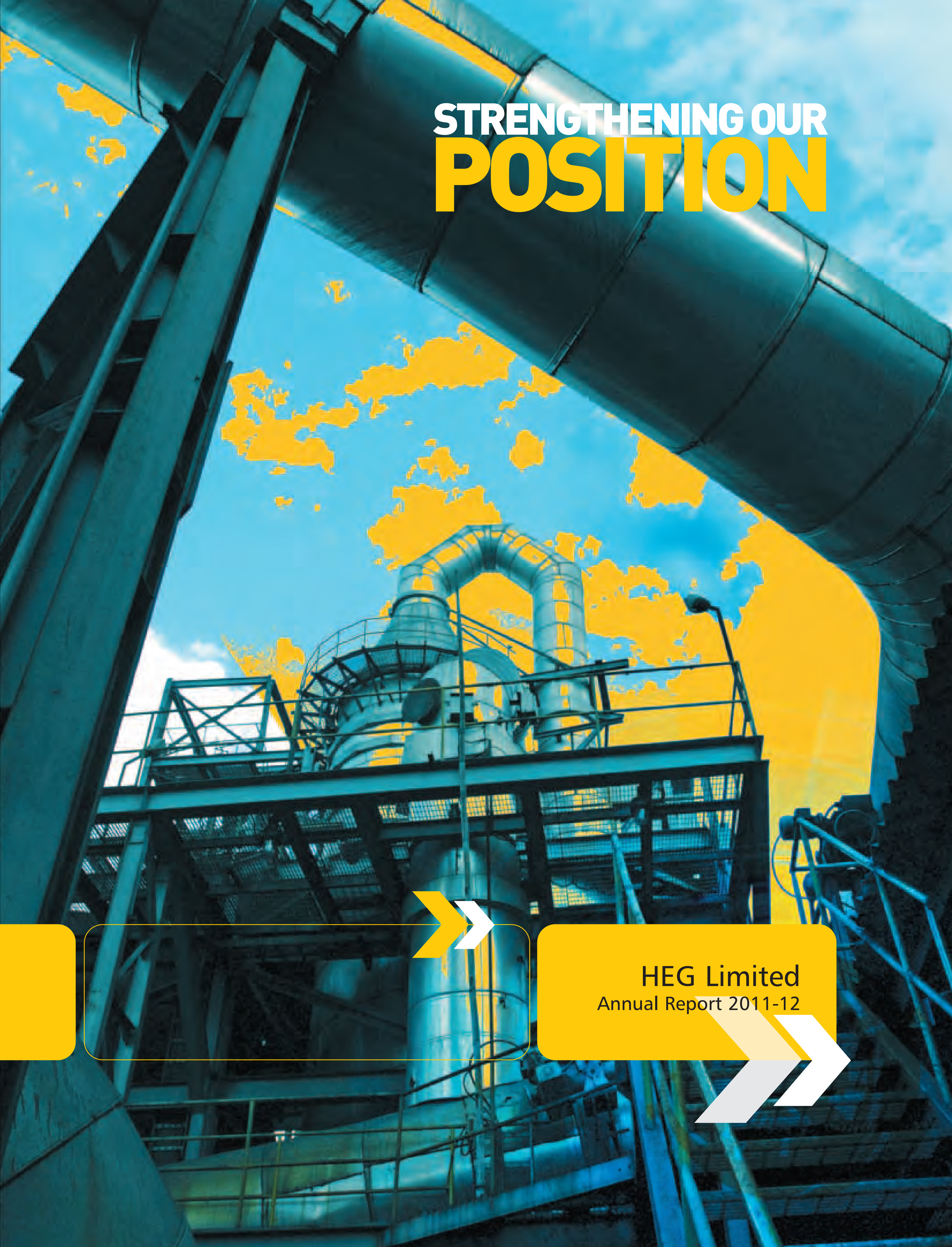

STRENGTHENING OUR POSITION

HEG Limited

Annual Report 2011-12

CONTENTS

"KITES RISE HIGHEST AGAINST THE WIND–NOT WITH IT."

– Winston Churchill

At HEG Limited, we faced a challenging 2011-12. Rather than merely wait for better times, we worked harder. With the objective to restrict the downtrend effectively and capitalise on the uptrend whenever that happens.

A snapshot

HEG LIMITED TODAY HAS THE LARGEST GRAPHITE ELECTRODE PLANT IN THE WORLD AT SINGLE LOCATION BESIDES BEING ONE OF THE MOST COMPETITIVE MANUFACTURERS GLOBALLY – ACCOUNTING FOR 9% OF INDUSTRY MARKET SHARE.

Largest Indian exporter of graphite electrodes; about 85% production exported

- Flagship Company of LNJ Bhilwara Group
- Located at Mandideep (near Bhopal)
- 77-MW captive power generation facility supports graphite plant
- Footprint across more than 35 countries
- Largest Indian exporter of graphite electrodes; about 85% production exported
- Winner of the CAPEXIL Export Award for graphite electrodes for 19 years.
- An ISO 9001: 2008 and ISO 14001:2004-certified organisation

Capacity (TPA)

80,000

March 31, 2012

Team size (members)

1070

March 31, 2012

Market Capitalisation

₹ **858** crore

March 31, 2012

2011-12 IN RETROSPECT

- Improved market share
- Grew net sales 28% to ₹1,424 crore (₹1,114 crore in 2010-11)
- Achieved 15% sales volume growth
- Capacity expansion commissioned from 66,000 TPA to 80,000 TPA
- Added 26 new customers; accounting for 9% of total sales volumes in 2011-12
- UHP electrodes sales increased 18% y-o-y

CAPACITY EXPANSION

IN A DIFFICULT BUSINESS ENVIRONMENT, THE USUAL RESPONSE IS TO FREEZE ALL SPENDING AND WAIT FOR BETTER TIMES.

At HEG, we took a contrarian view that a slowdown is usually the best time to expand capacity at a moderate cost and bring additional capacities on stream closer to a sectoral rebound.

- We expanded our capacity by 14,000 TPA for an investment of ₹225 crore.
- We maintained the capital cost per tonne of our new unit at the prevailing historical average
- Our expanded capacity is designed to manufacture large value-added electrodes preferred by global steel majors.
- We strengthened our relationships with needle coke suppliers besides diversifying our sources.
- No significant manpower increase

Conclusion: Our new investment incorporates upgraded technology resulting in operational efficiency and reduced costs

PRODUCT BASKET

IN A DIFFICULT BUSINESS ENVIRONMENT, THE NATURAL RESPONSE OF CUSTOMERS IS TO MOVE TO COST EFFECTIVE PRODUCTS.

At HEG, we were ready with our product offerings and value proposition.

- We made investments in cutting-edge technology to produce 100% UHP electrodes mandated for bigger and more sophisticated furnaces
- We widened our product basket, comprising graphite electrodes upto 30 inch diameter, addressing a wide user spectrum
- We upgraded the sales mix towards higher diameter products (22-28 inch dia) by 30% since 2009-10

Conclusion: HEG is now capable of manufacturing 100% UHP with a broad product range.

QUALITY MANAGEMENT

IN CONTINUATION WITH OUR PHILOSOPHY OF CONTINUAL QUALITY IMPROVEMENT, WE FOCUSED ON IMPROVING OUR PROCESSES.

At HEG, we took the line that we needed to make even better products that enhanced our customer's competitiveness and market positioning during challenging times.

- We streamlined our processes through statistical methods to ensure that our product matched international standards
- We improved quality consistency through enhanced automation and process control

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Conclusion: We increased business with globally-large and quality-conscious clients.

COST MANAGEMENT

IN AN UNPREDICTABLE BUSINESS ENVIRONMENT, HEG TOOK THE VIEW THAT WHEN OTHERS WERE INCLINED TO CUT PRODUCTION, WE DECIDED TO SWEAT CAPACITIES TO OPTIMISE COSTS.

- We added capacities, rationalising capital costs and maximizing operational efficiencies
- Our vision to invest in 77 MW captive power capacity helped us control costs by reducing offtake from state utilities and mitigating the risk of erratic power supply
- We invested in cutting-edge technologies, high productivity standards and product consistency.
- We upgraded equipment sub-assemblies and components with contemporary variants, improving plant availability and increasing overall production.

Conclusion: We reinforced our position as one of the world's most competitive graphite electrode manufacturers.

FINANCIAL MANAGEMENT

IN A BUSINESS ENVIRONMENT MARKED BY TIGHTENING LIQUIDITY AND INCREASING INTEREST RATES, MOST COMPANIES FELT THE STRESS AT OPERATION LEVEL.

At HEG, strengthening relationships with the financial community helped us cope better in an increasing interest rate scenario and the severe liquidity crunch.

- We reinforced our banking relations with key private and foreign banks, leading to significant growth in borrowing limits and fund availability.
- We raised working capital and term finance for our expanded capacities at competitive pricing from global and domestic markets despite curtailed liquidity.
- We contained our average borrowing costs through a prudent mix of foreign currency and rupee denominated debt despite 13 consecutive interest rate hikes by RBI from March 2010 to July 2011

Conclusion: We continue to manage our finances with prudence and leverage relationships to contain finance costs during tough times.

Dear Shareholders,

THE YEAR 2011-12 CAN BE SUMMED UP AS ONE OF GLOBAL UNCERTAINTIES.

The global economic environment turned adverse following the financial turmoil in the euro zone, questions raised about the US economy by rating agencies and the unfortunate Tsunami in Japan. In India, the Government was caught between the challenge of spurring growth and containing inflation, which resulted in an economic slowdown. Besides, the sudden rupee depreciation from August 2011 resulted in enhanced forex related costs.

The combination of these factors impacted steel demand, our critical user segment. While our topline and EBIDTA (before exceptional items) grew 28% and 4% respectively over the previous year, our profit after tax declined stood at ₹62.3 crore in 2011-12 impacted by currency volatility.

Sparks of delight

On the face of it, the numbers showcase a gloomy picture of our working in 2011-12. However, there were some positive sparks, which helped progressively de-risk our business from volatile external factors.

