Less: Shares bought back and extinguished	**155.07**	150.31
Nil	(2,41,919)	Less: Shares bought back but not extinguished(*)	**–**	24.19
15,84,894	(Nil)	Add: Shares issued on FCCB conversion	**158.49**	–
4,26,07,174	(4,25,73,005)	Equity Shares of Rs.10/- each fully paid up	**4,260.72**	4,257.30
		Add : Forfeited Equity Shares	**0.04**	0.04
			4,260.76	4,257.34
			4,260.76	4,257.34

(1) Of the above ;

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

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

(iii) 10,700 (10,700) Equity shares have been issued at par as fully paid up to the members of erstwhile subsidiary company Bhilwara Viking Petroleum Limited pursuant to amalgamation.

(iv) 55,92,411 (40,07,517) Equity shares have been issued as fully paid up shares upon conversion of Foreign Currency Convertible Bonds.(FCCBs)

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

(*) 2,41,919 shares bought back in the previous year have been extinguished in current financial year.

Figures in paranthesis represent previous year figures.

SCHEDULE 2 : RESERVES AND SURPLUS

(Rs. in lac)

	As at 31.03.2009	Additions	Deductions	**As at 31.03.2010**
Capital Reserve (1)	**1,411.79** **(1,411.79)**	1,726.45 –	– –	**3,138.24** **(1,411.79)**
Debenture Redemption Reserve	**–** **(1,500.00)**	477.13 –	– (1,500.00)	**477.13** **–**
Capital Redemption Reserve	**1,449.92** **(1,275.42)**	155.07 (174.50)	– –	**1,604.99** **(1,449.92)**
Share Premium (2)	**5,693.32** **(8,331.56)**	3,228.71 –	1,507.08 (2,638.24)	**7,414.95** **(5,693.32)**
General Reserve	**30,227.40** **(26,227.40)**	2,589.78 (4,000.00)	– –	**32,817.18** **(30,227.40)**

(Rs. in lac)

	As at 31.03.2009	Additions	Deductions	As at 31.03.2010
Profit & Loss Account	**14,587.48** **(9,597.70)**	17,106.54 (10,699.18)	8,318.02 (5,709.40)	**23,376.00** **(14,587.48)**
	53,369.90 **(48,343.87)**	25,283.69 (14,873.68)	9,825.10 (9,847.64)	**68,828.50** **(53,369.90)**

1) Addition represents preferential warrant money forfeited during the year.
2) Deductions represents provision for premium on redemption of FCCBs (-) Rs.1,135.40 Lacs, (Net of writeback of Share Premium on account of conversion / buyback of FCCB), utilisation on account of buy back of shares Rs.2,642.47 lacs (Rs. 1,897.16 Lacs) and addition includes premium on FCCB conversion Rs.3,054.21 Lacs.

   Figures in paranthesis represent previous year figures.

SCHEDULE 3 : LOANS

(Rs in Lac)

	As at 31.03.2010	As at 31.03.2009
SECURED LOANS		
Secured Redeemable Non-Convertible Debentures	**15,000.00**	–
Term Loans		
– From Banks	**6,042.23**	21,938.93
Short Term Working Capital Borrowings		
– From Banks	**50,566.41**	44,469.98
	71,608.64	66,408.91
UNSECURED LOANS		
Foreign Currency Convertible Bonds	**471.66**	5,603.46
Term Loans		
– From Banks	**–**	5,000.00
Other Short Term Borrowings from Banks	**1,000.00**	9,192.05
Other Short Term Borrowings - Commercial Paper	**–**	2,000.00
	1,471.66	21,795.51
Total Loans	**73,080.30**	88,204.42

1. Secured redeemable Non-Convertible Debentures (NCD) of Rs.15,000 Lacs have been alloted on private placement basis. These NCDs aggregating to Rs.10,000 Lacs alloted on 17th December, 2009 shall fall due for redemption in two equal installments after a period of two years and three years respectively and NCDs aggregating to Rs.5,000 Lacs alloted on 30th October, 2009 shall fall due for redemption after a period of three years from its date of allotment. The NCDs have been issued in demat mode and are listed in Wholesale Debt Segment of Bombay Stock Exchange.
2. Term Debts from Financial Institutions and Banks including redeemable Non Convertible Debentures stated as above are secured by way of joint equitable mortgage of all the immovable properties (present and future) of Graphite & Thermal power units and Hydel unit of the company situated at Mandideep and Tawanagar respectively ranking on pari- passu basis and hypothecation of all movable assets of the Company (except book debts)subject to prior charge of the Company's bankers on specified movable assets in respect of working capital borrowings.
3. 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 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 debts.
4. The Company had issued unsecured 1% Foreign Currency Convertible Bonds (FCCBs) in July 2005 due for redemption in 2010 amounting to US$ 28.75 million convertible at the option of the bondholders into Equity Shares of Rs. 10/- each at a conversion price of Rs. 192.06 per share. FCCB's amounting to US$ 24.70 million have been converted into Equity Shares out of which FCCBs amounting to US$ 7 million were converted during the financial year (previous year NIL). FCCBs amounting to US$ 3 million were bought back in accordance with guidelines issued by the Reserve Bank of India.

SCHEDULE 4 : DEFERRED TAX LIABILITY

(Rs in Lac)

	As at 31.03.2010	As at 31.03.2009
Opening Balance	**7,497.84**	7,361.27
Addition / (deduction) during the year	**(9.06)**	136.57
Closing Balance	**7,488.78**	7,497.84
(Refer note no. 4 of Schedule 15B)		

SCHEDULE 5 : FIXED ASSETS

(Rs in Lac)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
S. NO	PARTICULARS	COST AS AT 31.03.09	ADDITION DURING THE YEAR	SALES/ ADJUST-MENTS	**COST AS AT 31.03.10**	UPTO 31.03.09	Deletion 09-10	Gross Provision 09-10	**UPTO 31.03.10**	**AS AT 31.03.10**	AS AT 31.03.09
1.	LAND	517.02	15.93	–	**532.95**	66.58	–	22.33	**88.91**	**444.04**	450.44
2	BUILDING	11,618.37	1,991.66	125.47	**13,484.56**	3,819.30	82.90	824.50	**4,560.90**	**8,923.66**	7,799.07
3	PLANT & MACHINERY	69,723.20	12,060.99	404.99	**81,379.20**	23,408.45	242.17	3,835.17	**27,001.45**	**54,377.75**	46,314.75
4	RAILWAY SIDINGS	418.99	–	–	**418.99**	80.47	–	19.90	**100.37**	**318.62**	338.52
5	FURNITURE & FIXTURES	441.88	15.35	4.13	**453.10**	258.47	1.65	34.11	**290.93**	**162.17**	183.41
6	OFFICE EQUIPMENT	832.77	55.12	7.46	**880.43**	505.90	5.61	117.18	**617.47**	**262.96**	326.86
7	ELECTRICAL INSTALLATION	825.65	126.79	12.13	**940.31**	333.01	3.66	73.15	**402.50**	**537.81**	492.63
8	VEHICLES	709.96	501.30	115.63	**1,095.63**	300.46	68.47	156.21	**388.20**	**707.43**	409.50
9	INTANGIBLE ASSETS	258.25	20.29	–	**278.54**	170.97	–	54.51	**225.48**	**53.06**	87.28
		85,346.09	14,787.43	669.81	**99,463.71**	28,943.62	404.46	5,137.06	**33,676.22**	**65,787.49**	56,402.46
	Capital Work In Progress					–	–	–	**–**	**5,809.91**	13,422.72
	Total									**71,597.41**	69,825.18
	Previous Year Figures	79,502.16	6,154.20	310.27	**85,346.09**	24,625.74	237.43	4,555.31	**28,943.62**	**69,825.18**	60,523.53

Assets amounting to Rs.83.13 lacs (Rs.83.13 lacs) (Gross) are owned jointly with RSWM Ltd.

Capital work in progress includes Rs 167.53 Lacs (Previous year Rs.460.01) being pre-operative expenditure and Rs.2,113.47 Lacs (Rs.2,062.61) being capital stores.

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

(Rs. in Lac)

				As at 31.03.2010	As at 31.03.2009
A .	**QUOTED - FULLY PAID**				
(i)	Nil	(29,41,000)	Equity shares of Rs.10/- each of Maral Overseas Ltd.	**–**	294.10
(ii)	Nil	(3,00,000)	Equity Shares of Rs. 10/-each of Bhilwara Spinners Ltd.	**–**	60.00
(iii)	18	(18)	Equity Shares of Rs. 2/-each of Ballarpur Ind. Ltd.	**0.01**	0.01
(iv)	2,50,000	(2,50,000)	Units of LIC Mutual Fund Dhan Smriddhi of Rs. 10/- each	**25.00**	25.00
(v)	1,50,000	(1,50,000)	Units of SBI One India -Growth of Rs.10/-each	**15.00**	15.00
(vi)	Nil	(19,964,096)	Units of Birla Sunlife Cash Plus of Rs.10/-each	**–**	2,000.30
(vii)	Nil	(11,700,808)	Units of Reliance Medium Term Fund of Rs.10/-	**–**	2,000.31
(viii)	Nil	(8,229,887)	Units of UTI Money Market Fund of Rs.10/-each	**–**	1,500.16
	Total of quoted investment			**40.01**	5,894.88
B.	**UNQUOTED - FULLY PAID**				
(i)	4,190,000	(4,190,000)	Equity Shares of Rs.10/- each of Bhilwara Infotech Ltd.	**419.00**	419.00
(ii)	39,190,500	(26,127,000)	Equity Shares of Rs.10/- each of Bhilwara Energy Ltd.(*)	**2,612.70**	2,612.70
(iii)	400,000	(0)	Preference Shares of Rs.100/- each of Bhilwara Energy Ltd.	**4,000.00**	–
C.	**INVESTMENT IN SUBSIDIARY UNQUOTED - FULLY PAID**				
(i)	50,000	(0)	Equity Shares of Rs.10/- each of HEG Graphite Products & Services Ltd.(Includes 6 Shares held by the nominees of the Company.)	**5.00**	–
	Total unquoted Investments			**7,036.70**	3,031.70
	TOTAL			**7,076.71**	8,926.58
	Less: provision for diminution in value of investments			**377.10**	572.49
				6,699.61	8,354.09
	Aggregate Market Value of Quoted Investments			**46.32**	5,699.48

(*) Includes 1,30,63,500 Equity shares received as bonus shares in the current financial year.
Figures in parenthesis represent previous year figures.

SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
CURRENT ASSETS		
Inventories		
(As taken, valued and certified by the Management)		
Stock-in-trade (as per para 20 I & J of part B of schedule-15)	**3,773.06**	6,603.20
Work-in-process	**17,893.43**	15,766.71
Raw Materials [including in-transit/third parties Rs. 4,890.76 lacs (Rs.1,932.33 lacs)]	**9,750.70**	16,097.60
Stores & Spares / Loose Tools (including in transit/third parties Rs 158.45 Lacs.(Nil))	**2,864.60**	2,504.89
	34,281.79	40,972.41
Sundry Debtors (Unsecured)		
Due for a period exceeding six months		
– Considered Good	**6,632.55**	2,709.65
– Considered Doubtful	**13.96**	–
	6,646.51	2,709.65
Less : Provision for Doubtful Debts	**13.96**	–
	6,632.55	2,709.65
Others (Considered Good)	**37,391.42**	30,144.65
	44,023.97	32,854.30
Cash & Bank Balances :		
Cash in hand (including stamp & hundi papers)	**7.83**	13.65
Cheques in hand	**36.20**	24.06
With scheduled banks		
– Current Accounts	**256.25**	468.09
– Fixed Deposits	**–**	0.29
– Dividend / Special purpose Accounts	**149.08**	132.21
	449.36	638.30
Loans and advances (Refer Note 13 of Schedule 15-B)		
Loans (Secured, considered Good)	**91.88**	92.35
Loans (Unsecured, considered Good)	**100.52**	95.80
Advances recoverable in cash or kind or for value to be received (net of provision)	**9,775.94**	11,805.40
Advances for Capital Expenditure	**622.79**	1,675.55
Balance with Excise Department including Cenvat Credit	**1,289.91**	1,610.01
Deposit with Government Deptt. and others	**566.73**	989.99
	12,447.77	16,269.09
	91,202.89	90,734.11

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
CURRENT LIABILITIES		
Sundry Creditors - Micro and Small Enterprises (Refer Note no. 14 of Schedule 15 B)	–	5.33
Sundry Creditors - Other than Micro and Small Enterprises	4,797.99	5,985.19
Sundry Creditors for Capital Expenditure	200.40	1,017.59
Other Liabilities	3,896.13	1,245.73
Unclaimed Dividend**	149.08	132.21
Sundry Deposits	445.96	370.04
Advances from Customers	174.18	153.40
Interest accrued but not due on loans	464.91	44.16
	10,128.65	8,953.65
Proposed Dividend Including Corporate Dividend Tax	5,011.32	3,209.40
Provision for Taxation (Net of Advance Tax Rs. 6,500 lacs (Rs. 3,800 lacs))	578.10	454.58
Provision for premium on redemption on FCCBs	158.27	1,378.86
	5,747.69	5,042.84
	15,876.34	13,996.49

