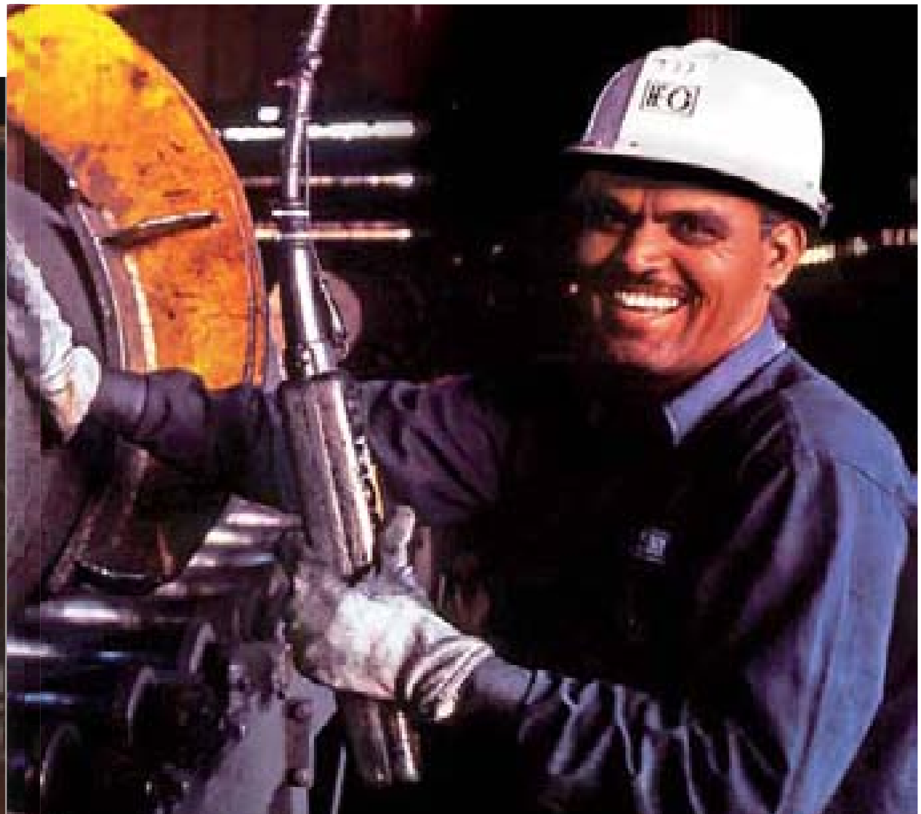



THE SPIRIT OF CHALLENGE

HEG LIMITED | ANNUAL REPORT 2012-13


Contents

THE SPIRIT OF CHALLENGE

What does India's largest exporter of graphite electrodes do when the global steel industry slows down?

How does the World's largest single location integrated graphite electrode manufacturing facility respond when realisations decline?

It grows its business. Enhances value. And Responds to 'The Spirit of Challenge'.

The DNA of the LNJ Bhilwara Group.

GROWING THE BUSINESS AT A TIME OF MODERATING DEMAND

IN 2012-13, GLOBAL ECONOMIC GROWTH DECLINED 80 BPS AND GLOBAL STEEL GROWTH MODERATED TO A LITTLE MORE THAN 1%. THE HEAT WAS FELT IMMEDIATELY BY ALL UPSTREAM SECTORS CATERING TO THE GLOBAL STEEL INDUSTRY.

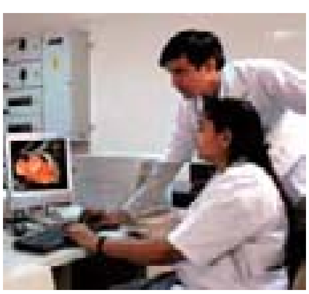
As a prominent global graphite electrode manufacturer, HEG was not spared.

With moderating demand, a number of industry observers suggested that it would be best to reduce production.

At HEG, we strategised otherwise. The Company responded to the challenge innovatively. It established new markets, increased its wallet share of existing clients and forged new customer relationships. So despite tough market conditions, the Company maintained realisations during the year under review.

The result was that even as the global steel sector grew 1.2% in 2012-13, HEG's revenues increased 14%, protecting its record of having grown every single year since 1977.

The spirit of challenge prevailed.



14%

protecting its record of having grown every single year since 1977.

GROWING MARGINS AT A TIME OF COST SQUEEZE

IN 2012-13, GRAPHITE ELECTRODE MANUFACTURERS SUFFERED DUE TO LARGE ADDITIONS OF CAPACITY WHICH ADVERSELY IMPACTED REALISATIONS.

There was a growing industry-wide consensus that the best way to beat this crisis was manufacture of cost-effective products that moved fastest in the marketplace and kept the Company's financials moving.

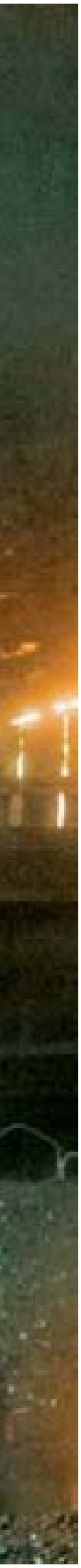
HEG chose to think differently. The Company focused on increasing the share of higher value products to protect its bottom line and utilised the prevailing opportunity to develop new sources for critical inputs for better sourcing in future

Besides, the Company embarked on critical energy-saving initiatives and changed the fuel mix used in the thermal power plant to optimise fuel cost. These measures strengthened profits of the thermal power business by 8% over 2011-12.

So even as the rest of the sector continued to suffer margin and profit erosion, HEG's EBIDTA and net margins climbed 80 bps and 220 bps respectively over 2011-12.

220 bps

HEG's EBIDTA and net margins climbed 80 bps and 220 bps respectively over 2011-12.



MANAGING LIQUIDITY IN A CASH-STRESSED ENVIRONMENT

IN A CHALLENGING 2012-13 MARKED BY INCREASING COSTS, DECLINING OFF TAKE AND LENGTHENING RECEIVABLES, THE PRINCIPAL CASUALTY WAS WORKING CAPITAL LIQUIDITY.

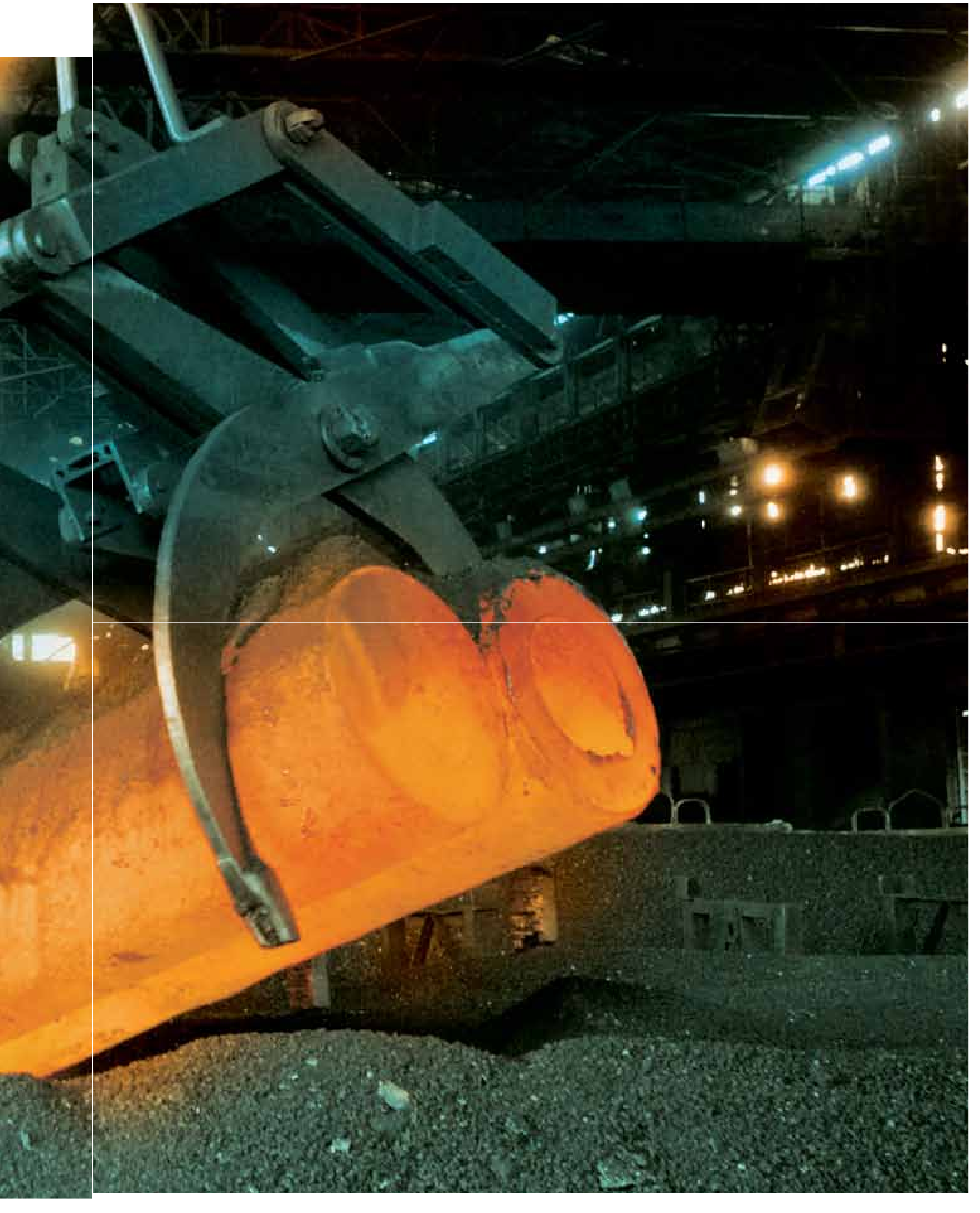
Conventional sense demanded that we slash overheads and reduce our financial outgo.

HEG selected to think out-of-the-box instead. The Company broad-based relationships with financing partners. It added new banks to the term loan and working capital consortia. It communicated business realities faithfully and negotiated better. The result: the Company rationalised its average cost of working capital by 100 bps over the previous year.

Further, we sold our excess power generation (thermal and hydro), thereby strengthening our liquidity.

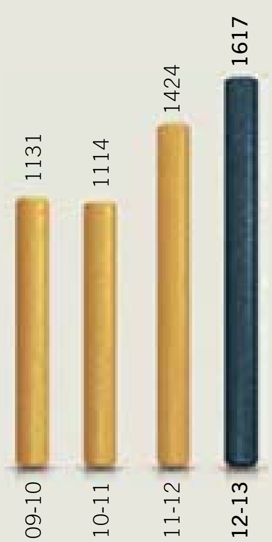
100 bps

over the previous year.



HEG LIMITED
ONE OF THE MOST COMPETITIVE GRAPHITE ELECTRODE MANUFACTURERS IN THE WORLD.
THE LARGEST SINGLE LOCATION GRAPHITE ELECTRODE FACILITY IN THE WORLD.
INDIA'S LARGEST GRAPHITE ELECTRODE EXPORTER.

GROWTH. IN GOOD TIMES AND BAD.



Net revenue (₹ crore)

EBIDTA (₹ crore)

Profit after tax (₹ crore)

ISO 9001:2008 &
ISO 14001:2004;
OHSAS 18000:2007
Certified

35
Footprint across countries.

80,000-TPA
graphite electrode capacity is located at Mandideep (near Bhopal, Madhya Pradesh) India.

77MW
power generating capacity.

Noida (NCR-Delhi)
Headquartered in India

Vision

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

Mission

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

Book value (₹)

Reserves and surplus (₹ crore)

Gross Block (₹ crore)

STRENGTHS

01

77

Power generating capacity (MW)

02

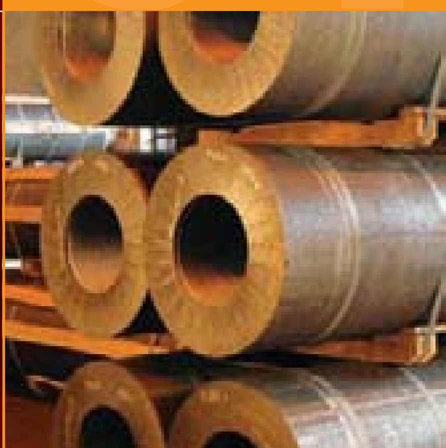
82

Exports as a percentage of sales

03

0.63

Debt-equity ratio



04

20 years

Winner of CAPEXIL export award

05

9

Global market share (%)

06

50 %

Proportion of sales to top-20 global consumers

2012-13 IN RETROSPECT.

Financial highlights

(₹. crore)

	2012-13	2011-12	Change (%)
Gross sales	1,864.24	1,638.00	13.81
Net sales	1,617.43	1,423.99	13.58
EBIDTA Pre-Exceptional	306.71	258.56	18.62
Profit before tax	125.27	67.14	86.58
Profit after tax	105.79	62.32	69.75
Earning per share (₹.)	26.48	15.34	72.62
Book value (₹.)	216.04	190.75	13.26
EBIDTA margin (%)	18.96%	18.16%	0.81
Net margin (%)	6.54%	4.38%	2.16

Business highlights, 2012-13

- Stabilised operations of the recently-expanded graphite electrode facilities
- Increased proportion of large size UHP electrodes in the sales mix
- Widened global presence by establishing a footprint in new geographies
- Added new clients to the customer portfolio
- Diversified the borrowings (term loan and working capital) sourcing base
- Increased power generation
- Created capability to use optimised fuel mix to control costs

DEAR SHAREHOLDERS,

FISCAL 2012-13 WAS A HEARTENING YEAR WHEN, DESPITE PREVAILING CHALLENGES, WE GREW NET SALES 14% AND NET PROFIT 70% OVER THE PREVIOUS YEAR.

WE COMPETENTLY ADDRESSED THE CHALLENGES OF A DEPRESSED BUSINESS ENVIRONMENT IN 2012–13.

Mr. Ravi Jhunjhunwala, Chairman and Managing Director, reviews the Company's working

Challenging times

Graphite electrodes, a vital input in steel making, represents an indirect proxy of economic growth.

In 2012, the global economic momentum decelerated on account of various intertwined factors – the eurozone crisis, US fiscal cliff, forex volatility, disruption of global oil supplies and slowing investments in emerging economies. The result is that the global steel industry grew a mere 1.2% (but for China it would have gone down), the lowest in a decade. Global steel players incurred sizeable losses in 2012. As a natural extension, this affected graphite electrode demand. Long-term contracts gave way to need-based spot purchases. The global industry encountered a 100,000 MT increase in production capacity (65,000 MT in China), creating an oversupply that pared realisations.

Inspired response

The scenario was even more challenging for HEG Limited. The Company commissioned its 14,000 TPA expansion during the previous year, taking its total capacity to 80,000 TPA. So at a time when even marketing the volumes of the previous year would have posed a challenge, the Company was now required to bring new capacities on stream without a compromise in efficiencies on the one hand and with adequate marketing on the other.

I am happy to state that HEG responded commensurately to the situation. The Company created new markets and customers. It marketed value-added products to discerning customers. It optimised resource consumption. It strengthened operating efficiencies. It widened funds sourcing and rationalised costs (for working capital) by close to 100 bps. Besides, the Company was fortunate that abundant rainfall translated into the second highest hydropower generation in our history. Besides our thermal power efficiencies were the best ever too.

The result was that despite a slowdown, the Company's sales volumes remained at 2011-12 levels; the Company improved realisations at the time of an industry-wide decline in realisations.

Fast forward

The global economy is expected to revive gradually even as downside risks remain significant. The recessionary conditions in Europe could persist; the Euro region will continue to pose the largest global downside risk. The IMF estimate for global GDP growth in 2013 is 3.25% (a downgrade from its initial estimate of 3.5%).

Once the global economy begins to revive, inventory restocking could emerge coupled with improved steel production. Global steel usage is expected to grow from 1.2% in 2012 to 2.9% in 2013 (Source: World Steel Association), strengthening EAF furnace output and rising graphite electrode demand. This rebound could well be driven by the US, where the US economy is estimated to grow 1.7% in 2013. The EAF-based steel sector (more than 60% of the

2.9%

Global steel production is expected to grow from 1.2% in 2012 to 2.9% in 2013.

₹ 1,617 crore

What was an ₹565 crore revenue company in 2002-03, grew to ₹946 crore in 2007-08 and ₹1,617 crore in 2012-13.

US steel capacity) could catalyse the demand for graphite electrodes.

While the demand side appears tentatively encouraging, supply side estimates suggest 130,000 MT of additional graphite electrode capacity coming into play in 2013-14 (100,000 MT in China), increasing the overhang and depressing realisations.

In India, the proposed infrastructural investments indicate a rapid increase in steel consumption. A number of integrated steel producers are commissioning EAF units, the fastest and the most cost-effective route to address increasing steel demand. In turn, this is likely to strengthen the demand for graphite electrodes, creating a widening market for local players like us.

Roadmap

HEG has created a multi-pronged blueprint to sustain its momentum.

Operations: Cost optimisation and quality management will remain priorities. Having stabilised a highly-automated facility in 2012-13, the Company will maximise utilisation leading to cost reduction, widen its sourcing to secure timely and cost-effective input supplies, and save energy.

Marketing: The Company will strengthen customer relationships to account for a larger wallet share, widen its geographic presence and manufacture larger electrodes.

Financing: The Company will seek to stay liquid, optimise the cost of funds and strengthen interest cover and engage in progressive debt repayment.

Value

HEG has invested in various initiatives to enhance stakeholder value across the long-term. What was an ₹565 crore revenue company in 2002-03, grew to ₹946 crore in 2007-08 and ₹1,617 crore in 2012-13. This is the result of the Company's sustained investment in its business during industry downtrends, thereby protecting its viability across market cycles.

On behalf of the management and the Board of Directors, I would like to thank you for your continued support. I also take this opportunity to thank our customers, employees, suppliers, service providers, financial institutions and bankers for their contribution towards the Company's success.

Warm regards,

Ravi Jhunjhunwala

Chairman and Managing Director

COMPETITIVE ADVANTAGES

Experience

The Company possesses an experience of 36 years in this space, bringing to the industry a rich knowledge repository.

Capacity

The Company's single-site manufacturing capacity – the largest such unit in the world - enables it to remain cost-competitive across market cycles.

Quality

The Company's standardised operating procedures, benchmarked to stringent global ISO standards and disciplined operating practices, ensures that its products consistently meet requirements of discerning customers. In addition, the Company has invested in new quality targets that promise to strengthen the business.

Global presence

The Company's 35-nation global footprint and its ability to sustain enduring relationships with leading global steel players provide a robust opportunity canvas.

Power generation

The Company's 77 MW power generating capacity ensures a consistent availability of cost- effective energy in a business marked by high power consumption.

MANAGEMENT DISCUSSION AND ANALYSIS

Economic progress

Global economy: Global gross domestic product (GDP) grew 3.2% in 2012 against 4% in 2011 - after having hit another bout of turbulence in what was always expected to be a slow and bumpy recovery. The key impediments were a prolonged euro zone turmoil, instability in the US economy due to the fiscal cliff, disruption of global oil supplies and slow investments in emerging markets. Economic conditions improved in the third quarter of 2012, primarily due to an acceleration in emerging market economies and in the US, where surprising growth was registered *(Source: IMF)*.

3.25%
The world economy growth is estimated at 3.25% in 2013.

Estimates for 2013: On the brighter side of things, global growth is projected to increase during 2013 as factors decelerating global commerce are expected to wane. However, this upturn is projected to be more time-consuming. Overall it can be said that the development rate of the global economy can be pegged at 3.25% in 2013 *(Source: IMF)*.

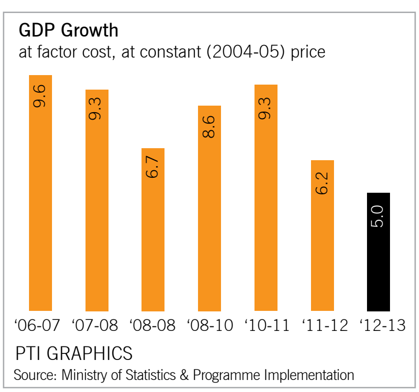
Four years after the onset of the global financial crisis, the worst appears to be over. However, the global economy remains convalescent, as high-income countries continue to suffer from the aftermath of the continuing volatility and subdued growth. The World Bank expects the world economy to grow by 2.4% in 2013.

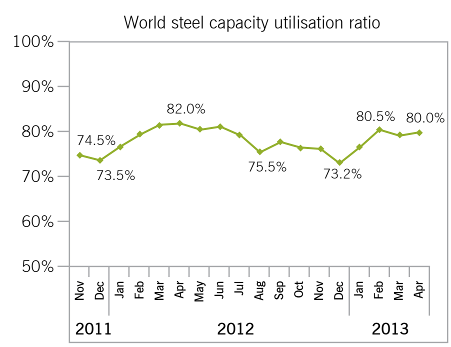
The US: The US economy shrank for the first time in more than three years (in the fourth quarter), underscoring the halting nature of the recovery. Gross domestic product – the broadest measure of goods and services churned out by the economy – fell at a 0.1% annual rate in the fourth quarter of 2012, according to the government's initial estimate. Despite the year-end stumble, the US still grew more in 2012 than it did a year earlier - economic growth increased to 2.2% from 1.8%. Looking ahead, economists are predicting that the US economy will rebound in the first quarter of 2013 and report a 2% to 2.5% growth in 2013.

India: Industrial production slowed sharply for the second year running, declining to 5% in 2012-13 following 6.2% in 2011-12. This was the slowest economic progress in a decade, primarily due to a sharper-than-expected deceleration in the services sector, a dismal performance by the agricultural and industrial sectors.

India is expected to regain its growth momentum.

- **Economic Survey:** The Indian economy is slated to grow between 6.1-6.7% in 2013-14
- **CRISIL:** The Indian economy is expected to grow at 6.4% in 2013-14 shaped largely by domestic factors. India's accelerated growth is pivoted on a revival in private consumption catalysed by a faster growth in the agricultural sector (on a predicated normal monsoon), lower interest rates and higher governmental spending.





140 mmt

The Working Group for the Twelfth Plan envisages India reaching a steel production capacity of 140 mmt by 2016-17.

- **World Bank:** The World Bank sees a 6% plus GDP growth for India in 2013-14.

Sectoral review

Graphite electrodes are energy-carrying conductors used in steel making through the Electric Arc Furnace (EAF) route. While they constitute only 2-3% of the total production cost of steel, quality is critical. Quality is also essential in maintaining market share in a depressed sectoral environment.

Downstream user review

Steel represents the backbone of a country's economy; per capita steel consumption represents one of the critical indicators of socio-economic development. Steel is the foremost engineering material, environment friendly and recyclable.

Global: Over the last decade, the sector grew phenomenally, primarily due to a growth in BRIC (Brazil, Russia, India and China) nations.

In 2012, world crude steel production reached 1,548 (MT), up 1.2% over 2011. This growth was derived largely from Asia (China, India, Middle East) and North America while crude steel production in the EU (27) and South America declined. The EU recorded a decrease of 4.7% compared to 2011, producing 169.4 MT of crude steel in 2012.

Though the trend in the steel industry across the world showed a shift towards the electric arc furnace route, the slow growth in the overall steel industry in 2012 impacted the electric arc furnace route as well. On a medium to long-term basis, there seems to be a shift from the blast furnace to the growth of the electric arc furnaces due operational flexibility, growing scrap availability especially in China and environmental concerns related to blast furnace route. This will prove to be beneficial to us as we are an established manufacturer of ultra high power electrodes.

Outlook: Capacity utilisation is expected to remain below 80% in 2013, limiting the amount of excess supply. Margins are expected to be tight into 2013 as steel prices remain flat. From 2014, the demand outlook is expected to improve resulting in modest increases in capacity utilisation and steel prices.

India: India produced 78 mn tonnes of crude steel in 2012-13 against 74 mn tonnes in 2011-12. Owing to the slowdown, real consumption of total finished steel reported a growth of 2.8% in 2012-13 over 2011-12.