Capacity expansion: Our ₹225 crore expansion was commissioned in February 2012. This provides us with the opportunity to increase our market share in the top-end of the graphite electrode market.

This expansion will enhance profitability in two ways: 1) it is tailored for large-sized products fetching higher realizations and 2) it will cover our production costs (raw material, power and labour) more effectively.

Capacity utilisation: We achieved a capacity utilisation of about 90% in our existing production capacity which was higher than the global average by about 10%, a remarkable achievement.

From the helm

"IN 2011-12, WE STRENGTHENED OUR ABILITY TO BE AMONG THE FIRST TO REBOUND FOLLOWING A SECTORAL UPTURN."

Wider sales: We widened our geographic footprint. The result was that that the adverse external environment notwithstanding, we grew sales volumes over 15% in 2011-12.

Liquidity: Despite a financial crisis in various global economies, we enhanced our liquidity through stronger relationships with several private and foreign banks. This strengthened our cumulative bank limits addressing our growing working capital needs.

The trigger

An increase in steel-making through the EAF route will catalyse the next round of growth of the global graphite electrode sector.

At HEG, we feel that the EAF steel making route will continue to be preferred for various reasons:

- EAF route for steel making is preferred over the blast furnace route which is beset with volatile commodity prices and environmental considerations
- The cost of energy (critical in EAF steel making) is relatively low in developed economies; the per unit cost of energy in the US is US$0.06 and in the EU is US$0.08

The EAF route comprises more than 60% of all steel produced in the US and over 40% of all steel manufactured in Western Europe – approximately a third of the world's steel production. Credible sources suggest that the EAF steel production will continue to grow in developed and fast-developing nations namely Middle East, Russia and China marked by affordable power and growing private consumption, auguring favourably for the global graphite electrode sector.

India also provides an interesting opportunity for graphite electrode manufacturers. Indian ISPs are adding EAF units to their blast furnace facilities to strengthen their competitive advantage. Besides, increased private consumption over the last decade catalysed domestic scrap generation, reducing a dependence on imported scrap and making this route increasingly cost-effective. India is expected to add 10 MT steel making capacity through the EAF route over the next five years.

Blueprint

At HEG, we are adopting a three-pronged approach to grow volumes and profitability.

Value addition: Our recently commissioned new capacity (14,000 TPA) has widened our product basket towards value-added products opening new windows of opportunity for the Company.

Geographic diversification: We expect to strengthen our presence in new and growing EAF markets of BRIC nations and other Asian economies and benefit from emerging opportunities in those geographies.

Strengthening relationships with suppliers: We built on our existing relationships besides bringing new supplier sources for key raw materials.

Message to stakeholders

A 40-year young organization has readied itself to capitalise on emerging opportunities with the sectoral upturn. During the current year, an interesting volume-value play is expected to unfold, which will strengthen our volumes and profitability.

In conclusion, I would like to thank you for your continued trust in our Management and the Board of Directors. I also take this opportunity to thank our customers, employees, suppliers, service providers, financial institutions and bankers for their support and role in the Company's success.

Warm regards,

Ravi Jhunjhunwala,
Chairman and Managing Director

LNJ BHILWARA GROUP - THE GOLDEN JUBILEE

Marking an important milestone in the history of its successful journey, our Group has become one of the few business houses in the country to have completed 50 glorious years. Starting with a small unit of textiles in the then tiny township of Bhilwara five decades ago, the Group is today counted among the leading Indian business conglomerates, with a turnover of ₹4,739 crore in FY 2010-11. On the event of the Golden Jubilee, celebrations were held in Kharigram, Bhilwara, Shimla, Bhopal and Mandideep starting from 10th September, 2011. The Group's senior management felicitated present and past employees from all locations for their invaluable contribution towards the Group's success.

Kharigram and Bhilwara

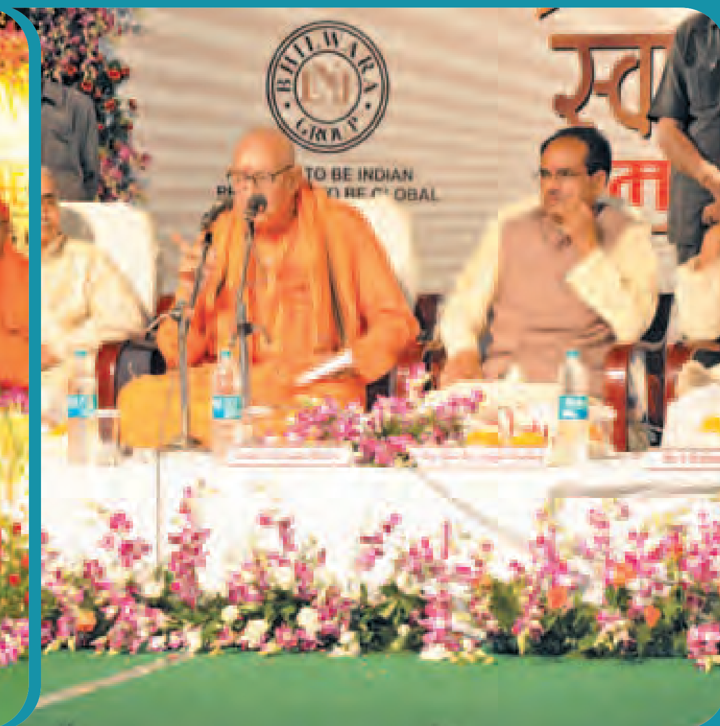
The celebrations commenced with a press conference at Kharigram with local and national media participating, followed by a dinner attended by the LNJ Bhilwara family, dignitaries and eminent media personnel.

The Golden Jubilee celebrations were formally inaugurated by Honourable Chief Minister of Rajasthan, Shri Ashok Gehlot. He also inaugurated the photo exhibition and model display that highlighted the Group's five-decade momentous journey. He praised RSWM's critical role in positioning Rajasthan as a key player in India's textile industry.

Shri L N Jhunjhunwala provided insights about his enriching journey, the challenges faced and the innovative solutions which allowed the Group to reach to its present position.

Group Chairman Shri Ravi Jhunjhunwala highlighted the future direction of the Group is to consolidate their position as India's second-largest spinning industry with a capacity of 700,000 spindles. He also announced ₹10,000 crore investment in the hydropower business over the next five years.

The celebrations at Bhilwara also included a tour of the BSL Plant and other entertainment programmes.



Shimla

The Shimla celebrations were held at Gaiety Theater, a heritage building which was inaugurated by Chief Minister of Himachal Pradesh, Prof. Prem Kumar Dhumal and other eminent dignitaries.

In his welcome address, Shri L N Jhunjhunwala, recalled the stiff challenges in setting up Malana Power, the first hydropower unit by the power sector, and government support, the out-of-the-box solutions and cohesive team effort that enabled the unit to commence operations in a record 30 months. An important highlight of the celebration was 'Swami Vivekanand' a mono act written, composed and enacted by Shekhar Sen, immensely talented singer, music composer, lyricist and actor.

Bhopal and Mandideep

A press conference was organised which was attended by leading national journalists. In his address, Shri L. N. Jhunjhunwala expressed his gratitude to all who had stood by the group through its ups and downs. Shri Ravi Jhunjhunwala announced the capacity expansion scaling of the Mandideep unit at an investment of ₹225 crore – making it the world's largest single site integrated manufacturing unit with a capacity of 80,000 MT. A visit to the Mandideep plant was also scheduled for the guests.

The celebration at Bhopal was attended by Chief Minister of Madhya Pradesh Shri Shivraj Singh Chouhan and three former chief ministers namely Shri Babulal Gaur, Shri Sundar Lal Patwa and Shri Kailash Joshi among others. Shri L.N.Jhunjhunwala recognised the special efforts of the Research & Development team.

Among other entertainment events was a mono act play well appreciated by the guests called 'Kabeer', conceived, written, composed, directed and acted by renowned artist Shri Shekhar Sen.

Management discussion and analysis

Economic overview

Global: The global economic environment, which was tenuous at best through the early part of 2011, turned adverse in September 2011, owing to the euro zone turmoil. As a result, capital flows to developing countries declined by almost half in 2011. Global GDP grew 3.8% in 2011, significantly lower than the 5.2% growth in 2010. As per World Economic Outlook, global economic growth is expected to further decrease to 3.3% in 2012. Economic growth in emerging and developing economies is expected to average 5.4% – a decline from 6.2% growth in 2011. Despite a substantial downward revision, Asia is still projected to grow at 7.5% in 2012, which gives geographical advantages to HEG.

The US: In 2011, the world's largest economy expanded 1.7% compared to 3% in 2010. In 2012, it is expected to grow between 2-2.5%. Despite improved growth in Q4 2011, economists are not optimistic about the sustainability of the growth rate in the current year. As per a statement by the Fed, the US economy has been 'expanding moderately' and economic growth in the coming quarters will only be 'modest.' According to Moody's, U.S. fiscal drag and euro instability will temper growth in 2012, but the recovery will remain intact and pick up in 2013.

The Company's customer base includes Arcelor Mittal, Nucor, POSCO, Severstal, SAIL, Tata Steel, Jindal Group, among others.

Europe: Europe continues to be plagued by the sovereign debt crisis which made it nearly impossible for some countries in the euro area to re-finance their government debt without the assistance of third parties. While sovereign debt rose substantially in a few eurozone countries, it emerged as a significant problem for the entire area. Despite these challenging times, the GDP grew 1.4% in the euro area in 2011 against 1.9% in 2010.

India: In 2011-12, India struggled to catalyse growth and control inflation. Indian economic growth declined from 8.4% in 2010-11 to 6.5% in 2011-12 and yet remained one of the fastest-growing global economies. Going ahead, the government expects to achieve GDP growth of 7% in 2012-13. Inflation continues to be a worry, while a steeply declining rupee is complicating the decision making for RBI and Finance Ministry to be conservative or stimulate the economy. The rupee is likely to remain stretched as India readies for FCCB repayments. Of the BSE 500 companies, 28 companies had an aggregate FCCB outstanding of ₹245 bn maturing by FY13.

The product

Graphite electrodes are primarily used in manufacturing steel through the Electric Arc Furnace (EAF) route.