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

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

(Rs. in Lac)

Opening Balance	139.07	243.37
Less: Charged off to Profit and Loss account	104.30	104.30
Closing Balance	34.77	139.07

SCHEDULE 10 : OTHER INCOME

(Rs. in Lac)

	Current Year	Previous Year
Foreign Currency Fluctuation	479.95	–
Accrued Redemption Premium on Non Trade Investments	373.70	–
Miscellaneous Sales / Receipts	4.46	88.31
Write-back of provision on Investments sold	180.08	–
Profit on Sale of Investments	9.95	–
Rent Receipts	204.84	210.84
Interest [Including TDS Rs 9.04 Lacs (Rs. 234.80 Lacs)]	74.20	1,063.23
Dividend Received	9.75	18.15
Liabilities / provisions no longer required, written back	157.41	30.58
Profit on sale of Fixed Assets	4.68	283.03
	1,499.02	1,694.13

SCHEDULE 11 : INCREASE/(DECREASE) IN STOCKS

(Rs. in Lac)

Closing Stock		
Stock-in-trade	3,773.06	6,603.20
Work-in-Process	17,893.43	15,766.71
	21,666.49	22,369.91
Less: Opening Stock		
Stock-in-trade	6,603.20	1,909.15
Work-in-Process	15,766.71	14,840.69
	22,369.91	16,749.84
Increase/(Decrease) in Stocks	(703.42)	5,620.07

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 12 : CONSUMPTION OF MATERIALS		
Opening Stock	**14,165.27**	6,584.74
Add: Purchases	**38,051.27**	44,069.26
	52,216.54	50,654.00
Less: Closing Stock	**4,859.94**	14,165.27
Consumption of Materials*	**47,356.60**	36,488.73

* Includes loss of material on account of theft - Exceptional item Rs. 360.85 Lacs

* Net of DEPB accrued

SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES (Rs. in Lac)

MANUFACTURING EXPENSES		
Consumption of Stores & Spares including Refractory blocks	**5,071.44**	7,033.03
Excise duty on Increase / (Decrease) in Finished Stock	**23.72**	326.77
Power & Fuel	**16,828.11**	17,429.04
Repairs and Maintenance of :		
Plant & Machinery	**1,908.90**	1,782.61
Building	**323.47**	272.75
Others	**116.59**	115.92
Job/Process Charges	**199.05**	198.79
Power generation charges	**75.78**	71.09
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salary, Wages and Bonus etc.	**3,086.60**	2,951.52
Contribution to Provident, Gratuity and other Funds	**421.72**	378.35
Workmen & Staff Welfare & Safety measures expenses	**393.88**	377.72
SELLING EXPENSES		
Freight and forwarding and other selling expenses	**6,841.11**	6,608.86
Packing Expenses (including Packing material consumption)	**1,144.60**	1,393.54
Commission	**1,578.18**	1,910.50
Claims, Rebates and Discount	**1,654.03**	800.81
ADMINISTRATIVE & OTHER EXPENSES		
Insurance	**232.26**	234.55
Rent	**130.67**	142.75
Rates & Taxes	**102.17**	79.88
Directors' Remuneration including sitting fees	**880.51**	363.83
Donations	**3.62**	19.14
Loss on fixed assets sold / discarded	**188.82**	1.66
Provision for Diminution / (restatement of diminution) in value of Investments	**(15.31)**	178.44
Provision for doubtful debts & advances	**13.96**	–
Travelling Expenses	**206.79**	197.66
Postage & Communication	**70.02**	69.03
Legal & Professional Expenses	**595.62**	458.06
Vehicle Running & Maintenance	**92.47**	96.10
Foreign Currency Fluctuation (Refer Note no. 15 (b) of schedule 15 B)	**–**	11,832.01
Miscellaneous Expenses	**599.77**	554.17
	42,768.55	55,878.61

SCHEDULE 14 : FINANCIAL EXPENSES (Rs. in Lac)

Interest on		
Debentures	**527.44**	139.87
Term Loans	**1,591.23**	2,043.00
Working Capital Borrowings	**3,489.41**	4,077.05
Foreign Currency Convertible Bonds	**24.30**	60.03
Interest on Currency Swaps	**–**	(21.02)
Bank Charges	**293.44**	375.84
	5,925.82	6,674.77

SCHEDULE 15: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention, on going concern basis, in terms of the Accounting Standards issued by the Institute of Chartered Accountants of India and in compliance with Section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

(a) Revenue is recognized in respect of export sales on the basis of shipment of goods to customer and in respect of domestic sales on dispatch from factory. Quality rebates, claims and other discounts are disclosed separately.

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

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

i) Power generated at Hydel Power unit at Tawa is transferred to Graphite unit at MPEB rate including wheeling charges. 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.

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

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

4. VALUATION OF INVENTORIES

(a) Inventories are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the material may be the best available measure of their net realizable value.

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

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

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

5. INVESTMENTS

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

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash/ cheques in hand and short term deposits with Banks less short term advances from Banks.

7. FIXED ASSETS

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

(b) Borrowing costs eligible for capitalization incurred, in respect of acquisition / construction of a qualifying asset, till the asset is substantially ready for use, are capitalized as part of the cost of that asset in accordance with AS-16 - Borrowing Costs.

8. 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.

9. DEPRECIATION

Depreciation is charged on the following basis:

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

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

ii) On other fixed assets, on written down value method, in the manner and as per rates prescribed in Schedule XIV of the Companies Act, 1956.

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

(d) The Thermal Power Plant and certain Plant & Machinery of Graphite Unit of the Company have been considered as Continuous Process Plant based on technical opinion and depreciation has been provided for accordingly.

(e) Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

10. 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 profit and loss account.

(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 profit & loss Account.

Exchange differences relating to cash flow hedge are accumulated in a hedging reserve account. Amounts from hedging reserve account are transferred to profit & loss account when

(i) the forecast transaction materializes,

(ii) 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),

(iii) the hedge no longer meets the criteria for hedge accounting in AS 30,

(iv) the company revokes the designation.

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

11. RESEARCH AND DEVELOPMENT

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

12. RETIREMENT BENEFITS

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

(a) Provident Fund

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

(b) Gratuity

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

(c) Leave Encashment

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

(d) Superannuation Benefit

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

(e) 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.

13. SEGMENT ACCOUNTING & REPORTING

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

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

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

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

14. TAXES ON INCOME

(a) Provision for Current Tax is made in accordance with the provisions of Income Tax Act, 1961.

(b) In accordance with the Accounting Standard AS-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, Deferred Tax Liability / Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, Deferred Tax Assets are recognized only if there is a reasonable / virtual certainty of realization thereof.

15. INTANGIBLE ASSETS

Capital Expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS-26 - Intangible Assets. These are grouped and separately shown under the schedule of Fixed Assets. These are amortized over their respective expected useful lives.

16. 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.

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:

(a) 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.

(b) 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.

(c) contingent assets are neither accounted for nor disclosed in the financial statements.

18. MISCELLANEOUS EXPENDITURE

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

B. NOTES TO ACCOUNTS

(Rs. in Lac)

		As at 31.03.2010	As at 31.03.2009
1.	**Contingent Liabilities**		
	a) Claims against the Company not acknowledged as debts :		
	i) Excise duty under appeal	**564.05**	389.87
	ii) Other matters	**1,008.56**	366.02
	b) Bank Guarantees	**4,094.70**	10,268.82
	c) 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**	350.00
	d) Bills discounted with bankers	**4,833.79**	4,001.94
	e) Pending export obligation against Advance Licences & EPCG Licences	**2,118.78**	8,142.66
2.	Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances of Rs.622.79 Lacs (Rs.5,253.25 Lacs))	**704.30**	1,362.12
3.	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'		
4.	As per Accounting Standard 22 "Accounting for Taxes on Income", required disclosures are given below:		
	Deferred Tax Liabilities		
	Arising on account of timing difference		
	– Accumulated Depreciation	**7,809.65**	7,873.17
	Deferred Tax Assets		
	Arising on account of timing difference		
	– Due to section 43B of the Income Tax Act, 1961	**192.70**	180.75
	– Others	**128.18**	194.59
	Net Deferred Tax Liability	**7,488.77**	7,497.84
5.	Work in process includes Refractory Blocks and other consumable stores lying at shop floor.	**93.18**	51.42
6.	The Board of Directors of the Company had approved the Buyback of its Equity Shares by the Company from open market through Stock Exchanges vide a resolution passed at its Board Meeting dated 19th August,2008 for an amount not exceeding Rs.48.50 Crores. The Buy-back commenced on 13th October, 2008 and was completed on 18th August 2009 with the buy back and extinguishment of 32,95,703 shares at an average price of Rs.147.15 per share aggregating Rs.48.49 Crores.		
7.	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.		
8.	Auditors' remuneration paid / payable during the year included in miscellaneous expenses :		
	Statutory Audit Fee	**18.00**	14.00
	Other services	**1.31**	3.50
	Reimbursement of expenses	**2.88**	1.76
		22.19	19.26

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
9. (a) Computation of net profit in accordance with section 349 of the Companies Act, 1956 for the purpose of section 198 of the said Act		
Profit for the year before taxation as per Profit and Loss account	**24,232.37**	16,138.67
Add: Directors' Remuneration	**865.11**	349.83
Miscellaneous Expenditure written off / provisions	**104.30**	104.30
	25,201.78	16,592.80
Less: Profit /(Loss) on sale of Fixed Assets (Net)	**(184.14)**	281.36
Less: Profit /(Loss) on sale of Investment (Net)	**9.95**	–
Write-back of Diminution in value of Investments sold	**180.08**	–
Net Profit on which commission is payable	**25,195.89**	16,311.44
Commission @ 2.638 % of net profit (previous year @ 1.33%)	**664.67**	216.94
(b) **Details of remuneration & perquisites of managerial personnel :**		
Salary (*)	**103.37**	67.44
Commission	**664.67**	216.94
Other perquisites	**81.67**	47.24
	849.71	331.62
Provident Fund	**12.40**	8.09
Superannuation	**3.00**	10.12
Total	**865.11**	349.83
(*) Apart from above, Keyman Insurance policy valuing Rs.190.16 Lacs has been assigned during the year to Shri Ravi Jhunjhunwala in accordance with his terms of engagement.		
(c) Sitting fee to non executive directors	**15.40**	14.00

10. The following transactions are accounted for on the basis of estimates / available data, with final adjustments being carried out in the year of settlement.
    a) Graphite Export Development Trust subsidy.
    b) Claims lodged with Insurance Companies.
    c) Interest on income tax refunds granted on summary basis, pending finalisation of assessments is treated as income in the year of accrual. Final adjustments are carried out in the year of completion of assessment.

11. Term loans, Bonds and Debentures falling due in next 12 months Rs. 2,904 Lacs (previous year Rs. 9,775 Lacs).

	As at 31.03.2010	As at 31.03.2009
12. **CAPITALISATION OF PRE-OPERATIVE EXPENDITURE**		
The following expenditure has been capitalised / included under Capital work in progress:		
(a) Insurance Expenses	**23.48**	30.77
Financial Expenses - Interest on term loans	**37.74**	–
Administrative Overheads & Other Cost	**560.64**	710.54
Total	**621.86**	741.31

(Rs. in Lac)

	As at 31.03.2010	As at 31.03.2009
(b) The same has been capitalised / is lying under Capital work in progress as under:		
Building	**71.06**	8.87
Plant & Machinery	**383.28**	272.43
Capital work in progress	**167.53**	460.01
Total	**621.87**	741.31

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

(b) Loans and Advances include :		
(i) Share application money pending allotment	**–**	62.08
(ii) Due from Officers of the Company	**–**	–
(iii) the maximum amount at any time during the year	**–**	–

14. On the basis of information made available to the Company by its creditors regarding registration under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 ("Act"), none of the dues outstanding to the enterprises which are defined under the said Act are exceeding the limit of 45 days. Required disclosures are as under:

a) Delayed payments due as at the end of each accounting year on account of principal and interest due thereon.	**–**	–
b) Total interest paid on all delayed payments during the year under the provisions of the act.	**–**	–
c) Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under the Act.	**–**	–
d) Interest accrued but not due.	**–**	–
e) Total interest due but not paid.	**–**	–

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

Sl. No.	Particulars	Purpose	Amount	Amount
(i)	Plain Vanilla Forwards	Hedging	**$ 19.0 mn.**	**$ 33.5 mn.**
(ii)	Cross Currency Forwards	Hedging	**€ 4.5 mn.**	**€ 2.0 mn.**
(iii)	Options	Hedging	**NIL**	**$ 4.0 mn.**

(b) In accordance with the principles for prudence and the announcement on "Accounting for Derivatives" issued by the Institute of Chartered Accountants of India, the Company has accounted for a loss of Rs. Nil (previous year Rs. 275 Lacs) Lacs on derivative instruments in the nature of net written option entered into for hedging purpose.