While 2012-13 was dampened by the economic slowdown, India's growth in steel production in the last five years was second only to China. Going further, the ongoing greenfield and brownfield expansions are expected to position India as the world's second largest producer of crude steel in the next five years.

Outlook: On account of expanding demand and low per capita consumption, a massive capacity expansion is predicted in the near future. The Working Group for the Twelfth Five Year Plan envisages India reaching a steel production capacity of 140 MT by 2016-17.

Figure 1. Real GDP forecast of major steel-producing countries

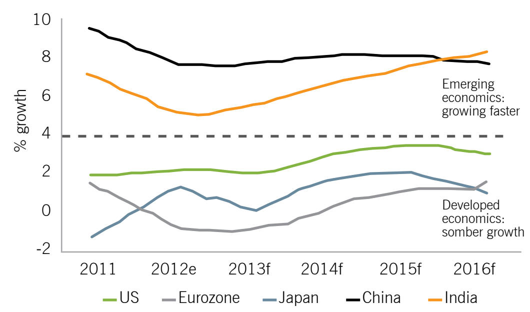
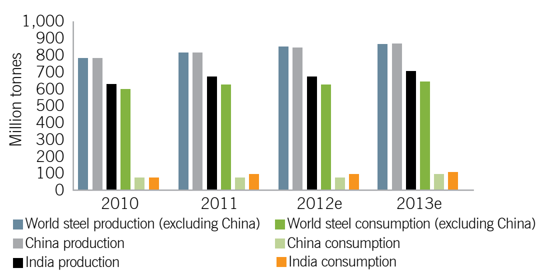


Figure 3. Outlook-steel production and consumption



Source: Bureau of Resources and Energy. September 2012

Utilization is not expected to exceed 80% until 2014 adn then only reach 83% by 2015/16.

BUSINESS PERFORMANCE

Even as the Company reported sustained growth for more than a decade, industry sentiment was subdued in the third quarter when demand and performance were affected. The graphite electrodes segment contributed about 86% to the Company's topline in 2012-13. The power generation business represents a backward integration for the energy-intensive graphite electrode business where sales are generated after meeting in-house requirements.

A. Graphite electrode business

SNAPSHOT, 2012-13

- Revenue (₹ crore): 1,587.20
- Growth over previous year: 14%
- Contribution to consolidated topline: 86%
- PBIT (₹ crore): 147.10
- Growth over previous year: 4%

Overview

HEG is one of the leading global manufacturers of graphite electrodes with a capacity to produce a complete range of products up to a 30-inch diameter, focusing on the larger sizes and catering to the critical UHP segment. The Company is a leading exporter with international sales contributing more than 80% of revenues.

2012-13 in retrospect

The fiscal 2012-13 commenced on a positive note but business performance dampened in the second half of the period due to weak demand from the steel sector. However, the Company achieved sales at the level of the previous year through a wider reach and deeper penetration.

The Company commissioned its 14,000 TPA brownfield capacity, which operated at optimum capacity towards the end of the fiscal, the full benefits are expected to accrue going forward. As inflationary pressures threatened profitability, the Company of which adopted a two-pronged approach to arrest a decline in margins: it focused on increasing the proportion of value-added products.

Besides, the Company embarked on important initiatives to improve fuel efficiencies, expected to improve its competitive position going forward.

Outlook for 2013-14

The demand for graphite electrodes is expected to remain stable. However, pressure from global peers is expected to squeeze margins. The Company has charted out the following steps to counter the same:

- Leverage vendor relations for the cost-effective and timely supply of key resources
- Realise the benefits of its recently commissioned, and efficient facilities.
- Focus on geographical diversification and deeper penetration in existing markets

B. Power business

SNAPSHOT, 2012-13

- Gross revenue (₹ crore): 248.40
- Growth over previous year: 15%
- Contribution to consolidated topline: 14%
- PBIT (₹ crore): 89.70
- Growth over previous year: 82%

Overview

As power is a critical input in the manufacture of graphite electrodes, captive power generation provides a competitive advantage: consistent and low-cost power supply. The Company has a captive power generation capacity of 77.5 MW (64 MW generated through two thermal power plants and 13.5 MW through a hydroelectric power plant). These facilities are equipped to support increased operations.

2012-13 in retrospect

Thermal power: Thermal power generation increased 0.3% over the previous year. About 89% of the power generated was used in-house for the graphite electrode business. Coal costs remained stable and coal supply through government linkage higher. The team embarked on the following initiatives to strengthen operations:

- Standardised operations as per accepted benchmarks; altered the orientation of the rectiformers, which resulted in longer durations of uniform firing that improved the fuel consumption ratio in the thermal power plant to best ever levels in its history
- Auto controls enabling reduced air flow in the boiler, reducing the heat rate
- Used a larger propotion of lower cost variants of raw materials but better equipment and control systems, which reduced equipment tripping
- Altered the fuel mix to include pet coke with thermal coal for cost optimisation

Hydel power: The 13.5 MW hydro-electric plant at Tawa operated at higher utilisation levels than usual due to good monsoons, providing a healthy contribution to the bottom line. Hydel power generation was the second highest in the unit's history, increasing more than 25% over the previous year. The power generated was largely sold on a merchant basis, improving realisations per unit and business liquidity. The team undertook important initiatives to improve plant productivity (measured in units per cu.sec. of water), resulting in increased power generation.

Outlook for 2013-14

The Company expects to maximise power generation from all units. A robust monsoon promises normal hydel power generation. The team expects to sustain superior performance and increase the use of blended inputs to strengthen profitability.

40

The team completed 40 TQM projects at various units in the plant for quality improvement

Quality assurance

Quality is key for the graphite electrode industry for an important reason – while its proportion in the overall cost structure of steel making (through the EAF route) is only 2-3%, its criticality is high as it needs to withstand the harsh physical and chemical conditions of the furnace to melt scrap into molten steel.

The Company continues to focus on improved quality systems to help maintain its market image of a reliable supplier, enabling it to maintain its status of being the largest exporter from India for more than a decade.

The Company's workforce is continuously educated and trained to maintain and enhance the quality of services delivered through Statistical Process Control (SPC) systems.

HEG has made it a point to identify its focus areas based on customer feedback. Besides reduction of dispersions in every parameter, there has been a significant improvement in this arena – particularly regarding the resistivity of larger-sized products and nipples. Cross-functional teams have been using decision-making tools to reduce process dispersion variations in specific areas. Tested values have also improved, owing to the committed standardisation of processes and process routes. The mechanical strength of products is the key area where efforts are being put and positive results are expected. For better problem solving, standardisation and accuracy, the shop-floor decision-making tools are being upgraded and new equipment brought under commissioning.

In 2012-13, the Company embarked on decisive steps to climb the value-chain:

- Standardised inputs for a particular product variant which improved product performance
- Completed 40 TQM projects at various units in the plant for quality improvement

Research and development

At HEG, R&D is not a fashionable phrase. It reflects the Company's commitment to strengthen customer value-proposition through a two-pronged strategy – optimise production costs and improve product quality. The R&D team worked on all critical areas of the manufacturing process, namely identifying new raw material variants, process improvements, technology absorption and process automation, among others. In 2012-13, the Company invested Rs 210.37 lac towards R&D efforts which delivered important results.

- Efforts made to make activated carbon cloth suitable for low-temperature heating application which opened new frontiers in the areas of carbon / graphite specialties
- Efforts made to improve graphite electrode properties by using additives which improved the quality of graphite electrodes

Human capital and industrial relations

HEG's people capital represents its cornerstone for success. The Company's human capital comprised 1,026 members – an empowered, dedicated and motivated workforce that passionately strives to strengthen the Company's global positioning.

Passion dictates all the human resource initiatives at HEG. The initiatives here are aimed to meet business challenges, pursue aggressive growth, attain excellence, innovate continuously and create an amicable environment.

In order to build a pool of highly-talented, purpose-driven employee base, initiatives related to manpower planning and recruitment were taken up. The Company had participated in the campus placements of the premier engineering colleges such as IT-BHU and top-notch National Institutes of Technology (NITs). Manpower was augmented at shop-floor level by recruiting from the best Industrial Training Institutes (ITIs). HEG has thereby built a robust leadership pipeline and optimum talent pool for organisational progress and excellence.

Being a strong, customer-responsive company empowered by its vision and values is mandatory in today's competitive and variable global economic landscape. HEG has consistently fostered a culture focused on continuous learning, introspection, collaboration and development across the organization, making it future-ready. The Company strengthened its performance management system through better goal-setting, identifying right measures, strengthened review and monitoring and sharing organisational knowledge. The balanced score card method has matured into an essential tool for calibrating and managing organisational performance.

HEG's learning and development initiatives during the year included core programmes that addressed the various dimensions of leadership, capability enhancement and skill development. The diverse capability-building needs of the organisation were addressed via customised programmes. These programmes covered the functional competencies and behavioural inputs, thereby ensuring, a comprehensive development of human resources.

Focused programmes aimed at ensuring meaningful induction of talent into the organisation were taken up. There were initiatives to address the current and future capability requirements of the organisation along with platforms to understand what the future holds for us in terms of technology.

The Company's learning and development agenda was mediated through coaching and mentoring, competency mapping, pursuit of

1.1

Indian steel consumption growth has an elasticity of about 1.1 to growth in GDP.

individual development plans, technical and behavioural training, skill and capability development for different verticals (namely graphite, hydro and thermal power, daily work management and standard operating procedures) and on-the-job training drills. The implementation of this agenda successfully increased per-person productivity.

Industrial Relations: Integrity has always been the hallmark of HEG. Fulfilling our commitments, practicing transparency in activities, is our DNA. The Company always puts collective interest before self-interest and discourages organisation politics and rumour mongering. Workers have been educated on the competitive global landscape, dynamic business situations, current status, organisation challenges and actions to be taken up as per the need of the moment. Through all these efforts, the Company managed to conclude a long-term settlement (LTS 2013-16) peacefully within three months from the date of expiry of the earlier settlement. The industrial front remained cordial through the year with no labour unrest. The new LTS, being innovative, clearly specifies management requirements and links a part of the wage hike to performance, parameters welcomed by all with enthusiasm.

Internal control

The Company has an effective internal control system driven by robust checks and balances that ensure safeguarding of assets, all regulatory compliances and sustain focus on improvements in processes by an adequate review mechanism.

Contemporary IT-enabled systems assist in the functioning and maintenance of the reporting process in all office divisions, as well as the manufacturing facility. This enables a high degree of transparency in

the reporting process, thereby enabling a sound system of internal controls. It also monitors operating parameters, indicating any material deviation from annual plans, budgets and capital expenditure.

Opportunities and threats

The fortunes of the graphite electrode sector are directly linked to the growth of the steel industry, more particularly steel making, through the EAF route.

A. Opportunities

World: Global steel consumption trends indicate a tepid recovery. In 2013, apparent steel consumption is expected to pick up by 2.9% with a significant rise in consumption in the Middle East, Africa and Latin America. China, which is expected to witness a 3.5% rise in apparent steel consumption, will remain the main driving force of the sector's growth.

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

B. Threats

The prolonged economic slowdown of the European Union poses a challenge for the graphite electrode sector for two important reasons:

- Reduced steel consumption will lead to a reduced demand for graphite electrodes
- This could compel the graphite electrodes sector in that geography to export products and depress realisations.

A sizeable capacity increase in the graphite electrodes business in the US and China is expected to add to the overcapacity in the near-term.

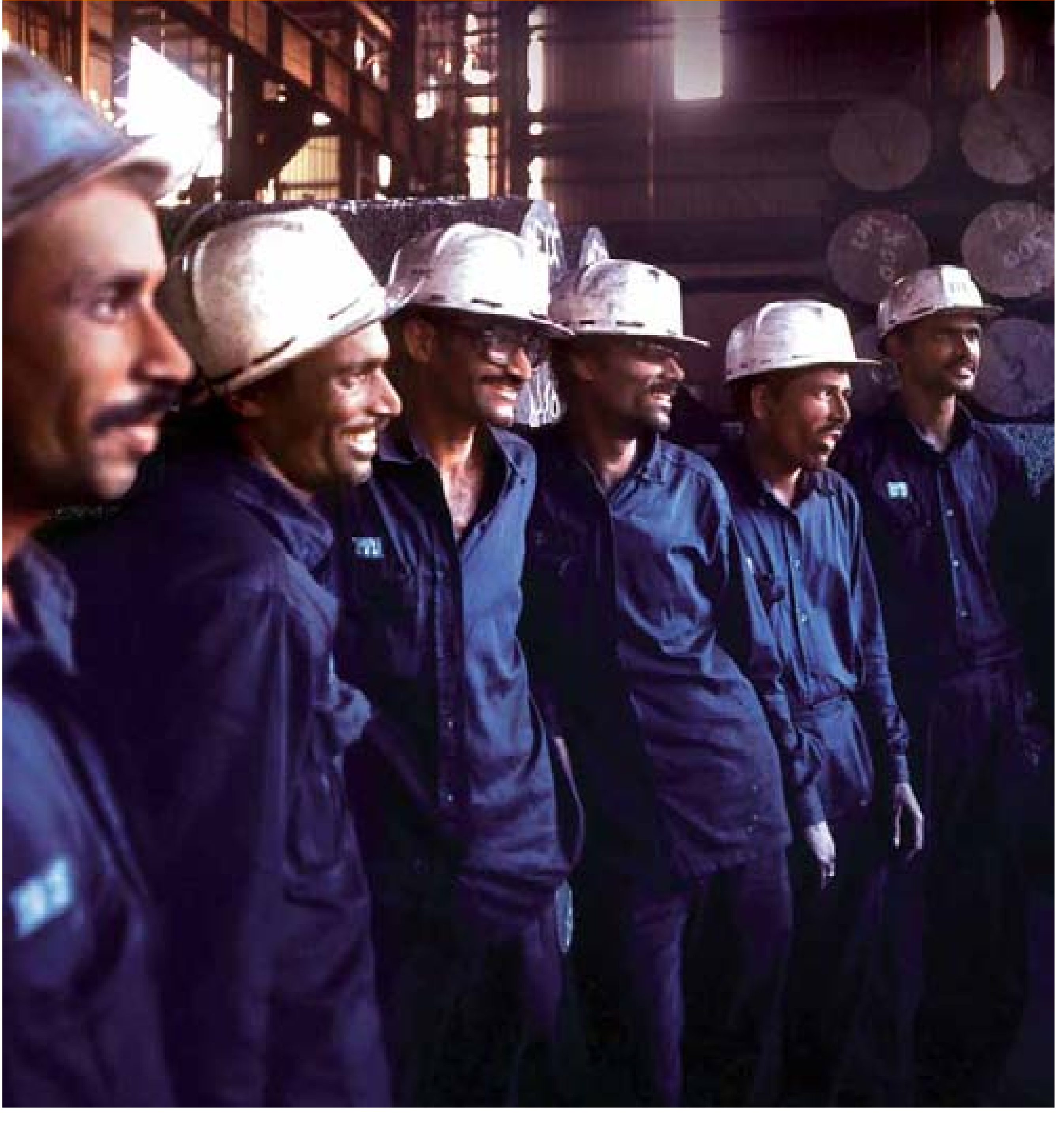
Financial analysis

The Company registered an overall business and profitability growth despite a global economic slowdown and subdued performance of the steel sector worldwide. Gross sales grew 13.81% from Rs 1638.00 crore in 2011-12 to Rs 1864.24 crore in 2012-13. The growth was a consequence of focused marketing to widen the Company global footprint, entrench deeper in existing markets and grow the proportion of value-added products.

More importantly, the Company streamlined internal operations to maximize resource utilisation and conserve energy consumption which resulted capped the increase in operational costs. As a result, EBIDTA (before foreign exchange fluctuations) grew 18.62% - faster than the topline growth – from ₹258.56 crore in 2011-12 to ₹306.71 crore in 2012-13. More importantly, EBIDTA margin expanded about 80 bps from 18% in 2011-12 to 19% in 2012-13 despite a persistently high cost external environment.

RISKS AND CONCERNS

Risk is the face of business uncertainty, affecting corporate performance and prospects. As a diversified enterprise, HEG has a systems-based approach to risk management. A combination of centrally-issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks are effectively addressed. The senior management periodically reviews the risk management framework to maintain contemporariness and address emerging challenges in a dynamic environment. This prudently balances risk and reward leading to shareholder value growth.



01 | A PROLONGED ECONOMIC DOWNTURN IN KEY MARKETS COULD AVERSELY IMPACT STEEL AND THE GRAPHITE ELECTRODES SECTORS.

Mitigation measure:

A GLOBAL ECONOMIC DOWNTURN HAS IMPACTED THE ENTIRE GRAPHITE ELECTRODE INDUSTRY AND HEG IS NO EXCEPTION. But HEG could be among the last surviving in a sectoral downturn for important reasons: presence in India and a number of countries, presence across developed and emerging economies, presence among large and small customers. Besides, its wide product basket and swing-capability of its infrastructure between products has strengthened its competitive advantage. Its global recognition as a quality supplier of electrodes positions it among preferred business partners for steel companies using the EAF route.

Economic experts have predicted a rebound in global economic activity in 2013 contributed by developed and emerging economies even as Europe remains a concern. In line with this, world steel usage is estimated to grow at 2.9% in 2013 against 1.2% in 2012, which should provide a stable business environment for the graphite electrode sector.

02 | AN EXCESS CAPACITY OVERHANG COULD DAMPEN THE PRICES OF GRAPHITE ELECTRODES IN THE SHORT-TERM.

Mitigation measure:

THE COMPANY CONTINUED TO FOCUS ON WIDENING AND DEEPENING ITS MARKETING REACH, increasing the sale of value-added products and optimising costs, which should realise benefits from 2013-14. Besides, the superior performance of the power generation business – increased power generation and merchant sales – should provide adequate liquidity.

03 | INABILITY TO MARKET INCREASED PRODUCTION COULD DERAIL BUSINESS ESTIMATES.

Mitigation measure:

THE COMPANY ENDEAVOURS TO CREATE NEW MARKETS AND ACQUIRE new customers.

In 2012-13, the Company continues to focus on building its business relationships with leading international steel manufacturers to maintain and improve offtake of our products in the global arena, as growth of the global steel industry improves over the near-term.

04 | BUSINESS LIQUIDITY AND A HIGH COST OF FUNDS COULD IMPEDE PROFITABILITY.

Mitigation measure:

IN 2012-13, THE COMPANY WIDENED ITS FUND SOURCING BASE, providing adequate liquidity for its expanded operations. Besides, the low debt-equity ratio of 0.63 (March 31, 2013) allowed the Company access to adequate low-cost funds for capital-intensive expansion projects.

SOCIAL RESPONSIBILITY

3,800

LNJ Bhilwara HEG Lok Nyas expanded its CSR activities to 10 more villages comprising 533 families - a total population of 3,800.

A pivotal part of HEG's Corporate Social Responsibility lies in meeting local community needs. In 2008, LNJ Bhilwara HEG Lok-Nyas started the norm of CSR activity in two tribal villages namely Berkhera Setu and Bakharia with 45 families. Disconnected from the mainstream, the farming yield in these villages was low due to the villagers' lack of awareness in modern farming. By using knowledgeable NGOs to educate, support, and provide inputs, seeds/ fertilisers, LNJ Bhilwara HEG Lok Nyas' intervention led to the doubling of both the crop yield and variety.

Livestock mortality rate was also very high due to a lack of knowledge. Cattle, being vital to the sustenance of farmers, LNJ Bhilwara HEG Lok Nyas and BAIF (Society for Promotion of Eco-friendly Sustainable Development) stepped in to provide proper vaccination and other veterinary help in-situ. The result: a higher survival rate and increased milk production.

Encouraged by the success achieved in these villages, LNJ Bhilwara HEG Lok Nyas expanded its CSR activities to 10 more villages comprising 533 families - a total population of 3,800. They are improving the infrastructure in nearby areas - especially that of the schools, colleges, roads and lighting. In this way, LNJ Bhilwara HEG Lok Nyas is trying its best to improve the socio-economic condition of the villagers and lead them towards self reliance.

DIRECTORS' REPORT

Dear members,

Your Directors have pleasure in presenting their 41st Annual Report and audited statements of accounts for the year ended 31st March, 2013.

1. (i) Financial Results

(₹ in Crore)

	2012-13	2011-12
Net Sales	1617.43	1423.99
Other Operating Income	5.18	0.62
Total Income from Operations (Net)	1622.61	1424.61
Other Income	13.60	16.79
Total Income	1636.21	1441.40
Profit before Exceptional items, Finance cost, Depreciation and Amortisation	306.71	258.60
Exceptional Items	(55.20)	(92.85)
Profit before Finance cost, Depreciation and Amortisation	251.51	165.75
Finance cost	63.60	40.68
Profit before Depreciation and Amortisation	187.91	125.08
Depreciation and Amortisation	62.64	57.93
Profit Before Tax	125.27	67.14
Provision for Taxation:-		
Current Year	16.09	6.66
Income Tax for earlier years	3.39	(1.84)
Net Profit for the Period	105.79	62.32
EPS (Basic) ₹	26.48	15.34
(ii) Appropriations		
Amount available for appropriation	406.23	331.17
Reversal of proposed dividend and dividend distribution tax on shares bought back	-	1.23
Dividend :		
a) On Equity Shares		
Proposed Dividend	31.97	19.98
b) Dividend Distribution Tax		
On Proposed Dividend	5.43	3.24
Transfer to:		
a) General Reserve	25.00	7.50
b) Debenture Redemption Reserve	-	1.25
c) Transfer from Debenture Redemption Reserve	25.07	-
Balance carried forward	368.90	300.43

2. Overall Performance

The Company recorded Net Sales ₹1617.43 crore as compared with ₹1423.99 crore in the previous year. The Net Profit has increased to ₹105.79 crore as compared with ₹62.32 crore in 2011-12 translating to basic earning per share at ₹26.48 as against ₹15.34 in Financial Year 2011-12.

3. Subsidiary Company and Consolidated Financial Statements

The statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary Company 'M/s HEG Graphite Products and Services Ltd' is annexed. Also, the consolidated financial statements along with the Auditors Report thereon, form part of the Annual Report.

In terms of the Circular of the Ministry of Corporate Affairs dated 8th February, 2011, the Board of Directors has decided not to annex the annual accounts of the subsidiary Company in this Annual Report. The annual accounts of the subsidiary Company and the related detailed information shall be made available to the shareholders of the Company and the subsidiary Company seeking such information at any point of time. The annual accounts of the subsidiary company shall also be kept for inspection by any shareholder at the registered office of the Company and of the subsidiary Company. The Company shall furnish a hard copy of details of accounts of subsidiary Company to any shareholder, on demand.

4. Dividend

The Board, has recommended a dividend at the rate of ₹8/- per share on Equity Shares of ₹10/- each for the financial year ended 31st March, 2013, subject to your approval at the Annual General Meeting.

5. Operations

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

Graphite Electrodes

During the year under review, the production volumes of graphite electrodes were almost similar as compared with the last financial year. Operational efficiencies, better exchange rates coupled with controlled finance costs, improved margins.

Power Generation

Better availability of linkage coal for our captive thermal power plants and record power generation at our hydel power unit has helped improve the bottomline during the year.

The Company's installed captive power capacity mitigates risk of erratic power supply from the State grid for the entire expanded Graphite Electrode capacity of 80,000 TPA.

6. Corporate Governance

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

7. Management Discussion and Analysis

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

8. Internal Control Systems and adequacy thereof

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

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

9. Personnel

a) Industrial Relations

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

b) Particulars of Employees

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

10. Public Deposits

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

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

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

12. Directors

Three of your Directors namely Shri D.N. Davar, Shri Shekhar Agarwal and Dr. Kamal Gupta shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

Your Directors inform you about the resignation of Shri K N Memani w.e.f. 19th March, 2013. The Board appreciates the valuable contribution and guidance extended by Shri K. N. Memani during his tenure as a Director of the Company.

13. Auditors

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

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

14. Cost Auditors

In conformity with the directives of the Central Government and based on the Audit Committee recommendations at its meeting held on May 3, 2013, the Board has approved the re-appointment of M/s. N.D. Birla & Co., as the Cost Auditors of the Company for the financial year 2013-2014, subject to approval of the Central Government.