The electrodes act as current carrying conductors and the arc generated melts the scrap/ DRI to make steel. Its demand is 'derived demand', depending on steel production. Graphite electrodes constitute 2-3% of the total production cost of steel.

There are two prevalent grades in the electrodes market – High Power Grade and Ultra High Power Grade (UHP). Around 80% of the demand comprises UHP grade electrodes, which is the major product of the Company.

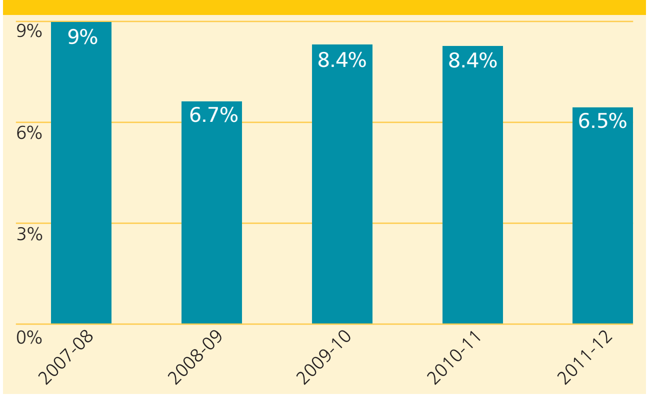
EAF steel plants typically consume 1.5-2 kg of graphite electrode per tonne of steel production.

The user industry

Global: The steel industry indicates a region's economic health. Over the last decade, the sector grew phenomenally, primarily due to growth in BRIC (Brazil, Russia, India and China) nations.

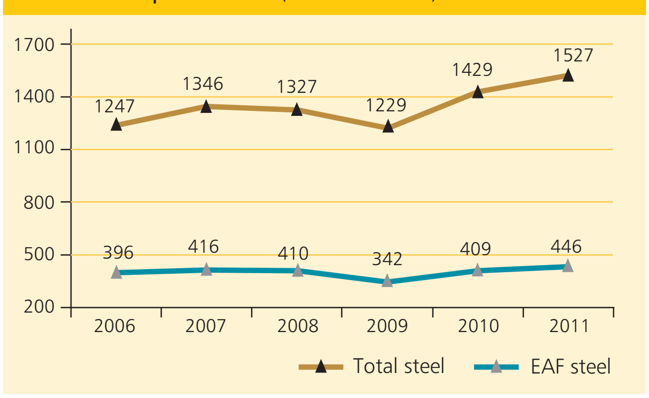
Global steel production touched 1,527 MMT in 2011 against 1,429 MMT in 2010, an increase of 6.8% over the previous year. All major steel-producing countries apart from Japan reported growth; this was particularly robust in Turkey and South Korea.

Gross Domestic Product Growth



Source: Reserve Bank of India

Global steel production (million tonnes)



Source: World Steel Association

At HEG, research focussed on improving raw material use, building developmental initiatives with suppliers, improving operational practices and acquiring/ adapting new technologies.

Going ahead, the global economic growth and steel demand will be significantly dependent on the growth of Europe and China. With Chinese economic growth expected in single digits against the double-digit growth clocked in the last decade and the euro zone debt crisis remaining a key global concern, 2012-13 projections are cautiously optimistic.

India: In 2011, India emerged as the world's fourth-largest steel producer after China, USA and Japan. India produced 71 MMT of crude steel in 2011-12 against 68 MMT in 2010-11.

India's per capita consumption of 57 kgs is still way behind the developed economies which means a huge growth potential for the country in steel production. As per the latest forecast, India is poised to become the world's second-largest steel producer by 2015.

Business performance

The year 2011-12 was a milestone for the LNJ Bhilwara Group as it marked its 50th anniversary with an illustrious journey for the Group as it diversified successfully and overcame challenges to emerge among India's leading and respected business houses.

For HEG, there was a subdued performance in 2011-12 due to the challenging global economic environment, which significantly impacted the industrial sector. Despite business uncertainty, operational resilience strengthened the Company's position, enabling it to capitalise on opportunities arising from the sectoral upturn.

Graphite electrode segment

HEG is the world's largest single-site manufacturer of graphite electrodes. The Company's manufacturing facility, with a rated capacity of 80,000 tonnes per annum of graphite electrodes, is located at Mandideep (near Bhopal) in Madhya Pradesh. The Company manufactures top quality UHP grade graphite electrodes.

The Company is a leading exporter of graphite electrodes with a marketing footprint across the US, Europe, Russia, the Middle East, South-east Asia, South America and Africa. The Company's client base is impressive and spread across more than 35 countries. The Company's customer base includes steel producers like Arcelor Mittal, Nucor, POSCO, Severstal, SAIL, Tata Steel, Jindal Group, among others.

Highlights 2011-12

- Commissioned the 14,000 TPA brownfield expansion in February 2012, taking the overall capacity to 80,000 TPA
- Achieved ~15% increase in production volumes
- Achieved a capacity utilisation of 90%-plus, significantly higher than the global average

Shopfloor initiatives

- Optimised process parameters, resulting

in efficient utilisation of assets

- Optimised power consumption and improved product quality
- Extended the product range
- Improved equipment uptime by modernising maintenance practices

Blueprint for 2012-13

- Stabilise operations of the new modules
- Reduce energy consumption through innovative approaches
- Strengthen and expand global and Indian marketing footprint

Power segment

The Company has a rated captive power generation capacity of around 77 MW, of which 64 MW is generated through two thermal power plants and 13.5 MW through the hydroelectric power plant. As power is a critical input for manufacturing graphite electrodes, in-house power generation provides a huge competitive advantage. Proactive planning has ensured that the current capacities can provide for energy requirements of the expanded capacity.

Quality management

Quality management is of prime importance at HEG, encompassing not only manufacturing but also whole organisational processes; this enables the Company to deliver quality products and services. This was a key reason for the Company to emerge as the largest exporter of graphite electrodes with a sustained presence with global steel giants.

Further, the Company continuously focuses on the skill development and training of its workforce to maintain and enhance the quality of products and services delivered. Measures such as comprehensive Statistical Process Control (SPC) systems are woven into various processes to ensure systems strengthening. As a step towards increasing automation, real-time assessment was incorporated through Electronic Data Capture System, specifically designed to suit organisational requirements.

Initiatives in 2011-12

- Improved production planning and minimised unplanned stoppages which improved productivity and product quality
- Processes tuned for diversified raw material sources
- Initiated various steps to improve employee engagement

Research and development

At HEG, research focussed on improving raw material use, building developmental initiatives with stakeholders, improving operational practices and acquiring/adapting new technologies. HEG is now exploring to leverage its knowledge to venture into developing allied products.

HEG seeks to drive performance through modern Performance Management System.

Human capital and industrial relations

Human capital: HEG has taken several new initiatives to leverage its human capital. It introduced coaching programmes for key executives to build a leadership pipeline. It carried out skill mapping with respect to role requirements and mapped competencies of all key executives.

HEG seeks to drive performance through modern Performance Management System, adopting the Balance Score Card approach. It enables the organisation to focus on key result areas and channel organisational energy to achieve goals.

Employee training is a continuous priority to build skill sets to meet technological needs of our business. Besides core skills, emphasis is also on building soft skills.

During 2011-12 employee strength increased to 1070 from 1049 in the previous year. With proper succession planning, adequate managerial bandwidth is available to drive corporate goals, with responsibilities and authorities shared appropriately.

Industrial relations: Industrial relations across the Company were cordial, with no labour unrests or strikes during the period under review. This was the result of the management's and employees' efforts to adopt a work culture which adapts itself with the changing scenario. We continued to emphasise transparency and innovation, which provided a stimulus to the organisation.

Internal control system

The Company has an effective internal control system driven by robust checks & balances that ensure safeguarding of assets, all regulatory compliances and sustain focus on improvements in processes by an adequate review mechanism. The Company also has an IT-enabled system to assist its core processes and ensure adequate management information systems for informed decision making.

Opportunities and threats

Opportunities

Growing environmental awareness is increasing steel production through the Electric Arc Furnace route instead of the conventional Blast Furnace route

A large number of steel companies are adopting the EAF route for steel-making considering the increased availability of scrap and the growing scarcity of natural resources, namely coking coal and iron ore as well as their high price volatility.

Integrated steel producers are adding large EAF units to their blast furnace infrastructure to de-risk their business with greater operational flexibility.

Technology improvements are increasing the size and complexity of the EAF furnaces for high productivity and efficiency, increasing the demand for UHP graphite electrodes.

Threats

The uncertainty in the euro zone due to the sovereign debt crisis and relative softening in emerging economies could impact global steel growth and the demand for graphite electrodes.

High oil prices (driven by geopolitical tensions in the oil producing regions) could significantly increase input costs, adversely impacting the cost-competitiveness of this business.

Environment and social initiatives

HEG developed best practices by nurturing sustainability and safeguarding the environment. We responded to the expectations of international environmental safety standards, giving it due priority. HEG strictly adheres to compliances and protects the environment.

We reduced energy consumption and pollution emission. In fact, graphite electrodes are used in electric arc furnaces, which are then used to make steel by melting steel scrap. Hence, the entire cycle of the EAF industry conserves the environment.

A pivotal part of HEG's Corporate Social Responsibility is meeting local community needs.

- The Company adopted villages near Mandideep, where it focused on macro and micro development. It set up a homeopathic dispensary in Mandideep to serve hundreds of patients daily. It set up an 'agarbatti' production unit to help women residing in slums, employing close to 30 women.
- The Company focussed on improving living standards, initiated efforts to nurture the skills and talent of the local youth.
- The Company implemented several programmes for the disadvantaged, namely loans for widows and providing woollen clothes to the poor.
- The Company partnered with NGO BAIF (Pune) to start an animal husbandry programme. Baseline surveys were initiated at all villages.

The Company also supports underprivileged students. Acting on the government's direction in letter and spirit, the Graphite Higher Secondary School, which started as a primary school 34 years ago, enrolls 25% underprivileged students, financially supported by the Company. The school has 750 students.