(c) The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under

	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
a) Secured Loans	**Amount (FC Million)**	Amount (FC Million)	**Amount (INR Lacs)**	Amount (INR Lacs)
USD	**61.10**	19.78	**27,829.33**	9,974.78
Euro	**24.94**	16.31	**15,127.85**	11,004.47
b) Unsecured Loans USD	**1.05**	23.46	**471.66**	11,893.37

	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
c) Debtors				
USD	**71.30**	43.43	**35,158.83**	22,017.26
Euro	**35.59**	34.17	**21,586.89**	23,051.95
d) Creditors				
USD	**0.52**	0.09	**224.96**	37.31
Euro	**–**	0.15	**–**	94.51
Total USD	**133.98**	86.76	**63,684.78**	43,922.72
Total EURO	**60.53**	50.63	**36,714.74**	34,150.93

16. The Company had allotted 47,30,000 Preferential Warrants of Rs.365/- each on 5th June, 2008. These Warrants were convertible into equity shares within 18 months from the date of allotment. Since no warrant had been converted till 4th December, 2009, the aggregate amount of Rs.1726.45 Lacs received in respect of the same has been forfeited by the Company. The funds had been utilised for long term working capital requirement.

17. 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

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	None

b) Associates and Joint Ventures

(i) Bhilwara Energy Limited	Associate	Associate
(ii) Bhilwara Infotech 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. Ravi Jhunjhunwala

Sh. Riju Jhunjhunwala

d) Key Management Personnel and their relatives

Sh. Ravi Jhunjhunwala

Sh. Riju Jhunjhunwala

Sh. R. C. Surana

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

(i) RSWM Ltd.
(ii) Malana Power Company Limited
(iii) AD Hydro Power Limited
(iv) Bhilwara Spinners Ltd.
(v) Bhilwara Scribe Pvt. Ltd.
(vi) Deepak Knits & Texturise Pvt. Ltd.
(vii) Maral Overseas Ltd.
(viii) Indo Canadian Consultancy Services Limited
(ix) Bhilwara Technical Textiles Ltd.
(x) BMD Pvt. Ltd.
(xi) Bhilwara Software Pvt. Ltd.
(xii) Bhilwara Infoway Pvt. Ltd.
(xiii) Bhilwara Services Pvt. Ltd.
(xiv) LNJ Bhilwara Textile Anusandhan Vikas Kendra

(Rs. in Lac)

			As at 31.03.2010	As at 31.03.2009
B	The following transactions were carried out / outstanding with related parties in the ordinary course of business			
1	With parties referred to in (a) above.			
	(i)	Investment in Equity of HEG Graphite Products & Services Limited	**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	**2,612.70**	2,612.70
	(iii)	Short term loan advanced to and received back from Bhilwara Energy Limited	**–**	10,000.00
	(iv)	Interest earned on the above	**–**	874.04
	(v)	Investment in Equity of Bhilwara Infotech Limited	**419.00**	419.00
	(vi)	Share Application money to Bhilwara Infotech Limited	**–**	62.08
	(vii)	Share Application money refund from Bhilwara Infotech Limited	**62.08**	50.00
	(viii)	Redemption premium accrued on Preference Shares	**373.70**	–
3	With parties referred to in (c) above.			
	(i)	Sitting fees paid to Sh. L N Jhunjhunwala	**–**	1.60
	(ii)	Salaries, Perquisites and Commission paid during the year to Sh. Ravi Jhunjhunwala(*)	**597.62**	240.72
	(iii)	Salaries, Perquisites and Commission paid during the year to Sh. Riju Jhunjhunwala	**121.46**	–
4	With parties referred to in (d) above.			
	(i)	Salaries, Perquisites and Commission paid during the year to Sh. Ravi Jhunjhunwala (*)	**597.62**	240.72
	(ii)	Salaries, Perquisites and Commission paid during the year to Sh. Riju Jhunjhunwala	**121.46**	–
	(iii)	Salaries, Perquisites and Commission paid during the year to Sh. R.C. Surana	**146.03**	109.11
(*)	Apart from above Keyman Insurance policy valuing Rs.190.16 Lacs has been assigned during the year to Shri Ravi Jhunjhunwala in accordance with his terms of engagement.			
5	With parties referred to in (e) above.			
	(a)	Purchase of consumables	**4.64**	17.17
	(b)	Rent Received	**32.82**	34.98
	(c)	Rent Paid	**115.14**	107.33
	(d)	Consultancy charges paid	**2.10**	10.09
	(e)	Purchase of Machinery	**–**	36.46
	(f)	Guarantee given to IFC for AD Hydro Power Limited	**600.00**	350.00

18. One case of loss of material, by theft, was detected during the year involving an amount of Rs.360.85 lacs which has been shown as "Loss of material by theft" and is included in Schedule 12 : Consumption of materials in the Profit & Loss account of the current year. The company has got the matter thoroughly investigated and has taken strict follow up action including review and revision of internal control systems, wherever necessary.

19 '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 :

	FY 2009-10 (Rs. in Lac)	FY 2008-09 (Rs. in Lac)	FY 2007-08 (Rs. in Lac)
Employer's contribution to Provident Fund	168.31	147.55	164.00
Employer's contribution to Superannuation Fund	106.58	108.85	95.75

Defined Benefit Plan

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

The company has maintained funds with ICICI Prudential Life Insurance Company Limited for gratuity and superannuation.

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

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)	Gratuity (Funded) FY 2008-09 (Rs. in Lac)	Gratuity (Funded) FY 2007-08 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2009-10 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2008-09 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2007-08 (Rs. in Lac)
Defined Benefit obligation at the beginning of the year	886.71	902.81	819.64	237.28	205.01	206.26
Current Service Cost	48.95	46.43	49.52	25.51	21.79	21.34
Interest Cost	62.07	63.20	65.57	16.61	14.35	16.50
Actuarial (gain)/loss	52.62	(20.72)	7.80	15.13	11.65	12.20
Past Service Cost	33.26	–	–	–	–	–
Benefits Paid	(127.99)	(105.01)	(39.71)	(19.47)	(15.53)	(16.63)
Settlement cost	–	–	–	–	–	–
Defined Benefit obligation at the end of the year	**955.62**	**886.71**	**902.81**	**275.06**	**237.28**	**239.68**

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

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)	Gratuity (Funded) FY 2008-09 (Rs. in Lac)	Gratuity (Funded) FY 2007-08 (Rs. in Lac)
Fair value of plan assets as at the beginning of the year	834.08	916.36	828.83
Expected Return	83.41	54.98	82.88
Actuarial (gain)/loss	59.50	(45.16)	21.10
Contribution by Employer	51.09	12.91	–
Benefits Paid	(127.99)	(105.01)	(39.71)
Settlement cost	–	–	–
Fair value of plan assets as at the end of the year	900.09	834.08	893.10
Actual return on plan assets	**123.86**	**9.82**	**103.98**

3. Reconciliation of amount recognised in Balance Sheet

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)	Gratuity (Funded) FY 2008-09 (Rs. in Lac)	Gratuity (Funded) FY 2007-08 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2009-10 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2008-09 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2007-08 (Rs. in Lac)
Fair Value of Plan Asstes as at 31st March, 2010	900.09	834.08	893.10	–	–	–
Present value of obligation as at 31st March, 2010	955.61	886.71	902.81	275.05	237.28	239.68
Net asset/(liability) recognised in the Balance Sheet	**(55.52)**	**(52.64)**	**(9.72)**	**(275.05)**	**(237.28)**	**(239.68)**

4. Expense Recognised during the year under the heads

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)	Gratuity (Funded) FY 2008-09 (Rs. in Lac)	Gratuity (Funded) FY 2007-08 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2009-10 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2008-09 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2007-08 (Rs. in Lac)
Current Service Cost	48.95	46.43	49.52	25.51	21.79	21.34
Past Service Cost	33.26	–	–	–	–	–
Interest Cost	62.07	63.20	65.57	16.61	14.35	16.50
Expected return on plan assets	(83.41)	(54.98)	(82.88)	–	–	–
Net Actuarial (gain)/ loss recognised during the period	(6.88)	24.45	(13.30)	15.13	11.65	12.20
Expenses recognised in the statement of Profit & Loss	**53.99**	**79.09**	**18.91**	**57.25**	**47.79**	**50.04**

5. Actual Return on Plan Assets

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)	Gratuity (Funded) FY 2008-09 (Rs. in Lac)	Gratuity (Funded) FY 2007-08 (Rs. in Lac)
Expected Return on Plan Assets	82.02	54.98	82.88
Actuarial (gain)/ loss	43.92	(45.16)	21.10
Actual return on plan assets	**125.94**	**9.82**	**103.98**

6. Principal Actuarial Assumptions

	Gratuity (Funded) FY 2009-10	Gratuity (Funded) FY 2008-09	Gratuity (Funded) FY 2007-08	Leave Encashment (Unfunded) FY 2009-10	Leave Encashment (Unfunded) FY 2008-09	Leave Encashment (Unfunded) FY 2007-08
Mortality Table (LIC) duly modified	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96
Discount rate as at 31st March, 2010	7.00%	7.00%	8.00%	7.00%	7.00%	8.00%
Future Salary Increase	4.50%	4.50%	5.50%	4.50%	4.50%	5.50%
Expected rate of return on plan assets	10.00%	6.00%	10.00%	0.00%	0.00%	0.00%
Retirement Age	60 years	60 years	60 years	60 years	60 years	60 years

	FY 2009-10		FY 2008-09		FY 2007-08	
Withdrawal Rates	**Age**	**Withdrawal Rates**	**Age**	**Withdrawal Rates**	**Age**	**Withdrawal Rates**
	Upto 30 years	3.00%	Upto 30 years	3.00%	Upto 30 years	3.00%
	Upto 44 years	2.00%	Upto 44 years	2.00%	Upto 44 years	2.00%
	Above 44 years	1.00%	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.

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

(Rs. in Lac)

			As at 31.03.2010	As at 31.03.2009
20. Additional Information				
A)	Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)			
	(i) Graphite Electrodes & Anodes	MT	**66,000**	60,000
	(ii) Thermal Power	MW	**63.00**	30.00
	(iii) Hydel Power	MW	**13.50**	13.50
B)	Value of Imports (CIF basis) in respect of :			
	Raw Materials		**21,287.04**	26,091.69
	Components & Spare Parts		**445.93**	312.67
	Capital Goods		**342.27**	753.66
C)	Expenditure in Foreign Currency (Cash basis) on account of :			
	Commission, Consultancy, Travelling, Interest and Others.		**2,151.41**	2,204.58
D)	Amount remitted in foreign currency on account of dividend		**1,039.97**	564.77
	Number of NRI / OCB shareholders		**225**	236
	Number of shares held by above shareholders		**15,999,470**	18,825,708
	Year to which the dividend relates		**2008-09**	2007-08
E)	Earnings in Foreign currency :			
	(i) Export of goods calculated on FOB basis		**76,375.18**	79,413.72
	(ii) Interest on Fixed Deposits		**–**	25.48
F)	Earnings Per Share as required by Accounting Standard (AS -20) :			
	The basic and diluted Earning Per Share is as under :			
	Net Profit After Tax		**17,106.00**	10,699.18
	Weighted average no. of Equity Shares outstanding(*)		**43,252,479**	43,921,101
	Basic Earning Per Share (Rs.) Weighted equity Shares 41,621,334 (previous year 43,921,101)		**41.10**	24.36
	Diluted Earning Per Share (Rs.) Potential equity Shares 42,281,957(previous year 43,100,406)		**40.91**	24.36

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

(G) 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.