15. 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, 2013 and of the profit of the Company for the year under review;

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

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

16. Acknowledgements

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

For and on behalf of the Board of Directors

Place: Noida (U.P.)
Dated: May 3, 2013

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, 2013.

S. No.	Name of Employee	Designation	Nature of Duties	Remuneration (₹ lacs)	Qualification	Experience (Yrs.)	Age (Yrs.)	Date of Commencement of Employment	Last Employment held, Organization, Designation & Duration
1.	Shri Ravi Jhunjhunwala	Chairman & Managing Director	Managerial	482.78	B.Com (Hons.), MBA	33	58	08.09.1979	–

Notes:

1. Appointment of Shri Ravi Jhunjhunwala is in accordance with Schedule XIII of the Companies Act, 1956. The same was approved by the Board of Directors and subsequently by the Shareholders at the General Meeting.
2. Shri Ravi Jhunjhunwala is relative of Shri L N Jhunjhunwala, Shri Shekhar Agarwal and Shri Riju Jhunjhunwala.
3. As per records of the Company, no employee is holding more than 2% of the paid-up share capital 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. VFD Installation in CPP Unit II ID fan completed.
2. Stopped 2 Nos Cooling Tower (PFE & TMEC Machine) by clubbing them in Shunt Cooling Tower.

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

1. Additional VFD installation of ₹80 Lacs in CPP Unit 1.
2. Installation of LED Lights costing ₹10 Lacs.

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

1. Saved 1.50 Lacs KWH for the month of Feb & March, 2013.
2. Saved 500 KWH due to installation of LED lights.
3. Saved 5 Lacs KWH on account of closing of 2 nos. Cooling Towers.

Impact of Total Savings would be ₹20 Lacs PA.

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

Particulars	Graphite	
	2012-13	**2011-12**
A. Power and Fuel Consumption		
Electricity		
Purchased		
Units (lacs)	201.62	257.39
Total amount (₹ lacs)	1662.45	2326.00
Rate / Unit (₹)	8.25	9.04
Own Generation		
Units (lacs)	3247.03	3168.58
Coal consumption-Kgs/MWH	801	892
Cost / Unit (₹)	2.97	3.29
Fuel Consumption		
Quantity (KL)	18,464.02	17,197.03
Total amount (₹ lacs)	8,483.62	7,317.94
Average rate per (KL) (₹)	45,947	42,554
B. Consumption per unit of Production		
Product description / Unit – MT	Graphite	Electrode
Electricity Consumed / Unit	5,600	5,421
Fuel Oil consumed (KL) / Unit	0.30	0.27

(B) Technology absorption

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

i) Research & Development (R & D)

1. Specified areas in which R&D carried out by the Company	1. Explored alternative methods and formulations to improve the quality of graphite electrodes. 2. Development of carbon / graphite specialties for low-temperature heating and fuel cell application.
2. Benefits derived as a result of the above R&D	1. Improvement in the graphite electrode properties. 2. Carbon / graphite product development for thermal, energy and environment applications.
3. Future plan of action	1. Development of carbon / graphite-based specialty products using carbon nanotubes. 2. Process development for Li-ion battery anodes.

4. Expenditure incurred on R&D **(₹ in lacs)**

	Current Year	Previous Year
a) Capital	-	48.27
b) Recurring	210.37	178.40
c) Total	210.37	226.67
d) Total R&D expenditure as percentage of total turnover	0.12	0.16

ii) Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	1. Efforts made to make activated carbon cloth suitable for low-temperature heating application. 2. Efforts made to improve graphite electrode properties by using additives.
2. Benefits derived as a result of the above efforts	1. Identified new business areas in carbon / graphite specialties. 2. Improved the quality of graphite electrodes.
3. In case of recently imported technology the requisite information, in brief	All our efforts were made through in-house R&D activities and collaborative research in India.

(C) Export & Foreign Exchange Earnings and Outgo

		(₹ in Lacs)
Earning	:	1,32,078.37
Outgo	:	60,703.06

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, 2013
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, 2013	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's Financial Year ii) For subsidiary's Previous Financial years	(27,069) (88,331)
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's Financial Year ii) For subsidiary's Previous Financial years	Nil 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 end 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, 2013	N.A.

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

(i) Composition

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

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

Name of Director	Category of Directorship	No. of other Directorships in public Ltd. Companies	Board Committees* in other Companies in which		No. of Board Meetings attended	Whether Attended the last AGM Yes/ No
			Member	Chairman		
Shri L N Jhunjhunwala	Chairman Emeritus- Promoter Non-Executive	6	2	0	0	No
Shri Ravi Jhunjhunwala	Chairman & Managing Director-Promoter Executive	12	1	2	5	No
Shri Shekhar Agarwal	Vice-Chairman-Promoter Non-Executive	5	3	0	5	No
Shri D N Davar	Non-Executive & Independent	13	5	4	5	Yes
Dr. Kamal Gupta	Non-Executive & Independent	6	3	5	5	No
Shri P Murari	Non-Executive & Independent	9	4	3	0	No
Shri Lalit Mohan Lohani	Non-Executive & Independent (LIC Nominee)	0	0	0	5	No
Dr. O. P. Bahl	Non-Executive & Independent	1	0	0	5	Yes
Shri Riju Jhunjhunwala	Director -Promoter – Non-Executive	8	6	0	3	No

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

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

(ii) Shareholding of Non-Executive Directors

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

Name of Director	No. of Equity Shares held
Shri L N Jhunjhunwala	1,79,740
Shri D N Davar	1,000
Dr. Kamal Gupta	200
Shri Riju Jhunjhunwala	2,33,290

The Board meets at least once in every quarter to review quarterly results and other items on agenda. Additional meetings are held when necessary. Five Board Meetings were held during the financial year ended 31st March, 2013. These were held on 10th May, 2012, 8th August, 2012, 25th October, 2012, 24th January, 2013 and 11th March, 2013.

3. Audit Committee

(i) Broad Terms of Reference

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

(ii) Composition of the Committee

The composition of the Audit Committee is as under:

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

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2013, four meetings were held on 10th May, 2012, 8th August, 2012, 25th October, 2012 and 24th January, 2013.

The attendance at the above Meetings was as under:

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

4. Remuneration Committee

(i) Broad Terms of Reference

To review and decide the policy on specific remuneration package of the 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.	Dr. O.P. Bahl	Member	Non-Executive Independent Director

The Company Secretary acts as the Secretary of the Committee.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2013, no meeting of Remuneration Committee took place.

(iv) Remuneration Policy

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

(v) Details of Remuneration to the Directors for the year ended 31st March, 2013

(Amount in ₹)

Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
Shri L. N. Jhunjhunwala	-	-	-	-	-
Shri Ravi Jhunjhunwala	84,00,000	78,36,367	3,20,41,886	-	4,82,78,253
Shri Shekhar Agarwal	-	-	-	2,20,000	2,20,000
Shri Riju Jhunjhunwala	-	-	-	80,000	80,000
Shri D. N. Davar	-	-	-	4,20,000	4,20,000
Shri K. N. Memani**	-	-	-	60,000	60,000
Dr. Kamal Gupta	-	-	-	5,00,000	5,00,000
Shri P. Murari	-	-	-	-	-
Shri Lalit Mohan Lohani	-	-	-	1,00,000	1,00,000
Dr. O.P. Bahl	-	-	-	4,40,000	4,40,000

**Shri K N Memani has resigned from the Directorship of the Company w.e.f. 19th March, 2013.

5. Shareholders' / Investors' Grievance Committee

(i) Composition of the Committee

The composition of the Committee is as under:

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

Shri Ashish Sabharwal, Company Secretary is the Compliance Officer.

(ii) Meetings and Attendance

During the financial year ended 31st March, 2013, Three meetings were held on 8th August, 2012, 25th October, 2012 and 24th January, 2013.

The attendance at the above Meetings was as under:

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

The Company received 38 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 31.03.2013.

6. General Body Meetings

(a) Annual General Meeting:

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

Date of AGM	Relevant Financial Year	Venue/Location where held	Time of Meeting	Whether any special resolution passed
20th September, 2010	2009-2010	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	2.00 P.M.	No
16th September, 2011	2010-2011	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	2.00 P.M.	No
21st September, 2012	2011-2012	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	1.30 P.M.	No

(b) Extra Ordinary General Meeting:

No Extra Ordinary General Meeting took place during the financial year 2012-13.

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, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS)-18 (Related Party Disclosures), has been made in the Annual Report.

(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 the Stock Exchanges 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, inter-alia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(V) of the Listing Agreement, for the year ended 31.03.2013.

8. Code of Conduct

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

The Code has been circulated to all the Members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the 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 2012-13."

9. Means of Communication

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

10. Disclosures regarding appointment or re-appointment of Directors

Name of Director	Shri D.N. Davar	Shri Shekhar Agarwal	Dr. Kamal Gupta
Date of Birth	08.08.1934	09.10.1952	12.02.1946
Date of Appointment	10.11.1994	15.07.1996	10.11.1994
Qualification	B.Com (Hons.), M.A. (Eco.), CAIIB, Fellow of the Economic Development Institute of the World Bank.	B. Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA.	FCA, FICWA, Ph.D.
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 eight years. Presently, besides Directorship in many well known Companies, he is a part time Consultant to the World Bank, UNIDO and Kreditanstalt fur Weideraufbau (KFW) and also associated with professional and social organisations in various capacities.	Industrialist with a rich business experience and well known name in Textile Industry.	Consultant in the areas of Finance, Accounting and Corporate Laws. Former Technical Director of the Institute of Chartered Accountants of India. He has authored various books on auditing and other subjects.
List of other Public Ltd. Companies in which directorships held.	1. Sandhar Technologies Ltd 2. Maral Overseas Ltd 3. RSWM Ltd 4. OCL India Ltd 5. Indo Continental Hotels & Resorts Ltd 6. Ansal Properties & Infrastructure Ltd 7. Hero Fincorp Ltd 8. Adayar Gate Hotel Ltd 9. Titagarh Wagons Ltd 10. Cimmco Ltd 11. Landmark Property Development Co. Ltd 12. Parsvnath Hotels Ltd 13. Parsvnath SEZ Ltd	1. RSWM Ltd 2. Maral Overseas Ltd 3. Essay Marketing Company Ltd 4. BSL Ltd 5. Bhilwara Technical Textiles Ltd	1. RSWM Ltd 2. Maral Overseas Ltd 3. Malana Power Company Ltd 4. PNB Gilts Ltd 5. AD Hydro Power Ltd 6. Bhilwara Energy Ltd
Chairman / Member of the Committees of the Board of Directors of the Company.	Audit Committee - Chairman Remuneration Committee - Chairman	Audit Committee - Member	1. Audit Committee - Member 2. Shareholders'/ Investors' Grievance Committee – Member 3. Remuneration Committee – Member
Chairman / Member of the Committee of Directors of other Companies.			
a) Audit Committee	1. Hero Fincorp Ltd-Chairman 2. Titagarh Wagons Ltd- Chairman 3. OCL India Ltd- Chairman 4. Ansal Properties & Infrastructure Ltd- Chairman 5. Maral Overseas Ltd- Member 6. Cimmco Ltd-Member 7. RSWM Ltd- Member	BSL Ltd - Member	1. Maral Overseas Ltd - Chairman 2. PNB Gilts Ltd – Chairman 3. RSWM Ltd – Chairman 4. AD Hydro Power Ltd – Member 5. Malana Power Company Ltd - Member
b) Shareholders'/ Investors' Grievance Committee	1. RSWM Ltd- Member 2. Maral Overseas Ltd- Member	1. RSWM Ltd-Member 2. Maral Overseas Ltd - Member	1. Maral Overseas Ltd - Chairman 2. RSWM Ltd – Chairman 3. PNB Gilts Ltd- Member
No. of Equity Shares held in the Company	1000	-	200

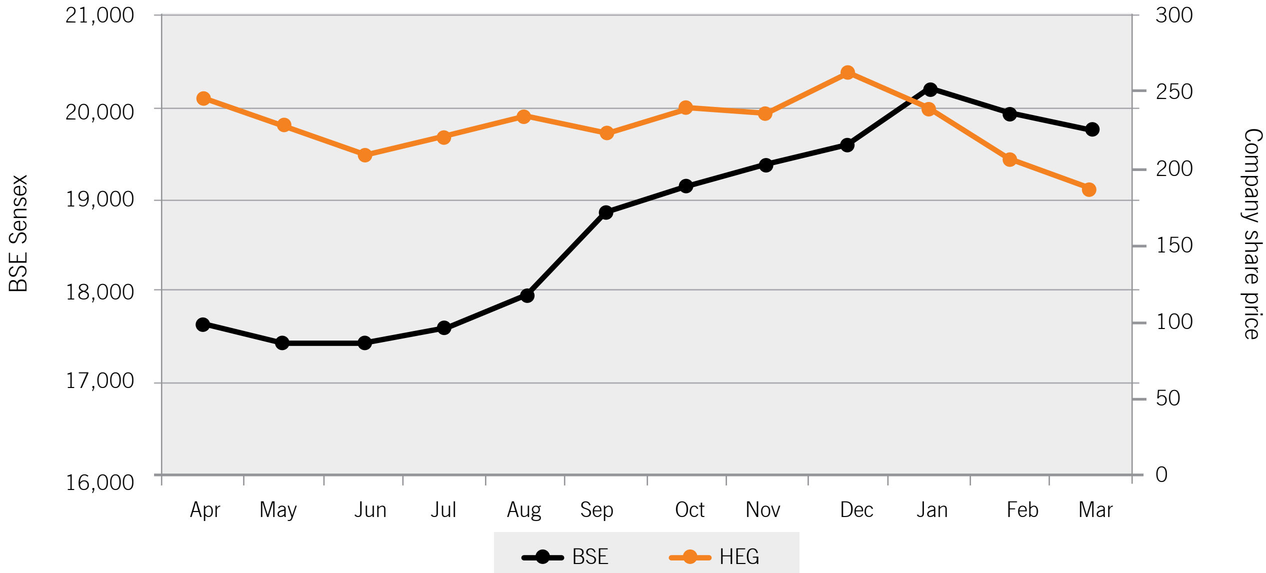
11. Shareholders Information

a) Annual General Meeting: Date & Time, Venue	21st September, 2013 at 1.30 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, 2013 – 31st March, 2014. 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 Fourth Quarter & the FY - Within 60 days of end of the FY
c) Date of Book Closure	11th September, 2013 to 21st September, 2013 (both days inclusive)
d) Dividend payment date:	Dividend if declared, shall be paid / dispatched to the shareholders between 3rd October, 2013 and 7th October, 2013.
e) Listing of Shares on Stock Exchanges	1. BSE Limited. 2. National Stock Exchange of India Limited. 3. Madhya Pradesh Stock Exchange Limited.
f) Stock Code / ISIN No.	Equity Shares: BSE: 509631 NSE: HEG ISIN No.: INE 545A01016

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

	NSE		BSE		BSE SENSEX	
Month	High	Low	High	Low	High	Low
April, 2012	245.00	214.00	245.00	214.95	17664.10	17010.16
May, 2012	230.00	170.65	229.00	194.00	17432.33	15809.71
June, 2012	213.00	191.00	209.35	192.05	17448.48	15748.98
July, 2012	221.75	203.00	221.00	201.00	17631.19	16598.48
August, 2012	234.90	192.60	234.00	196.10	17972.54	17026.97
September, 2012	223.50	193.75	223.20	195.80	18869.94	17250.80
October, 2012	241.35	209.00	239.85	211.00	19137.29	18393.42
November, 2012	239.90	225.00	238.00	227.00	19372.70	18255.69
December, 2012	262.80	225.50	262.50	226.90	19612.18	19149.03
January, 2013	238.90	198.00	239.95	198.00	20203.66	19508.93
February, 2013	208.75	182.00	206.50	181.05	19966.69	18793.97
March, 2013	188.50	162.10	187.50	162.00	19754.66	18568.43

ii) Comparative chart of Company's share price movement vis-à-vis the movement of BSE Sensex during FY 2012-13:



h) Registrar and Transfer Agent	M/s. MCS L.td. 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, 2013.

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	32,012	95.28	33,69,366	8.43
501-1000	877	2.61	6,69,506	1.68
1001-2000	352	1.05	5,26,365	1.32
2001-3000	113	0.34	2,89,136	0.72
3001-4000	62	0.18	2,22,016	0.56
4001-5000	25	0.07	1,15,582	0.29
5001-10000	62	0.18	4,77,153	1.19
10001 and above	96	0.29	3,42,900,18	85.81
Total	**33,599**	**100.00**	**3,99,591,42**	**100.00**

k) Category of Shareholders

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Promoters and Promoter Group	23	0.07	2,32,85,410	58.27
Mutual Funds / UTI	9	0.03	15,496	0.04
Financial Institutions / Banks	12	0.04	12,697	0.03
Insurance Companies	3	0.01	42,37,309	10.60
Foreign Institutional Investors	15	0.04	3,66,681	0.92
Bodies Corporate	708	2.11	33,05,037	8.27
Individuals	32,437	96.54	56,46,272	14.13
Others:				
I) Trusts	4	0.01	16,927	0.04
II) Foreign Corporate Bodies	1	0.00	28,93,888	7.24
III) NRI Individuals	387	1.15	1,79,425	0.45
Total	**33,599**	**100.00**	**3,99,59,142**	**100.00**

l) Dematerialisation of shares and liquidity.	3,88,23,858 shares were dematerialised till 31.3.2013 which was 97.16% of the total paid-up Equity Share Capital of the Company on that date. Trading in shares of the Company is permitted in dematerialised form only.
m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.	There are no such instruments outstanding as on 31st March, 2013.
n) Plant Locations	a) Mandideep (Near Bhopal), Distt. Raisen - 462046, Madhya Pradesh. b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461001, Madhya Pradesh.
o) Address for correspondence:	HEG Limited. Secretarial Department Bhilwara Towers, A-12, Sector –1, Noida - 201301 Phone: 0120-4390300, 4390000 Fax: 0120-4277841 E-mail: 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, 2013, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

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

Arun K Tulsian
Partner
Membership No. 089907

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

Mukesh Goyal
Partner
Membership No. 081810

Place: Noida (U.P.)
Date: 3rd May, 2013

FINANCIAL SECTION

Auditors' Report

To the members of
HEG Limited

Report on the financial statements

We have audited the accompanying financial statements of HEG Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow statement dealt with by this report are in agreement with the books of account;
   d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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: 3rd May, 2013

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 by the management based on a programme designed to cover all assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.
	(c)	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 located outside India, lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
	(b)	The procedures 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 loans, 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. 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 Companies Act, 1956 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 Companies Act, 1956 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 Deposits) 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 Companies Act, 1956 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 :

(₹ in Lacs)

Name of the Statute	Nature of Dues	Year to which amount pertains	Forum	Amount
Income Tax Act,1961	Income Tax	Assessment year 2010-11, 2011-12	CIT (Appeals), Bhopal	2,290.00
		Assessment year 2003-04, 2004-05	Hon'ble High Court, Jabalpur	516.00
Central Excise Act, 1944	Excise Duty	2002-03, 2004-05, 2004-06, 2005-06, 2006-07, 2007-08	CESTAT, New Delhi	539.42
		2004-05	Hon'ble High Court, Jabalpur	1.42
Finance Act, 1994	Service Tax and penalty	2006-07, 2008-09,	CESTAT, Bhopal	342.41
		2010-2011	Commissioner of Excise and Customs, Bhopal	6.35
Central Sales Tax Act, 1956	Central Sales Tax	2002-03	Sales Tax Tribunal, Bhopal	20.89
		2003-04	Hon'ble High Court, Jabalpur	21.30

(₹ in Lacs)

Name of the Statute	Nature of Dues	Year to which amount pertains	Forum	Amount
Madhya Pradesh Parvesh Kar Adhiniyam, 1976	Entry Tax	2009-10, 2012-13	Commissioner (Appeals), Bhopal	81.00
		2002-03, 2006-07, 2007-08, 2008-09,	Appellate Tribunal, Bhopal	74.26
		1997-98, 2003-04	Hon'ble High Court, Jabalpur	20.11
Madhya Pradesh Commercial tax	VAT	2012-13	Commissioner (Appeals), Bhopal	2.74
Chattisgarh Commercial Tax	VAT	2006-07	Commissioner (Appeals), Raipur	3.03
		1992-93	Appellate Tribunal, Raipur	1.51
	Entry Tax	2005-06	Appellate Tribunal, Raipur	9.79
	Entry Tax	2006-07	Commissioner (Appeals), Raipur	12.00

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 does not have any debentures outstanding at the end of the 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 neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

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

Mukesh Goyal
Partner
Membership No. 081810

Place: Noida (U.P.)
Dated: 3rd May, 2013

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

Arun K. Tulsian
Partner
Membership No. 089907

Balance Sheet AS AT MARCH 31, 2013

(₹ in Lacs)

Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	3	3,995.95	3,995.95
(b) Reserves and Surplus	4	82,333.16	72,226.70
2 Non-current liabilities			
(a) Long-term borrowings	5	35,974.10	35,274.22
(b) Deferred tax liabilities (Net)	6	8137.63	7,865.83
(c) Other Long term liabilities	7	248.44	205.97
(d) Long-term provisions	8	200.29	223.60
3 Current liabilities			
(a) Short-term borrowings	9	85,539.05	79,068.50
(b) Trade payables	10	13,379.60	10,266.56
(c) Other current liabilities	11	27,589.81	21,575.62
(d) Short-term provisions	8	4,397.47	5,141.93
Total		261795.50	235844.89
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	12	71,703.58	74,400.83
(ii) Intangible assets	13	89.51	136.22
(iii) Capital work-in-progress	14	21,454.24	12,835.05
(iv) Intangible assets under development		-	-
(b) Non-current investments	15	7,022.68	6,846.39
(c) Long-term loans and advances	16	11,809.16	8,148.20
(d) Other non-current assets	17	2,139.37	1,529.90
2 Current assets			
(a) Current investments	18	25.00	25.00
(b) Inventories	19	60,766.92	61,880.81
(c) Trade receivables	20	59,856.06	49,068.00
(d) Cash and bank balance	21	1,462.25	1,797.81
(e) Short-term loans and advances	16	17,810.18	14,285.31
(f) Other current assets	17	7,656.56	4,891.38
Total		261795.50	235844.89
Summary of significant accounting policies	2		

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

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

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

Arun K.Tulsian
Partner
Membership No. 089907

Ravi Jhunjhunwala
Chairman & Managing Director

Shekhar Agarwal
Vice Chairman

D. N. Davar
Director

Riju Jhunjhunwala
Director

Manvinder Singh Ajmani
Chief Financial Officer

Ashish Sabharwal
Company Secretary

Place : Noida (U.P.)
Dated: 3rd May, 2013

Statement of Profit and Loss FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

Particulars	Notes	Year ended 31st March, 2013	Year ended 31st March, 2012
I. Revenue from operations (Gross)			
Sale of products	22	165,117.77	145,140.10
Other Operating Income		518.44	62.00
Less: Excise Duty		3,374.75	2,741.02
Revenue from operations (Net)		162,261.47	142,461.08
II. Other income	23	1,360.22	1,678.58
III. Total Revenue (I + II)		**163,621.69**	**144,139.66**
IV. Expenses:			
Cost of materials consumed	24	82428.99	69446.82
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	25	(3,773.68)	445.13
Employee benefits expense	26	5,578.12	4,715.78
Finance costs	27	6,360.37	4,068.47
Depreciation and amortization expense	28	6,264.44	5,793.12
Other expenses	29	48,716.31	43,671.39
Total expenses		**145,574.55**	**128,140.71**
V. Profit before exceptional and extraordinary items and tax (III-IV)		18,047.14	15,998.95
VI. Exceptional items	30	5,519.79	9,284.95
VII. Profit before extraordinary items and tax (V - VI)		12,527.35	6,714.00
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		12,527.35	6,714.00
X Tax expense:			
(1) Current tax			
Current Tax (MAT)		2,486.34	1,178.00
MAT Credit Entitlement		(1,149.44)	(1,017.18)
Net Current Tax		1,336.90	160.82
Previous Year		339.25	(183.93)
(2) Deferred tax		271.80	505.12
XI. Profit (Loss) for the period from continuing operations (IX-X)		10,579.40	6,231.98
XII. Profit (Loss) for the period		10,579.40	6,231.98
XIII. Earnings per equity share: (Par value of ₹ 10 each)			
(1) Basic (₹)	31	26.48	15.34
(2) Diluted (₹)	31	26.48	15.34

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

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

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

Arun K.Tulsian
Partner
Membership No. 089907

Place : Noida (U.P.)
Dated: 3rd May, 2013

Ravi Jhunjhunwala
Chairman & Managing Director

Shekhar Agarwal
Vice Chairman

D.N.Davar
Director

Riju Jhunjhunwala
Director

Manvinder Singh Ajmani
Chief Financial Officer

Ashish Sabharwal
Company Secretary

Notes to the financial statements

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Note: 1. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended and as applicable from time to time) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention on going concern basis.