The school is managed by Graphite Education and Welfare Society which pioneered innovative practices of teaching such as information technology as a teaching aid, including smart classes using audio and visual systems.

The Company organised an annual event called 'Gram Mela' comprising games for children, girls and adults; bullock race and 'Bhajan' competitions were organised. Villagers had participated in these activities enthusiastically. Farmers who performed exceptionally on their farms were awarded; contributions of villagers to social activities were also acknowledged.

During the year, a substantial budget was allocated to start medical camps and partner with NGO's. These efforts were made to strengthen the social fabric.

HEG also decided to set-up a trust 'LNJ Bhilwara HEG 'Lok Nyas' headed by the CMD of the Group.

Outlook

The global EAF steel production is expected to grow 3-4% in 2012 despite a depressed economic environment in Europe and reduced growth forecast in the Chinese economy. Increasing Electric Arc Furnace steel production augurs well for the graphite electrode industry.

Brownfield expansions underway in India are expected to add around 20 MMT in steel capacity this year. As we expect moderate growth in 2012-13, there is likely to be slower pick-up of production from the additional capacity.

Following HEG's newly commissioned capacity; there is optimism in its performance for 2012-13. As a preferred global supplier of UHP grade graphite electrodes, operational flexibility, wide product basket and strategic focus on larger products are expected to strengthen shareholder value.

Analysis of the financial statements

During the year under review, revenues increased 28% to ₹1,424 crore from ₹1,114 crore in the previous year. The EBIDTA (before exceptional items) for the year was ₹259 crore compared with ₹247 crore in the previous year. The profit before tax was ₹67 crore (₹168 crore in FY 2011) and the net profit from ordinary activities after tax was ₹62 crore (₹129 crore in FY 2011).

Segment-wise performance

The graphite electrode division revenues were higher by 29% in FY 2012 at ₹1,395 crore compared with ₹1,079 crore in FY 2011. PBIT was at ₹142 crore as compared to ₹140 crore in the previous year. The return on sales was 4.38% during the year under review.

In the power division, revenue was higher by 10% at ₹216 crore compared with ₹197 crore in the previous year. The PBIT of the power division was

HEG Limited possesses a strong, stable and sustainable balance sheet. The long term debt was ₹353 crore, resulting in a low debt-equity ratio of 0.46%.

higher by 4.64% at ₹48.71 crore as compared to ₹46.55 crore in the previous year. The returns on sales were 22.6% compared with 23.7% in the previous year.

A strong balance sheet

HEG Limited possesses a strong, stable and sustainable balance sheet. The long term debt was ₹353 crore, resulting in a low debt-equity ratio of 0.46%.

The Board of Directors of the Company had approved the buyback of its equity shares from the open market through stock exchanges vide a resolution passed at its meeting held on the 14th March, 2011. The buyback was approved for an aggregate amount upto ₹67.50 crore. The buyback of shares commenced on 11th April, 2011. The Company completed the buyback of equity shares through open market purchases on 11th November, 2011. A total of 28,85,765 shares were bought back; extinguished and the entire ₹67.50 crore was utilised.

Risk and concerns

At HEG, we understand the impact of industry uncertainty and their possible outcomes. It is through this deep knowledge that we survived and succeeded. As a responsible corporate, the management minimises risks and maximises returns.

Decline in demand for the product could result in underachievement of projections.

Mitigation argument: Steel manufacture through the EAF route is gaining credence especially in developed economies due to its environment-friendly nature, which enables the recycling of steel scrap generated in abundance in these geographies. Additionally, technological advancements altered customer preferences towards UHP graphite electrodes. The Company proactively created a flexible manufacturing unit which produces basic and high-end UHP graphite electrodes from the same line. Besides, the superior product quality maintained by the Company enabled it to grow business every single year since inception.

Competitive pressure from global players could adversely impact the Company's performance.

Mitigation argument: The Company has consistently grown at a rate higher than the industry average through its continued capacity expansions. A satisfied and growing customer base enabled the Company to maintain a high capacity utilisation – higher than the global average and that of other domestic players.

Inflationary headwinds could disrupt the cost equation impacting profitability.

Mitigation argument: The Company is among the world's lowest cost graphite electrode manufacturers. It strengthened this competitive advantage by commissioning the recent brownfield expansion with technologically superior equipment which further reduced power and packing material consumption. Additionally, the captive power generation facility is sufficient to cater to the requirements of the additional capacity.

Non-availability of adequate raw material could impede the production planning.

Mitigation argument: The Company sources its raw material requirements from leading needle coke suppliers globally. It sustained and enhanced healthy business relations with its needle coke vendors. Besides, the commissioning of the new capacity improved the Company's negotiation power with its vendors for assured supplies of inputs at competitive rates. It tied-up its entire needle coke supplies for the current calendar year for the expanded capacity besides diversifying sources – an important de-risking initiative.

Cautionary statement

Statements in this document that are not historical facts are 'forward-looking' statements. These 'forward-looking' statements may include the Company's objectives, strategies, intentions, projections, expectations, and assumptions regarding the business and the markets in which the Company operates. The statements are based on information which is currently available to us, and the Company assumes no obligation to update these statements as circumstances change. There may be a material difference between actual results and those expressed herein. The risks, uncertainties and important factors that could influence the Company's operations and business are the global and domestic economic conditions, the market demand and supply for products, price fluctuations, currency and market fluctuations, change in the government's regulations, statutes and tax regimes, and other factors not specifically mentioned herein but those that are common to the industry.

Directors' Report

Dear members

Your Directors have pleasure in presenting their 40th Annual Report and audited statements of accounts for the year ended 31st March, 2012.

1. (i) Financial results

(₹ in crore)

	2011-12	2010-11
Turnover :		
Domestic	509.45	444.95
Export	1128.55	854.31
Less : Excise Duty	27.41	22.71
: Inter Division Sales	186.60	162.90
Net Sales	1423.99	1113.65
Other Income	16.79	26.81
Total Income	**1440.78**	1140.46
Profit before Exceptional items, Finance cost, Depreciation and Amortisation	258.60	246.85
Exceptional Items	92.85	–
Profit before Finance cost, Depreciation and Amortisation	**165.75**	246.85
Finance cost	40.68	21.57
Profit before Depreciation and Amortisation	**125.08**	225.28
Depreciation and Amortisation	57.93	57.31
Profit Before Tax	**67.14**	167.98
Provision for Taxation:-		
Current Year	1.61	42.88
Deferred	5.05	(1.28)
Income Tax for earlier years	(1.84)	(2.48)
Net Profit for the Period	62.32	128.86
EPS (Basic) (₹)	15.34	30.08
(ii) Appropriations:-		
Amount available for appropriation	331.17	362.62
Reversal of proposed dividend and dividend distribution tax on shares bought back	1.23	–
Dividend :		
a) On Equity Shares		
i) Interim Dividend	–	21.42
ii) Proposed Dividend	19.98	21.42
b) Dividend Distribution Tax		
i) On Interim Dividend	–	3.41
ii) On Proposed Dividend	3.24	3.48
Transfer to :-		
a) General Reserve	7.50	25.00
b) Debenture Redemption Reserve	1.25	19.04
Balance carried forward	300.43	268.85

2. Overall Performance

The Company recorded Net Sales ₹1423.99 crore as compared with ₹1113.65 crore in the previous year. The Net Profit was at ₹62.32 crore as compared with ₹128.86 crore in 2010-11 translating to basic earning per share at ₹15.34 as against ₹30.08 in Financial Year 2010-11.

3. Subsidiary Company & 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 alongwith 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 ₹5/- per share on Equity Shares of ₹10/- each for the financial year ended 31st March, 2012, subject to your approval at the Annual General Meeting.

5. Operations

Graphite Electrodes

During the year under review, the production volumes of Graphite Electrodes were higher as compared with the last financial year. Growth in volumes was offset by increase in costs and foreign currency fluctuations which contributed to lower margins.

Power Generation

HEG's strategic planning resulted in reliable captive power generation of about 77 MW. The current capacity of power is self-sufficient at the expanded graphite electrode capacity levels of 80,000 TPA.

6. Capacity Expansion of the Graphite Electrode Plant at Mandideep

The expansion plan of graphite electrode manufacturing capacity of the Company from 66,000 TPA to 80,000 TPA was completed in February, 2012.

7. Buyback of its Equity Shares by the Company

The Board of Directors of the Company had approved the Buyback of its Equity Shares from open market through Stock Exchanges vide a Resolution passed at its meeting held on the 14th March, 2011. The Buyback was approved for an aggregate amount upto ₹67.50 crore. The Buyback of shares commenced on the 11th April, 2011. The Company completed the buy back of Equity Shares through open market purchases on 11th November, 2011. 28,85,765 Shares were bought back and extinguished and entire amount of ₹67.50 crore was utilised.

8. Corporate Governance

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

9. Management Discussion and Analysis

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

10. Internal Control Systems and Adequacy thereof

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

Internal audit programme covers various 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.

11. Personnel

a) Industrial Relations

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

b) Particulars of Employees

The information of employees 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.

12. Public Deposits

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

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

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

14. Directors

Two of your Directors namely Dr. O. P. Bahl and Shri Riju Jhunjhunwala shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

15. Auditors

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

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

16. Directors Responsibility Statement

The Directors confirm that:

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

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2012 and of the profit of the Company for the year under review;

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

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

17. Acknowledgements

Your Directors wish to place on record, their appreciation for the valuable assistance and support received by your Company from Banks, Financial Institutions, Central Government, Government of Madhya Pradesh, 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 10, 2012

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, 2012.

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	207.16	B.Com.(Hons.), MBA	32	57	8th September, 1979	–

Notes:

1. Appointment of Shri Ravi Jhunjhunwala is in accordance with Schedule XIII of the Companies Act, 1956. The same was approved by Board of Directors and subsequently approved 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 Company records, 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. Installation of VFD of CPP Unit ID Fan 1 & 2.

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

1. Installation of VFD cost ₹150 Lacs.

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

1. The saving in electrical energy consumption on account of the above implemented measure is in range of 6.5 lacs Kwh per year.