H) Segment Reporting (Rs in Lac)

		Graphite	Power	Un-allocable items/ Others	Total
A	**Business Segments**				
	Segments Revenue				
	External Sales / other income (Net of Excise Duty)	**106,970.56** (102,877.41)	**18,386.66** (388.69)	**870.91** (1,328.43)	**126,228.12** (104,594.52)
	Inter Segment Transfers		**11,589.13** (9,696.23)		**11,589.13** (9,696.23)
	Total Revenue	**106,970.56** (102,877.41)	**29,975.78** (10,084.92)	**871.00** (1,328.43)	**137,817.25** (114,290.75)
	Segments Result				
	Segment Results	**25,241.13** (19,595.39)	**4,185.80** (2,411.51)	**731.27** (806.54)	**30,158.19** (22,813.44)
	Less: Financial Expenses				**5,925.82** (6,674.77)
	Profit Before Tax				**24,232.37** (16,138.67)
	Less: Income Tax (incl Deferred)				**7,125.83** (5,439.49)
	Net Profit for the year				**17,106.54** (10,699.18)
	Other Information				
	Unallocated Assets			**8,318.93** (11,101.71)	**8,318.93** (11,101.71)
	Segment Assets	**136,345.65** (133,764.20)	**24,870.09** (24,186.54)		**161,215.74** (157,950.74)
	Total Assets	**136,345.65** (133,764.20)	**24,870.09** (24,186.54)	**8,318.93** (11,101.71)	**169,534.67** (169,052.44)
	Segment Liabilities	**81,654.24** (88,091.14)	**488.26** (3,401.35)		**82,142.50** (91,492.49)
	Unallocated Liabilities			**1,802.81** (10,708.42)	**1,802.81** (10,708.42)
	Total Liabilities	**81,654.24** (88,091.14)	**488.26** (3,401.35)	**1,802.81** (10,708.42)	**83,945.31** (102,200.91)
	Capital Employed	**63,353.00** (63,997.70)	**21,795.67** (21,906.80)	**6,314.15** (5,852.52)	**91,462.82** (91,757.02)
	Capital Exp.incurred during the year	**5,429.00** (5,103.93)	**1,699.83** (8,745.16)	**45.79** (80.72)	**7,174.62** (13,929.81)
	Depreciation	**3,685.26** (3,637.35)	**1,378.52** (865.05)	**73.27** (52.92)	**5,137.05** (4,555.31)
	Other Non Cash Expenses	**–** –	**–** –	**104.30** (104.30)	**104.30** (104.30)
B	**Geographical Segment**				
	Segment Revenue				
	Based on Location of Customers				
	Domestic	**26,243.36** (19,642.40)	**18,386.66** (10,084.92)	**870.91** (1,328.43)	**45,500.92** (31,055.74)
	Export	**80,727.20** (83,235.01)		**–** –	**80,727.20** (83,235.01)
	Segment Assets				
	Based on Location of assets				
	In India	**130,916.65** (133,764.20)	**23,170.25** (15,441.38)	**8,273.15** (11,020.99)	**162,360.05** (160,226.56)
	Cost to acquire assets by location	**5,429.00** (5,103.93)	**1,699.83** (8,745.16)	**45.79** (80.72)	**7,174.62** (13,929.81)

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

PARTICULARS	UNIT/VALUE	OPENING STOCK		PRODUCTION	TURNOVER		CLOSING STOCK	
		QTY.	VALUE	QTY	QTY	VALUE	QTY	VALUE
(a) Graphite Electrodes, Anodes & Specialities *	MT/Rs Lacs	3,801.82	5,760.90	43,849.47	45,677.25	1,01,486.82	1,974.04	2,720.39
		(821.82)	(1,075.02)	(50,226.25)	(47,246.25)	(99,113.61)	(3,801.82)	(5,760.90)
(b) By Products / others	Units / Rs. Lacs	–	842.30	–	–	4,790.51		1,031.66
		–	(834.13)	0.00	0.00	(6,072.74)	0.00	(842.30)
(c) Thermal Power	Units / Rs. Lacs	–	–	43,83,27,000	39,06,08,885	14,840.68		–
		–	–	(24,84,60,000)	(20,23,73,500)	(8,981.36)	–	–
(d) Hydel Power	Units / Rs. Lacs	–	–	4,83,03,981	4,05,74,121	1,230.66		–
		–	–	(1,82,63,052)	(1,53,81,550)	(714.87)	–	–
(e) **Inter–Divisional Sales**								
(1) Thermal Power	Units / Rs. Lacs			–	24,57,82,166	11,570.28		
				–	(20,23,73,500)	(8,981.36)		
(2) Hydel Power	Units / Rs. Lacs	–	–	–	4,47,739	18.84	–	–
				–	(1,53,81,550)	(714.87)		

J) INFORMATION IN RESPECT OF GOODS TRADED IN :

PARTICUALRS		OPENING STOCK		PURCHASE		SALES		CLOSING STOCK	
		QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
(a) Graphite Electrodes, Anodes & Specialities	MT/Rs. Lacs	–	–	–	–	–	–	–	–
		–	–	(80.46)	(70.44)	(80.46)	(111.78)	–	–
Purchase of traded goods in Foreign Currency					–				
					(67.31)				

K) RAW MATERIAL CONSUMED

PARTICULARS	UNIT / VALUE	QTY	AMOUNT
(a) Calcined Petroleum Coke	MT/Rs. Lacs	48688.75	30,144.80
		(49834.59)	(22,814.81)
(b) Pitch	MT/Rs. Lacs	20127.48	6,249.70
		(22980.45)	(7,921.30)
(c) Coal	MT/Rs. Lacs	415048.85	10,521.09
		(229802.31)	(5,603.53)
(d) Others			441.01
			(149.07)

* Turnover includes captive consumption quantity of 666.438 mt (264 mt)

** Refer note no. 5 of schedule 15 B

L) CONSUMPTION OF RAW MATERIAL AND SPARE PARTS & COMPONENTS

	Current Year		Previous Year	
	Rs. Lac	**%**	Rs. Lac	%
(a) Raw Material				
Imported	**27,236.37**	**57.51**	16,755.79	45.92
Indigenous	**20,120.23**	**42.49**	19,732.93	54.08
(b) Spare Parts & Components				
Imported	**231.55**	**4.57**	370.68	5.27
Indigenous	**4,839.89**	**95.43**	6,662.35	94.73

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

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D. N. DAVAR
Director

RIJU JHUNJHUNWALA
Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Lac)

PARTICULARS		FY 2009-10	FY 2008-09
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit Before Tax	**24,232.40**	16,138.67
Add:	Depreciation	**5,137.05**	4,555.31
	Misc Exps Written off	**104.30**	104.30
	Interest Paid	**5,925.82**	6,674.77
	Net Loss on fixed assets sold / discarded	**184.14**	(281.36)
	Diminution in value of Investments (net)	**(205.34)**	178.44
Less:	Dividend received	**9.75**	18.15
	Interest received	**74.20**	1,063.23
	Income / Wealth Tax	**7,134.89**	5,302.92
	Operating Profit before working capital changes	**28,159.53**	20,985.83
	Working Capital		
	Trade receivables	**(11,169.67)**	(4,018.88)
	Inventories	**6,690.62**	(13,634.54)
	Loans & advances / Other current assets	**2,768.56**	3,123.07
	Liabilities and provisions	**3,917.63**	293.11
	Net Cash from operating activities	**30,366.67**	6,748.59
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Addition in Fixed Assets (net)	**(7,174.62)**	(13,929.81)
	Sale of Fixed Assets	**81.21**	354.20
	Advances for Capital Expenditure	**1,052.76**	1,812.54
	Sundry Creditors for Capital Expenditure	**(817.19)**	680.61
	Investments	**1,859.82**	(5,500.77)
	Dividend received	**9.75**	18.15
	Interest received	**74.20**	1,063.23
	Net Cash from investing activities	**(4,914.07)**	(15,501.85)
C	**CASH FROM FINANCING ACTIVITIES**		
	Allotment of Preferential Warrants	–	(17.52)
	Long term borrowings-Term Loans/NCD's/Bonds (net of repayments)	**(7,811.24)**	10,987.92
	Short term borrowings (working capital)	**(4,095.62)**	6,038.56
	Conversion of Foreign Currency Convertible Bond's	**3,212.70**	–
	Less: Transfer to Share Capital Account	**(158.49)**	–
	Less: Transfer to Share Premium Account	**(3,054.21)**	–
	Buy Back of Shares	**(2,797.54)**	(2,052.23)
	Interest Paid	**(5,925.82)**	(6,674.77)
	Dividend paid	**(4,283.36)**	(2,743.19)
	Corporate Dividend Tax	**(727.96)**	(466.21)
	Net Cash from financing activities	**(25,641.54)**	5,072.56
	INCREASE IN CASH OR CASH EQUIVALENTS	**(188.94)**	(3,680.70)
	Opening cash or cash equivalents	**638.30**	4,319.00
	Closing cash or cash equivalents	**449.36**	638.30

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

RAVI JHUNJHUNWALA
Chairman & Managing Director

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Vice Chairman

D. N. DAVAR
Director

RIJU JHUNJHUNWALA
Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

SCHEDULE - VI (PART - IV)
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration No.	08290
State Code	10
Balance Sheet Date	31 (Date) 03 (Month) 2010 (Year)

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	15365834	Total Assets	15365834
SOURCES OF FUNDS			
Paid-up Capital	426076	Reserves and Surplus	6882850
Secured Loans	7160864	Unsecured Loans	147166
Deferred Taxation	748878	Pref. Warrants App	NIL
APPLICATION OF FUNDS			
Net Fixed Assets	7159741	Investments	669961
Net Current Assets	7532655	Misc. Expenditure	3477
Accumulated Losses	NIL		

4. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover	12684458	Total Expenditure	10411120
Profit/Loss before Tax	✓ 2423240	Profit/Loss after tax	✓ 1710657
Earning Per Share (in Rs.)	41.10	Dividend Per Share (in Rs.)	10

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

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

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
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Place : Noida (U.P.)
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D. N. DAVAR
Director

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Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF HEG LIMITED AND ITS SUBSIDIARY AND ASSOCIATES

The Board of Directors, HEG LIMITED

We have audited the attached consolidated Balance Sheet of HEG LIMITED and its subsidiary and associates (Collectively "the Group") as at 31st March, 2010, and also the consolidated Profit and Loss account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of subsidiary, whose adjusted financial statements reflect total assets of Rs. 4.51 lacs (previous year Rs. Nil) and total liabilities of Rs. 5.00 lacs (previous year Rs. Nil) as at 31st March, 2010 and total revenues of Rs. NIL (previous year Rs. Nil), total expenses of Rs. 0.49 lacs (previous year Rs. Nil) and net cash flows of Rs. 4.62 lacs (previous year Rs. Nil) for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

The financial statements of the Associates and Subsidiaries of the Associates are Unaudited/ provisional and have been approved/ acknowledged by the Board of Directors of the respective Associates, whose certificates have been furnished to us, and our opinion, in so far as it relates to these amounts included in respect of Associates and Subsidiaries of the Associates are based solely on these certification.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) - 21, 'Consolidated Financial Statements' and Accounting Standard (AS) - 23, 'Accounting for Investment in Associate in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Group included in the Consolidated Financial Statements.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the subsidiary and associates, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of "the Group" as at 31st, March 2010;

b) In the case of Consolidated Profit & Loss account, of the consolidated results of operations of "the Group" for the year ended on that date; and

c) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of "the Group" for the year ended on that date.

For **Doogar & Associates**	For **S. S. Kothari Mehta & Co.**
Firm Regn No. 000561N	Firm Regn No. 000756N
Chartered Accountants	Chartered Accountants
Mukesh Goyal	**Arun K. Tulsian**
Partner	Partner
Membership No. 081810	Membership No. 089907

Place : New Delhi
Dated : 30th April, 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Lac)

	Schedule	As at 31.03.2010
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	1	**4,260.76**
Reserves & Surplus	2	**78,990.86**
		83,251.62
Loan Funds :	3	
Secured Loans		**71,608.64**
Unsecured Loans		**1,471.66**
		73,080.30
Deferred Tax Liability	4	**7,488.78**
TOTAL		**163,820.70**
APPLICATION OF FUNDS		
Fixed Assets	5	
Gross Block		**99,463.71**
Less: Depreciation		**33,676.21**
Net Block		**65,787.50**
Capital Work in Progress		**5,809.91**
		71,597.41
Investments	6	**16,857.46**
Current Assets, Loans & Advances	7	
Inventories		**34,281.79**
Sundry Debtors		**44,023.97**
Cash & Bank Balances		**453.98**
Loans and Advances		**12,447.77**
		91,207.51
Less : Current Liabilities and Provisions	8	
Liabilities		**10,128.76**
Provisions		**5,747.69**
		15,876.45
Net Current Assets		**75,331.06**
Miscellaneous Expenditure (to the extent not written off or adjusted)	9	**34.77**
TOTAL		**163,820.70**
Notes to Accounts	15	

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D. N. DAVAR
Director

RIJU JHUNJHUNWALA
Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Lac)

	Schedule	Current Year 31.03.2010
INCOME		
Gross Turnover		**126,844.58**
Less: Interdivisional Sales		**(11,589.13)**
Less: Excise Duty		**(2,115.48)**
Net Turnover		**113,139.97**
Other Income	10	**1,499.02**
Increase/(Decrease) in Stocks	11	**(703.42)**
		113,935.57
EXPENDITURE		
Consumption of Materials	12	**47,356.60**
Manufacturing and Other Expenses	13	**42,769.03**
Less: Interdivisional Purchases		**(11,589.13)**
TOTAL EXPENDITURE		**78,536.50**
PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION		**35,399.07**
Financial Expenses	14	**5,925.83**
PROFIT BEFORE DEPRECIATION AND AMORTISATION		**29,473.24**
Depreciation	5	**5,137.06**
Amortisation - Misc. Expenditure written off	9	**104.30**
PROFIT BEFORE TAX		**24,231.88**
Less: Taxation – Current		**7,048.03**
– Deferred		**(9.06)**
– Fringe Benefit Tax		**(1.11)**
– Earlier Years		**87.97**
PROFIT AFTER TAX		**17,106.05**
Share in Result of Associates		**1,402.02**
Balance brought forward from previous year		**14,587.48**
Amount available for appropriation		**33,095.55**
APPROPRIATIONS		
General Reserve		**2,500.00**
Capital Redemption Reserve		**329.57**
Debenture Redemption Reserve		**477.13**
Proposed Dividend on Equity Shares		**4,283.36**
Corporate Dividend Tax		**727.96**
Balance Carried Forward		**24,777.53**
NOTES TO ACCOUNTS	15	
Earning Per Share (Rs.)		
– Basic		**44.47**
– Diluted		**44.25**

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D. N. DAVAR
Director

RIJU JHUNJHUNWALA
Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

SCHEDULES

SCHEDULE 1 : SHARE CAPITAL

(Rs. in Lac)

		As at 31.03.2010
AUTHORISED		
5,50,00,000	Equity Shares of Rs. 10/- each	**5,500.00**
15,00,000	Preference shares of Rs. 100/- each	**1,500.00**
		7,000.00
ISSUED & SUBSCRIBED		
4,59,02,877	Equity Shares of Rs.10/- each fully paid up	**4,590.29**
		4,590.29
PAID UP		
4,25,73,005	Equity Shares of Rs.10/- each fully paid up	**4,257.30**
15,50,725	Less: Shares bought back and extinguished	**155.07**
Nil	Less: Shares bought back but not extinguished (*)	**–**
15,84,894	Add: Shares issued on FCCB conversion	**158.49**
4,26,07,174	Equity Shares of Rs.10/- each fully paid up	**4,260.72**
	Add : Forfeited Equity Shares	**0.04**
		4,260.76
		4,260.76

(1) Of the above ;

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

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

(iii) 10,700 Equity shares have been issued at par as fully paid up to the members of erstwhile subsidiary company Bhilwara Viking Petroleum Limited pursuant to amalgamation.