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

Note: 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Use of Estimates

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

2.2 Revenue recognition

Sale of Goods

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

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

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

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

   i) Power generated at Thermal Power unit at Mandideep is transferred to Graphite unit at MPEB rate.

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

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

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

vi) Power generated from Hydel Plant at TAWA is sold to SEB/ IEX at the prevailing rates. Entitlement to Renewal Energy Certificates owing to generation of power are recognized to the extent sold at actual rate of net realization and on accrual basis.

Dividends

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

2.3 Inventories

i. Finished goods and work in progress are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. By products are valued at net realisable value. Cost is determined on a weighted average basis.

ii. Stores, Spares and Raw Materials are valued at lower of historical cost or net realisable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

iii. Cost is determined on the basis of weighted average method.

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

v. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.4 Investments

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

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

2.5 Fixed & intangible assets

Fixed Assets

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

Intangible Assets

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

2.6 Expenses incurred during construction period

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

2.7 Depreciation & Amortisation

Depreciation is charged on the following basis:

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

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

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

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

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

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

v) Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase.

vi) Intangible assets are amortised over a period of 3-5 years on a straight line basis.

2.8 Impairment of assets

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

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

2.9 Foreign exchange transactions/translation

a) 1. Export and Import transactions are accounted for at the prevailing conversion rates.

2. Monetary items denominated in foreign currencies (except financial instruments designated as Hedging Instruments) and outstanding at the year end are translated at year end conversion rates.

3. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

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

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

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

a) the forecast transaction materializes,

b) the hedging instrument expires or is sold, terminated or exercised (except for the replacement or rollover of a hedging instrument into another hedging instrument where such replacement or rollover is part of the Company's hedging strategy),

c) the hedge no longer meets the criteria for hedge accounting in AS-30,

d) the Company revokes the designation.

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

2.10 Research and development

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

2.11 Employee benefits

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

i) Provident Fund & ESI

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

ii) Gratuity

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

iii) Compensated Absence

Liability in respect of compensated absence becoming due or expected after the balance date is estimated on the basis of an

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actuarial valuation performed by an independent actuary using the projected unit credit method.

iv) **Superannuation Benefit**

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

v) **Other Short Term Benefits**

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

2.12 Leases

Where the Company is the lessee

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

Where the Company is the lessor

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

2.13 Segment accounting & reporting

Identification of Segments

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

Allocation of Common Costs

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

Unallocated Items

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

Segment Policies

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

2.14 Taxes on income

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

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

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

2.15 Government grant's & subsidies

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

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

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

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2.16 Borrowing cost

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

2.17 Provisions, contingent liabilities and contingent assets

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

i) a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and

ii) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

2.18 Miscellaneous expenditure

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

2.19 Earning per share

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

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

2.20 Cash and cash equivalents

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

Note: 3 SHARE CAPITAL

(₹ in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
Authorised			
5,50,00,000	(Previous year 5,50,00,000) Equity Shares of ₹ 10/- each	5,500.00	5,500.00
15,00,000	(Previous year 15,00,000) Preference Shares of ₹ 100/- each	1,500.00	1,500.00
		7,000.00	7,000.00
Issued, subscribed & fully paid-up			
3,99,59,142	(Previous year 3,99,59,142) Equity Shares of ₹ 10/- each	3,995.91	3,995.91
1,150	(Previous year 1,150) Forfeited Equity Shares	0.04	0.04
		3,995.95	3,995.95

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.

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

	2012-13		2011-12	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Equity Shares				
At the beginning of the year	3,99,59,142	3,995.91	4,28,44,907	4,284.49
Less: Bought back during the year	-	-	28,85,765	288.58
Outstanding at the end of the year	**3,99,59,142**	**3,995.91**	**3,99,59,142**	**3,995.91**

b) **Terms/rights attached to Equity Shares**

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

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

During the year ended 31st March, 2013, the amount per share dividend recognized as distribution to Equity Share Holders was ₹ 8 per Equity Share (₹ 5 per Equity Share).

c) **Details of shareholders holding more than 5% Equity Shares in the Company**

	As at 31st March, 2013		As at 31st March, 2012	
	No. of shares Held	% holding	No. of shares Held	% holding
Equity Shares				
Norbury Investments Ltd.	53,62,991	13.42	53,62,991	13.42
Microlight Investments Ltd.	46,65,579	11.68	46,65,579	11.68
Life Insurance Corporation of India	37,75,677	9.45	37,75,677	9.45
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	7.24
Bharat Investments Growth Ltd.	26,09,598	6.53	26,09,598	6.53

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

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

Particulars	Aggregate No. of Shares				
	2012-13	2011-12	2010-11	2009-10	2008-09
Fully paid up pursuant to contract (s) without payment being received in cash	-	-	-	-	-
FCCB's Conversion	-	-	2,37,733	15,84,894	-
Shares bought back	-	28,85,765	-	15,50,725	17,44,978
Closing Balance	3,99,59,142	3,99,59,142	4,28,44,907	4,26,07,174	4,25,73,005

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Note: 4 RESERVE AND SURPLUS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Capital Reserve		
Balance as per the last financial statements	3,138.24	3,138.24
Add: Additions during the year	-	-
Closing balance	**3,138.24**	**3,138.24**
Capital Redemption Reserve		
Balance as per the last financial statements	1,893.57	1,604.99
Add: Current year transfers	-	288.58
Closing balance	**1,893.57**	**1,893.57**
Securities Premium Account		
Balance as per the last financial statements	1,269.61	8,019.61
Add: Transferred during the year	-	
Less: Utilised against Premium on buyback	-	6,750.00
Closing balance	**1,269.61**	**1,269.61**
Debenture Redemption Reserve		
Balance as per the last financial statements	2,506.62	2,381.62
Add: Transfer from Statement of Profit and Loss during the year	-	1,375.00
Less: Transferred to Statement of Profit and Loss against debentures redeemed	2,506.62	1,250.00
Closing balance	**-**	**2,506.62**
Hedging Reserve		
Balance as per the last financial statements	(2,692.02)	-
Add: Amount utilized on settlement of hedged instrument	2,864.76	-
Add/(Less): transfer during the year	402.32	(2,692.02)
Closing balance	**575.06**	**(2,692.02)**
General Reserve		
Balance as per the last financial statements	36,067.18	35,317.18
Add: Transfer from Statement of Profit and Loss during the year	2,500.00	750.00
Closing balance	**38,567.18**	**36,067.18**
Surplus / (Deficit) Balance In Statement of Profit and Loss		
Balance as per the last financial statements	30,043.49	26,885.16
Add: Amount transferred from Statement of Profit and Loss	10,579.40	6,231.98
Amount available for Appropriation	40,622.89	33,117.14
Add: Reversal of proposed dividend and Dividend distribution tax on shares buyback	-	123.43
Less: Proposed dividend	3,196.73	1,997.96
Less: Dividend distribution tax on Proposed dividend	543.28	324.12
Less: Transfer to Debenture Redemption Reserves (Net)	-	125.00
Add: Transfer from Debenture Redemption Reserves	2,506.62	-
Less: Amount transferred to General Reserve	2,500.00	750.00
Closing balance	**36,889.50**	**30,043.49**
	82,333.16	72,226.70

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Note: 5 LONG TERM BORROWINGS

(₹ in Lacs)

	Non-current portion		Current maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Secured				
(a) Debentures				
Nil (Previous Year: 50) 9.55% Debentures of ₹1Crore each redeemed at par	-	-	-	5,000.00
Nil (Previous Year: 500) 8.9% Debentures of ₹10 Lacs each redeemed at par	-	-	-	5,000.00
(b) Term Loans				
Rupee Loans from Banks	12,070.00	8,333.33	8,555.00	1,666.67
Foreign Currency Loans from Banks	20,404.10	26,940.89	8,052.29	890.23
Rupee Loans from others	3,500.00	-	1,500.00	-
	35,974.10	**35,274.22**	**18,107.29**	**12,556.90**
Amount disclosed under the head "other current liabilities" (Note no-11)			18,107.29	12,556.90
	35,974.10	**35,274.22**	-	-

a) **Terms of repayment / details of security are as follows:**

i) From Banks – Term loans

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.3.2013	Annual repayment schedule				
				2013-14	2014-15	2015-16	2016-17	2017-18
Dena Bank	Base Rate Linked	8-Quarterly	3,333.00	3,333.00	1,666.67	-	-	-
Axis Bank	Base Rate Linked	8-Quarterly	10,000.00	4,375.00	5,000.00	625.00	-	-
Yes Bank	Base Rate Linked	11-Quarterly	2,291.67	833.33	833.33	625.00	-	-
Development Credit Bank	Base Rate Linked	12-Quarterly	5,000.00	1,680.00	1,680.00	1,640.00	-	-
Standard Chartered-ECB	Libor Linked rate	7-Quarterly	1,665.67	951.81	713.86	-	-	-
HSBC-ECB	Libor Linked rate	4-Half Yearly	10,877.86	5,438.93	5,438.93	-	-	-
DBS-ECB	Libor Linked rate	4-Yearly	10,877.86	-	543.89	2,719.47	3,589.69	4,024.81
DBS-ECB (Fully Hedged in INR)	Libor Linked rate	3-Yearly	5,035.00	1,661.55	1,661.55	1,711.90	-	-
Total			**49,081.39**	**16,607.29**	**17,538.24**	**7,321.37**	**3,589.69**	**4,024.81**

ii) From Others

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.3.2013	Annual repayment schedule				
				2013-14	2014-15	2015-16	2016-17	2017-18
Aditya Birla Finance Ltd	Base Rate Linked	10-Quarterly	5,000.00	1,500.00	2,000.00	1,500.00	-	-

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

Note: 6 DEFERRED TAX (NET)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Deferred tax liabilities		
Arising on account of Timing difference		
Accumulated Depreciation	8,486.69	8,354.46
Deferred tax assets		
Arising on account of Timing difference		
Due to section 43B of the Income Tax Act	259.31	410.28
Others	89.75	78.35
Net deferred tax Liability	**8,137.63**	**7,865.83**
Movement		
Opening Balance	7,865.83	7,360.71
Addition/(deduction) during the Year	271.80	505.12
Closing balance	8,137.63	7,865.83

Note: 7 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Others		
Securities received	248.44	205.97
	248.44	**205.97**

Note: 8 PROVISIONS

(₹ in Lacs)

	Long-term		Short-term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits				
Compensated Absences	200.29	223.60	50.24	38.98
Gratuity	-	-	60.98	80.36
Others				
Provision for Proposed Dividend on Equity Shares	-	-	3,196.73	1,997.96
Provision for dividend distribution tax	-	-	543.28	324.12
Provisions for "Mark to market " losses on Derivatives	-	-	-	2,692.02
Provision for Income Tax (Net of Advance tax of ₹ 1,950 lacs)	-	-	536.34	-
Provision For wealth tax	-	-	9.90	8.50
	200.29	**223.60**	**4,397.47**	**5,141.93**

Notes to the financial statements

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Note: 9 SHORT TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Secured		
Loans repayable on demand		
Working Capital Loans from Banks	69,909.13	59,368.85
Unsecured		
Short Term Borrowings from Banks	15,629.92	19,699.65
	85,539.05	**79,068.50**

Working Capital Loans 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 loans.

Note: 10 TRADE PAYABLES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Trade payables	13,379.60	10,266.56
	13,379.60	**10,266.56**

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

(₹ in Lacs)

Sl. No.	Particulars	As at 31st March, 2013	As at 31st March, 2012
i)	Principal amount remaining unpaid as at end of the year	54.27	16.04
ii)	Interest due on above	-	-
	1 Total of (i) & (ii)	54.27	16.04
	2 Interest paid on delayed payment of principal, paid along with such interest during the year	-	-
	3 Interest due on delayed payment of principal, paid without such interest during the year	-	-
	4 Interest accrued but not due, in respect of delayed payments of principal due as at end of the year	-	-
	5 Total interest due and payable together with that from prior year (s)	-	-

Notes to the financial statements

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Note: 11 OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Current maturities of long-term borrowings (Note no-5)	18,107.29	12,556.90
Interest accrued but not due on borrowings	397.29	640.02
Unpaid Dividends-Unclaimed*	215.09	209.12
Advance from customers	1,110.33	2,823.03
Deposits	263.81	266.26
Other payables		
Employees Related	1,457.38	747.72
Statutory dues payable (Including PF and TDS)	1,572.90	1,212.00
Others	4,465.62	3,120.57
	27,589.81	**21,575.62**

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

Note: 12 TANGIBLE ASSETS

(₹ in Lacs)

	Land		Buildings	Plant & Equipment	Railway Sidings	Office Equipment	Electrical Installation	Furniture & Fixtures	Vehicles	Total
	Freehold	Leasehold								
Gross Block										
At 1 April 2011	**106.03**	**464.51**	**15,067.34**	**84,185.42**	**418.99**	**940.19**	**1,387.22**	**487.20**	**941.62**	**1,03,998.52**
Additions	170.28	30.48	2,224.56	10581.81	-	121.99	66.46	26.09	150.27	13,371.94
Disposals	-	170.28	25.49	593.66	-	47.12	31.57	6.98	153.33	1,028.43
Adjustments*	-	-	269.68	1,103.53	-	-	-	-	-	1373.21
At 31 March 2012	**276.31**	**324.71**	**17,536.09**	**95,277.10**	**418.99**	**1,015.06**	**1,422.11**	**506.31**	**938.56**	**1,17,715.24**
Additions	-	-	908.70	1,923.88	181.08	99.67	124.95	7.84	178.07	3,427.19
Disposals	-	-	-	-	-	(17.17)	(28.70)	(5.56)	(179.65)	(231.08)
Adjustment*	-	-	32.54	150.93	-	-	-	-	-	183.47
At 31 March 2013	**276.31**	**324.71**	**18,477.34**	**97,354.31**	**600.07**	**1,097.55**	**1,518.35**	**508.61**	**936.99**	**1,21,094.84**
Depreciation										
At 1 April 2011	-	98.43	5,247.44	30,910.34	120.27	655.66	551.45	322.61	381.61	38,287.81
Charge for the year	-	6.28	865.39	4,415.82	19.90	107.78	122.11	31.69	154.89	5,713.35
Disposals	-	31.54	25.49	488.18	-	42.78	25.07	4.34	104.45	721.85
Adjustment*	-	-	10.51	24.60	-	-	-	-	-	35.11
At 31 March 2012	**-**	**73.17**	**6,087.34**	**34,862.58**	**140.17**	**720.66**	**648.49**	**349.96**	**432.05**	**43,314.42**
Charge for the year	-	10.09	968.45	4,763.47	19.93	100.06	114.86	28.28	156.52	6,162.11
Disposals	-	-	-	-	-	(14.39)	(10.49)	(2.62)	(113.39)	(140.89)
Adjustment*	-	-	13.05	42.57	-	-	-	-	-	55.62
At 31 March 2013	**-**	**83.26**	**7,069.29**	**39,668.62**	**160.10**	**806.34**	**752.86**	**375.62**	**475.18**	**49,391.24**
Net Block										
At 31 March 2012	**276.31**	**251.54**	**11,448.75**	**60,414.52**	**278.82**	**294.40**	**773.62**	**156.35**	**506.51**	**74,400.82**
At 31 March 2013	**276.31**	**241.45**	**11,408.05**	**57,686.29**	**439.97**	**291.22**	**765.50**	**132.99**	**461.80**	**71,703.58**

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

b) Freehold agricultural land in village Kirat Nagar, District Raisen, Madhya Pradesh measuring 0.26 acre in the company's possession pending registration in favour of the Company.

c) The Company has exercised the option made available by the notification No GSR 914(E) dated 29th December 2011 issued by the ministry of Corporate affairs. Accordingly, an amount of ₹ 183.47 Lacs, (Previous Year 1,373.21 Lacs) being exchange difference arising on reporting of long term Foreign currency loans availed for acquisition of depreciable Fixed assets have been taken to respective assets and ₹ 2,934.44 Lacs, (Previous Year 1,449.76) to capital work in progress.

Notes to the financial statements

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Note: 13 INTANGIBLE ASSETS

(₹ in Lacs)

	Computer Software
Gross Block	
At 1 April 2011	418.02
Additions	31.18
Disposals	-
At 31 March 2012	**449.20**
Additions	-
Disposals	-
At 31 March 2013	**449.20**
Depreciation	
At 1 April 2011	268.33
Charge for the year	44.66
Disposals	-
At 31 March 2012	**312.99**
Charge for the year	46.70
Disposals	-
At 31 March 2013	**359.69**
Net Block	
At 31 March 2012	**136.22**
At 31 March 2013	**89.51**

Note: 14 CAPITAL WORK IN PROGRESS

Capital work in progress includes ₹ 5,972.56 (Previous Year ₹ 2,345.44 Lacs) being preoperative expenditure and ₹ 2,064.29 (Previous Year ₹ 3,431.55 Lacs) being capital stores.

Notes to the financial statements

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Note: 15 INVESTMENTS

(₹ in Lacs)

	Non-Current Investments	As at 31st March, 2013	As at 31st March, 2012
	Other Investment (valued at cost, except for permanent diminution in value)		
	Investments in Equity instruments		
	Unquoted-Investment in subsidiary		
	HEG Graphite Products and Services Ltd		
50,000	(Previous year 50,000) Equity Shares of ₹ 10 each fully paid up	5.00	5.00
	(Includes 6 Shares held by the nominees of the Company)		
	Unquoted-Investment in Associates		
3,91,90,500	(Previous year 3,91,90,500) Equity Shares of ₹ 10/- each fully paid up of Bhilwara Energy Ltd.(*)	2,612.70	2,612.70
12,62,048	(Previous year 12,62,048) Equity Shares of ₹ 10/- each fully paid up of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.)	404.97	228.68
	(Net of Provision for other than temporary diminution aggregating to ₹ 14.03 Lacs (Previous year ₹ 190.32 Lacs)		
	Quoted-Investment in Others		
18	(Previous year 18) Equity Shares of ₹ 2/-each of Ballarpur Ind. Ltd.	0.01	0.01
	Investments in Preference Shares (#)		
	Unquoted-Investment in Associates		
40,00,000	(Previous year 40,00,000) Preference Shares of ₹ 100/- each of Bhilwara Energy Ltd.	4,000.00	4,000.00
	Total	**7,022.68**	**6,846.39**
	(*) Includes 1,30,63,500 Equity Shares received as bonus shares in the year 2010-11		
	(#) Preference share of Bhilwara Energy Ltd. Redeemable after 5 years at YTM of 10.93% unless put/call option exercised		
	Aggregate amount of quoted investments	0.01	0.01
	Market value of quoted investments	**	**
	Aggregate amount of unquoted investments	7,022.67	6,846.38
	Aggregate provision for diminution in value of investments	14.03	190.32
	(**)Amount is below the Rounding off norm adopted by the Company		

Notes to the financial statements

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Note: 16 LOANS & ADVANCES

(₹ in Lacs)

	Long-term		Short-term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Unsecured, considered good unless stated otherwise				
Capital advances	7,102.39	4,300.92	-	-
Security deposits	335.66	210.77	-	-
Other loans and advances				
Advances for goods / services	-	-	-	-
Unsecured, considered good	-	-	1,898.83	1,006.94
Doubtful	-	-	-	-
Balances with statutory authorities	-	-	1,582.99	1,810.40
Loans and advances to employees-Secured	123.38	65.87	38.08	85.07
Unsecured, considered good	-	-	188.02	184.91
Prepaid expenses	-	-	191.55	269.05
Excise rebates / refunds receivable	-	-	13,054.11	10,624.40
Direct taxes refundable (net of provisions ₹ 27,534.21 Lacs, previous year ₹ 24,762.18 Lacs)	1,834.78	2,406.90	-	-
MAT Credit Entitlement	2,166.63	1,017.18	-	-
Mark to Market on derivative	-	-	575.06	
Other Receivables	-	-	281.55	304.54
Payments under protest	246.32	146.56	-	-
	11,809.16	**8,148.20**	**17,810.18**	**14,285.32**

Detail of payments under protest is as follows:

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Entry Tax	78.31	66.18
Central Sales Tax	29.08	63.74
Excise duty/Service Tax	138.30	12.12
MPST/MPCT	0.64	4.52
	246.32	**146.56**

Detail of Tax Expenses /(Benefit)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Current Income Tax	2,486.34	1,178.00
Minimum Alternate Tax Credit Entitlement	(1,149.44)	(1,017.18)
Deferred Tax Charge / Credit	271.80	505.12
Tax- Earlier Years	339.25	(183.93)
	1,947.95	**482.01**

a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the Company's favour in respect of all the items listed above and no value adjustment is considered necessary.

b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed

NOTES

Note: 16 LOANS & ADVANCES *(CONTD.)*

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

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

d) Loans & advances include:

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(i) Share application money pending allotment	NIL	NIL
ii) Due from officers of the Company	NIL	NIL
iii) the maximum amount at any time during the year	NIL	NIL

Note: 17 OTHER ASSETS

(₹ in Lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Others				
Export benefits receivable	-	-	7,656.56	4,891.38
Interest / Dividend Accrued, Not due	2,003.62	1,404.38	-	-
Non-current bank balances (note no-21)	135.75	125.52	-	-
	2,139.37	**1,529.90**	**7,656.56**	**4,891.38**

Note: 18 CURRENT INVESTMENTS

(₹ in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
	Other Investment (valued at lower of cost or fair value, unless stated otherwise)		
	Investments in Mutual Funds		
2,50,000	(Previous year 2,50,000)Units of LIC Mutual Fund Dhan Smriddhi of ₹ 10/- each	25.00	25.00
		25.00	**25.00**
	Aggregate amount of quoted investments	25.00	25.00
	Market value of quoted investments	31.40	26.25
	Aggregate amount of unquoted investments	-	-
	Aggregate provision for diminution in value of investments	-	-

Notes to the financial statements

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

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Raw materials (Refer note No 24.) [Includes material in transit ₹ 4,227.85 lacs; Previous year: ₹ 7,016.45 lacs]	19,229.93	24,138.54
Finished goods (Refer note no-.25)	12,915.79	10,011.83
Work-in-progress (Refer note no-25)	23,852.07	22,982.35
Stores and Spares	4,765.17	4,748.10
Others	3.96	-
[Includes stores in transit ₹ NIL; Previous year: Nil]		
	60,766.92	**61,880.81**

Note: 20 TRADE RECEIVABLES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,567.56	3,117.69
Doubtful	-	-
	4,567.56	3,117.69
Age-based provisions in respect of debtors outstanding for more than one year net of ECGC cover	(75.72)	(50.01)
(A)	**4,491.84**	**3067.68**
Other receivables		
Unsecured, considered good	55,364.23	46,000.32
Doubtful	-	-
	55,364.23	46,000.32
Provision for doubtful receivables	-	-
(B)	**55,364.23**	**46,000.32**
Total (A + B)	**59,856.06**	**49,068.00**

Note: 21 CASH AND BANK BALANCES

(₹ in Lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Cash and cash equivalents				
Balances with banks				
In Current Accounts	-	-	875.07	1282.60
In Cash Credit Accounts	-	-	342.84	-
In Unpaid Dividend Account	-	-	215.09	209.12
Cheques on hand	-	-	12.93	288.92
Cash on hand (including foreign currency notes)	-	-	15.43	16.19
Others				
Postage and stamps	-	-	0.89	0.98
			1,462.25	1,797.81
Other bank balances				
Held as margin money	0.29	0.29	-	-
Fixed Deposits with maturity more than one year*	135.46	125.23	-	-
	135.75	125.52	-	-
Less: Amount disclosed under the head "other non current assets" (Note no-17)	135.75	125.52		
	-	-	1,462.25	1,797.81

*Pledged with Bank against Bank Guarantee to Shipping line.