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

Particulars	Graphite	
	2011-12	2010-11
A. Power & Fuel Consumption		
Electricity		
Purchased		
Units (lacs)	3425.97	3243.44
Total amount (₹ lacs)	20870.18	17462.08
Rate /Unit (₹)	6.09	5.38
Own Generation		
Generated Units	–	–
Units /Litre of fuel oil	–	–
Cost of generation /Unit (₹)	–	–
Fuel Consumption		
Quantity (KL)	17197.034	16115.135
Total amount (₹ lacs)	7317.94	5118.90
Average rate per KL (₹)	42554	31765
B. Consumption per unit of Production		
Product description /Unit – MT	Graphite Electrode	
Electricity Consumed /Unit	5421	5823
Fuel Oil consumed (KL) /Unit	0.272	0.289

(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. Use of Advance characterisation techniques for understanding the properties of raw materials and finished products. 2. Exploring alternative methods & formulations to improve quality of graphite electrodes. 3. Development of Carbon/Graphite specialties for various applications like Gas filter, Water filter, Cryosorption pump, Fuel cell, Heat removal etc.
2. Benefits derived as a result of the above R&D	1. Stringent quality control for raw materials. 2. Quality Improvement in Graphite Electrodes. 3. Carbon/Graphite products development for Thermal, Energy, Environment and Electronics Applications.
3. Future plan of action	1. Development of Carbon/Graphite based specialty products. 2. Process development for purification of Graphite artifacts. 3. Process development for use of Activated Carbon Cloth for electrical applications.

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

	Current Year	Previous Year
a) Capital	48.27	46.05
b) Recurring	178.40	118.13
c) Total	226.67	164.18
d) Total R&D expenditure as percentage of total turnover	0.16	0.15

ii) Technological Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adoption and innovation	1. Efforts made to develop high surface area Activated Carbon Cloth specialty for specific application in cryosorption pump. 2. Efforts made to develop high thermal conductivity Graphite foam.
2. Benefits derived as a result of the above efforts	1. Scope for new business in Carbon/Graphite specialties.
3. In case of recently imported technology the requisite information, in brief	1. Nil All our efforts are made through in-house R&D activities and collaborative research in India.

(C) Export & Foreign Exchange Earnings and Outgo

	(₹ in Lacs)
Earnings :	106893.04
Outgo :	58482.55

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, 2012
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, 2012	Nil
5	Net Aggregate amount of subsidiary's Profit / (Losses) so far as they concern members of holding company and not dealt within the holding company's account :	
	i) For subsidiary Financial Year	(20,756)
	ii) For subsidiary's Previous Financial years since it became subsidiary	(67,575)
6	Net Aggregate amount of subsidiary's Profit / (Losses) so far as they concern members of holding company and dealt within the holding company's account :	
	i) For subsidiary Financial Year	Nil
	ii) For subsidiary's Previous Financial years since it became subsidiary	Nil
7	As the financial year of the subsidiary company does not coincide with the financial year of the holding Company, information u/s 212 (5) of the Companies Act, 1956 is given below:-	
	a) Is there any changes in the holding company's interest in the subsidiary company between the end of the financial year of the subsidiary company and the holding Company	N.A.
	b) Is there any material changes which have occurred between the ended of financial year of subsidiary company and end of financial year of holding company	N.A.
	i) Fixed Assets of subsidiary company	N.A.
	ii) Investments of subsidiary company	N.A.
	iii) Money lent by the subsidiary Company	N.A.
	iv) Total advances made by the holding company as on 31st March, 2012	N.A.

Corporate Governance Report

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

(i) Composition

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

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

Name of Director	Category of Directorship	No. of other Directorships in public Ltd. Companies	Board Committees* in other Companies in which		No. of Board Meetings attended	Whether attended the last AGM Yes/No
			Member	Chairman		
Shri L N Jhunjhunwala	Chairman Emeritus-Promoter Non-Executive	06	02	0	0	No
Shri Ravi Jhunjhunwala	Chairman & Managing Director-Promoter Executive	12	01	02	04	Yes
Shri Shekhar Agarwal	Vice-Chairman-Promoter Non-Executive	05	03	0	04	No
Shri D N Davar	Non-Executive & Independent	13	05	04	04	Yes
Dr. Kamal Gupta	Non-Executive & Independent	06	02	05	04	No
Shri K N Memani	Non-Executive & Independent	12	05	05	01	No
Shri P Murari	Non-Executive & Independent	09	04	03	02	No
Shri Lalit Mohan Lohani	Non-Executive & Independent (LIC Nominee)	0	0	0	03	No
Dr. O. P. Bahl	Non-Executive & Independent	01	0	0	03	Yes
Shri Riju Jhunjhunwala	Director-Promoter – Non-Executive	07	03	0	03	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	179740
Shri D N Davar	1000
Dr. Kamal Gupta	200
Shri Riju Jhunjhunwala	233290

(iii) Board Meetings

The Board meets at least once in every quarter to review quarterly results and other items on agenda. Additional meetings are held when necessary. Four Board Meetings were held during the financial year ended 31st March, 2012. These were held on 29th April, 2011, 29th July, 2011, 4th November, 2011 and 3rd February, 2012.

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

*The Board of Directors at their meeting held on 10th May, 2012 approved the reconstitution of the Audit Committee by inclusion of Dr. O.P. Bahl, Independent Director as a member of the Committee.

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2012, four meetings were held on 29th April, 2011, 29th July, 2011, 4th November, 2011 and 3rd February, 2012.

The attendance at the above Meeting was as under: -

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

4. Remuneration Committee

i) Broad Terms of Reference

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

ii) Composition of the Committee

The composition of the Remuneration Committee is as under:-

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

The Company Secretary acts as Secretary of the Committee.

iii) Meetings and Attendance

During the financial year ended 31st March, 2012, 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 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, 2012

(Amount in ₹)

Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
Shri L. N. Jhunjhunwala		–	–	–	–
Shri Ravi Jhunjhunwala	8400000	7707297	4608338	–	20715635
Shri Shekhar Agarwal	–	–	–	240000	240000
Shri Riju Jhunjhunwala	–	–	–	120000	120000
Shri D. N. Davar	–	–	–	320000	320000
Shri K. N. Memani	–	–	–	20000	20000
Dr. Kamal Gupta	–	–	–	340000	340000
Shri P. Murari	–	–	–	40000	40000
Shri Lalit Mohan Lohani	–	–	–	60000	60000
Dr. O.P. Bahl	–	–	–	320000	320000

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, 2012, two meetings were held on 4th November, 2011 and 26th March, 2012.

The attendance at the above Meetings was as under: -

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

The Company received 41 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 31.03.2012.

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
19th September, 2009	2008-2009	Mandideep, (Near Bhopal), Distt. Raisen – 462 046 (Madhya Pradesh)	12.30 P.M.	No
20th September, 2010	2009-2010	Mandideep, (Near Bhopal), Distt. Raisen – 462 046 (Madhya Pradesh)	2.00 P.M.	No
16th September, 2011	2010-2011	Mandideep, (Near Bhopal), Distt. Raisen – 462 046 (Madhya Pradesh)	2.00 P.M.	No

(b) Extra Ordinary General Meeting:

No Extra Ordinary General Meeting took place during the financial year 2011-12.

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

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

7. Disclosures

(i) There are no materially significant transactions with the related parties viz. Promoters, Director or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS18) has been made in the Annual Report.

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

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

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

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

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

(vii) The Chairman & Managing Director and Chief Financial Officer have certified to the Board, interalia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(V) of the Listing Agreement, for the year ended 31.03.2012.

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 2011-12."

9. Means of Communication

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

10. Disclosures regarding appointment or re-appointment of Directors

Name of Director	Shri Riju Jhunjhunwala	Dr. O.P. Bahl
Date of Birth	13.01.1979	05.10.1939
Date of Appointment	30.04.2009	30.04.2009
Qualification	Degree in Business Management studies.	M.Sc., Ph.d.
Expertise in Specific functional areas	He is an Industrialist with diversified business experience.	He retired from National Physical Laboratory, New Delhi as Director Grade Scientist in 1999. He has expertise in Carbon Technology.
List of other Public Ltd. Companies in which directorships held.	1. Bhilwara Energy Ltd 2. Bhilwara Infotechnology Ltd 3. Bhilwara Technical Textiles Ltd 4. Cheslind Textiles Ltd 5. Bhilwara Green Energy Ltd 6. NJC Hydro Power Ltd 7. Chango Yangthang Hydro Power Ltd	HEG Graphite Products and Services Limited
Chairman / Member of the Committees of the Board of Directors of the Company.	–	*
Chairman / Member of the Committee of Directors of other Companies.		
a) Audit Committee	1. Cheslind Textiles Limited – Member 2. Bhilwara Technical Textiles Limited – Member	–
b) Shareholders'/ Investors' Grievance Committee	1. Bhilwara Technical Textiles Limited – Member	–
No. of Equity Shares held in the Company	233290	–

* The Board of Directors at their meeting held on 10th May, 2012 approved the reconstitution of the Audit Committee by inclusion of Dr. O.P. Bahl, Independent Director, as a member of the Committee.