(iv)55,92,411 Equity shares have been issued as fully paid up shares upon conversion of Foreign Currency Convertible Bonds (FCCBs)

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

(*) 2,41,919 shares bought back in the previous year have been extinguished in current financial year.

SCHEDULE 2 : RESERVES AND SURPLUS

(Rs. in lac)

	As at 31.03.2009	Additions	Deductions	As at 31.03.2010
Capital Reserve (1)	**1,411.79**	1,726.45	–	**3,138.24**
Debenture Redemption Reserve	**–**	477.13	–	**477.13**
Capital Redemption Reserve	**1,449.92**	155.07	–	**1,604.99**
Share Premium (2)	**5,693.32**	3,228.71	1,507.07	**7,414.95**
General Reserve	**30,227.40**	2,589.78	–	**32,817.18**
Profit & Loss Account	**14,587.48**	17,106.05	8,318.02	**23,375.52**
	53,369.90	25,283.19	9,825.09	**68,828.01**
(Add: Share in Reserves of Associates)				
(Capital Reserve)	**8,273.43**		1,642.00	**6,631.43**
(Profit and Loss Account)	**2,129.40**	1,402.02		**3,531.42**
	63,772.72	26,685.21	11,467.09	**78,990.86**

1) Addition represents Preferential warrant money forfeited during the year
2) Deductions represents provision for premium on redemption of FCCBs (-) Rs.1,135.40 Lacs, (Net of writeback of Share Premium on account of conversion / buyback of FCCB), utilisation on account of buy back of shares Rs. 2,642.47 lacs (Rs. 1,897.16 Lacs) and addition includes premium on FCCB conversion Rs. 3,054.21 Lacs.

SCHEDULE 3 : LOANS

(Rs in Lac)

	As at 31.03.2010
SECURED LOANS	
Secured Redeemable Non-Convertible Debentures	**15,000.00**
Term Loans	
– From Banks	**6,042.23**
Short Term Working Capital Borrowings	
– From Banks	**50,566.41**
	71,608.64
UNSECURED LOANS	
Foreign Currency Convertible Bonds	**471.66**
Term Loans	
– From Banks	**–**
Other Short Term Borrowings from Banks	**1,000.00**
	1,471.66
Total Loans	**73,080.30**

1. Secured redeemable Non-Convertible Debentures (NCD) of Rs.15,000 Lacs have been alloted on private placement basis. These NCDs aggregating to Rs.10,000 Lacs alloted on 17th December, 2009 shall fall due for redemption in two equal installments after a period of two years and three years respectively and NCDs aggregating to Rs.5,000 Lacs alloted on 30th October, 2009 shall fall due for redemption after a period of three years from its date of allotment. The NCDs have been issued in demat mode and are listed in Wholesale Debt Segment of Bombay Stock Exchange.
2. Term Debts from Financial Institutions and Banks including redeemable Non Convertible Debentures stated as above are secured by way of joint equitable mortgage of all the immovable properties (present and future) of Graphite & Thermal power units and Hydel unit of the company situated at Mandideep and Tawanagar respectively ranking on pari- passu basis and hypothecation of all movable assets of the Company (except book debts) subject to prior charge of the Company's bankers on specified movable assets in respect of working capital borrowings.
3. 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 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 debts.
4. The Company had issued unsecured 1% Foreign Currency Convertible Bonds (FCCBs) in July 2005 due for redemption in 2010 amounting to US$ 28.75 million convertible at the option of the bondholders into Equity Shares of Rs. 10/- each at a conversion price of Rs. 192.06 per share. FCCB's amounting to US$ 24.70 million have been converted into Equity Shares out of which FCCBs amounting to US$ 7 million were converted during the financial year (previous year NIL). FCCBs amounting to US$ 3 million were bought back in accordance with guidelines issued by the Reserve Bank of India.

SCHEDULE 4 : DEFERRED TAX LIABILITY

(Rs in Lac)

	As at 31.03.2010
Opening Balance	**7,497.84**
Addition / (deduction) during the year	**(9.06)**
Closing Balance (Refer note no. 4 of Schedule 15B)	**7,488.78**

SCHEDULE 5 : FIXED ASSETS

(Rs in Lac)

S. NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS AT 31.03.09	ADDITION DURING THE YEAR	SALES/ ADJUST-MENTS	**COST AS AT 31.03.10**	UPTO 31.03.09	Deletion 09-10	Gross Provision 09-10	**UPTO 31.03.10**	**AS AT 31.03.10**	AS AT 31.03.09
1.	LAND	517.02	15.93	–	**532.95**	66.58	–	22.33	**88.91**	**444.04**	450.44
2	BUILDING	11,618.37	1,991.66	125.47	**13,484.57**	3,819.30	82.90	824.50	**4,560.90**	**8,923.66**	7,799.07
3	PLANT & MACHINERY	69,723.20	12,060.99	404.99	**81,379.21**	23,408.45	242.17	3,835.17	**27,001.45**	**54,377.75**	46,314.75
4	RAILWAY SIDINGS	418.99	–	–	**418.99**	80.47	–	19.90	**100.37**	**318.62**	338.52
5	FURNITURE & FIXTURES	441.88	15.35	4.13	**453.09**	258.47	1.65	34.11	**290.93**	**162.17**	183.41
6	OFFICE EQUIPMENT	832.77	55.12	7.46	**880.43**	505.90	5.61	117.18	**617.47**	**262.96**	326.86
7	ELECTRICAL INSTALLATION	825.65	126.79	12.13	**940.30**	333.01	3.66	73.15	**402.50**	**537.81**	492.63
8	VEHICLES	709.96	501.30	115.63	**1,095.63**	300.46	68.47	156.21	**388.20**	**707.43**	409.50
9	INTANGIBLE ASSETS	258.25	20.29	–	**278.54**	170.97	–	54.51	**225.48**	**53.06**	87.28
		85,346.09	14,787.43	669.81	**99,463.71**	28,943.61	404.46	5,137.06	**33,676.22**	**65,787.49**	56,402.46
	Capital Work In Progress					–	–	–	**–**	**5,809.91**	13,422.72
	Total									**71,597.41**	69,825.18

Assets amounting to Rs.83.13 lacs (Gross) are owned jointly with RSWM Ltd.

Capital work in progress includes Rs 167.53 Lacs being pre-operative expenditure and Rs.2113.47 Lacs being capital stores.

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

(Rs. in Lac)

				As at 31.03.2010
A .	**QUOTED - FULLY PAID**			
	(i)	18	Equity Shares of Rs. 2/-each of Ballarpur Ind. Ltd.	**0.01**
	(ii)	2,50,000	Units of LIC Mutual Fund Dhan Smriddhi of Rs. 10/- each	**25.00**
	(iii)	1,50,000	Units of SBI One India -Growth of Rs.10/-each	**15.00**
	Total of quoted investment			**40.01**
B.	**UNQUOTED - FULLY PAID - Investment in Shares of Associate companies**			
	(i)	4,190,000	Equity Shares of Rs.10/- each of Bhilwara Infotech Ltd.	**419.00**
	(ii)	39,190,500	Equity Shares of Rs.10/- each of Bhilwara Energy Ltd.(*)	**2,612.70**
	(iii)	400,000	Preference Shares of Rs.100/- each of Bhilwara Energy Ltd.	**4,000.00**
	Total of unquoted investment			**7,031.70**
	Total			**7,071.71**
	Less: provision for diminution in value of investments			**377.10**
				6,694.61
Add Increase in value of Investment in associates				
	Opening Balance			**8,760.83**
	Add : During the year			**1,402.02**
	Closing Balance			**10,162.85**
				16,857.46
	Aggregate Market Value of Quoted Investments			**46.32**

* Includes 13,063,500 equity shares required as Bonus Shares in the current Financial Year.

SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Lac)

	As at 31.03.2010
CURRENT ASSETS	
Inventories	
(As taken, valued and certified by the Management)	
Stock-in-trade	**3,773.06**
Work-in-process	**17,893.43**
Raw Materials [incl in-transit / Third Parties Rs. 4,890.76 lacs	**9,750.70**
Stores & Spares / Loose Tools (Including in transit/third parties Rs 158.45 Lacs)	**2,864.60**
	34,281.79
Sundry Debtors (Unsecured)	
Due for a period exceeding six months	
– Considered Good	**6,632.55**
– Considered Doubtful	**13.96**
	6,646.51
Less : Provision for Doubtful Debts	**13.96**
	6,632.55
Others (Considered Good)	**37,391.42**
	44,023.97
Cash & Bank Balances :	
Cash in hand (including stamp & hundi papers)	**7.83**
Cheques in hand	**36.20**
With scheduled banks	
– Current Accounts	**260.88**
– Fixed Deposits	**–**
– Dividend / Special purpose Accounts	**149.08**
	453.99
Loans and advances (Refer Note 13 of Schedule 15-B)	
Loans (Secured, considered good)	**91.88**
Loans (Unsecured, considered good)	**100.52**
Advances recoverable in cash or kind or for value to be received (net of provision)	**9,775.94**
Advances for Capital Expenditure	**622.79**
Balance with Excise Department including Cenvat Credit	**1,289.91**
Deposit with Government Deptt. and others	**566.73**
	12,447.77
	91,207.52

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lac)

	As at 31.03.2010
CURRENT LIABILITIES	
Sundry Creditors - Micro and Small Enterprises	**–**
Sundry Creditors - Other than Micro and Small Enterprises	**4,797.99**
Sundry Creditors for Capital Expenditure	**200.40**
Other Liabilities	**3,896.24**
Unclaimed Dividend**	**149.08**
Sundry Deposits	**445.96**
Advances from Customers	**174.18**
Interest accrued but not due on loans	**464.91**
	10,128.76
Proposed Dividend Including Corporate Dividend Tax	**5,011.32**
Provision for Taxation (Net of Advance Tax Rs. 6,500 lacs (Rs. 3,800 lacs))	**578.10**
Provision for premium on redemption on FCCBs	**158.27**
	5,747.69
	15,876.44

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

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

Opening Balance	**139.07**
Less: Charged off to Profit and Loss account	**104.30**
Closing Balance	**34.77**

SCHEDULE 10 : OTHER INCOME

Foreign Currency Fluctuation	**479.95**
Accrued Redemption Premium on Non Trade Investments	**373.70**
Miscellaneous Sales / Receipts	**4.46**
Write-back of provision on Investments sold	**180.08**
Profit on Sale of Investments	**9.95**
Rent Receipts	**204.84**
Interest [Including TDS Rs 9.04 Lacs]	**74.20**
Dividend Received	**9.75**
Liabilities / provisions no longer required, written back	**157.41**
Profit on sale of Fixed Assets	**4.68**
	1,499.02

SCHEDULE 11 : INCREASE/(DECREASE) IN STOCKS

Closing Stock	
Stock-in-trade	**3,773.06**
Work-in-Process	**17,893.43**
	21,666.49
Less: Opening Stock	
Stock-in-trade	**6,603.20**
Work-in-Process	**15,766.71**
	22,369.91
Increase/(Decrease) in Stocks	**(703.42)**

(Rs. in Lac)

	As at 31.03.2010
SCHEDULE 12 : CONSUMPTION OF MATERIALS	
Opening Stock	**14,165.27**
Add: Purchases	**38,051.27**
	52,216.54
Less: Closing Stock	**4,859.94**
Consumption of Materials*	**47,356.60**
* Includes loss of material on account of theft - Exceptional items Rs. 360.85 Lacs	
* Net of DEPB accrued	

SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES

MANUFACTURING EXPENSES	
Consumption of Stores & Spares including Refractory blocks	**5,071.44**
Excise duty on Increase / (Decrease) in Finished Stock	**23.72**
Power & fuel	**16,828.11**
Repairs and Maintenance of :	
Plant & Machinery	**1,908.90**
Building	**323.47**
Others	**116.59**
Job/Process Charges	**199.05**
Power generation charges	**75.78**
PAYMENT TO AND PROVISION FOR EMPLOYEES	
Salary, Wages and Bonus etc.	**3,086.60**
Contribution to Provident, Gratuity and other Funds	**421.72**
Workmen & Staff Welfare & Safety measures expenses	**393.88**
SELLING EXPENSES	
Freight and forwarding and other selling expenses	**6,841.11**
Packing Expenses (including Packing material consumption)	**1,144.60**
Commission	**1,578.18**
Claims, Rebates and Discount	**1,654.03**
ADMINISTRATIVE & OTHER EXPENSES	
Insurance	**232.26**
Rent	**130.67**
Rates & Taxes	**102.17**
Directors' Remuneration including sitting fees	**880.51**
Donations	**3.62**
Loss on fixed assets sold / discarded	**188.82**
Provision for Diminution / (restatement of diminution) in value of Investments	**(15.31)**
Provision for doubtful debts & advances	**13.96**
Travelling Expenses	**206.79**
Postage & Communication	**70.02**
Legal & Professional Expenses	**595.62**
Vehicle Running & Maintenance	**92.47**
Miscellaneous Expenses	**600.23**
	42,769.03

SCHEDULE 14 : FINANCIAL EXPENSES

Interest on	
Debentures	**527.44**
Term Loans	**1,591.23**
Working Capital Borrowings	**3,489.41**
Foreign Currency Convertible Bonds	**24.30**
Interest on Currency Swaps	**–**
Bank Charges	**293.45**
	5,925.83

SCHEDULE 16: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS.

1. BASIS AND PRINCIPLES OF CONSOLIDATION

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

The following Subsidiary of Associates 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/Board Approved
Bhilwara Infotech Ltd.	India	48.43%	01.04.2009 to 31.03.2010	Provisional
Bhilwara Energy Ltd.	India	28.90%	01.04.2009 to 31.03.2010	Provisional (Acknowledged by Board of BEL)
Indo Canadian Consultancy Services Ltd. (Subsidiary of BEL)	India	14.74%	01.04.2009 to 31.03.2010	Provisional (Acknowledged by Board of BEL)
Malana Power Corporation Limited (Subsidiary of BEL)	India	14.74%	01.04.2009 to 31.03.2010	Provisional (Acknowledged by Board of BEL)
AD Hydro Power Ltd. (Fellow Subsidiary of BEL)	India	12.97%	01.04.2009 to 31.03.2010	Provisional (Acknowledged by Board of BEL)
NJC Hydro Power Ltd. (subsidiary of BEL)	India	28.90%	01.04.2009 to 31.03.2010	Provisional (Acknowledged by Board of BEL)
Green Ventures Pvt.Ltd. (Subsidiary of BEL)	Nepal	18.30%	01.04.2009 to 31.03.2010	Provisional (Acknowledged by Board of BEL)

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

2. ACCOUNTING POLICIES

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

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

3. PREVIOUS YEAR FIGURES

M/s HEG Graphite Products & Services Ltd. has become subsidiary of the Company w.e.f. 18.09.2009 in the current financial year.

4. 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.

5. 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.

B. NOTES TO ACCOUNTS

(Rs. in Lac)

		As at 31.03.2010
1.	**Contingent Liabilities**	
	a) Claims against the company not acknowledged as debts :	
	i) Excise duty under appeal	**564.05**
	ii) Other matters	**1,008.56**
	b) Bank Guarantees	**4,094.70**
	c) 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**
	d) Bills discounted with bankers	**4,833.79**
	e) Pending export obligation against Advance Licences & EPCG Licences	**2,118.78**
2	Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances of Rs.622.79 Lacs (Rs.5,253.25 Lacs))	**704.30**

3 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'

4 As per Accounting Standard 22 "Accounting for Taxes on Income", required disclosures are given below:

Deferred Tax Liabilities	
Arising on account of timing difference	
– Accumulated Depreciation	**7,809.65**
Deferred Tax Assets	
Arising on account of timing difference	
– Due to section 43B of the Income Tax Act	**192.70**
– Others	**128.18**
Net Deferred Tax Liability	**7,488.77**

5	Work in process includes Refractory Blocks and other consumable stores lying at shop floor.	**93.18**

6 The Board of Directors of the Company had approved the Buyback of its Equity Shares by the Company from open market through Stock Exchanges vide a resolution passed at its Board Meeting dated 19th August,2008 for an amount not exceeding Rs.48.50 Crores. The Buy-back commenced on 13th October, 2008 and was completed on 18th August 2009 with the buy back and extinguishment of 32,95,703 shares at an average price of Rs.147.15 per share aggregating Rs.48.49 Crores.

7 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 impairement of assets.

8 Auditors' remuneration paid / payable during the year included in miscellaneous expenses :

Statutory Audit Fee	**18.00**
Other services	**1.31**
Reimbursement of expenses	**2.88**
	22.19

		As at 31.03.2010
9. a)	**Details of remuneration & perquisites of managerial personnel :**	
	Salary (*)	**103.37**
	Commission	**664.67**
	Other perquisites	**81.67**
		849.71
	Provident Fund	**12.40**
	Superannuation	**3.00**
	Total	**865.11**
	(*) Apart from above Keyman Insurance policy valuing Rs.190.16 Lacs has been assigned during the year to Shri Ravi Jhunjhunwala in accordance with his terms of engagement.	
(b)	Sitting fee to non executive directors	**15.40**

(Rs. in Lac)

10. The following transactions are accounted for on the basis of estimates / available data, with final adjustments being carried out in the year of settlement.
    a) Graphite Export Development Trust subsidy.
    b) Claims lodged with Insurance Companies.
    c) Interest on income tax refunds granted on summary basis, pending finalisation of assessments is treated as income in the year of accrual. Final adjustments are carried out in the year of completion of assessment.

11. Term loans, Bonds and Debentures falling due in next 12 months Rs. 2,904 Lacs (previous year Rs. 9,775 Lacs).

12. **CAPITALISATION OF PRE-OPERATIVE EXPENDITURE**

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

		As at 31.03.2010
(a)	Insurance Expenses	**23.48**
	Financial Expenses - Interest on term loans	**37.74**
	Administrative Overheads & Other Cost	**560.64**
	Total	**621.86**
(b)	The same has been capitalised / is lying under Capital work in progress as under:	
	Building	**71.06**
	Plant & Machinery	**383.28**
	Capital work in progress	**167.53**
	Total	**621.86**

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

(b) Loans and advances include :

(i) Share application money pending allotment	**–**
(ii) Due from Officers of the company	**–**
(iii) the maximum amount at any time during the year	**–**

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

Sl. No.	Particulars	Purpose	**Amount**	**Amount**
(i)	Plain Vanilla Forwards	Hedging	**$ 19.0 mn.**	**$ 33.5 mn.**
(ii)	Cross Currency Forwards	Hedging	**€ 4.5 mn.**	**€ 2.0 mn.**
(iii)	Options	Hedging	**NIL**	**$ 4.0 mn.**

(b) In accordance with the principles for prudence and the announcement on "Accounting for Derivatives" issued by the Institute of Chartered Accountants of India, the Company has accounted for a loss of Rs. Nil (previous year Rs. 275 Lacs) Lacs on derivative instruments in the nature of net written option entered into for hedging purpose.

(c) The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under

	As at 31.03.2010	**As at 31.03.2010**
a) Secured Loan	**Amount (FC Million)**	**Amount (INR Lacs)**
USD	**61.10**	**27,829.33**
Euro	**24.94**	**15,127.85**
b) Unsecured Loan USD	**1.05**	**471.66**
c) Debtors		
USD	**71.30**	**35,158.83**
Euro	**35.59**	**21,586.89**
d) Creditors		
USD	**0.52**	**224.96**
Euro	**–**	**–**
Total USD	**133.98**	**63,684.78**
Total EURO	**60.53**	**36,714.74**

15. The Company had allotted 47,30,000 Preferential Warrants of Rs.365/- each on 5th June, 2008. These Warrants were convertible into equity shares within 18 months from the date of allotment. Since no warrant had been converted till 4th December, 2009, the aggregate amount of Rs.1726.45 Lacs received in respect of the same has been forfeited by the Company. The funds had been utilised for long term working capital requirement.

16. 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

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

b) Associates and Joint Ventures

(i) Bhilwara Energy Limited — Associate

(ii) Bhilwara Infotech Ltd — 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. Ravi Jhunjhunwala
Sh. Riju Jhunjhunwala

d) Key Management Personnel and their relatives

Sh. Ravi Jhunjhunwala
Sh. Riju Jhunjhunwala
Sh. R. C. Surana

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

(i) RSWM Ltd.
(ii) Malana Power Company Limited
(iii) AD Hydropower Limited
(iv) Bhilwara Spinners Ltd.
(v) Bhilwara Scribe Pvt. Ltd.
(vi) Deepak Knits & Texturise Pvt. Ltd.
(vii) Maral Overseas Ltd.
(viii) Indo Canadian Consultancy Services Limited
(ix) Bhilwara Technical Textiles Ltd.
(x) BMD Pvt. Ltd.
(xi) Bhilwara Software Pvt. Ltd.
(xii) Bhilwara Infoway Pvt. Ltd.
(xiii) Bhilwara Services Pvt. Ltd.
(xiv) LNJ Bhilwara Textiles Anusandhan Vikas Kendra

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

(Rs. in Lac)

			As at 31.03.2010
1.	With parties referred to in (a) above.		
	(i)	Investment in Equity of HEG Graphite Products & Services Limited	**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	**2,612.70**
	(iii)	Interest earned on the above	**–**
	(iv)	Investment in Equity of Bhilwara Infotech Limited	**419.00**
	(v)	Share Application money refund from Bhilwara Infotech Limited	**62.08**
	(vi)	Redemption premium accrued on Preference Shares	**373.70**
3.	With parties referred to in (c) above.		
	(i)	Sitting fees paid to Sh. L N Jhunjhunwala	**–**
	(ii)	Salaries, Perquisites and Commission paid during the year to Sh. Ravi Jhunjhunwala(*)	**597.62**
	(iii)	Salaries, Perquisites and Commission paid during the year to Sh. Riju Jhunjhunwala	**121.46**
4.	With parties referred to in (d) above.		
	(i)	Salaries, Perquisites and Commission paid during the year to Sh. Ravi Jhunjhunwala (*)	**597.62**
	(ii)	Salaries, Perquisites and Commission paid during the year to Sh. Riju Jhunjhunwala	**121.46**
	(iii)	Salaries, Perquisites and Commission paid during the year to Sh. R.C. Surana	**146.03**
	(*)	Apart from above Keyman Insurance policy valuing Rs.190.16 Lacs has been assigned during the year to Shri Ravi Jhunjhunwala in accordance with his terms of engagement.	
5.	With parties referred to in (e) above.		
	(a)	Purchase of consumables	**4.64**
	(b)	Rent Received	**32.82**
	(c)	Rent Paid	**115.14**
	(d)	Consultancy charges paid	**2.10**
	(e)	Guarantee given to IFC for AD Hydro Power Limited	**600.00**

17. One case of loss of material, by theft, was detected during the year involving an amount of Rs.360.85 lacs which has been shown as "Loss of material by theft" and is included in Schedule 12 : Consumption of materials in the Profit & Loss account of the current year. The company has got the matter thoroughly investigated and has taken strict follow up action including review and revision of internal control systems, wherever necessary.

18. 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 :

	FY 2009-10 (Rs. in Lac)
Employer's contribution to Provident Fund	168.31
Employer's contribution to Superannuation Fund	106.58

Defined Benefit Plan

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

The company has maintained funds with ICICI Prudential Life Insurance Company Limited for gratuity and superannuation..