Note: 22 REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 31st March, 2013		Year ended 31st March, 2012	
Sale of products				
Manufactured goods				
Graphite Electrodes	1,62,107.49		1,42,218.60	
Power (Net of inter-divisional sales of ₹ 21,306.70 Lacs, Previous year 18,659.80 Lacs)	3,010.28	1,65,117.77	2,921.50	1,45,140.10
Other Operating Income				
REC sales	372.53			
Fly Ash Income	145.92	518.45	62.00	62.00
Less: Excise duty		3,374.75		2,741.02
		1,62,261.47		1,42,461.08

Note: 23 OTHER INCOME

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest income		
- Income tax Refunds/Others	124.99	34.67
- Others	53.26	11.32
Dividend on current investments	36.06	-
Accrued Redemption Premium On Non Trade Investment	597.26	554.95
Rent Receipts	254.33	250.15
Provision for diminution in value of Investment in Associates-written back	176.29	186.78
Liabilities / provisions no longer required, written back	92.81	476.55
Profit on sale of Fixed Assets	25.21	26.82
Miscellaneous Sales / Receipts	-	137.34
	1,360.22	1,678.58

Notes to the financial statements

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Note: 24 COST OF MATERIAL CONSUMED

(₹ in Lacs)

	Year ended 31st March, 2013		Year ended 31st March, 2012	
Raw material consumed				
Opening Stock	17,122.09		9,275.84	
Add: Purchases	80.308.98		77,293.06	
	97,431.07		**86,568.91**	
Less: Closing Stock	15,002.08	82,428.99	17,122.09	69,446.82
Cost of Material Consumed (Net of Export Incentive ₹ 7689.66 Lacs, previous year ₹ 6,075.52)		**82,428.99**		**69,446.82**

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

Breakup of raw material Consumption is as under

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Calcined Petroleum Coke	56,951.35	46,000.98
Pitch	13,568.91	11,129.85
Coal	11,042.69	12,182.96
Others	866.04	133.03
	82,428.99	**69,446.82**

Breakup of raw material inventory is as under

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Calcined Petroleum Coke	11,556.72	14,458.01
Pitch	945.37	947.14
Coal	2,351.96	1,600.47
Others	148.03	116.46
	15,002.08	**17,122.09**

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

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012	(Increase) / Decrease
Inventories (At close)			
Finished Goods	12,915.79	10,011.83	
Work-in-progress	23,852.07	22,982.35	
	36,767.86	**32,994.18**	**(3,773.68)**
Inventories (At opening)			
Finished Goods	10,011.83	8,697.20	
Work-in-progress	22,982.35	24,742.11	
	32,994.18	**33,439.31**	**445.13**

Notes to the financial statements

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Note: 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE *(CONTD.)*

Breakup of finished goods is as under

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Finished goods		
a) Graphite Electrodes, Nipples & Specialities	11,758.02	8,904.71
b) By-products etc	1,157.77	1,107.12
	12,915.79	**10,011.83**

Breakup of work in progress is as under

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Work-in-progress		
a) Intermediaries product at various stage	14,197.85	12,763.80
b) Intermediaries products in furnaces	9,649.54	10,177.82
c) Refractory blocks & sengries	4.68	40.73
	23,852.07	**22,982.35**

Note- Work in Progress includes Refractory Blocks lying at shop floor ₹0.99 Lacs (Previous Year ₹ 29.65 Lacs)

Note: 26 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Salaries and wages	4,402.90	3,593.40
Contribution to provident and other funds	495.27	488.06
Staff welfare	679.95	634.33
	5,578.12	**4,715.79**

Note: 27 FINANCE COSTS

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest expense		
Debentures	391.47	965.17
Term Loans	2,254.08	313.22
Working Capital Borrowings	3,714.82	2,790.09
	6,360.37	**4,068.47**

Note: 28 DEPRECIATION AND AMORTISATION

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Depreciation of tangible assets	6,217.73	5,748.46
Amortization of intangible assets	46.70	44.66
	6,264.44	**5,793.12**

Notes to the financial statements

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Note: 29 OTHER EXPENSES

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Consumption of stores and spare parts (Including Refractory Blocks)	10,483.57	8,881.62
Job/Process Charges	315.34	331.48
Power & fuel	32,589.40	29,194.71
Less: Interdivisional Purchases	(21,306.70)	(18,659.80)
Repairs and maintenance		
Plant & machinery	4,171.05	3,597.54
Buildings	547.75	1,110.04
Others	606.56	572.46
Insurance	502.30	342.37
Rent	111.79	118.82
Rates and taxes, excluding taxes on income	159.58	108.23
Directors' sitting fees & incidental expenses	19.13	15.33
Freight & forwarding	11,487.67	10,293.76
Packing Expenses (including Packing material consumption)	1,956.13	1,770.18
Commission	3,131.43	2,177.64
Claims, Rebates and Discount	375.37	757.96
Donations	100.08	0.10
Power generation charges	152.87	108.78
Travelling Expenses	251.33	268.09
Postage & Communication	62.17	63.13
Payment to auditors (Refer details below*)	30.69	31.35
Legal & Professional Expenses	838.39	760.10
Vehicle Running & Maintenance	155.10	128.41
Provision for doubtful debts and advances	75.72	50.01
Excise duty (Inc adjustment on stocks)	445.42	416.50
Loss on sale / discard of fixed assets	-	88.73
Miscellaneous expenses	1,454.15	1,143.84
	48,716.31	**43,671.39**

*Payments to the statutory auditors (excluding service tax)

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
As auditor		
Statutory audit	24.00	24.00
Other services		
Management Services	1.00	2.66
Certification Fees	1.78	1.56
Reimbursement of expenses	3.92	3.13

Notes to the financial statements

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Note: 30 EXCEPTIONAL ITEM

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Loss on account of Foreign Exchange arising out of exceptional volatility in Foreign currency rates.	5,519.79	9,284.95
	5,519.79	9,284.95

Note: 31 EARNINGS PER SHARE

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
The basic and diluted Earning Per Share is as under:		
Net Profit After Tax	10,579.40	6,231.98
Weighted average number of Equity Shares outstanding	3,99,59,142	40,620,937
Basic Earning Per Share (₹)	26.48	15.34
Diluted Earning Per Share (₹)	26.48	15.34
Face value per Equity Share (₹)	10	10

Note: 32 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Excise duty under appeal	1,201.01	509.90
b) Other matters	7,510.92	6,963.89

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

Note: 33 OBLIGATIONS AND COMMITMENTS OUTSTANDING:

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 7,102.39 Lacs, previous year ₹ 4,300.92 Lacs.)	5,502.32	6,220.15
b) Bills discounted with bankers.	3,495.36	3,202.89
c) Liability on EPCG License pending export fulfillment	2,166.01	2,226.77
d) The Company has provided Guarantee in favour of International Finance Corporation (IFC) with M/s RSWM Ltd. on joint and several basis on behalf of M/s AD Hydro Power Ltd.	600.00	600.00

Note: 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

Amount in Millions/Foreign Currency

Category	Purpose	Currency	As at 31st March, 2013	As at 31st March, 2012
Plain Vanilla Forwards	Hedging	USD	5.25	55.05
Plain Vanilla Forwards	Hedging	Euro	-	6.00
Cross Currency Forwards	Hedging	Euro	-	12.00
USD-INR Full Currency Forwards	Hedging	USD	10.00	10.00
INR-USD Full Currency Forwards	Hedging	USD	-	22.04

Notes to the financial statements

NOTES

Note: 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE *(CONTD.)*

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

(₹ in Lacs)

			As at 31st March, 2013		As at 31st March, 2012
Particulars	Currency	Amount in FC (Million)	Amount in INR	Amount in FC (Million)	Amount in INR
Secured Loan	USD	115.00	62,551.95	122.12	62,122.38
	Euro	17.22	11,980.19	7.93	5,379.08
	GBP	0.03	28.22	0.05	44.34
Unsecured Loan	USD	29.50	16,047.16	23.22	11,810.75
	EURO	2.01	1,399.01	-	-
Debtors (Net of Advances)	USD	66.91	36,397.08	54.62	27,781.99
	Euro	15.81	10,989.24	20.36	13,815.37
	GBP	0.06	49.30	0.17	140.87
	AED	-	-	-	-
Creditors (Net of Advances)	USD	(0.65)	(29.64)	(0.02)	(11.93)
	Euro	(63.75)	(4,333.43)	(3.46)	(2,259.86)
	GBP	-	-	-	(0.12)
Total	USD	210.76	1,14,966.55	199.94	1,01,703.19
Total	EURO	(28.71)	20,035.01	24.83	16,934.59
Total	GBP	0.09	77.52	0.22	185.09
Total	AED	-	-	-	-

Note: 35

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

Note: 36 AS - 15 'EMPLOYEE BENEFITS'

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

Defined Contribution Plan

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

(₹ in Lacs)

	FY 2012-13	FY 2011-12
Employer's contribution to Provident Fund	185.23	181.77
Employer's contribution to Superannuation Fund	126.68	133.11
Employer's contribution to ESI	37.45	39.92

Defined Benefit Plan

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

Notes to the financial statements

NOTES

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

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

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10	Leave Encashment (Unfunded) FY 2012-13	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11	Leave Encashment (Unfunded) FY 2009-10
Defined Benefit obligation at the beginning of the year	1,050.51	1,031.15	997.95	886.71	238.89	329.17	275.05	237.28
Current Service Cost	52.57	53.30	52.00	48.95	16.64	18.44	30.20	25.51
Interest Cost	84.04	87.65	79.84	62.07	19.11	27.98	22.00	16.61
Actuarial (gain)/loss	21.30	21.46	4.79	52.62	(3.39)	(113.86)	32.68	15.13
Past Service Cost	-	-	-	33.26	-	-	-	-
Benefits Paid	(238.70)	(143.05)	(103.42)	(127.99)	(44.42)	(22.85)	(30.76)	(19.47)
Settlement cost	-	-	-	-	-	-	-	-
Defined Benefit obligation at the end of the year	969.72	1,050.51	1,031.15	955.62	226.83	238.89	329.17	275.06

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

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10
Fair value of plan assets as at the beginning of the year	966.61	960.22	906.29	834.08
Expected Return	96.66	96.02	90.63	83.41
Actuarial (gain)/loss	4.11	17.51	31.05	59.50
Contribution by Employer	83.90	70.93	97.78	51.09
Benefits Paid	(238.70)	(143.05)	(103.42)	(127.99)
Settlement cost	-	-	-	-
Fair value of plan assets as at the end of the year	904.36	966.61	960.22	900.09
Actual return on plan assets	92.55	78.51	59.58	123.86

Notes to the financial statements

NOTES

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

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

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10	Leave Encashment (Unfunded) FY 2012-13	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11	Leave Encashment (Unfunded) FY 2009-10
Fair Value of Plan Assets as at 31st March, 2013	904.36	966.61	960.22	900.09	-	-	-	-
Present value of obligation as at 31st March, 2013	969.72	1,050.51	1,031.15	955.61	226.83	238.89	329.17	275.05
Net asset/(liability) recognised in the Balance Sheet	(65.36)	(83.90)	(70.93)	(55.52)	(226.83)	(238.89)	(329.17)	(275.05)

4. **Expense Recognised during the year under the head**

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10	Leave Encashment (Unfunded) FY 2012-13	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11	Leave Encashment (Unfunded) FY 2009-10
Current Service Cost	52.57	53.30	52.00	48.95	16.64	18.44	30.20	25.51
Past Service Cost	-	-	-	33.26	-	-	-	-
Interest Cost	84.04	87.65	79.84	62.07	19.11	27.98	22.00	16.61
Expected return on plan assets	(96.66)	(96.02)	(90.63)	(83.41)	-	-	-	-
Net Actuarial (gain)/ loss recognised during the period	25.41	38.98	35.84	(6.88)	(3.39)	(113.86)	32.68	15.13
Expenses recognised in the statement of Profit & Loss	65.36	83.90	77.05	53.99	32.36	(67.44)	84.88	57.25

5. **Actual Return on Plan Assets**

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10
Expected Return on Plan Assets	96.66	96.02	90.63	82.02
Actuarial (gain)/ loss	4.11	17.51	31.05	43.92
Actual return on plan assets	92.55	78.51	59.58	125.94

Notes to the financial statements

NOTES

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

6. **Principle Actuarial Assumptions**

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Leave En-cashment (Unfunded) FY 2012-13	Leave En-cashment (Unfunded) FY 2011-12
Mortality Table (LIC)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March, 2011	8.00%	8.50%	8.00%	8.50%
Future Salary Increase	5.50%	6.00%	5.50%	6.00%
Expected rate of return on plan assets	10.00%	10.00%	0.00%	0.00%
Retirement Age	60 years	60 years	60 years	60 years

	FY 2012-13		FY 2011-12	
Withdrawal Rates	Age	Withdrawal Rates	Age	Withdrawal Rates
	Upto 30 years	3.00%	3.00%	Upto 30 years
	From31 to 44 years	2.00%	2.00%	From31 to 44 years
	Above 44 years	1.00%	1.00%	Above 44 years

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

Amounts for the current and previous four periods in respect leave encashment are as follows

(₹ in Lacs)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
PBO (C)	226.80	238.90	329.20	275.0 0	237.30
Plan assets			-	-	-
Net Assets/ (Liability)	(226.80)	(238.90)	(329.20)	(275.00)	(237.30)
Experience adjustment on plan assets					
Experience adjustment on plan liabilities	4.60	112.40	(35.30)	(15.10)	-

Amounts for the current and previous four periods in respect gratuity are as follows

(₹ in Lacs)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
PBO (C)	969.72	1,050.51	1,031.15	997.95	886.70
Plan assets	904.36	966.61	960.22	900.09	834.10
Net Assets/ (Liability)	(65.40)	(83.90)	(70.90)	(55.50)	(52.60)
Experience adjustment on plan assets	(16.00)	(25.90)	(12.60)	(46.30)	27.60
Experience adjustment on plan liabilities	(4.11)	(17.51)	(31.05)	92.86	(78.60)

Notes to the financial statements

NOTES

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

Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementation AS-15. Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

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

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

A. List of Related Parties & Relationships

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).		
(i) HEG Graphite Products and Services Ltd.	Subsidiary	Subsidiary
b) Associates and joint ventures		
(i) Bhilwara Energy Limited	Associate	Associate
(ii) Bhilwara Infotechnology Ltd	Associate	Associate
c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.	Sh. L.N. Jhunjhunwala	Sh. L.N. Jhunjhunwala
	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala
d) Key Management Personnel and their relatives	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala

e)	**Enterprises over which any person described in (c) or (d) is able to exercise significant influence.**
i)	Aadi Marketing Company Pvt Ltd
ii)	Bhilwara Green Energy Ltd
iii)	Bhilwara Services Pvt Ltd
iv)	Bhilwara Technical Textiles Ltd
v)	BMD Power Pvt Ltd
vi)	BMD Renewable Energy Pvt Ltd
vii)	Escribe (India) Pvt Ltd
viii)	Essay Marketing Company Ltd
ix)	Giltedged Indl Sec Ltd
x)	India Texfab Marketing Ltd
xi)	Investors India Ltd
xii)	Kalati Holdings Pvt Ltd
xiii	LNJ Financial Services Ltd
xiv)	LNJ Bhilwara Textiles Anusandhan Vikash Kendra
xv)	Malana Power Company Ltd
xvi)	Maral Overseas Ltd
xvii)	Nikita Electrotrades Pvt Ltd
xviii)	Nivedan Vanijya Niyojan Ltd
xix)	Purvi Vanijya Niyojan Ltd
xx)	Raghav Commercial Ltd
xxi)	Raghav Knits & Textiles Pvt Ltd
xxii)	RSWM Ltd
xxiii)	Shashi Commercial Co Ltd
xxiv)	Veronia Tie-Up Pvt Ltd

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

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

(₹ in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
1.	**With parties referred to in (a) above.**		
i)	Investment in Equity of HEG Graphite Products & Services Limited	5.00	5.00
2.	**With parties referred to in (b) above.**		
i)	Investment in Cumulative Redeemable Preference shares of Bhilwara Energy Limited	4,000.00	4,000.00
ii)	Investment in Equity of Bhilwara Energy Limited	2,612.70	2,612.70
iii)	Investment in Equity of Bhilwara Infotechnology Limited	419.00	419.00
iv)	Provision for diminution in value of investment in equity share of Bhilwara Infotech Limited	14.03	190.32
v)	Redemption premium accrued on Preference Shares	2,003.62	1,404.38
vi)	Rent received from Bhilwara Infotechnology Ltd	11.00	11.00
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	482.78	207.16
4.	**With parties referred to in (d) above.**		
i)	Salaries, Perquisites and Commission paid during the year to Sh. Ravi Jhunjhunwala	482.78	207.16
5.	**With parties referred to in (e) above.**		
a)	Purchase of fabrics	5.98	14.91
b)	Rent Received	10.56	10.35
c)	Rent Paid	123.26	77.75

Notes to the financial statements

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Note: 38 SEGMENT REPORTING

(₹ in Lacs)

Segments Revenue	Graphite	Power	Unallocable items/ Others	Total
A. **Business Segments**				
Segments Revenue				
Sales / other income (Net of Excise Duty)	1,59,015.63 (1,40,069.13)	24,839.85 (21,629.10)	1,072.89 (1,039.23)	184,928.38 (1,62,737.46)
Inter Segment Transfers		21,306.70 (18,659.80)		21,306.70 (18,659.80)
Total Revenue	**1,59,015.63** (1,40,069.13)	**3,533.16** (2,969.30)	**1,072.89** (1,039.23)	**1,63,621.68** (1,44,077.66)
Segment Result				
Segment Results	9,184.81 (4,950.43)	8,972.63 (4,870.89)	730.27 (961.15)	18,887.72 (10,782.46)
Less: Financial Expenses				6,360.37 (4,068.47)
Profit Before Tax				12,527.35 (6,714.00)
Less: Income Tax (incl Deferred)				1,947.95 (482.01)
Net Profit for the year				10,579.40 (6,231.98)
Other Information				
Unallocated Assets			5,111.57 (8,769.02)	5,111.57 (8,769.02)
Segment Assets	2,06,741.49 (1,81,349.06)	21,650.02 (23,192.11)		2,28,391.52 (2,04,541.16)
Total Assets	**2,06,741.49** (1,81,349.06)	**21,650.02** (23,192.11)	**5,111.57** (8,769.02)	**2,33,503.09** (2,13,310.18)
Segment Liabilities	1,58,001.77 (1,44,770.07)	315.76 (509.72)		1,58,317.53 (1,45,279.79)
Unallocated Liabilities			4,606.02 (641.60)	4,606.02 (641.60)
Total Liabilities	**1,58,001.77** (1,44,770.07)	**315.76** (509.72)	**4,606.02** (641.60)	**1,62,923.54** (1,45,921.39)
Capital Employed	1,11,562.98 (93,615.02)	19,999.38 (21,672.58)	8,848.14 (8,766.18)	1,40,410.50 (1,24,053.78)
Capital Exp.incurred during the year	11,794.79 (18,583.08)	337.48 (231.64)	7.41 90.01	12,139.68 (18,724.71)
Depreciation	4,819.47 (4,322.64)	1,411.22 (1,428.48)	33.75 (42.00)	6,264.44 (5,793.12)
Other Non Cash Expenses	-	-	-	-
B. **Geographical Segment**				
Segment Revenue				
Based on Location of Customers				
Domestic	28,023.90 (27,214.07)	24,839.85 (21,629.10)	1,072.90 (1,039.23)	53,936.65 (49,882.40)
Export	130,991.74 (1,12,855.06)		- -	130,991.74 (1,12,855.06)
Segment Assets				
Based on Location of assets				
In India	1,94,946.70 (1,62,765.98)	21,312.55 (22,960.47)	5,104.17 (8,859.03)	2,21,363.41 (1,94,585.48)
Cost to acquire assets by location	11,794.79 (18,583.08)	337.48 (231.64)	7.41 90.01	12,139.68 (18,724.71)

Notes to the financial statements

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Note: 39 VALUE OF IMPORTS CALCULATED ON CIF BASIS IN RESPECT OF *(₹ in Lacs)*

	Year ended 31st March, 2013	Year ended 31st March, 2012
Raw materials	51,027.19	50,679.52
Components & spare parts	569.21	1,153.28
Capital goods	**2,646.23**	**2,663.17**

Note: 40 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS) ON ACCOUNT OF *(₹ in Lacs)*

	Year ended 31st March, 2013	Year ended 31st March, 2012
Commission, Consultancy, Travelling, Interest and Others	5,846.97	3,092.40

Note: 41 EARNINGS IN FOREIGN CURRENCY *(₹ in Lacs)*

	Year ended 31st March, 2013	Year ended 31st March, 2012
Export of goods calculated on FOB basis	1,32,078.37	1,06,893.04

Note: 42 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND *(₹ in Lacs)*

	Year ended 31st March, 2013	Year ended 31st March, 2012
Amount paid on repatriation basis on account of dividend*	762.06	811.35
Number of NRI / OCB shareholders	345	403
Number of shares held by above shareholders	1,52,41,241	1,62,27,090
Year to which the dividend relates	2011-12	2010-11

*The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained as out of this an amount equivalent to ₹ 5,90,90,535 was paid in foreign currency, whereas amount ₹ 1,71,15,670 was paid to non-residents in INR on repatriation basis during the financial year 2012-13.

Note: 43 CAPITALIZATION OF PRE-OPERATIVE EXPENDITURE *(₹ in Lacs)*

The following expenditure has been capitalised / included under Capital work in progress:	Year ended 31st March, 2013	Year ended 31st March, 2012
Insurance Expenses	3.52	6.20
Financial Expenses - Interest on term loans	2,487.21	1,266.13
Administrative Overheads & Other Cost	699.03	314.75
Foreign currency fluctuation	3,117.91	2,822.76
Total	**6,307.65**	**4,409.84**
The same has been capitalised / is lying under Capital work in progress as under:		
Building	94.25	399.71
Plant & Machinery	240.84	1,664.69
Capital work in progress	5,972.56	2,345.44
Total	**6,307.65**	**4,409.84**

Note: 44

The Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification No914 (E) dated December 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, The following exchange differences on long term foreign currency monetary items are being dealt with in the following manner:

• Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset

• In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long term asset/ liability. It has transferred the differences arising out of foreign currency translation in respect of acquisition of depreciable capital assets to the respective assets account / Capital Work-in-progress. In case this accounting practice had not been adopted, the Pre-tax Profit for the financial year ended 31stMarch 2013 would have been lower by ₹ 724 Lacs (Previous year 760.00) with a consequential impact on both the Basic and Diluted EPS.