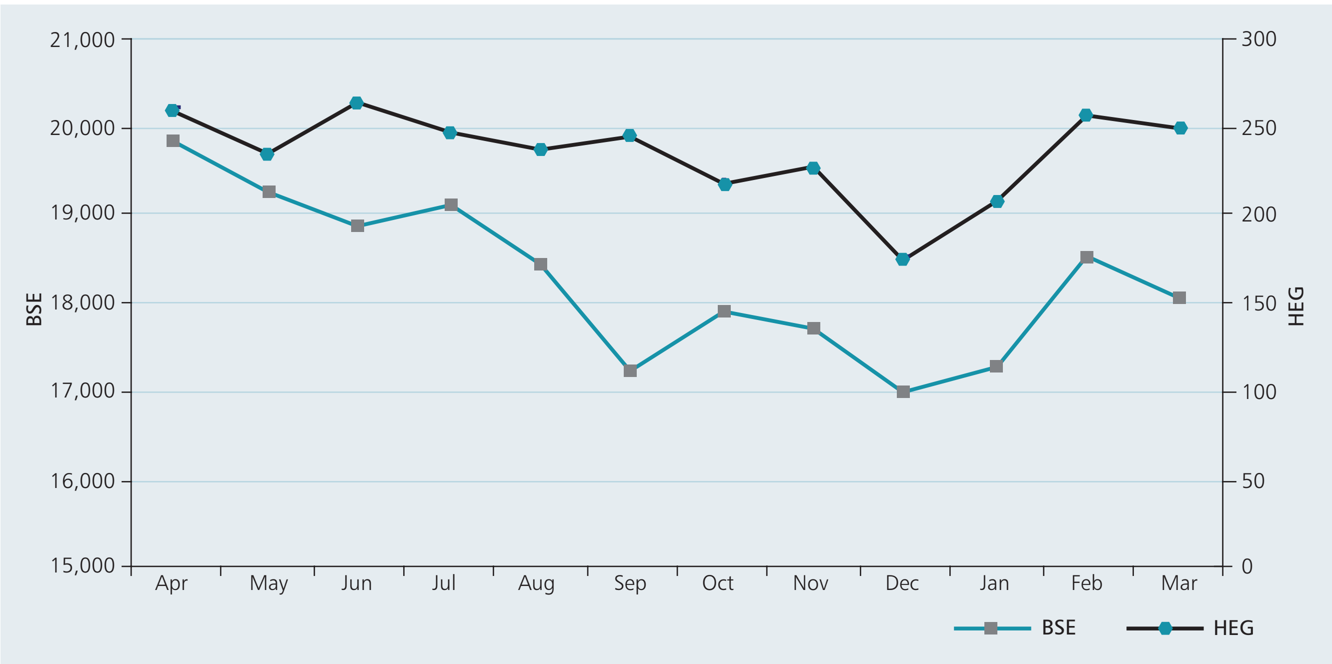
11. Shareholders Information

a) Annual General Meeting: Date & Time, Venue	21st September, 2012 at 1.30 P.M. at the Registered Office of the Company at Mandideep, Near Bhopal, Distt. Raisen- 462 046 (Madhya Pradesh).
b) Financial Calendar:	Financial Year: 1st April,2012 – 31st March,2013. Reporting:
	(a) First Quarter Results – Within 45 days of end of the 1st Qtr (b) Second Quarter Results – Within 45 days of end of the 2nd Qtr (c) Third Quarter Results – Within 45 days of end of the 3rd Qtr (d) Results for the FY – Within 60 days of end of the FY
c) Date of Book Closure	11th September, 2012 to 21st September, 2012 (both days inclusive)
d) Dividend payment date	Dividend if declared, shall be paid / dispatched to the shareholders between 3rd October, 2012 and 6th October, 2012.
e) Listing of :	
(i) Shares on Stock Exchanges	(i) 1. Bombay Stock Exchange Ltd. 2. National Stock Exchange of India Ltd. 3. Madhya Pradesh Stock Exchange Ltd.
(ii) Non-convertible Debentures	(ii) WDM segment of Bombay Stock Exchange Ltd.
	Listing Fee, as prescribed has been duly paid.
f) Stock Code/ISIN No.	(i) Equity Shares: BSE: 509631 NSE: HEG ISIN No.: INE545A01016
	(ii) Non-convertible Debentures: ISIN No.: INE545A07039, INE545A07054

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

Month	NSE		BSE		BSE SENSEX	
	High	Low	High	Low	High	Low
April, 2011	258.80	215.00	258.30	215.00	19811.14	18976.19
May, 2011	235.90	220.10	234.85	220.50	19253.87	17786.13
June, 2011	262.95	230.00	262.80	228.60	18873.39	17314.38
July, 2011	248.80	232.15	247.00	234.00	19131.70	18131.86
August, 2011	258.80	211.05	237.90	213.05	18440.07	15765.53
September, 2011	227.80	211.60	244.00	212.95	17211.80	15801.01
October, 2011	216.25	201.00	216.80	202.65	17908.13	15745.43
November, 2011	229.00	162.60	226.00	161.10	17702.26	15478.69
December, 2011	172.20	140.40	173.95	141.00	17003.71	15135.86
January, 2012	209.00	150.30	208.50	153.30	17258.97	15358.02
February, 2012	289.30	189.60	256.95	190.00	18523.78	17061.55
March, 2012	249.00	211.05	248.40	211.50	18040.69	16920.61

ii) Comparative chart of Company's share price movement vis-à-vis the movement of BSE Sensex during FY 2011-12:



h) Registrar or Transfer Agent	M/s. MCS Ltd. F-65, Ist Floor,Okhla Industrial Area, Phase-I, New Delhi-110020. E-mail for Investor Grievances: mcscomplaintsdel@mcsdel.com
i) Share Transfer System:	Share Transfers are attended and registered on fortnightly basis and the same are returned within 30 days from the date of receipt, if the documents are in order in all respects.

j) Distribution of shareholding as on 31st March, 2012.

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	33943	95.38	3547780	8.88
501-1000	920	2.59	705177	1.76
1001-2000	350	0.98	519872	1.30
2001-3000	129	0.36	326822	0.82
3001-4000	49	0.14	174496	0.44
4001-5000	32	0.09	147689	0.37
5001-10000	63	0.18	468392	1.17
10001 and above	101	0.28	34068914	85.26
Total	**35587**	**100.00**	**39959142**	**100.00**

k) Category of Shareholders

Category	No. of shareholders	% of shareholders	No. of shares held	%age of shareholding
Promoters and Promoter Group	23	0.06	22685458	56.77
Mutual Funds / UTI	8	0.02	14815	0.04
Financial Institutions / Banks	11	0.03	9698	0.02
Insurance Companies	4	0.01	4250770	10.64
Foreign Institutional Investors	23	0.06	402422	1.01
Bodies Corporate	734	2.06	3215794	8.05
Individuals	34333	96.48	6242312	15.62
Others:				
I) Trusts	4	0.01	16927	0.04
II) Foreign Corporate Bodies	1	0.00	2893888	7.24
III) Overseas Corporate Bodies	1	0.00	34960	0.09
IV) NRI Individuals	445	1.25	192098	0.48
Total	**35587**	**100.00**	**39959142**	**100.00**

l) Dematerialization of shares and liquidity.	3,87,42,635 shares were dematerialised till 31.3.2012 which was 96.96% 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, 2012.
n) Plant Locations	a) Mandideep (Near Bhopal), Distt. Raisen – 462 046, Madhya Pradesh. b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461 001, Madhya Pradesh.
o) Address for correspondence:	HEG Ltd. Secretarial Department, Bhilwara Towers, A-12, Sector –1, Noida - 201301 Phone: 0120-4390300, 4390000 • Fax: 0120-2531648/2531745 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, 2012, 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: 10th May, 2012

Auditors' Report

To the members of
HEG Limited

We have audited the attached Balance Sheet of HEG Limited (the Company) as at 31st March, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto.

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

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

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

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

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

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

c) The Balance Sheet, 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 dealt with by this report comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.

e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

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

   i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

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

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

For Doogar & Associates
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: 10th May, 2012

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 lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipts of goods. In our opinion, the frequency of such verification is reasonable.

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

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

3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4 (iii) (b) to (d) of the Order are not applicable.

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

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

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

   b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.

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

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

8. We have broadly reviewed the Cost Accounting records, maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the 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	2008-09	CIT (Appeals), Bhopal	1071.00
		2003-04, 2004-05	Hon'ble High Court, Jabalpur	516.00
Central Excise Act, 1944	Excise Duty	1999-2003, 2002-03, 2004-06, 2004-07, 2005-06, 2006-07, 2007-08	CESTAT, New Delhi	539.42
		2004-05	Hon'ble High Court, Jabalpur	1.42
Central Sales Tax Act, 1956	Central Sales Tax	2002-03	Sales Tax Tribunal, Bhopal	20.89
Central Sales Tax Act, 1956	Central Sales Tax	2003-04	Hon'ble High Court, Jabalpur	21.30
Madhya Pradesh Parvesh Kar Adhiniyam, 1976	Entry Tax	2007-08, 2008-09	Commissioner (Appeals), Bhopal	14.65
		2005-06, 2006-07	Commissioner (Appeals), Raipur	21.79
		2002-03, 2003-04, 2006-07	Appellate Tribunal, Bhopal	62.31
		2003-04,1997-98	Hon'ble High Court, Jabalpur	20.11
Chhattisgarh Commercial Tax	Local Sales Tax	2006-07	Commissioner (Appeals), Raipur	3.03
		1992-93	Appellate Tribunal, Raipur	1.12

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

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

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

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

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

15. The Company has given a guarantee jointly with another company to a financial institution for loans taken by others from that financial institution, the terms and conditions of which are not, prima facie, prejudicial to the interest of the Company.