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

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)	**Leave Encashment (Unfunded) FY 2009-10 (Rs. in Lac)**
Defined Benefit obligation at the beginning of the year	886.71	237.28
Current Service Cost	48.95	25.51
Interest Cost	62.07	16.61
Actuarial (gain)/loss	52.62	15.13
Past Service Cost	33.26	–
Benefits Paid	(127.99)	(19.47)
Settlement cost	–	–
Defined Benefit obligation at the end of the year	**955.61**	**275.05**

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

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)
Fair value of plan assets as at the beginning of the year	834.08
Expected Return	83.41
Actuarial (gain)/loss	59.50
Contribution by Employer	51.09
Benefits Paid	(127.99)
Settlement cost	–
Fair value of plan assets as at the end of the year	**900.09**
Actual return on plan assets	123.86

3 Reconciliation of amount recognised in Balance Sheet

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2009-10 (Rs. in Lac)
Fair Value of Plan Asstes as at 31st March, 2010	900.09	–
Present value of obligation as at 31st March, 2010	955.61	275.05
Net asset/(liability) recognised in the Balance Sheet	**(55.53)**	**(275.05)**

4 Expense Recognised during the year under the heads:

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)	Leave Encashment (Unfunded) FY 2009-10 (Rs. in Lac)
Current Service Cost	48.95	25.51
Past Service Cost	33.26	–
Interest Cost	62.07	16.61
Expected return on plan assets	(83.41)	–
Net Actuarial (gain)/ loss recognised during the period	(6.88)	15.13
Expenses recognised in the statement of Profit & Loss	**53.98**	**57.24**

5 Actual Return on Plan Assets

	Gratuity (Funded) FY 2009-10 (Rs. in Lac)
Expected Return on Plan Assets	82.02
Actuarial (gain)/ loss	43.92
Actual return on plan assets	**125.95**

6 Principal Actuarial Assumptions

	Gratuity (Funded) FY 2009-10	Leave Encashment (Unfunded) FY 2009-10
Mortality Table (LIC) duly modified	1994-96	1994-96
Discount rate as at 31st March, 2010	7.00%	7.00%
Future Salary Increase	4.50%	4.50%
Expected rate of return on plan assets	10.00%	0.00%
Retirement Age	60 years	60 years

	FY 2009-10	
Withdrawal Rates	**Age**	**Withdrawal Rates**
	Upto 30 years	3.00%
	Upto 44 years	2.00%
	Above 44 years	1.00%

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

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

19. (a) **Earnings Per Share as required by Accounting Standard (AS -20) :** (Rs. in Lac)

	As at 31.03.2010
The basic and diluted Earning Per Share is as under :	
Net Profit After Tax	**17,106.54**
Weighted average no. of Equity Shares outstanding(*)	**43,252,479**
Basic Earning Per Share (Rs.) Weighted equity Shares 41,621,334 (previous year 43,921,101)	**41.10**
Diluted Earning Per Share (Rs.) Potential equity Shares 42,281,957(previous year 43,100,406)	**40.91**

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

(b) 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.

C) Segment Reporting (Rs in Lac)

		Graphite	**Power**	**Un-allocable items/Others**	**Total**
A	**Business Segments**				
	Segments Revenue				
	External Sales / other income (Net of Excise Duty)	106,970.56	18,386.66	870.91	126,228.12
	Inter Segment Transfers		11,589.13		11,589.13
	Total Revenue	**106,970.56**	**29,975.78**	**870.91**	**137,817.25**
	Segment Result				
	(Segments Results)	25,241.13	4,185.80	731.27	30,158.19
	Less: Financial Expenses				5,925.82
	Profit Before Tax				24,232.37
	Less: Income Tax (incl Deferred)				7,125.83
	Net Profit For the year				17,106.54
	Other Information				
	Unallocated Assets			8,318.93	8,318.93
	Segment Assets	136,345.65	24,870.09		161,215.74
	Total Assets	**136,345.65**	**24,870.09**	**8,318.93**	**169,534.67**
	Segment Liabilities	81,654.24	488.26		82,142.50
	Unallocated Liabilities			1,802.81	1,802.81
	Total Liabilities	**81,654.24**	**488.26**	**1,802.81**	**83,945.31**
	Capital Employed	63,353.00	21,795.67	6,314.15	91,462.82
	Capital Exp.incurred during the year	5,429.00	1,699.83	45.79	7,174.62
	Depreciation	3,685.26	1,378.52	73.27	5,137.05
	Other Non Cash Expenses	–	–	104.30	104.30
B	**Geographical Segment**				
	Segment Revenue				
	Based on Location of Customers				
	Domestic	26,243.36	18,386.66	870.91	45,500.92
	Export	80,727.20		–	80,727.20
	Segment Assets				
	Based on Location of assets				
	In India	130,916.65	23,170.25	8,273.15	162,360.05
	Cost to acquire assets by location	5,429.00	1,699.83	45.79	7,174.62

20. (a) Previous Year's figures have been regrouped and recast wherever considered necessary.

    (b) Figures in amount have been rounded off to nearest lacs upto two decimals.

    (c) The Schedules referred to in the Balance Sheet and Profit and Loss Account form an integral part of the accounts.

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D. N. DAVAR
Director

RIJU JHUNJHUNWALA
Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Lac)

PARTICULARS	FY 2009-10
A CASH FLOW FROM OPERATING ACTIVITIES	
Profit Before Tax	24,232.88
Add: Depreciation	5,137.05
Misc Exps Written off	104.30
Interest Paid	5,925.82
Net Loss on fixed assets sold / discarded	184.14
Diminution in value of Investments (net)	(205.34)
Less: Dividend received	9.75
Interest received	74.20
Income / Wealth Tax	7,134.89
Operating Profit before working capital changes	28,159.02
Working capital	
Trade receivables	(11,169.67)
Inventories	6,690.62
Loans & advances / Other current assets	2,768.56
Liabilities and provisions	3,917.76
Net Cash from operating activities	30,366.29
B CASH FLOW FROM INVESTING ACTIVITIES	
Addition in Fixed Assets (net)	(7,174.62)
Sale of Fixed Assets	81.21
Advances for Capital Expenditure	1052.761
Sundry Creditors for Capital Expenditure	(817.19)
Investments	1864.82
Dividend Received	9.75
Interest received	74.20
Net Cash from investing activities	(4,909.07)
C CASH FROM FINANCING ACTIVITIES	
Allotment of Preferential Warrants	–
Long term borrowings - Term Loans / NCD's / Bonds (net of repayments)	(7,811.24)
Short term borrowings (working capital)	(4,095.62)
Conversion of Foreign Currency Convertible Bond's	3,212.70
Less: Transfer to Share Capital Account	(158.49)
Less: Transfer to Share Premium Account	(3,054.21)
Buy Back of Shares	(2,797.54)
Interest Paid	(5,925.82)
Dividend paid	(4,283.36)
Corporate Dividend Tax	(727.96)
Net Cash from financing activities	(25,641.54)
INCREASE IN CASH OR CASH EQUIVALENTS	(184.32)
Opening cash or cash equivalents	638.30
Closing cash or cash equivalents	453.98

Signed in terms of our Report of even date

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

MUKESH GOYAL
Partner
Membership No. 081810

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

ARUN K TULSIAN
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated : 30th April, 2010

RAVI JHUNJHUNWALA
Chairman & Managing Director

SHEKHAR AGARWAL
Vice Chairman

D. N. DAVAR
Director

RIJU JHUNJHUNWALA
Executive Director

MANVINDER SINGH AJMANI
Chief Financial Officer

ASHISH SABHARWAL
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 1st Annual Report and audited statements of accounts for the year ended 31st March, 2010.

1. **FINANCIAL RESULTS & OPERATIONS**

   Your Company was incorporated as a wholly owned subsidiary of HEG Ltd. on 18th September, 2009. There is a net loss of Rs.48680 during the year.

2. **DIVIDEND**

   In absence of any profit, your Directors express their inability to recommend payment of dividend for the year under review.

3. **PARTICULARS OF EMPLOYEES**

   There were no particulars required to be given in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

4. **PUBLIC DEPOSITS**

   Your Company has not invited any deposits with in the meaning of Section 58A of the Companies Act, 1956 and Rules made thereunder.

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

   In terms of the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988:

   I. **Conservation of Energy and Technology Absorption:**

      During the year under review, the Company has not carried out any activities involving in conservation of energy and technology absorption and therefore particulars in this regard are NIL.

   II. **Foreign Exchange Earning and Outgo:**

      There was no foreign exchange earnings and outgo during the year under review.

6. **DIRECTORS**

   Being the first year all the Directors viz. Dr O.P. Bahl, Shri V. Sukumar, Shri A. K. Dixit and Shri Rakesh Shrivastava shall retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

   The Board recommends their appointment.

7. **AUDITORS**

   M/s Vineet Mattha & Company, Chartered Accountants, Auditors of the Company, will retire from their office at the ensuing Annual General Meeting. They are, however, eligible for re-appointment. They have furnished a Certificate to the effect that their appointment will be in accordance with limits specified in sub-section (IB) of Section 224 of the Companies Act, 1956. You are requested to consider their appointment.

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

8. **DIRECTORS RESPONSIBILITY STATEMENT**

   The Board of Directors confirm that:

   (i) in preparation of the annual accounts, the applicable accounting standards have been followed and there is no material departures.

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;

(iii) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

(iv) the Directors have prepared the annual accounts on a going concern basis.

9. **ACKNOWLEDGEMENTS**

Your Directors wish to place on record, their appreciation for the valuable assistance and support received by your Company from Central and State Government and their departments.

FOR AND ON BEHALF OF THE BOARD,

Place : Mandideep (M.P.)	**(V. Sukumar)**	**(A. K. Dixit)**
Dated: April 12, 2010	Director	Director

AUDITORS' REPORT

To

The Members of HEG Graphite Products and Services Limited,

We have audited the attached Balance sheet of **M/s HEG Graphite Products and Services Limited** as at 31st March 2010 , also the profit and loss account and the cash flow statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Further to our comments in the annexure referred to above, we report that:-

(i) We have obtained all the information and explanations which, to the best of our knowledge and belief , were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examinations of those books;

(iii) The Balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.

(v) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors , we report that none of the Director is disqualified as on 31-3-2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of Balance sheet, of the state of affairs of the company as at 31st March 2010;

(b) In the case of profit and loss account, of the loss for the year ended on that date; and

(c) In the case of cash flow statement, of the cash flow for the year ended on that date.

For V. Mattha & Co.
Chartered Accountants
Firm Regn No. 009115C

(Vineet Mattha)
Partner
M. No. 076484

Place : Bhopal
Dated :12-4-2010

ANNEXURE TO AUDITORS' REPORT
(Annexure referred to in our report of even date)

1. The company does not own any fixed assets, accordingly relevant clauses are not applicable.
2. The company does not carry any inventory during the year, accordingly relevant clauses are not applicable.
3. The company has neither granted nor taken any loan , secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 accordingly relevant clauses are not applicable.
4. In our opinion and according to the information and explanation given to us during the course of audit, there are adequate internal control systems commensurate with size of the company and the nature of its business. 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 , we have neither come across nor have we been informed of any instance of major weaknesses in the internal control systems.
5. Based upon the audit procedures applied by us and according to the information and explanation given to us , we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained.
6. The company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and therefore Companies (Acceptance of Deposit) Rules are not applicable.
7. The clause relating to internal audit system do not apply to the company.
8. According to the information and explanation given to us, since the company has not yet commenced commercial production, no cost accounting records have been maintained by the company.
9. According to the records of the company, statutory dues, as applicable, have been deposited with the appropriate authorities. There are no statutory dues outstanding for more than six months as on the balance sheet date.
10. The accumulated losses of the company at the end of the financial year stand at Rs. 48680/-. There are cash losses of Rs. 37650/- during the financial year which is the first year of the company.
11. According to the information and explanations given to us and as per books and records examined by us, the company has not defaulted in repayment of dues to any financial institution or Bank or debentureholders .
12. According to the information and explanations given to us , the company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
13. The company does not fall within the category of chit fund / nidhi/ mutual benefit fund / society and hence the related reporting requirements are not applicable.
14. According to the information and explanations given to us , the company is not dealing or trading in shares , securities , debentures and other investments and hence the related reporting requirements are not applicable.
15. According to the information and explanations given to us , the company has not provided guarantee for loans taken by others, from banks or financial institutions.
16. According to the information and explanations given to us , the company has not raised any term loan during the year.
17. According to the information and explanations given to us and as per books , the company has not utilized the funds raised on short-term basis for long term investments.
18. According to the information and explanations given to us and as per books, the preferential allotment of shares to companies and parties covered in the register maintained under section 301 of the Companies Act, 1956 made by the company during the year is not prejudicial to the interest of the company.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. 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.

For V. Mattha & Co.
Chartered Accountants
Firm Regn No. 009115C

Place : Bhopal
Dated : 12-4-2010

(Vineet Mattha)
Partner
M. No. 076484

BALANCE SHEET AS ON 31ST MARCH, 2010

(Amount Rs.)

Particulars	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUND			
SHARE HOLDERS FUND			
Share Capital	1	500,000	–
Reserve & Surplus		–	–
LOAN FUNDS			
Secured Loans		–	–
Unsecured Loans		–	–
Deferred Tax Liability		–	–
TOTAL		500,000	–
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		–	–
Less: Depreciation		–	–
Net Block		–	–
INVESTMENT		–	–
CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank Balances	2	462,350	–
Loans, Advances & Deposits		–	–
		–	–
Less: Current Liabilities & Provisions	3	11,030	–
Net Current Assets		451,320	–
PROFIT AND LOSS ACCOUNT		48,680	–
TOTAL		500,000	–
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	4		

Signed in terms of our report of even date

For **V. Mattha & Co.**
Chartered Accountants
Firm Regn No. 009115C

(Vineet Mattha)
Partner
M. No. 076484

Date : 12-4-2010
Place : Mandideep (M.P.)