Notes to the financial statements

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Note: 45

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

Note: 46 Additional Information

(₹ in Lacs)

		Year ended 31st March, 2013	Year ended 31st March, 2012
Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)			
Graphite Electrodes & Anodes	MT	80,000	80,000
Thermal Power	MW	63.00	63.00
Hydel Power	MW	13.50	13.50

Note: 47

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

Note: 48

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

a) Claims lodged with insurance companies

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

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

	Year ended 31st March, 2013		Year ended 31st March, 2012	
	₹ in Lacs	%	₹ in Lacs	%
Raw materials (including purchases for consumption)				
Imported	50,098.05	60.78	40,374.07	58.14
Indigenous	32,330.94	39.22	29,072.75	41.86
Stores & spare parts				
Imported	239.56	2.29	167.32	1.88
Indigenous	10,244.01	97.71	8,714.30	98.12

Note: 50

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

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

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

Arun K. Tulsian
Partner
Membership No. 089907

Ravi Jhunjhunwala
Chairman & Managing Director

Shekhar Agarwal
Vice Chairman

D. N. Davar
Director

Riju Jhunjhunwala
Director

Manvinder Singh Ajmani
Chief Financial Officer

Ashish Sabharwal
Company Secretary

Place : Noida (U.P.)
Dated: 3rd May, 2013

Cash Flow Statement FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

	Particulars	FY 2012-13	FY 2011-12
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	12,527.35	6,714.00
Add:	Depreciation	6,264.44	5,793.12
	Misc Exps Written off	0.00	0.00
	Interest Paid	6,360.37	4,068.47
	Net Loss on fixed assets sold / discarded	-	61.91
	Diminution in value of Investments (net)	(176.29)	(186.78)
	Provision for doubtful debts/age base provisions	75.72	50.01
Less:	Dividend received	36.06	0.00
	Interest received	178.26	45.99
	Operating Profit before working capital changes	**24,837.28**	**16,454.74**
	Working capital		
	Trade receivables	(10,788.06)	(9,538.65)
	Inventories	1,113.89	(10,928.64)
	Loans & advances / Other current assets	(7,759.00)	(7,747.70)
	Liabilities and provisions	6,066.53	14,948.75
	Cash from operating activities	13,470.64	3,188.51
	Income tax	1,947.95	482.01
	Net Cash from operating activities	**17,073.08**	**2,706.50**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Addition in Fixed Assets (net)	(12,244.79)	(19,753.13)
	Sale of Fixed Assets	105.11	248.86
	Advances for Capital Expenditure	(2,801.47)	(797.76)
	Sundry Creditors for Capital Expenditure	248.15	262.25
	Investments	0.01	3,502.94
	Dividend Received	36.06	0.00
	Interest received	178.26	45.99
	Net Cash from investing activities	**(14,478.68)**	**(16,490.86)**
C.	CASH FROM FINANCING ACTIVITIES		
	Long term borrowings - Term Loans / NCD's / Bonds	19,091.18	20,747.49
	Repayment of Term loans/NCD's/Bonds	(12,840.91)	(6,537.17)
	Short term borrowings (working capital)	6,470.55	15,577.20
	Buy Back of Shares	-	(6,750.00)
	Interest Paid	(6,360.37)	(4,068.47)
	Dividend paid	(3,196.73)	(3,927.81)
	Corporate Dividend Tax	(543.28)	(637.19)
	Net Cash from financing activities	**2,620.43**	**14,404.06**
	INCREASE IN CASH OR CASH EQUIVALENTS	**(335.56)**	**619.70**
	Opening cash or cash equivalents	1,797.81	1,178.11
	Closing cash or cash equivalents	1,462.25	1,797.81

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

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

Arun K. Tulsian
Partner
Membership No. 089907

Ravi Jhunjhunwala
Chairman & Managing Director

Shekhar Agarwal
Vice Chairman

D. N. Davar
Director

Riju Jhunjhunwala
Director

Manvinder Singh Ajmani
Chief Financial Officer

Ashish Sabharwal
Company Secretary

Place : Noida (U.P.)
Dated: 3rd May, 2013

Consolidated Auditors' Report

To the members of
HEG Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of HEG LIMITED ('the Company') and its subsidiaries and associate ("Collectively referred to as "the Group") which comprises the Consolidated Balance Sheet as at March 31, 2013 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and Notes to Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the consolidated financial statements, whether due to error of fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31 March 2013;

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

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

Other Matter

We did not audit the financial statements of subsidiary, whose financial statements reflect total assets of ₹ 4.00 lacs (previous year ₹ 4.23 lacs) and total liabilities of ₹ 4.00 lacs (previous year ₹ 4.23 lacs) as at 31st March 2013, total revenue of ₹ NIL (previous year ₹ NIL), total expenses of ₹ 0.27 lacs (previous year 0.21 lacs) and net cash outflows amounting to ₹ (0.23) lacs (previous year ₹ 0.21 lacs) for the year then ended as considered in the Consolidated Financial Statements. The financial statements and other financial information of subsidiary have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based 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/ acknowledge by the Boards of Directors of the respective Associates, whose certificate 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. Our Opinion is not qualified in respect of this matter.

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: 3rd May, 2013

Consolidated Balance Sheet AS AT MARCH 31, 2013

(₹ in Lacs)

Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share Capital	3	3,995.95	3,995.95
b) Reserves and Surplus	4	90,510.64	80,942.39
2. Non-current liabilities			
a) Long-term borrowings	5	35,974.10	35,274.22
b) Deferred tax liabilities (Net)	6	8,137.63	7,865.83
c) Other Long term liabilities	7	248.44	205.97
d) Long-term provisions	8	200.29	223.60
3. Current liabilities			
a) Short-term borrowings	9	85,539.05	79,068.50
b) Trade payables	10	13,379.76	10,266.67
c) Other current liabilities	11	27,589.81	21,575.62
d) Short-term provisions	8	4,397.47	5,141.94
Total		2,69,973.14	2,44,560.70
II. ASSETS			
Non-current assets			
1. a) Fixed assets			
i) Tangible assets	12	71,703.58	74,400.83
ii) Intangible assets	13	89.51	136.22
iii) Capital work-in-progress	14	21,454.24	12,835.05
iv) Intangible assets under development		-	-
b) Non-current investments	15	15,196.32	15,557.98
c) Long-term loans and advances	16	11,809.16	8,148.20
d) Other non-current assets	17	2,139.37	1,529.90
2. Current assets			
a) Current investments	18	25.00	25.00
b) Inventories	19	60,766.92	61,880.81
c) Trade receivables	20	59,856.06	49,068.00
d) Cash and bank balance	21	1,466.25	1,802.04
e) Short-term loans and advances	16	17,810.18	14,285.31
f) Other current assets	17	7,656.56	4,891.38
Total		2,69,973.14	2,44,560.70
Summary of significant accounting policies	2		

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

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

For S. S. Kothari Mehta & Co.
Chartered Accountants
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Vice Chairman

D. N. Davar
Director

Riju Jhunjhunwala
Director

Manvinder Singh Ajmani
Chief Financial Officer

Ashish Sabharwal
Company Secretary

Place : Noida (U.P.)
Dated: 3rd May, 2013

Consolidated Statement of Profit and Loss FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

Particulars	Notes	Year ended 31st March, 2013	Year ended 31st March, 2012
I. Revenue from operations (Gross)			
Sale of products	22	165,117.77	145,140.10
Other Operating Income		518.44	62.00
Less: Excise Duty		3,374.75	2,741.02
Revenue from operations (Net)		162,261.46	142,461.08
II. Other income	23	1,360.22	1,678.58
III. Total Revenue (I + II)		**163,621.68**	**144,139.66**
IV. Expenses:			
Cost of materials consumed	24	82,428.99	69,446.82
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	25	(3,773.68)	445.13
Employee benefits expense	26	5,578.12	4,715.78
Finance costs	27	6,360.37	4,068.47
Depreciation and amortization expense	28	6,264.44	5,793.12
Other expenses	29	48,716.58	43,671.59
Total expenses		**145,574.82**	**128,140.92**
V. Profit before exceptional and extraordinary items and tax (III-IV)		18,046.87	15,998.74
VI. Exceptional items	30	5,519.79	9,284.95
VII. Profit before extraordinary items and tax (V - VI)		12,527.08	6,713.79
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		12,527.08	6,713.79
X Tax expense:			
(1) Current tax			
Current Tax (MAT)		2,486.34	1,178.00
MAT Credit Entitlement		(1,149.44)	(1,017.18)
Net Current Tax		1,336.90	160.82
Previous Year		339.25	(183.93)
(2) Deferred tax		271.80	505.12
XI. Profit (Loss) for the period		10,579.13	6,231.77
Add: Share in Result of Associates		(537.95)	(509.27)
Profit (Loss) for the period		10,041.17	5,722.50
XII. Earnings per equity share: (Par value of ₹ 10 each)			
(1) Basic (₹)	31	25.13	14.09
(2) Diluted (₹)	31	25.13	14.09

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

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

For S. S. Kothari Mehta & Co.
Chartered Accountants
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Director

Riju Jhunjhunwala
Director

Manvinder Singh Ajmani
Chief Financial Officer

Ashish Sabharwal
Company Secretary

Place : Noida (U.P.)
Dated: 3rd May, 2013

NOTES

Note: 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.

Note: 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Components considered

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

(a) Subsidiary Companies.

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

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

(b) Investment in Associates.

Name	Country	Ownership %	Period Considered	Audited/Board Approved
Bhilwara Infotechnology Ltd.	India	48.43%	01.04.2012 to 31.03.2013	Provisional
Bhilwara Energy Ltd.	India	25.8%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
Indo Canadian Consultancy Services Ltd. (Subsidiary of BEL)	India	13.16%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
Malana Power Company Limited (Subsidiary of BEL)	India	13.16%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
AD Hydro Power Ltd. (Fellow Subsidiary of BEL)	India	11.58%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
NJC Hydro Power Ltd. (Subsidiary of BEL)	India	25.8%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
Green Ventures Pvt. Ltd. (Subsidiary of BEL)	Nepal	21.93%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
Balephi Jal Vidyut Co. Ltd	Nepal	33.22%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
Bhilwara Green Energy Limited	India	25.80%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
Chango Yangthang Hydro Power Ltd.	India	25.80%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)
LNJ Power Venture Ltd.	India	19.10%	01.04.2012 to 31.03.2013	Provisional (Acknowledged by Board of BEL)

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

2.2 Accounting Policies

The Accounting Policies of the Parent and of its Subsidiaries are similar and inline with the Generally Accepted Principles ('GAAP') in India. As the Accounting Policies of the Parent have been mentioned in the separate financial statements of the Parent, therefore the same has not been reproduced here.

Notes to the consolidated financial statements

NOTES

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

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

b) **Change in Accounting Policy**

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

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

2.2 Goodwill / capital reserve

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

2.3 Minority interest

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

Note: 3 SHARE CAPITAL

(₹ in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
Authorised			
5,50,00,000	(Previous year 5,50,00,000) Equity Shares of ₹ 10/- each	5,500.00	5,500.00
15,00,000	(Previous year 15,00,000) Preference Shares of ₹ 100/- each	1,500.00	1,500.00
		7,000.00	**7,000.00**
Issued, subscribed & fully paid-up			
3,99,59,142	(Previous year 3,99,59,142) Equity Shares of ₹ 10/- each	3,995.91	3,995.91
1,150	(Previous year 1,150) Forfeited Equity Shares	0.04	0.04
		3,995.95	**3,995.95**

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.

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

	2012-13		2011-12	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Equity Shares				
At the beginning of the year	3,99,59,142	3,995.91	4,28,44,907	4,284.49
Less: Bought back during the year	-	-	28,85,765	288.58
Outstanding at the end of the year	**3,99,59,142**	**3,995.91**	**3,99,59,142**	**3,995.91**

Notes to the consolidated financial statements

NOTES

b) **Terms/rights attached to Equity Shares**

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

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

During the year ended 31st March, 2013, the amount per share dividend recognized as distribution to Equity Share Holders was ₹ 8 per Equity Share (₹ 5 per Equity Share).

c) **Details of shareholders holding more than 5% Equity Shares in the Company**

	As at 31st March, 2013		As at 31st March, 2012	
	No. of shares Held	% holding	No. of shares Held	% holding
Equity Shares				
Norbury Investments Ltd.	53,62,991	13.42	53,62,991	13.42
Microlight Investments Ltd.	46,65,579	11.68	46,65,579	11.68
Life Insurance Corporation of India	37,75,677	9.45	37,75,677	9.45
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	7.24
Bharat Investments Growth Ltd.	26,09,598	6.53	26,09,598	6.53

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

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

Particulars	Aggregate No. of Shares				
	2012-13	2011-12	2010-11	2009-10	2008-09
Fully paid up pursuant to contract (s) without payment being received in cash		-	-	-	-
FCCB's Conversion	-	-	2,37,733	15,84,894	-
Shares bought back	-	28,85,765	-	15,50,725	17,44,978
Closing Balance	3,99,59,142	3,99,59,142	4,28,44,907	4,26,07,174	4,25,73,005

Notes to the consolidated financial statements

NOTES

Note: 4 RESERVE AND SURPLUS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Capital Reserve		
Balance as per the last financial statements	3,138.24	3,138.24
Add: Additions during the year	-	-
Closing balance	**3,138.24**	**3,138.24**
Capital Redemption Reserve		
Balance as per the last financial statements	1,893.57	1,604.99
Add: Current year transfers	-	288.58
Closing balance	**1,893.57**	**1,893.57**
Securities Premium Account		
Balance as per the last financial statements	1,269.61	8,019.61
Add: Transferred during the year	-	
Less: Utilised against Premium on buyback	-	6,750.00
Closing balance	**1,269.61**	**1,269.61**
Debenture Redemption Reserve		
Balance as per the last financial statements	2,506.62	2,381.62
Add: Transfer from Statement of Profit and Loss during the year	-	1,375.00
Less: Transferred to Statement of Profit and Loss against debentures redeemed	2,506.62	1,250.00
Closing balance	**-**	**2,506.62**
Hedging Reserve		
Balance as per the last financial statements	(2,692.02)	-
Add: Amount utilized on settlement of hedged instrument	2,864.76	-
Add/(Less): transfer during the year	402.32	(2,692.02)
Closing balance	**575.06**	**(2,692.02)**
General Reserve		
Balance as per the last financial statements	36,067.18	35,317.18
Add: Transfer from Statement of		
Profit and Loss during the year	2,500.00	750.00
Closing balance	**38,567.18**	**36,067.18**
Surplus / (Deficit) Balance In Statement of Profit and Loss		
Balance as per the last financial statements	30,042.60	26,884.49
Add: Amount transferred from Statement of Profit and Loss	10,579.13	6,231.77
Amount available for Appropriation	40,619.15	33,116.25
Add: Reversal of proposed dividend and Dividend distribution tax on shares buyback	-	123.43
Less: Proposed dividend	3196.73	1,997.96
Less: Dividend distribution tax on Proposed dividend	543.28	324.12
Less: Transfer to Debenture Redemption Reserves (Net)	-	125.00
Add: Transfer from Debenture Redemption Reserves	2,506.62	-
Less: Amount transferred to General Reserve	**2,500.00**	**750.00**
Closing balance	**36,888.34**	**30,042.60**
Total	**82,332.00**	**72,225.81**

Notes to the consolidated financial statements

NOTES

Note: 4 RESERVE AND SURPLUS *(CONTD.)*

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Add Share in Reserve of Associates		
a. **Opening Balance**	6,444.03	6,631.43
(+)Current year transfer		
(-) Written back in current year	-	187.40
Closing balance	6,444.03	6,444.03
b. **Statement of Profit and Loss**		
Opening Balance	2,272.56	2,781.83
(+)Current year transfer		76.33
(-) Written back in current year	537.95	585.60
Closing balance	1,734.61	2,272.56
Total	**90,510.64**	**80,942.39**

Note: 5 LONG TERM BORROWINGS

(₹ in Lacs)

	Non-current portion		Current maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Secured				
(a) **Debentures**				
Nil (Previous Year: 50) 9.55% Debentures of ₹1Crore each redeemed at par	-	-	-	5,000.00
Nil (Previous Year: 500) 8.9% Debentures of ₹10 Lacs each redeemed at par	-	-	-	5,000.00
(b) **Term Loans**				
Rupee Loans from Banks	12,070.00	8,333.33	8,555.00	1,666.67
Foreign Currency Loans from Banks	20,404.10	26,940.89	8,052.29	890.23
Rupee Loans from others	3,500.00	-	1,500.00	-
	35,974.10	**35,274.22**	**18,107.29**	**12,556.90**
Amount disclosed under the head “other current liabilities” (Note no-11)			18,107.29	12,556.90
	35,974.10	**35,274.22**	-	-

Notes to the consolidated financial statements

NOTES

a) **Terms of repayment / details of security are as follows:**

i) From Banks – Term loans

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.3.2013	Annual repayment schedule				
				2013-14	2014-15	2015-16	2016-17	2017-18
Dena Bank	Base Rate Linked	8-Quarterly	3,333.00	1,666.67	1,666.67	-	-	-
Axis Bank	Base Rate Linked	8-Quarterly	10,000.00	4,375.00	5,000.00	625.00	-	-
Yes Bank	Base Rate Linked	11-Quarterly	2,291.67	833.33	833.33	625.00	-	-
Development Credit Bank	Base Rate Linked	12-Quarterly	5,000.00	1,680.00	1,680.00	1,640.00	-	-
Standard Chartered-ECB	Libor Linked rate	7-Quarterly	1,665.67	951.81	713.86		-	-
HSBC-ECB	Libor Linked rate	4-Half Yearly	10,877.86	5,438.93	5,438.93	-	-	-
DBS-ECB	Libor Linked rate	4-Yearly	10,877.86	-	543.89	2,719.47	3,589.69	4,024.81
DBS-ECB (Fully Hedged in INR)	Libor Linked rate	3-Yearly	5,035.00	1,661.55	1,661.55	1,711.90	-	-
Total			**49,081.39**	**16,607.29**	**17,538.24**	**7,321.37**	**3,589.69**	**4,024.81**

ii) From Others

(₹ in Lacs)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.3.2013	Annual repayment schedule				
				2013-14	2014-15	2015-16	2016-17	2017-18
Aditya Birla Finance Ltd	Base Rate Linked	10-Quarterly	5,000.00	1,500.00	2,000.00	1,500.00	-	-

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

Note: 6 DEFERRED TAX (NET)

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Deferred tax liabilities		
Arising on account of Timing difference		
Accumulated Depreciation	8,486.69	8,354.46
Deferred tax assets		
Arising on account of Timing difference		
Due to section 43B of the Income Tax Act	259.31	410.28
Others	89.75	78.35
Net deferred tax Liability	**8,137.63**	**7,865.83**
Movement		
Opening Balance	7,865.83	7,360.71
Addition/(deduction) during the Year	271.80	505.12
Closing balance	8,137.63	7,865.83

Notes to the consolidated financial statements

NOTES

Note: 7 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Other		
Securities received	248.44	205.97
	248.44	**205.97**

Note: 8 PROVISIONS

(₹ in Lacs)

	Long-term		Short-term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits				
Compensated Absences	200.29	223.60	50.24	38.98
Gratuity	-	-	60.98	80.36
Others				
Provision for Proposed Dividend on Equity Shares	-	-	3,196.73	1,997.96
Provision for dividend distribution tax	-	-	543.28	324.12
Provisions for “Mark to market “ losses on Derivatives	-	-	-	2,692.02
Provision for Income Tax (Net of Advance tax of ₹ 1,950 lacs)	-	-	536.34	-
Provision For wealth tax	-	-	9.90	8.50
	200.29	**223.60**	**4,397.47**	**5,141.94**

Note: 9 SHORT TERM BORROWINGS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Secured		
Loans repayable on demand		
Working Capital Loans from Banks	69,909.13	59,368.85
Unsecured		
Short Term Borrowings from Banks	15,629.92	19,699.65
	85,539.05	**79,068.50**

Working Capital Loans 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 loans.

Notes to the consolidated financial statements

NOTES

Note: 10 TRADE PAYABLES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Trade payables	13,379.76	10,266.67
	13,379.76	**10,266.67**

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

(₹ in Lacs)

Sl. No.	Particulars	As at 31st March, 2013	As at 31st March, 2012
i)	Principal amount remaining unpaid as at end of the year	54.27	16.04
ii)	Interest due on above	-	-
1	Total of (i) & (ii)	54.27	16.04
2	Interest paid on delayed payment of principal, paid along with such interest during the year	-	-
3	Interest due on delayed payment of principal, paid without such interest during the year	-	-
4	Interest accrued but not due, in respect of delayed payments of principal due as at end of the year	-	-
5	Total interest due and payable together with that from prior year (s)	-	-

Note: 11 OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Current maturities of long-term borrowings (Note no-5)	18,107.29	12,556.90
Interest accrued but not due on borrowings	397.29	640.02
Unpaid Dividends-Unclaimed*	215.09	209.12
Advance from customers	1,110.33	2,823.03
Deposits	263.81	266.26
Other payables		
Employees Related	1,457.38	747.72
Statutory dues payable (Including PF and TDS)	1,572.90	1,212.00
Others	4,465.62	3,120.57
	27,589.81	**21,575.62**

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

Notes to the consolidated financial statements

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Note: 12 TANGIBLE ASSETS

(₹ in Lacs)

	Land		Buildings	Plant & Equipment	Railway Sidings	Office Equipment	Electrical Installation	Furniture & Fixtures	Vehicles	Total
	Freehold	Leasehold								
Gross Block										
At 1 April 2011	**106.03**	**464.51**	**15,067.34**	**84,185.42**	**418.99**	**940.19**	**1,387.22**	**487.20**	**941.62**	**1,03,998.52**
Additions	170.28	30.48	2,224.56	10581.81	-	121.99	66.46	26.09	150.27	13,371.94
Disposals	-	170.28	25.49	593.66	-	47.12	31.57	6.98	153.33	1,028.43
Adjustments*	-	-	269.68	1,103.53	-	-	-	-	-	1373.21
At 31 March 2012	**276.31**	**324.71**	**17,536.09**	**95,277.10**	**418.99**	**1,015.06**	**1,422.11**	**506.31**	**938.56**	**1,17,715.24**
Additions	-	-	908.70	1,923.88	181.08	99.67	124.95	7.84	178.07	3,427.19
Disposals	-	-	-	-	-	(17.17)	(28.70)	(5.56)	(179.65)	(231.08)
Adjustment*	-	-	32.54	150.93	-	-	-	-	-	183.47
At 31 March 2013	**276.31**	**324.71**	**18,477.34**	**97,354.31**	**600.07**	**1,097.55**	**1,518.35**	**508.61**	**936.99**	**1,21,094.84**
Depreciation										
At 1 April 2011	-	98.43	5,247.44	30,910.34	120.27	655.66	551.45	322.61	381.61	38,287.81
Charge for the year	-	6.28	865.39	4,415.82	19.90	107.78	122.11	31.69	154.89	5,713.35
Disposals	-	31.54	25.49	488.18	-	42.78	25.07	4.34	104.45	721.85
Adjustment*	-	-	10.51	24.60	-	-	-	-	-	35.11
At 31 March 2012	**-**	**73.17**	**6,087.34**	**34,862.58**	**140.17**	**720.66**	**648.49**	**349.96**	**432.05**	**43,314.42**
Charge for the year	-	10.09	968.45	4,763.47	19.93	100.06	114.86	28.28	156.52	6,162.11
Disposals	-	-	-	-	-	(14.39)	(10.49)	(2.62)	(113.39)	(140.89)
Adjustment*	-	-	13.05	42.57	-	-	-	-	-	55.62
At 31 March 2013	**-**	**83.26**	**7,069.29**	**39,668.62**	**160.10**	**806.34**	**752.86**	**375.62**	**475.18**	**49,391.24**
Net Block										
At 31 March 2012	**276.31**	**251.54**	**11,448.75**	**60,414.52**	**278.82**	**294.40**	**773.62**	**156.35**	**506.51**	**74,400.83**
At 31 March 2013	**276.31**	**241.45**	**11,408.05**	**57,686.29**	**439.97**	**291.22**	**765.50**	**132.99**	**461.80**	**71,703.58**

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

b) Freehold agricultural land in village Kirat Nagar, District Raisen, Madhya Pradesh measuring 0.26 acre in the Company's possession pending registration in favour of the Company.

c) The Company has exercised the option made available by the notification No GSR 914(E) dated 29th December 2011 issued by the Ministry of Corporate Affairs. Accordingly, an amount of ₹183.47 Lacs, (Previous Year 1,373.21 Lacs) being exchange difference arising on reporting of long term Foreign currency loans availed for acquisition of depreciable Fixed assets have been taken to respective assets and ₹ 2,934.44 Lacs, (Previous Year 1,449.76) to capital work in progress.