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

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

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

19. The Company has created necessary securities and other charges for the debentures issued.

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

Place: Noida (U.P.)
Dated: 10th May, 2012

Balance Sheet as at March 31, 2012

(₹ in Lacs)

	Notes	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
a) Share Capital	3	3,995.95	4,284.53
b) Reserves and Surplus	4	72,226.70	77,346.80
2 Non-current liabilities			
a) Long-term borrowings	5	35,274.22	21,063.89
b) Deferred tax liabilities (Net)	6	7,865.83	7,360.71
c) Other Long term liabilities	7	205.97	213.58
d) Long-term provisions	8	223.60	300.38
3 Current liabilities			
a) Short-term borrowings	9	79,068.50	63,491.30
b) Trade payables	10	10,266.56	4,388.97
c) Other current liabilities	11	21,575.62	14,747.76
d) Short-term provisions	8	5,141.93	2,552.01
Total		2,35,844.89	1,95,749.93
II. ASSETS			
1. Non-current assets			
a) Fixed assets			
i) Tangible assets	12	74,400.83	65,710.71
ii) Intangible assets	13	136.22	149.69
iii) Capital work-in-progress	14	12,835.05	7,858.25
iv) Intangible assets under development		-	-
b) Non-current investments	15	6,846.39	6,659.60
c) Long-term loans and advances	16	8,148.20	5,140.03
d) Other non-current assets	17	125.52	0.29
2 Current assets			
a) Current investments	18	25.00	3,527.94
b) Inventories	19	61,880.81	50,952.18
c) Trade receivables	20	49,068.00	39,529.35
d) Cash and bank balance	21	1,797.81	1,178.11
e) Short-term loans and advances	16	14,285.31	10,365.53
f) Other current assets	17	6,295.76	4,678.25
Total		2,35,844.89	1,95,749.93
Summary of significant accounting policies	1-2		

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 : 10th May, 2012

Statement of Profit and Loss for the year ended March 31, 2012

(₹ in Lacs)

		Notes	Year ended March 31, 2012	Year ended March 31, 2011
I.	Revenue from operations (Gross)			
	Sale of products	22	1,45,140.10	1,13,636.32
	Less:Excise Duty		2,741.02	2,271.50
	Revenue from operations(Net)		1,42,399.08	1,11,364.82
II.	Other income	23	1,678.58	2,681.14
III.	**Total Revenue (I + II)**		**1,44,077.66**	**1,14,045.96**
IV.	Expenses:			
	Cost of materials consumed	24	69,446.82	61,297.67
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	25	445.13	(11,772.82)
	Employee benefits expense	26	4,715.78	5,179.59
	Finance costs	27	4,068.47	2,156.82
	Depreciation and amortization expense	28	5,793.12	5,730.52
	Other expenses	29	43,609.39	34,656.48
	Total expenses		**1,28,078.71**	**97,248.26**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**15,998.95**	**16,797.70**
VI.	Exceptional items	30	9,284.95	-
VII.	**Profit before extraordinary items and tax (V - VI)**		**6,714.00**	**16,797.70**
VIII.	Extraordinary Items		-	-
IX.	**Profit before tax (VII- VIII)**		**6,714.00**	**16,797.70**
X	Tax expense:			
	1) Current tax			
	Current Year		160.82	4,287.75
	Previous Year		(183.93)	(248.20)
	2) Deferred tax		505.12	(128.07)
XI	**Profit (Loss) for the period from continuing operations (IX-X)**		**6,231.98**	**12,886.22**
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	**Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)**		-	-
XV	**Profit (Loss) for the period (XI + XIV)**		**6,231.98**	**12,886.22**
XVI	Earnings per equity share: (Par value of ₹ 10 each)			
	1) Basic (₹)	31	15.34	30.08
	2) Diluted (₹)	31	15.34	30.08

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 : 10th May, 2012

Notes to the financial statements

NOTES

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, except for the change in accounting policy explained below.

Note: 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 a) Presentation and disclosure of financial statements

During the year ended 31 March 2012, 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 disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Change in Accounting Policy

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

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

• In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

2.2 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 recognised in the period in which the results are known / materialised.

2.3 Revenue recognition

Sale of Goods

Revenue is recognised 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 recognised 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 Hydel Power unit at Tawa and Thermal Power unit at Mandideep are 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.

Dividends

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

Notes to the financial statements

NOTES

2.4 Inventories

i. Finished goods and work in progress are valued at lower of historical cost or net realisable 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 of finished goods and by- products includes excise duty. 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. Cost is determined on a weighted average basis.

iii. Historical cost is determined on the basis of weighted average method.

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

v. Net realisable 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.

2.5 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 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.

2.6 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 non-monetary assets without physical substance is recognised as Intangible Assets in accordance with principles given under AS-26 – Intangible Assets. These are grouped and separately shown under the schedule of Fixed Assets. These are amortised over their respective expected useful lives.

2.7 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 capitalised upto the date of commissioning of the project as the cost of respective assets.

2.8 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 Department of Company Affairs, which are as follows:

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

NOTES

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

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

iii) Cost of acquisition & improvement of lease hold land is amortised 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.

2.9 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 recognised 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 recognised 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 recognised. 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 recognised in prior years.

2.10 Foreign exchange transactions/Translation

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

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

3. Any income or expense on account of exchange difference either on settlement or on translation is recognised 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 and 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 and Loss when

a) the forecast transaction materialises,

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.

2.11 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.

2.12 Employees benefits

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

Notes to the financial statements

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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 recognised 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 unrecognised 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) Leave Encashment

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

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 recognised 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.

2.13 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 recognised 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 recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

2.14 Segment accounting & reporting

Identification of segments

The Company's operating businesses are organised 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 represents 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.

2.15 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 Standard 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 crystallise in later years. However, deferred Tax Assets are recognised 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.

Notes to the financial statements

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2.16 Government grant & subsidies

Grants and subsidies from the government are recognised 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 recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

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

2.17 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 capitalised 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

2.18 Provisions, contingent liabilities and contingent assets

A provision is recognised 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 recognised for:

i) a present obligation that arises from past events but is not recognised 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.

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.

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

2.19 Miscellaneous expenditure

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

2.20 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.

2.21 Cash and cash equivalents

In the cash flow statement, 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 March 31, 2012	As at March 31, 2011
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 4,28,44,907) Equity Shares of ₹ 10/- each	3,995.91	4,284.49
1,150 (Previous year 1,150) Forfeited Equity Shares	0.04	0.04
	3,995.95	**4,284.53**

Notes to the financial statements

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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

	2011-12		2010-11	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Equity Shares				
At the beginning of the year	4,28,44,907	4,284.49	4,26,07,174	4,260.72
Add: Shares Issued on FCCB Conversion during the year	-	-	2,37,733	23.77
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**	**4,28,44,907**	**4,284.49**

The Board of Directors of the Company had approved the Buyback of its Equity Shares from open market through Stock Exchanges vide a Resolution passed at its meeting held on the 14th March, 2011. The Buyback was approved for an aggregate amount upto ₹ 6,750 Lacs. The Buyback of shares commenced on the 11th April, 2011, the Company completed the buy back of Equity Shares through open market purchases on 11th November, 2011. 28,85,765 Shares were bought back and extinguished and entire amount of ₹ 6,750 Lacs was utilised.

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.

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

	2011-12		2010-11	
	No. of shares held	% of holding	No. of shares held	% of holding
Equity Shares				
Bharat Investments Growth Ltd.	26,09,598	6.53	26,09,598	6.09
Microlight Investments Ltd.	46,65,579	11.68	46,65,579	10.89
Norbury Investments Ltd.	53,62,991	13.42	53,62,991	12.52
Life Insurance corporation of India	37,75,677	9.45	37,75,677	8.81
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	6.75

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.

	(Aggregate No. of Shares)				
Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Fully paid up pursuant to contract(s) without payment being received in cash	–	–	–	–	–
FCCB's Conversion	–	2,37,733	15,84,894	–	40,07,517
Shares bought back	28,85,765	–	15,50,725	17,44,978	–
Closing Balance	3,99,59,142	4,28,44,907	4,26,07,174	4,25,73,005	4,43,17,983

Notes to the financial statements

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Note: 4. **RESERVES AND SURPLUS**

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
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	1,604.99	1,604.99
Add: Current year transfers	288.58	-
Closing balance	**1,893.57**	**1,604.99**
Securities premium Account		
Balance as per the last financial statements	8,019.61	7,414.95
Add: Transferred during the year*	-	604.66*
Less: Utilised against Premium on buyback	6,750.00	-
Closing balance	**1,269.61**	**8,019.61**
Debenture Redemption Reserve		
Balance as per the last financial statements	2,381.62	477.13
Add: Transfer from surplus in the statement of		
Profit and Loss during the year	1,375.00	1,904.49
Less: Transferred to Statement of Profit and Loss against debentures redeemed	1,250.00	-
Closing balance	**2,506.62**	**2,381.62**
General reserve		
Balance as per the last financial statements	35,317.18	32,817.18
Add: Transfer from surplus in the statement of Profit and Loss during the year	750.00	2,500.00
Less: Hedging Reserve	2,692.02	-
Closing balance	**33,375.16**	**35,317.18**
Surplus / (deficit) balance in statement of profit and loss		
Balance as per the last financial statements	26,885.16	23,376.02
Add: Amount transferred from statement of profit and loss	6,231.98	12,886.22
Amount available for Appropriation	33,117.14	36,262.24
Add: Reversal of proposed dividend and Dividend distribution tax on shares buyback	123.43	-
Less: Proposed dividend	1,997.96	2,142.25
Less: Dividend distribution tax on Proposed dividend	324.12	347.53
Less:Interim dividend	-	2,142.25
Less: Dividend distribution tax on Proposed dividend on Interim dividend	-	340.57
Less:Transfer to Debenture Redemption Reserves(Net)	125.00	1,904.49
Less:Amount transferred to General Reserve	750.00	2,500.00
Closing balance	**30,043.49**	**26,885.16**
	72,226.70	**77,346.80**

*During the previous year addition represents share premium on convergence of FCCBs ₹ 446.39 Lacs and ₹ 158.27 Lacs on account of write back of premium on redemption of FCCB created out of these account in earlier period.