For HEG Graphite Products and Services Limited

V. Sukumar
Director

A. K. Dixit
Director

Rakesh Shrivastava
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount Rs.)

	Particulars	Schedule	As at 31.03.2010	As at 31.03.2009
I	**INCOME**			
	Turnover		–	–
	Other income		–	–
			–	–
II	**EXPENDITURE**			
	Bank Charges		750	–
	Audit Fees		11,030	–
	Preliminary Expenses W/off		36,900	–
			48,680	–
III	**Profit/(Loss) before Tax (I – II)**		(48,680)	–
	Less : Income tax – Current Year		–	–
			(48,680)	–
	Add : Profit/ (Loss) Brought Forward		–	–
	PROFIT/(LOSS) CARRIED TO BALANCE SHEET		(48680)	–
	ACCOUNTING POLICIES & NOTES TO ACCOUNTS	4		

Signed in terms of our report of even date

For **V. Mattha & Co.**
Chartered Accountants
Firm Regn No. 009115C

(Vineet Mattha)
Partner
M. No. 076484

Date : 12-4-2010
Place : Mandideep (M.P.)

For HEG Graphite Products and Services Limited

V. Sukumar
Director

A. K. Dixit
Director

Rakesh Shrivastava
Director

SCHEDULES

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

SCHEDULE 1 :

(Amount Rs.)

	As at 31.03.2010	As at 31.03.2009
SHARE CAPITAL		
Authorised		
100000 Equity Shares of Rs 10/- each	**1,000,000**	–
Issued,subscribed and paid up		
50000 Equity Shares of Rs 10/- each	**500,000**	–
	500,000	–

SCHEDULE 2 :

CASH & BANK BALANCES		
Cash in Hand	**–**	–
Bank Balance in Current Account	**462,350**	–
Total	**462,350**	–

SCHEDULE 3 :

CURRENT LIABILITIES & PROVISIONS		
Audit Fees Payable	**11,030**	–
Total	**11,030**	–

SCHEDULE 4 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

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

Accounting policies to the extent applicable to the company are consistent and in accordance with Indian Generally Accepted Accounting Practices/ Principles comprising of the mandatory Accounting Standards , Guidance Notes issued by ICAI and the provisions of the Companies Act, 1956.

2. Intangible Assets

Preliminary expenses consists of expenses relating to formation of the company. The entire expenses are written off during the current year in accordance with principles given under Accounting Standard (AS)-26 - Intangible Assets.

3. Taxes on Income

No provision for current tax is made in accordance with the provisions of Income tax Act, 1961 due to loss during the current year.

4. Provisions

A provision is recognized when there is a present obligation as a result of a past event; 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 the obligation.

B. NOTES TO ACCOUNTS

(a) There are no contingent liabilities at the year end.

(b) Estimated amount of contract remaining to be executed on capital account, not provided for - Rs. NIL.

(c) There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29.

(d) Auditors' remuneration payable during the year:

Statutory Audit Fees Rs. 11030/-

(e) In the opinion of the management and to the best of their knowledge and belief, the value on realization of current assets in ordinary course of business will not be less than amount at which they are stated in the Balance Sheet.

(f) **Related party disclosures**

(i) Enterprises where control exists:

HEG Limited - Holding Company

(g) Since this is the first year of the company, previous year figures are Nil.

(h) The schedules referred to in the Balance sheet and the Profit and Loss Account form an integral part of the accounts.

Signed in terms of our report of even date

For **V. Mattha & Co.**
Chartered Accountants
Firm Regn No. 009115C

(Vineet Mattha)
Partner
M. No. 076484

Date : 12-4-2010
Place : Mandideep (M.P.)

For HEG Graphite Products and Services Limited

V. Sukumar
Director

A. K. Dixit
Director

Rakesh Shrivastava
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount Rs.)

Particulars	As at 31.03.2010	As at 31.03.2009
A. Cash Flow from Operating Activities		
Profit before taxation	(48,680)	–
Operating Profit before Working Capital Changes	(48,680)	–
Adjustment for changes in working Capital		
Increase in Trade and Other Payable	11,030	–
Cash generated from Operations	(37,650)	–
Direct Taxes paid	–	–
Net Cash from Operating Activities	(37,650)	–
B. Cash Flow from Investing Activities		
Issue of Equity Shares	500,000	–
Net Cash from Investing Activities	500,000	–
C. Cash Flow from Financing Activities		
Net Cash from Investing Activities	–	–
Net Increase in Cash and Cash Equivalents	462,350	–
Cash and Cash Equivalents at the beginning of the Year	–	–
Cash and Cash Equivalents at the end of the Year	462,350	–
Cash and Cash Equivalents comprise of Balance with Scheduled bank	462,350	–

Signed in terms of our report of even date

For **V. Mattha & Co.**
Chartered Accountants
Firm Regn No. 009115C

(Vineet Mattha)
Partner
M. No. 076484

Date : 12-4-2010
Place : Mandideep (M.P.)

For HEG Graphite Products and Services Limited

V. Sukumar
Director

A. K. Dixit
Director

Rakesh Shrivastava
Director

SCHEDULE - VI (PART - IV)
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration No.	U31908MP2009PLC022414	State Code	10
Balance Sheet Date	31 (Date) 03 (Month) 2010 (Year)		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	500

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

Total Liabilities	500	Total Assets	500

SOURCES OF FUNDS

Paid-up Capital	500	Reserves and Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL
Deferred Taxation	NIL		

APPLICATION OF FUNDS

Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	451	Misc. Expenditure	NIL
Accumulated Losses	49		

4. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover	NIL	Total Expenditure	49
Profit/Loss before Tax	✓ (49)	Profit/Loss after tax	✓ (49)
Earning Per Share (in Rs.)	NIL	Dividend Per Share (in Rs.)	NIL

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

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

For HEG Graphite Products and Services Limited

For **V. Mattha & Co.**
Chartered Accountants
Firm Regn No. 009115C

(Vineet Mattha)
Partner
M. No. 076484

Date : 12-4-2010
Place : Mandideep (M.P.)

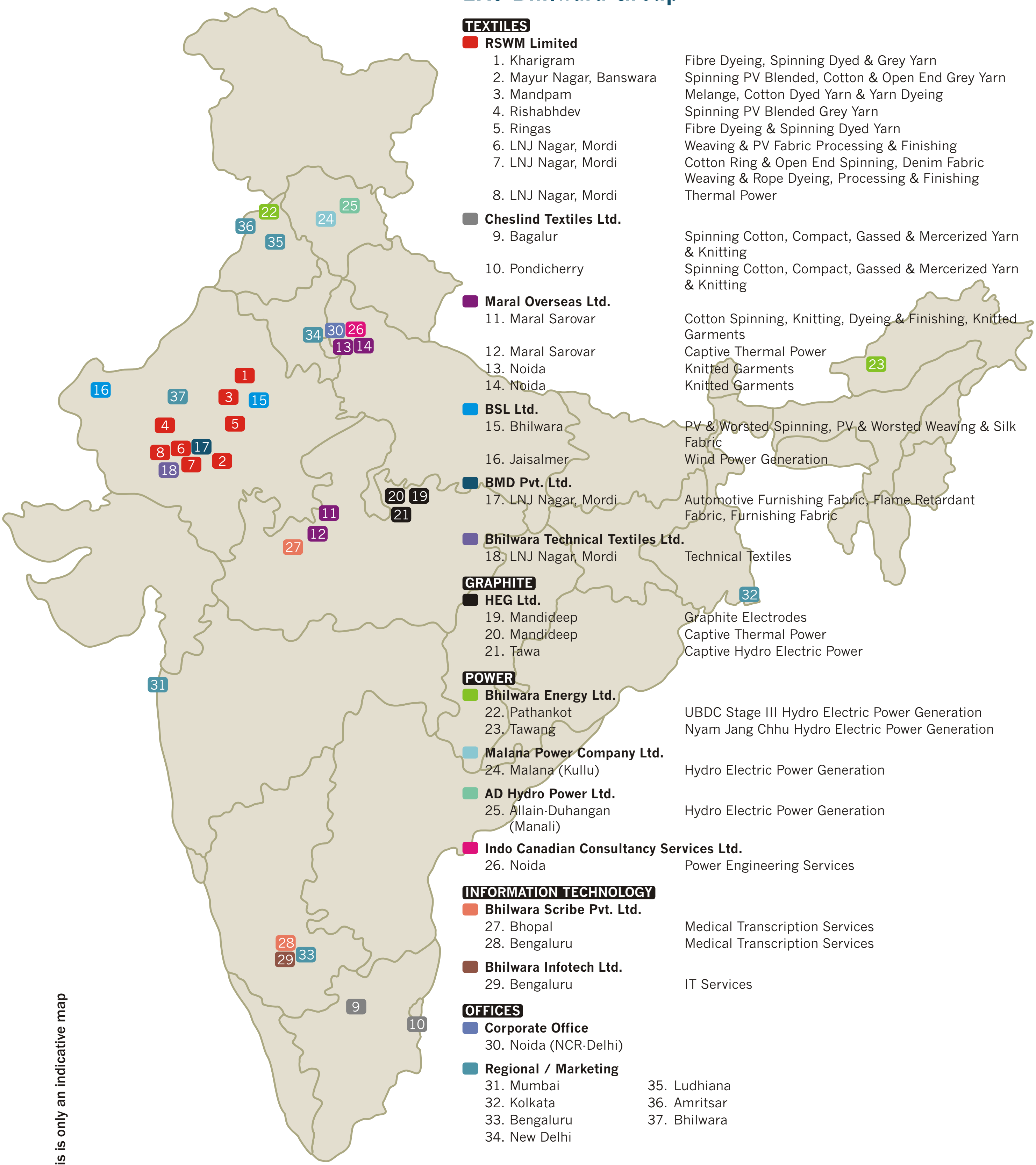
V. Sukumar
Director

A. K. Dixit
Director

Rakesh Shrivastava
Director

NOTES

NOTES



This is only an indicative map

LNJ Bhilwara Group

TEXTILES

RSWM Limited

1. Kharigram	Fibre Dyeing, Spinning Dyed & Grey Yarn
2. Mayur Nagar, Banswara	Spinning PV Blended, Cotton & Open End Grey Yarn
3. Mandpam	Melange, Cotton Dyed Yarn & Yarn Dyeing
4. Rishabhdev	Spinning PV Blended Grey Yarn
5. Ringas	Fibre Dyeing & Spinning Dyed Yarn
6. LNJ Nagar, Mordi	Weaving & PV Fabric Processing & Finishing
7. LNJ Nagar, Mordi	Cotton Ring & Open End Spinning, Denim Fabric Weaving & Rope Dyeing, Processing & Finishing
8. LNJ Nagar, Mordi	Thermal Power

Cheslind Textiles Ltd.

9. Bagalur	Spinning Cotton, Compact, Gassed & Mercerized Yarn & Knitting
10. Pondicherry	Spinning Cotton, Compact, Gassed & Mercerized Yarn & Knitting

Maral Overseas Ltd.

11. Maral Sarovar	Cotton Spinning, Knitting, Dyeing & Finishing, Knitted Garments
12. Maral Sarovar	Captive Thermal Power
13. Noida	Knitted Garments
14. Noida	Knitted Garments

BSL Ltd.

15. Bhilwara	PV & Worsted Spinning, PV & Worsted Weaving & Silk Fabric
16. Jaisalmer	Wind Power Generation

BMD Pvt. Ltd.

17. LNJ Nagar, Mordi	Automotive Furnishing Fabric, Flame Retardant Fabric, Furnishing Fabric

Bhilwara Technical Textiles Ltd.

18. LNJ Nagar, Mordi	Technical Textiles

GRAPHITE

HEG Ltd.

19. Mandideep	Graphite Electrodes
20. Mandideep	Captive Thermal Power
21. Tawa	Captive Hydro Electric Power

POWER

Bhilwara Energy Ltd.

22. Pathankot	UBDC Stage III Hydro Electric Power Generation
23. Tawang	Nyam Jang Chhu Hydro Electric Power Generation

Malana Power Company Ltd.

24. Malana (Kullu)	Hydro Electric Power Generation

AD Hydro Power Ltd.

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

Indo Canadian Consultancy Services Ltd.

26. Noida	Power Engineering Services

INFORMATION TECHNOLOGY

Bhilwara Scribe Pvt. Ltd.

27. Bhopal	Medical Transcription Services
28. Bengaluru	Medical Transcription Services

Bhilwara Infotech Ltd.

29. Bengaluru	IT Services

OFFICES

Corporate Office

30. Noida (NCR-Delhi)

Regional / Marketing

31. Mumbai	35. Ludhiana
32. Kolkata	36. Amritsar
33. Bengaluru	37. Bhilwara
34. New Delhi	

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

HEG Limited

Registered Office :
Mandideep (Near Bhopal), Distt. Raisen - 426046, Madhya Predesh, India
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Website : **www.hegltd.com** / **www.lnjbhilwara.com**