Notes to the consolidated financial statements

NOTES

Note: 13 INTANGIBLE ASSETS

(₹ in Lacs)

	Computer Software
Gross Block	
At 1 April 2011	418.02
Additions	31.18
Disposals	0
At 31 March 2012	**449.20**
Additions	0
Disposals	0
At 31 March 2013	**449.20**
Depreciation	
At 1 April 2011	268.33
Charge for the year	44.66
Disposals	0
At 31 March 2012	**312.99**
Charge for the year	46.70
Disposals	0
At 31 March 2013	**359.69**
Net Block	
At 31 March 2012	**136.22**
At 31 March 2013	**89.51**

Note: 14 CAPITAL WORK IN PROGRESS

Capital work in progress includes ₹ 5,972.56 (Previous Year ₹ 2,345.44 Lacs) being preoperative expenditure and ₹ 2,064.29 (Previous Year ₹ 3,431.55 Lacs) being capital stores.

Note: 15 INVESTMENTS

(₹ in Lacs)

Non-Current Investments		As at 31st March, 2013	As at 31st March, 2012
	Other Investment (valued at cost, except for permanent diminution in value)		
	Investments in Equity instruments		
	Unquoted-Investment in Associates		
3,91,90,500	(Previous year 3,91,90,500) Equity Shares of ₹ 10/- each fully paid up of Bhilwara Energy Ltd.(*)	2,612.70	2,612.70
12,62,048	(Previous year 12,62,048) Equity Shares of ₹ 10/- each fully paid up of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.)	404.97	228.68
	(Net of Provision for other than temporary diminution aggregating to ₹ 14.03 Lacs (Previous year ₹ 190.32 Lacs)		
	Quoted-Investment in Others		
18	(Previous year 18) Equity Shares of ₹ 2/- each of Ballarpur Ind. Ltd.	0.01	0.01
	Investments in Preference Shares#		
	Unquoted-Investment in Associates		
40,00,000	(Previous year 40,00,000) Preference Shares of ₹ 100/- each of Bhilwara Energy Ltd.	4,000.00	4,000.00
	Total	**7,017.68**	**6,841.39**
	(*) Includes 1,30,63,500 Equity Shares received as bonus shares in the year 2010-11 # Preference Share of Bhilwara Energy Ltd Redeemable after 5 years at YTM of 10.93% unless put/call option exercised.		
	Aggregate amount of quoted investments	0.01	0.01
	Market value of quoted investments	**	**
	Aggregate amount of unquoted investments	7,017.67	6,841.38
	Aggregate provision for diminution in value of investments	14.03	190.32
	(**)Amount is below the Rounding off norm adopted by the Company		
	Add Increase in Value of Investment in Associates		

Notes to the consolidated financial statements

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Note: 15 INVESTMENTS (CONTD.)

(₹ in Lacs)

Non-Current Investments		As at 31st March, 2013	As at 31st March, 2012
	Opening Balance	8,716.59	9,413.26
	Add Increase in Value of Investment	(537.95)	(696.67)
	Closing balance	8,178.64	8,716.59
		15,196.32	**15,557.98**

Note: 16 LOANS & ADVANCES

(₹ in Lacs)

	Long-term		Short-term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Unsecured, considered good unless stated otherwise				
Capital advances	7,102.39	4,300.92	-	-
Security deposits	335.66	210.77	-	-
Other loans and advances				
Advances for goods / services	-	-	-	-
Unsecured, considered good	-	-	1,898.83	1,006.94
Doubtful	-	-	-	-
Balances with statutory authorities	-	-	1,582.99	1,810.40
Loans and advances to employees-Secured	123.38	65.87	38.08	85.07
Unsecured, considered good	-	-	188.02	184.91
Prepaid expenses	-	-	191.55	269.05
Excise rebates / refunds receivable	-	-	13,054.11	10,624.40
Direct taxes refundable (net of provisions ₹ 27,534.21 Lacs, previous year ₹ 24,762.18 Lacs)	1,834.78	2,406.90	-	-
MAT Credit Entitlement	2,166.63	1,017.18	-	-
Mark to Market on derivative	-	-	575.06	-
Other Receivables	-	-	281.55	304.54
Payments under protest	246.32	146.56	-	-
	11,809.16	**8,148.20**	**17,810.18**	**14,285.31**

Detail of payments under protest is as follows:

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Entry Tax	78.31	66.18
Central Sales Tax	29.08	63.74
Excise duty/Service Tax	138.30	12.12
MPST/MPCT	0.64	4.52
	246.32	**146.56**

Notes to the consolidated financial statements

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Note: 16 LOANS & ADVANCES *(CONTD.)*

Detail of Tax Expenses /(Benefit) *(₹ in Lacs)*

	As at 31st March, 2013	As at 31st March, 2012
Current Income Tax	2,486.34	1,178.00
Minimum Alternate Tax Credit Entitlement	(1,149.44)	(1,017.18)
Deferred Tax Charge / Credit	271.80	505.12
Tax- Earlier Years	339.25	(183.93)
	1,947.95	**482.01**

a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the Company's favour in respect of all the items listed above and no value adjustment is considered necessary.

b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, Company has filed appeals which are pending at various levels and for assessment years where the issues have been decided in favour of the Company, company is in the process of reconciling / adjusting the same with the department. Necessary value adjustments shall be made on final settlement by the department.

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

d) *(₹ in Lacs)*

Loans & advances include:	As at 31st March, 2013	As at 31st March, 2012
(i) Share application money pending allotment	NIL	NIL
ii) Due from officers of the Company	NIL	NIL
iii) The maximum amount at any time during the year	NIL	NIL

Note: 17 OTHER ASSETS

(₹ in Lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Others				
Export benefits receivable	-	-	7,656.56	4,891.38
Interest / Dividend Accrued, Not due	2,003.62	1,404.38	-	-
Non-current bank balances (note no-21)	135.75	125.52	-	-
	2,139.37	**1,529.90**	**7,656.56**	**4,891.38**

Note: 18 CURRENT INVESTMENTS

(₹ in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
	Other Investment (valued at lower of cost or fair value, unless stated otherwise)		
	Investments in Mutual Funds		
2,50,000	(Previous year 2,50,000)Units of LIC Mutual Fund Dhan Smriddhi of ₹ 10/- each	25.00	25.00
		25.00	**25.00**
	Aggregate amount of quoted investments	25.00	25.00
	Market value of quoted investments	31.40	26.25
	Aggregate amount of unquoted investments	-	-
	Aggregate provision for diminution in value of investments	-	-

Notes to the consolidated financial statements

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

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Raw materials (Refer note No 24.) [Includes material in transit ₹ 4,227.85 lacs; Previous year: ₹ 7,016.45 lacs]	19,229.93	24,138.54
Finished goods (Refer note no-.25)	12,915.79	10,011.83
Work-in-progress (Refer note no-25)	23,852.07	22,982.35
Stores and Spares	4,765.17	4,748.10
Others	3.96	-
[Includes stores in transit ₹ NIL; Previous year: Nil]		
	60,766.92	**61,880.81**

Note: 20 TRADE RECEIVABLES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,567.56	3,117.69
Doubtful	-	-
	4,567.56	3,117.69
Age-based provisions in respect of debtors outstanding for more than one year net of ECGC cover	(75.72)	(50.01)
(A)	**4,491.84**	**3067.68**
Other receivables		
Unsecured, considered good	55,364.23	46,000.32
Doubtful	-	-
	55,364.23	46,000.32
Provision for doubtful receivables	-	-
(B)	**55,364.23**	**46,000.32**
Total (A + B)	**59,856.06**	**49,068.00**

Notes to the consolidated financial statements

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Note: 21 CASH AND BANK BALANCES

(₹ in Lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Cash and cash equivalents				
Balances with banks				
In Current Accounts	-	-	879.07	1,286.83
In Cash Credit Accounts	-	-	342.84	-
In Unpaid Dividend Account	-	-	215.09	209.12
Cheques on hand	-	-	12.93	288.92
Cash on hand (including foreign currency notes)	-	-	15.43	16.19
Others				
Postage and stamps	-	-	0.89	0.98
			1,466.25	1,802.04
Other bank balances				
Held as margin money	0.29	0.29	-	-
Fixed Deposits with maturity more than one year*	135.46	125.23	-	-
	135.75	125.52	-	-
Less: Amount disclosed under the head “other non current assets” (Note no-17)	135.75	125.52		
	-	-	1,466.25	1,802.04

*Pledged with Bank against Bank Guarantee to Shipping line.

Note: 22 REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 31st March, 2013		Year ended 31st March, 2012	
Sale of products				
Manufactured goods				
Graphite Electrodes	1,62,107.49		1,42,218.60	
Power (Net of inter-divisional sales of ₹ 21,306.70 Lacs, Previous year 18,659.80 Lacs)	3,010.28	1,65,117.77	2,921.50	1,45,140.10
Other Operating Income				
REC sales	372.53			
Fly Ash Income	145.92	518.45	62.00	62.00
Less: Excise duty		3,374.75		2,741.02
		1,62,261.47		1,42,461.08

Note: 23 OTHER INCOME

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest income		
- Income tax Refunds/Others	124.99	34.67
- Others	53.26	11.32
Dividend on current investments	36.06	-
Accrued Redemption Premium On Non Trade Investment	597.26	554.95
Rent Receipts	254.33	250.15
Provision for diminution in value of Investment in Associates-written back	176.29	186.78
Liabilities / provisions no longer required, written back	92.81	476.55
Profit on sale of Fixed Assets	25.21	26.82
Miscellaneous Sales / Receipts	-	137.34
	1,360.22	1,678.58

Notes to the consolidated financial statements

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Note: 24 COST OF MATERIAL CONSUMED

(₹ in Lacs)

	Year ended 31st March, 2013		Year ended 31st March, 2012	
Raw material consumed				
Opening Stock	17,122.09		9,275.84	
Add: Purchases	80.308.98		77,293.06	
	97,431.07		**86,568.91**	
Less: Closing Stock	15,002.08	82,428.99	17,122.09	69,446.82
Cost of Material Consumed (Net of Export Incentive ₹ 7689.66 Lacs, previous year ₹ 6,075.52)		**82,428.99**		**69,446.82**

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

Breakup of raw material Consumption is as under

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Calcined Petroleum Coke	56,951.35	46,000.98
Pitch	13,568.91	11,129.85
Coal	11,042.69	12,182.96
Others	866.04	133.03
	82,428.99	**69,446.82**

Breakup of raw material inventory is as under

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Calcined Petroleum Coke	11,556.72	14,458.01
Pitch	945.37	947.14
Coal	2,351.96	1,600.47
Others	148.03	116.46
	15,002.08	**17,122.09**

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

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012	(Increase) / Decrease
Inventories (At close)			
Finished Goods	12,915.79	10,011.83	
Work-in-progress	23,852.07	22,982.35	
	36,767.86	**32,994.18**	**(3,773.68)**
Inventories (At opening)			
Finished Goods	10,011.83	8,697.20	
Work-in-progress	22,982.35	24,742.11	
	32,994.18	**33,439.31**	**445.13**

Notes to the consolidated financial statements

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Note: 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE *(CONTD.)*

Breakup of finished goods is as under

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Finished goods		
a) Graphite Electrodes, Nipples & Specialities	11,758.02	8,904.71
b) By-products etc	1,157.77	1,107.12
	12,915.79	**10,011.83**

Breakup of work in progress is as under

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Work-in-progress		
a) Intermediaries product at various stage	14,197.85	12,763.80
b) Intermediaries products in furnaces	9,649.54	10,177.82
c) Refractory blocks & sengries	4.68	40.73
	23,852.07	**22,982.35**

Note: Work in Progress includes Refractory Blocks lying at shop floor ₹ 0.99 Lacs (Previous Year ₹ 29.65 Lacs)

Note: 26 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Salaries and wages	4,402.90	3,593.40
Contribution to provident and other funds	495.27	488.06
Staff welfare	679.95	634.33
	5,578.12	**4,715.78**

Note: 27 FINANCE COSTS

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest expense		
Debentures	391.47	965.17
Term Loans	2,254.08	313.22
Working Capital Borrowings	3,714.82	2,790.09
	6,360.37	**4,068.47**

Note: 28 DEPRECIATION AND AMORTISATION

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Depreciation of tangible assets	6,217.73	5,748.46
Amortization of intangible assets	46.70	44.66
	6,264.44	**5,793.12**

Notes to the consolidated financial statements

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Note: 29 OTHER EXPENSES

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Consumption of stores and spare parts (Including Refractory Blocks)	10,483.57	8,881.62
Job/Process Charges	315.34	331.48
Power & fuel	32,589.40	29,194.71
Less: Interdivisional Purchases	(21,306.70)	(18,659.80)
Repairs and maintenance		
Plant & machinery	4,171.05	3,597.54
Buildings	547.75	1,110.04
Others	606.56	572.46
Insurance	502.30	342.37
Rent	111.79	118.82
Rates and taxes, excluding taxes on income	159.58	108.23
Directors' sitting fees & incidental expenses	19.13	15.33
Freight & forwarding	11,487.67	10,293.76
Packing Expenses (including Packing material consumption)	1,956.13	1,770.18
Commission	3,131.43	2,177.64
Claims, Rebates and Discount	375.37	757.96
Donations	100.08	0.10
Power generation charges	152.87	108.78
Travelling Expenses	251.33	268.09
Postage & Communication	62.17	63.13
Payment to auditors (Refer details below*)	30.94	31.53
Legal & Professional Expenses	838.39	760.12
Vehicle Running & Maintenance	155.10	128.41
Provision for doubtful debts and advances	75.72	50.01
Excise duty (Inc adjustment on stocks)	445.42	416.50
Loss on sale / discard of fixed assets	-	88.73
Miscellaneous expenses	1,454.16	1,143.84
	48,716.58	**43,671.59**

*Payments to the statutory auditors (excluding service tax)

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
As auditor		
Statutory audit	24.13	24.00
Other services		
Management Services	1.10	2.66
Certification Fees	1.78	1.56
Reimbursement of expenses	3.92	3.13

Notes to the consolidated financial statements

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Note: 30 EXCEPTIONAL ITEM

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Loss on account of Foreign Exchange arising out of exceptional volatility in Foreign currency rates.	5,519.79	9,284.95
	5,519.79	9,284.95

Note: 31 EARNINGS PER SHARE

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
The basic and diluted Earning Per Share is as under:		
Net Profit After Tax	10,041.17	5,722.50
Weighted average number of Equity Shares outstanding	3,99,59,142	40,620,937
Basic Earning Per Share (₹)	25.13	14.09
Diluted Earning Per Share (₹)	25.13	14.09
Face value per Equity Share (₹)	10	10

Note: 32 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Excise duty under appeal	1,201.01	509.90
Other matters	7,510.92	6,963.89

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

Note: 33 OBLIGATIONS AND COMMITMENTS OUTSTANDING:

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 7,102.39 Lacs, previous year ₹ 4,300.92 Lacs.)	5,502.32	6,220.15
b) Bills discounted with bankers.	3,495.36	3,202.89
c) Liability on EPCG License pending export fulfillment	2,166.01	2,226.77
d) The Company has provided Guarantee in favour of International Finance Corporation (IFC) with M/s RSWM Ltd. on joint and several basis on behalf of M/s AD Hydro Power Ltd.	600.00	600.00

Note: 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

Amount in Millions/Foreign Currency

Category	Purpose	Currency	As at 31st March, 2013	As at 31st March, 2012
Plain Vanilla Forwards	Hedging	USD	5.25	55.05
Plain Vanilla Forwards	Hedging	Euro	-	6.00
Cross Currency Forwards	Hedging	Euro	-	12.00
USD-INR Full Currency Forwards	Hedging	USD	10.00	10.00
INR-USD Full Currency Forwards	Hedging	USD	-	22.04

Notes to the consolidated financial statements

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Note: 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE *(CONTD.)*

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

(₹ in Lacs)

			As at 31st March, 2013		As at 31st March, 2012
Particulars	**Currency**	**Amount in FC (Million)**	**Amount in INR**	**Amount in FC (Million)**	**Amount in INR**
Secured Loan	USD	115.00	62,551.95	122.12	62,122.38
	Euro	17.22	11,980.19	7.93	5,379.08
	GBP	0.03	28.22	0.05	44.34
Unsecured Loan	USD	29.50	16,047.16	23.22	11,810.75
	EURO	2.01	1,399.01	-	-
Debtors (Net of Advances)	USD	66.91	36,397.08	54.62	27,781.99
	Euro	15.81	10,989.24	20.36	13,815.37
	GBP	0.06	49.3	0.17	140.87
	AED	0.00	0.00	0.00	0.00
Creditors (Net of Advances)	USD	(0.65)	(29.64)	(0.02)	(11.93)
	Euro	(63.75)	(4,333.43)	(3.46)	(2,259.86)
	GBP	-	-	-	(0.12)
Total	USD	**210.76**	**1,14,966.55**	**199.94**	**1,01,703.19**
Total	EURO	**(28.71)**	**20,035.01**	**24.83**	**16,934.59**
Total	GBP	**0.09**	**77.52**	**0.22**	**185.09**
Total	AED	-	-	-	-

Note: 35

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

Note: 36 AS - 15 'EMPLOYEE BENEFITS'

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

Defined Contribution Plan

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

(₹ in Lacs)

	FY 2012-13	FY 2011-12
Employer's contribution to Provident Fund	185.23	181.77
Employer's contribution to Superannuation Fund	126.68	133.11
Employer's contribution to ESI	37.45	39.92

Defined Benefit Plan

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

Notes to the consolidated financial statements

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

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

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10	Leave Encashment (Unfunded) FY 2012-13	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11	Leave Encashment (Unfunded) FY 2009-10
Defined Benefit obligation at the beginning of the year	1,050.51	1,031.15	997.95	886.71	238.89	329.17	275.05	237.28
Current Service Cost	52.57	53.30	52.00	48.95	16.64	18.44	30.20	25.51
Interest Cost	84.04	87.65	79.84	62.07	19.11	27.98	22.00	16.61
Actuarial (gain)/loss	21.30	21.46	4.79	52.62	(3.39)	(113.86)	32.68	15.13
Past Service Cost	-	-		33.26	-	-		-
Benefits Paid	(238.70)	(143.05)	(103.42)	(127.99)	(44.42)	(22.85)	(30.76)	(19.47)
Settlement cost	-	-	-	-	-			-
Defined Benefit obligation at the end of the year	969.72	1,050.51	1,031.15	955.62	226.83	238.89	329.17	275.06

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

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10
Fair value of plan assets as at the beginning of the year	966.61	960.22	906.29	834.08
Expected Return	96.66	96.02	90.63	83.41
Actuarial (gain)/loss	4.11	17.51	31.05	59.50
Contribution by Employer	83.90	70.93	97.78	51.09
Benefits Paid	(238.70)	(143.05)	(103.42)	(127.99)
Settlement cost	-	-	-	-
Fair value of plan assets as at the end of the year	904.36	966.61	960.22	900.09
Actual return on plan assets	92.55	78.51	59.58	123.86

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

3. Reconciliation of amount recognised in Balance Sheet

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10	Leave Encashment (Unfunded) FY 2012-13	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11	Leave Encashment (Unfunded) FY 2009-10
Fair Value of Plan Assets as at 31st March, 2013	904.36	966.61	960.22	900.09	-	-	-	-
Present value of obligation as at 31st March, 2013	969.72	1,050.51	1,031.15	955.61	226.83	238.89	329.17	275.05
Net asset/(liability) recognised in the Balance Sheet	(65.36)	(83.90)	(70.93)	(55.52)	(226.83)	(238.89)	(329.17)	(275.05)

4. Expense Recognised during the year under the head

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10	Leave Encashment (Unfunded) FY 2012-13	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11	Leave Encashment (Unfunded) FY 2009-10
Current Service Cost	52.57	53.30	52.00	48.95	16.64	18.44	30.20	25.51
Past Service Cost	-	-		33.26	-	-		-
Interest Cost	84.04	87.65	79.84	62.07	19.11	27.98	22.00	16.61
Expected return on plan assets	(96.66)	(96.02)	(90.63)	(83.41)	-	-		-
Net Actuarial (gain)/ loss recognised during the period	25.41	38.98	35.84	(6.88)	(3.39)	(113.86)	32.68	15.13
Expenses recognised in the statement of Profit & Loss	65.36	83.90	77.05	53.99	32.36	(67.44)	84.88	57.25

5. Actual Return on Plan Assets

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Gratuity (Funded) FY 2009-10
Expected Return on Plan Assets	96.66	96.02	90.63	82.02
Actuarial (gain)/ loss	4.11	17.51	31.05	43.92
Actual return on plan assets	92.55	78.51	59.58	125.94

Notes to the consolidated financial statements

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

6. **Principal Actuarial Assumptions**

(₹ in Lacs)

	Gratuity (Funded) FY 2012-13	Gratuity (Funded) FY 2011-12	Leave Encashment (Unfunded) FY 2012-13	Leave Encashment (Unfunded) FY 2011-12
Mortality Table (LIC)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March, 2011	8.00%	8.50%	8.00%	8.50%
Future Salary Increase	5.50%	6.00%	5.50%	6.00%
Expected rate of return on plan assets	10.00%	10.00%	0.00%	0.00%
Retirement Age	60 years	60 years	60 years	60 years

	FY 2012-13		FY 2011-12	
Withdrawal Rates	Age	Withdrawal Rates	Age	Withdrawal Rates
	Upto 30 years	3.00%	3.00%	Upto 30 years
	From31 to 44 years	2.00%	2.00%	From31 to 44 years
	Above 44 years	1.00%	1.00%	Above 44 years

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

Amounts for the current and previous four periods in respect leave encashment are as follows

(₹ in Lacs)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
PBO (C)	226.80	238.90	329.20	275.00	237.30
Plan assets	-	-	-	-	-
Net Assets/ (Liability)	(226.80)	(238.90)	(329.20)	(275.00)	(237.30)
Experience adjustment on plan assets					
Experience adjustment on plan liabilities	4.60	112.40	(35.30)	(15.10)	-

Amounts for the current and previous three periods in respect gratuity are as follows

(₹ in Lacs)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
PBO (C)	969.72	1,050.51	1,031.15	997.95	886.70
Plan assets	904.36	966.61	960.22	900.09	834.10
Net Assets/ (Liability)	(65.40)	(83.90)	(70.90)	(55.50)	(52.60)
Experience adjustment on plan assets	(16.00)	(25.90)	(12.60)	(46.30)	27.60
Experience adjustment on plan liabilities	(4.11)	(17.51)	(31.05)	92.86	(78.60)

Notes to the consolidated financial statements

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

Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementation AS-15. Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shorfall to be met by the employer, needs to be treated as defined benefit plan.

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

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

A. List of Related Parties & Relationships

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).		
(i) HEG Graphite Products and Services Ltd.	Subsidiary	Subsidiary
b) Associates and joint ventures		
(i) Bhilwara Energy Limited	Associate	Associate
(ii) Bhilwara Infotechnology Ltd	Associate	Associate
c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.	Sh. L.N. Jhunjhunwala	Sh. L.N. Jhunjhunwala
	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala
d) Key Management Personnel and their relatives	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala

e)	**Enterprises over which any person described in (c) or (d) is able to exercise significant influence.**
i)	Aadi Marketing Company Pvt Ltd
ii)	Bhilwara Green Energy Ltd
iii)	Bhilwara Services Pvt Ltd
iv)	Bhilwara Technical Textiles Ltd
v)	BMD Power Pvt Ltd
vi)	BMD Renewable Energy Pvt Ltd
vii)	Escribe (India) Pvt Ltd
viii)	Essay Marketing Company Ltd
ix)	Giltedged Indl Sec Ltd
x)	India Texfab Marketing Ltd
xi)	Investors India Ltd
xii)	Kalati Holdings Pvt Ltd
xiii)	LNJ Financial Services Ltd
xiv)	LNJ Bhilwara Textiles Anusandhan Vikash Kendra
xv)	Malana Power Company Ltd
xvi)	Maral Overseas Ltd
xvii)	Nikita Electrotrades Pvt Ltd
xviii)	Nivedan Vanijya Niyojan Ltd
xix)	Purvi Vanijya Niyojan Ltd
xx)	Raghav Commercial Ltd
xxi)	Raghav Knits & Textiles Pvt Ltd
xxii)	RSWM Ltd
xxiii)	Shashi Commercial Co Ltd
xxiv)	Veronia Tie-Up Pvt Ltd

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

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

(₹ in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
1.	**With parties referred to in (a) above.**		
i)	Investment in Equity of HEG Graphite Products & Services Limited	5.00	5.00
2.	**With parties referred to in (b) above.**		
i)	Investment in Cumulative Redeemable Preference shares of Bhilwara Energy Limited	4,000.00	4,000.00
ii)	Investment in Equity of Bhilwara Energy Limited	2,612.70	2,612.70
iii)	Investment in Equity of Bhilwara Infotechnology Limited	419.00	419.00
iv)	Provision for diminution in value of investment in equity share of Bhilwara Infotech Limited	14.03	190.32
v)	Redemption premium accrued on Preference Shares	2,003.62	1,404.38
vi)	Rent received from Bhilwara Infotechnology Ltd	11.00	11.00
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	482.78	207.16
4.	**With parties referred to in (d) above.**		
i)	Salaries, Perquisites and Commission paid during the year to Sh. Ravi Jhunjhunwala	482.78	207.16
5.	**With parties referred to in (e) above.**		
a)	Purchase of fabrics	5.98	14.91
b)	Rent Received	10.56	10.35
c)	Rent Paid	123.26	77.75

Note: 38 SEGMENT REPORTING

(₹ in Lacs)

	Segments Revenue	Graphite	Power	Unallocable items/ Others	Total
A.	**Business Segments**				
	Segments Revenue				
	Sales / other income (Net of Excise Duty)	1,59,015.63 (1,40,069.13)	24,839.85 (21,629.10)	1,072.89 (1,039.23)	1,84,928.38 (1,62,737.46)
	Inter Segment Transfers		21,306.70 (18,659.80)		21,306.70 (18,659.80)
	Total Revenue	**1,59,015.63** (1,40,069.13)	**3,533.16** (2,969.30)	**1,072.89** (1,039.23)	**1,63,621.68** (1,44,077.66)
	Segment Result				
	Segment Results	9,184.81 (4,950.43)	8,972.63 (4,870.89)	730.27 (961.15)	18,887.72 (10,782.46)
	Less: Financial Expenses				6,360.37 (4,068.47)
	Profit Before Tax				12,527.08 (6,713.79)
	Less: Income Tax (incl Deferred)				1,947.95 (482.01)
	Net Profit for the year				10,579.13 (6,231.77)
	Other Information				
	Unallocated Assets			5,111.57 (8,769.02)	5,111.57 (8,769.02)
	Segment Assets	2,06,741.49 (1,81,349.06)	21,650.02 (23,192.11)		2,28,391.52 (2,04,541.16)
	Total Assets	**2,06,741.49** (1,81,349.06)	**21,650.02** (23,192.11)	**5,111.57** (8,769.02)	**2,33,503.09** (2,13,310.18)
	Segment Liabilities	1,58,001.77 (1,44,770.07)	315.76 (509.72)		1,58,317.53 (1,45,279.79)
	Unallocated Liabilities			4,606.02 (641.60)	4,606.02 (641.60)
	Total Liabilities	**1,58,001.77** (1,44,770.07)	**315.76** (509.72)	**4,606.02** (641.60)	**1,62,923.54** (1,45,921.39)
	Capital Employed	1,11,562.98 (93,615.02)	19,999.38 (21,672.58)	8,848.14 (8,766.18)	1,40,410.51 (1,24,053.78)
	Capital Exp.incurred during the year	11,794.79 (18,583.08)	337.48 (231.64)	7.41 90.01	12,139.68 (18,724.71)
	Depreciation	4,819.47 (4,322.64)	1,411.22 (1,428.48)	33.75 (42.00)	6,264.44 (5,793.12)
	Other Non Cash Expenses	-	-	-	-
B.	**Geographical Segment**				
	Segment Revenue				
	Based on Location of Customers				
	Domestic	28,023.90 (27,214.07)	24,839.85 (21,629.10)	1,072.90 (1,039.23)	53,936.65 (49,882.40)
	Export	1,30,991.74 (1,12,855.06)		- -	130,991.74 (1,12,855.06)
	Segment Assets				
	Based on Location of assets				
	In India	1,94,946.70 (1,62,765.98)	21,312.55 (22,960.47)	5,104.17 (8,859.03)	221,363.41 (1,94,585.48)
	Cost to acquire assets by location	11,794.79 (18,583.08)	337.48 (231.64)	7.41 90.01	12,139.68 (18,724.71)

Notes to the consolidated financial statements

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

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Raw materials	51,027.19	50,679.52
Components & spare parts	569.21	1,153.28
Capital goods	2,646.23	2,663.17

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

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Commission, Consultancy, Travelling, Interest and Others	5,846.97	3,092.40

Note: 41 EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Export of goods calculated on FOB basis	1,32,078.37	1,06,893.04

Note: 42 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Amount paid on repatriation basis on account of dividend*	762.06	811.35
Number of NRI / OCB shareholders	345	403
Number of shares held by above shareholders	1,52,41,241	1,62,27,090
Year to which the dividend relates	2011-12	2010-11

*The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained as out of this an amount equivalent to ₹ 5,90,90,535 was paid in foreign currency, whereas amount ₹ 1,71,15,670 was paid to non-residents in INR on repatriation basis during the financial year 2012-13.

Note: 43 CAPITALIZATION OF PRE-OPERATIVE EXPENDITURE

(₹ in Lacs)

The following expenditure has been capitalised / included under Capital work in progress:	Year ended 31st March, 2013	Year ended 31st March, 2012
Insurance Expenses	3.52	6.20
Financial Expenses - Interest on term loans	2,487.21	1,266.13
Administrative Overheads & Other Cost	699.03	314.75
Foreign currency fluctuation	3,117.91	2,822.76
Total	**6,307.65**	**4,409.84**
The same has been capitalised / is lying under Capital work in progress as under:		
Building	94.25	399.71
Plant & Machinery	240.84	1,664.69
Capital work in progress	5,972.56	2,345.44
Total	**6,307.65**	**4,409.84**

Note: 44

The Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification No914 (E) dated December29, 2011 issued by the Ministry of Corporate Affairs, Government of India, The following exchange differences on long term foreign currency monetary items are being dealt with in the following manner:

• Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset

• In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long term asset/ liability. It has transferred the differences arising out of foreign currency translation in respect of acquisition of depreciable capital assets to the respective assets account / Capital Work-in-progress. In case this accounting practice had not been adopted, the Pre-tax Profit for the financial year ended 31stMarch 2013 would have been lower by ₹ 724 Lacs (Previous year 760.00) with a consequential impact on both the Basic and Diluted EPS.

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Note: 45

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

Note: 46 Additional Information

(₹ in Lacs)

		Year ended 31st March, 2013	Year ended 31st March, 2012
Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)			
Graphite Electrodes & Anodes	MT	80,000	80,000
Thermal Power	MW	63.00	63.00
Hydel Power	MW	13.50	13.50

Note: 47

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

Note: 48

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

a) Claims lodged with insurance companies

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

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

(₹ in Lacs)

	Year ended 31st March, 2013		Year ended 31st March, 2012	
	₹ / Lacs	%	₹ / Lacs	%
Raw materials (including purchases for consumption)				
Imported	50,098.05	60.78	40,374.07	58.14
Indigenous	32,330.94	39.22	29,072.75	41.86
Stores & spare parts				
Imported	239.56	2.29	167.32	1.88
Indigenous	10,244.01	97.71	8,714.30	98.12

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NOTES

Note: 50

INFORMATION PERTAINING TO SUBSIDIARY COMPANIES U/S 212 (8) OF THE COMPANIES ACT, 1956

(₹ in Lacs)

SL No.	Particulars	HEG Graphite Products and Services Ltd.
	Financial year ending on	31-03-2013
1.	Share Capital	5.00
2.	Reserve & surplus / (Accumulated Losses)	(1.15)
3.	Total Assets	4.00
4.	Total Liabilities	4.00
5.	Details of Investments (except in case of investment in the subsidiaries)	-
6.	Total Turnover	-
7.	Profit / (Loss) before taxation	(0.27)
8.	Taxation	-
9.	Profit / (Loss) after taxation	(0.27)
10.	Proposed Dividend	-

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

Note: 51

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

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

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

Arun K. Tulsian
Partner
Membership No. 089907

Ravi Jhunjhunwala
Chairman & Managing Director

Shekhar Agarwal
Vice Chairman

D. N. Davar
Director

Riju Jhunjhunwala
Director

Manvinder Singh Ajmani
Chief Financial Officer

Ashish Sabharwal
Company Secretary

Place : Noida (U.P.)
Dated: 3rd May, 2013

Consolidated Cash Flow Statement FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

	Particulars	FY 2012-13	FY 2011-12
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	12,527.08	6,713.79
Add:	Depreciation	6,264.44	5,793.12
	Misc Exps Written off	0.00	0.00
	Interest Paid	6,360.37	4,068.47
	Net Loss on fixed assets sold / discarded	-	61.91
	Diminution in value of Investments (net)	(176.29)	(186.78)
	Provision for doubtful debts/age base provisions	75.72	50.01
Less:	Dividend received	36.06	0.00
	Interest received	178.26	45.99
	Operating Profit before working capital changes	**24,837.01**	**16,454.53**
	Working capital		
	Trade receivables	(10,788.06)	(9,538.65)
	Inventories	1,113.89	(10,928.64)
	Loans & advances / Other current assets	(7,759.00)	(7,739.20)
	Liabilities and provisions	6,066.53	14,940.25
	Cash from operating activities	**13,470.69**	**3,188.30**
	Income tax	**1,947.95**	**482.01**
	Net Cash from operating activities	**11,522.69**	**2,706.29**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Addition in Fixed Assets (net)	(12,244.79)	(19,753.13)
	Sale of Fixed Assets	105.11	248.86
	Advances for Capital Expenditure	(2,801.47)	(797.76)
	Sundry Creditors for Capital Expenditure	248.15	262.25
	Investments	0.01	3,502.94
	Dividend Received	36.06	0.00
	Interest received	178.26	45.99
	Net Cash from investing activities	**(14,478.68)**	**(16,490.86)**
C.	CASH FROM FINANCING ACTIVITIES		
	Long term borrowings - Term Loans / NCD's / Bonds	19,091.18	20,747.49
	Repayment of Term loans/NCD's/Bonds	(12,840.91)	(6,537.17)
	Short term borrowings (working capital)	6,470.55	15,577.20
	Buy Back of Shares	-	(6,750.00)
	Interest Paid	(6,360.37)	(4,068.47)
	Dividend paid	(3,196.73)	(3,927.81)
	Corporate Dividend Tax	(543.28)	(637.19)
	Net Cash from financing activities	**2,620.43**	**14,404.06**
	INCREASE IN CASH OR CASH EQUIVALENTS	**(335.80)**	**619.49**
	Opening cash or cash equivalents	1,802.04	1,182.55
	Closing cash or cash equivalents	1,466.25	1,802.04

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

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

Arun K. Tulsian
Partner
Membership No. 089907

Ravi Jhunjhunwala
Chairman & Managing Director

Shekhar Agarwal
Vice Chairman

D. N. Davar
Director

Riju Jhunjhunwala
Director

Manvinder Singh Ajmani
Chief Financial Officer

Ashish Sabharwal
Company Secretary

Place : Noida (U.P.)
Dated: 3rd May, 2013

CORPORATE INFORMATION

Board of Directors
L. N. Jhunjhunwala, *Chairman-Emeritus*

Ravi Jhunjhunwala, *Chairman & Managing Director*

Shekhar Agarwal, *Vice-Chairman*

D. N. Davar, *Director*

Kamal Gupta, *Director*

P. Murari, *Director*

Lalit Mohan Lohani, *Nominee Director - LIC*

O. P. Bahl, *Director*

Riju Jhunjhunwala, *Director*

Chief Operating Officer
K. Vaidyanathan

Chief Financial Officer
Raju Rustogi*

Chief Human Resource Officer
T. Dev Joshi

Company Secretary
Ashish Sabharwal

Bankers
State Bank of India
Punjab National Bank
HDFC Bank Ltd
The Hongkong &
Shanghai Banking Corp. Ltd.
IDBI Bank Ltd
Central Bank of India
Kotak Mahindra Bank Ltd.
DBS Bank Ltd.
ING Vysya Bank Ltd.
Axis Bank Ltd.
Dena Bank
Development Credit Bank Ltd.
Societe Generale
Yes Bank
Citi Bank
ICICI Bank Ltd.

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

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

Stock Exchanges where the Company's shares are listed:
BSE Ltd.
National Stock Exchange of India Ltd.
Madhya Pradesh Stock Exchange Ltd.

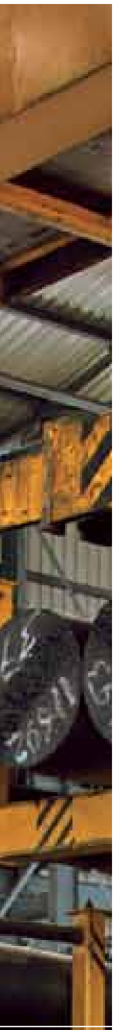
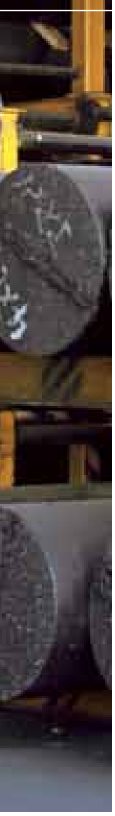
Corporate Office
Bhilwara Towers, A-12, Sector-1
Noida - 201301, U.P., India
Phone: +91 (0120) 4390300
Fax: +91 (0120) 4277841

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

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

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

*Appointed w.e.f from 4th May, 2013 in place of Manvinder Singh Ajmani who was assigned the role and responsibilities of Corporate Head- Strategy with effect from the same date.

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

HEG LIMITED

Registered Office:
Mandideep (Near Bhopal)
Distt. Raisen - 462046, Madhya Pradesh, India
website: www.hegltd.com/www.lnjbhilwara.com


HEG LIMITED

Regd. Office: 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 41st Annual General Meeting of HEG LIMITED will be held on Saturday the 21st September, 2013 at 1.30 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, 2013, the Statement of 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 Shekhar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Kamal Gupta, 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.

AS SPECIAL BUSINESS:

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

   "RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and / or charging of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company in favour of the following to secure the financial assistance, lent / agreed to be lent and advanced to the Company to the extent set out below:

   A) On First Charge basis:
      i) Term Loan of ₹50 Crore by Development Credit Bank Ltd
      ii) Term Loan of ₹50 Crore by Aditya Birla Finance Ltd
      iii) Term Loan of ₹25 Crore by Yes Bank Ltd

   B) On Second Charge basis:
      State Bank of India (SBI) in the capacity of Leader of Consortium of Banks for the working capital limits i.e Fund Based ₹1000 Crore, Non Fund Based ₹350 Crore and Credit Exposure Limit ₹60 Crore aggregating to ₹1410 Crore;

      together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, guarantee commission, costs, charges, expenses and other monies payable by the Company to, Development Credit Bank Ltd, Aditya Birla Finance Ltd, Yes Bank Ltd and State Bank of India, under the Loan Agreements / Letters of Sanction / Memorandum of terms and conditions entered into / to be entered into by the Company in respect of the said financial assistance(s).

      RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with the Development Credit Bank Ltd, Aditya Birla Finance Ltd, Yes Bank Ltd and State Bank of India the documents for creating the aforesaid mortgages and / or the charges and to do all such acts and things as may be necessary for giving effect to this Resolution.

      RESOLVED FURTHER THAT the mortgages / charges created / to be created / or all agreements / documents executed / to be executed and all acts done in terms of this Resolution by and with the authority of the Board of Directors are hereby approved, confirmed and ratified."

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

   "RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof), and such other necessary approval(s) if any, as may be required, approval be and is hereby accorded to alter Articles of Association of the Company by adding the following new Article No. 79A after the existing Article 79:

Article No. 79A

Voting of Members through Electronic Mode

Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), Stock Exchanges or any other competent authority and the applicable provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, which is laid down in this regard by any amendment in or re-enactment of the Companies Act, 1956 or by the rules, regulations etc. made there under or the Listing Agreement with the Stock Exchanges, from time to time, allow the member(s) of the Company to vote for certain businesses which are required to be passed by way of Postal Ballot and/or such other businesses which the Board may resolve, through Electronic Mode and the members so voting shall be deemed to be counted in such businesses for the purposes of the quorum, recording of minutes and all other relevant provisions in this regard. For the purpose of Voting of Members through Electronic Mode for Postal Ballot, the Company shall follow the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by the Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority(ies) in this regard."

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

   "RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof), and such other necessary approval(s) if any, as may be required, approval be and is hereby accorded to alter Articles of Association of the Company by adding the following new Article No. 115A after the existing Article 115:

   Article No.115A

   Meetings of the Board/Committee through Electronic Mode

   Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), Stock Exchanges or any other competent authority and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act, 1956 or by the rules, regulations etc. made there under or the Listing Agreement with Stock Exchanges, from time to time, the Director(s) may participate in the meeting(s) of the Board or any Committee thereof through any type of electronic mode like video conferencing etc. and the Director(s) so participating shall be deemed to be present in the meeting for the purpose of the quorum, voting, recording of minutes and all other relevant provisions in this regard. For conducting the said meetings through electronic mode, the Company shall follow the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by the Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority(ies) in this regard."

By order of the Board of Directors
For HEG Limited

Place: Noida (U.P.)
Date : 3rd May, 2013

Ashish Sabharwal
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
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 Register of Members and Share Transfer Books of the Company will remain closed from the 11th September, 2013 to 21st September, 2013, both days inclusive.
4. The dividend on equity shares, if declared at the Annual General Meeting, shall be paid to those Members whose names appear in the Register of Members on the date of the Annual General Meeting and in case of shares held in electronic form appear as Beneficial Owners at the close of the business hours on Tuesday the 10th September, 2013.

Dividend shall be paid / dispatched to the shareholders between 3rd October, 2013 and 7th October, 2013.

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

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

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

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

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

Members holding Shares in physical form are requested to furnish their email id by post or by emailing to narender.jain@lnjbhilwara.com along with their Folio No. for sending necessary communication / information in future. The Annual Report of the Company will also be available on the website of the Company, www.hegltd.com. The members holding shares in electronic form may get their email Id's updated with their respective Depository participants.

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956

ITEM NO. 7

The Company has borrowed funds from time to time to meet its requirements for normal capital expenditure, general corporate purposes and working capital etc., within the borrowing powers of the Board of Directors as delegated by the Shareholders under Section 293 (1) (d) of the Companies Act, 1956.

Your ratification / approval is required for creation of security on the said facilities, mentioned in the proposed Resolution in favour of the respective Lenders.

Your Directors commend the resolution for your approval as an Ordinary Resolution.

None of the Directors is concerned or interested in the proposed Resolution.

ITEM NO.8

The Ministry of Corporate Affairs (MCA) vide its General Circular No. 21/2011 dated 2nd May,2011 and The Securities and Exchange Board of India(SEBI) vide its Circular No. CIR/CFD/DIL/6/2012 dated 13th July, 2012 has made it mandatory for a Company to provide E-Voting facility to its Shareholders, in respect of those businesses, which are transacted through postal Ballot. Such E-Voting facility shall be kept open for such period specified under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for Shareholders to send their assent or dissent.

It is proposed to insert a new Article No. 79A after Article No.79 in this regard.

Your Directors commend the resolution for your approval as Special Resolution.

None of the Directors is concerned or interested in the proposed Resolution.

ITEM NO.9

The Ministry of Corporate Affairs (MCA) vide its General Circular No. 28/2011 dated 20th May, 2011 has clarified that Directors of a Company may participate in a Meeting of Board/Committee of Directors under the provisions of Companies act, 1956 through Electronic Mode.

Further, MCA vide its General Circular No. 35/2011 dated 6th June, 2011 has clarified that: -

Where the Company opts to provide video conferencing facility, they have to comply with the procedure prescribed in the Circular no. 28/2011 dated 20.05.2011 in this regard.

It is proposed to insert a new Article No. 115A after Article No.115 in this regard.

Your Directors commend the resolution for your approval as Special Resolution.

None of the Directors is concerned or interested in the proposed Resolution.

(Annexure to Notice dated 3rd May, 2013)

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri D.N. Davar	Shri Shekhar Agarwal	Dr. Kamal Gupta
Date of Birth	08.08.1934	09.10.1952	12.02.1946
Date of Appointment	10.11.1994	15.07.1996	10.11.1994
Qualification	B.com (Hons.), M.A. (Eco.), CAIIB, Fellow of the Economic Development Institute of the World Bank.	B. Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA.	FCA, FICWA, Ph.D.
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 eight years. Presently, besides Directorship in many well known Companies, he is a part time Consultant to the World Bank, UNIDO and Kreditanstalt fur Weideraufbau (KFW) and also associated with professional and social organisations in various capacities.	Industrialist with a rich business experience and well known name in Textile Industry.	Consultant in the areas of finance, accounting and corporate laws. Former Technical Director of the Institute of Chartered Accountants of India. He has authored various books on auditing and other subjects.
List of other Public Ltd. Companies in which directorships held.	1. Sandhar Technologies Ltd 2. Maral Overseas Ltd 3. RSWM Ltd 4. OCL India Ltd 5. Indo Continental Hotels & Resorts Ltd 6. Ansal Properties & Infrastructure Ltd 7. Hero Fincorp Ltd 8. Adayar Gate Hotel Ltd 9. Titagarh Wagons Ltd 10. Cimmco Ltd 11. Landmark Property Development Co. Ltd 12. Parsvnath Hotels Ltd 13. Parsvnath SEZ Ltd	1. RSWM Ltd 2. Maral Overseas Ltd 3. Essay Marketing Company Ltd 4. BSL Ltd 5. Bhilwara Technical Textiles Ltd	1. RSWM Ltd 2. Maral Overseas Ltd 3. Malana Power Company Ltd 4. PNB Gilts Ltd 5. AD Hydro Power Ltd 6. Bhilwara Energy Ltd
Chairman / Member of the Committees of the Board of Directors of the Company.	Audit Committee - Chairman Remuneration Committee – Chairman	Audit Committee-Member	1. Audit Committee - Member 2. Shareholders'/Investors' Grievance Committee - Member 3. Remuneration Committee - Member
Chairman / Member of the Committee of Directors of other Companies. a) Audit Committee	1. Hero Fincorp Ltd-Chairman 2. Titagarh Wagons Ltd- Chairman 3. OCL India Ltd- Chairman 4. Ansal Properties & Infrastructure Ltd- Chairman 5. Maral Overseas Ltd- Member 6. Cimmco Ltd-Member 7. RSWM Ltd- Member	BSL Ltd - Member	1. Maral Overseas Ltd - Chairman 2. PNB Gilts Ltd – Chairman 3. RSWM Ltd – Chairman 4. AD Hydro Power Ltd – Member 5. Malana Power Company Ltd - Member
b) Shareholders'/ Investors' Grievance Committee	1. RSWM Ltd- Member 2. Maral Overseas Ltd- Member	1. RSWM Ltd- Member 2. Maral Overseas Ltd - Member	1. Maral Overseas Ltd - Chairman 2. RSWM Ltd – Chairman 3. PNB Gilts Ltd - Member
No. of Equity Shares held in the Company	1000	-	200

HEG LIMITED

Regd.Office: 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 41st Annual General Meeting of the Company to be held on Saturday the 21st September, 2013 at 1.30 P.M. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462046 (Madhya Pradesh) and/or at any adjournment thereof.

Signed this .... day of .... 2013.

Please affix Rs. 1/- Revenue Stamp here

Signature ....

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.Office: 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 41st Annual General Meeting of the Company to be held on Saturday the 21st September, 2013 , at 1.30 P.M. at the Registered Office of the Company at Mandideep (Near Bhopal), District Raisen – 462046 (Madhya Pradesh).

Signature of the shareholder / proxy / representative*..

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

** Strike out whichever is not applicable*