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Note: 5. LONG TERM BORROWINGS

(₹ *in Lacs*)

	Non-current portion		Current maturities	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Secured				
a) Debentures				
50 (Previous Year: 50) 9.55% Debentures of ₹ 1 Crore each redeemable at par	-	5,000.00	5,000.00	-
500 (Previous Year: 500) 8.9% Debentures of ₹ 10 Lacs each redeemable at par	-	5,000.00	5,000.00	-
Nil (Previous Year: 500) 8.5% Debentures of ₹ 10 Lacs each redeemable at par	-	-	-	5,000.00
b) Term loans				
Rupee Loans from banks	8,333.33	-	1,666.67	400.00
Foreign currency Loans from Banks	26,940.89	11,063.89	890.23	1,076.85
	35,274.22	**21,063.89**	**12,556.90**	**6,476.85**
Amount disclosed under the head "other current liabilities" (note no-11)			12,556.90	6,476.85
	35,274.22	21,063.89	–	–

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

i) Non Convertible Debentures

(₹ *in Lacs*)

	Rate of interest	No. of installments	Outstanding as at 31.03.2012	Amount repayable 2012-13
3 Year Listed Debentures	9.55%	Bullet Repayment-1	5,000.00	5,000.00
3 Year Listed Debentures	8.90%	Bullet Repayment-1	5,000.00	5,000.00
Total			**10,000.00**	**10,000.00**

ii) From Banks – Term loans

(₹ *in Lacs*)

Lending institution	Rate of interest	No of installments	Outstanding as at 31.03.2012	Annual repayment schedule 2012-13	2013-14	2014-15	2015-16	2016-17
Dena Bank	Base Rate Linked	12-Quarterly	5,000.00	1,666.67	1,666.67	1,666.66	-	-
Axis Bank	Base Rate Linked	8-Quarterly	5,000.00	-	2,500.00	2,500.00	-	-
Standard Chartered-ECB	Libor Linked rate	11-Quarterly	2,448.12	890.23	890.23	667.66	-	-
HSBC-ECB	Libor Linked rate	4-Half Yearly	10,174.00	-	5,087.00	5,087.00	-	-
DBS-ECB	Libor Linked rate	4-Yearly	10,174.00	-	508.70	2,543.50	3,357.42	3,764.38
DBS-ECB (Fully Hedged in INR)	Libor Linked rate	3-Yearly	5,035.00	-	1,661.55	1,661.55	1,711.90	-
Total			37,831.12					

a) Secured redeemable Non-Convertible Debentures (NCDs) of ₹ 15,000 Lacs were allotted on private placement basis. The NCDs have been issued in demat mode and are listed in Wholesale Debt Segment of Bombay Stock Exchange. Out of the said NCDs of ₹ 15,000 Lacs, 8.50% NCDs aggregating to ₹ 5,000 Lacs allotted on 17th December, 2009 were redeemed on 17th December, 2011. 8.90% NCDs aggregating to ₹ 5,000 Lacs allotted on 17th December, 2009 shall fall due for redemption on 17th December, 2012. 9.55% NCDs aggregating to ₹ 5,000 Lacs allotted on 30th October, 2009 shall fall due for redemption on 30th October, 2012.

b) Term loans from Financial Institutions and Banks and redeemable Non Convertible Debentures stated as above 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 Tawanagar ranking on pari- passu basis and hypothecation of all movable assets of the Company (except book debts) subject to prior charge of the Company's bankers on specified movable assets in respect of working capital borrowings.

Notes to the financial statements

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Note: 6. DEFERRED TAX (NET)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Deferred tax liabilities		
Arising on account of Timing difference		
Accumulated Depreciation	8,354.46	7,789.76
Deferred tax assets		
Arising on account of Timing difference		
Due to section 43B of the Income Tax Act	410.28	303.79
Others	78.35	125.26
Net deferred tax Liability	**7,865.83**	**7,360.71**
Movement		
Opening Balance	7,360.71	7,488.78
Addition/(deduction) During the year	505.12	(128.07)
Closing balance	7,865.83	7,360.71

Note: 7. OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Others		
Securities received	205.97	213.58
	205.97	**213.58**

Note: 8. PROVISIONS

(₹ in Lacs)

	Long-term		Short-term	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits				
Compensated absences	223.60	300.38	38.98	52.49
Gratuity	–	–	80.36	
Others				
Provision for Proposed Dividend on Equity Shares			1,997.96	2,142.25
Provision for dividend distribution tax			324.12	347.53
Provisions for "Mark to market" losses on Derivatives*			2,692.02	-
Provision				
For wealth tax			8.50	9.75
	223.60	**300.38**	**5,141.93**	**2,552.01**

Note: 9. SHORT TERM BORROWINGS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Secured		
Loans repayable on demand		
Working capital loans from banks	59,368.85	49,422.14
Unsecured		
Short Term Borrowings from Banks	19,699.65	14,069.16
	79,068.50	**63,491.30**

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 financial statements

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Note: 10. TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Trade payables	10,266.56	4,388.97
	10,266.56	**4,388.97**

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 March 31, 2012	As at March 31, 2011
i)	Principal amount remaining unpaid as at end of the year	16.04	26.28
ii)	Interest due on above	-	-
	1 Total of (i) & (ii)	16.04	26.28
	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 March 31, 2012	As at March 31, 2011
Current maturities of long-term borrowings (note No-5)	12,556.90	6,476.85
Interest accrued but not due on borrowings	640.02	498.94
Unpaid Dividends-Unclaimed*	209.12	217.68
Advance from customers	2,823.03	2,980.14
Deposits	266.26	274.79
Other payables		
Employees Related	747.72	817.55
Statutory dues payable(Including PF and TDS)	1,212.00	646.62
Others	3,120.57	2,835.18
	21,575.62	**14,747.76**

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

Notes to the financial statements

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Note: 12. TANGIBLE ASSETS *(₹ in lacs)*

	Land			Plant &	Railway	Office	Electrical	Furniture &		
	Freehold	Leasehold	Buildings	Equipment	Sidings	Equipment	Installation	Fixtures	Vehicles	Total
Gross Block										
At 1 April 2010	68.44	464.51	13,484.57	81,379.20	418.99	882.22	1,193.02	453.21	841.02	99,185.18
Additions	37.59	–	1,848.50	3,431.69	–	130.20	203.57	37.74	280.95	5,970.24
Disposals	–	–	265.73	625.47	–	72.23	9.37	3.75	180.35	1,156.90
At 31 March 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	10,581.81	–	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
Adjustment*	–	–	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
Depreciation										
At 1 April 2010	–	88.91	4,560.90	27,001.45	100.37	618.11	432.40	290.95	357.64	33,450.73
Charge for the year	–	9.52	817.99	4,429.74	19.90	106.37	122.16	33.65	148.35	5,687.68
Disposals	–	-	131.45	520.85	–	68.82	3.11	1.99	124.38	850.60
At 31 March 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	854.88	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
Impairment Loss										
At 1 April 2010	–	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–
At 31 March 2011	–	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–
At 31 March 2012	–	–	–	–	–	–	–	–	–	–
Net Block										
At 31 March 2011	106.03	366.08	9,819.90	53,275.08	298.72	284.53	835.77	164.59	560.01	65,710.71
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

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, Madhaya 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 November, 2011 issued by the ministry of Corporate affairs. Accordingly,an amount of ₹ 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 ₹ 1,449.76 Lacs to capital work in progress.

Notes to the financial statements

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Note: 13. INTANGIBLE ASSETS *(₹ in Lacs)*

	Total
Gross Block	
At 1 April 2010	278.54
Additions	139.48
Disposals	–
At 31 March 2011	**418.02**
Additions	31.18
Disposals	–
At 31 March 2012	**449.20**
Depreciation	
At 1 April 2010	225.48
Charge for the year	42.85
Disposals	–
At 31 March 2011	**268.33**
Charge for the year	44.66
Disposals	–
At 31 March 2012	**312.99**
Net Block	
At 31 March 2011	**149.69**
At 31 March 2012	**136.22**

Note: 14. CAPITAL WORK IN PROGRESS

Capital work in progress includes ₹ 2,345.54 (Previous Year ₹ 607.42 Lacs) being preoperative expenditure and ₹ 3,431.55. (Previous Year ₹ 3,840.31 Lacs) being capital stores.

Note: 15. NON CURRENT INVESTMENTS *(₹ in Lacs)*

		As at March 31, 2012	As at March 31, 2011
	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	5.00	5.00
	(Includes 6 Shares held by the nominees of the Company)		
	Un-Quoted-Investment in Associates		
3,91,90,500	(Previous year 3,91,90,500) Equity Shares of ₹ 10/- each of Bhilwara Energy Ltd.(*)	2,612.70	2,612.70
12,62,048	(Previous year 41,90,000 of Bhilwara Infotech Limited) Equity Shares of ₹ 10/- each of Bhilwara Infotechnology Ltd received in lieu of 41,90,000 shares of Bhilwara Infotech Limited as per scheme of amalgamation.	228.68	41.90
	(Net of Provision for other than temporary diminution aggregating to ₹ 190.32 Lacs (Previous year ₹ 377.10.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		
	Un-Quoted-Investment in Associates		
4,00,000	(Previous year 4,00,000) Preference Shares of ₹ 10/- each of Bhilwara Energy Ltd.(*)	4,000	4,000
	Total	**6,846.39**	**6,659.60**
	(*) Includes 1,30,63,500 Equity Shares received as bonus shares in the previous year		
	Aggregate amount of quoted investments	0.01	0.01
	Market value of quoted investments	**	**
	Aggregate amount of unquoted investments	6,846.38	6,659.59
	Aggregate provision for diminution in value of investments	190.32	377.10
	**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 March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good unless stated otherwise				
Capital advances	4,300.92	3,503.16	-	-
Security deposits	210.77	470.31	-	-
Other loans and advances				
Advances for goods / services				
Unsecured, considered good	–	–	672.62	874.31
Doubtful	–	–	–	-
Balances with statutory authorities	–	–	1,810.40	1,681.09
Loans and advances to employees-Secured	65.87	53.86	85.07	65.33
Unsecured, considered good	–	–	184.91	111.64
Prepaid expenses	–	–	315.14	145.32
Excise rebates / refunds receivable	–	–	10,624.40	6,704.86
Direct taxes refundable (net of provisions ₹ 24,762.18 Lacs, previous year ₹ 25,224.83 Lacs)	3,424.08	998.07	–	–
Other Receivables	–	–	592.77	782.98
Payments under protest	146.56	114.63	–	–
	8,148.20	5,140.03	14,285.31	10,365.53

Detail of payments under protest is as follows: *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
Entry Tax	66.18	60.94
Central Sales Tax	63.74	37.05
Excise duty	12.12	12.12
MPST/MPCT	4.52	4.52
	146.56	114.63

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 sub-judice.

d) Loans and advances include :

	As at March 31, 2012	As at March 31, 2011
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

Notes to the financial statements

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Note: 17. OTHER ASSETS *(₹ in Lacs)*

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Others				
Export benefits receivable	-	-	4,891.38	3,828.83
Interest / Dividend Accrued, Not due	-	-	1,404.38	849.42
Non-current bank balances (note no-21)	125.52	0.29	–	–
	125.52	0.29	6,295.76	4,678.25

Note: 18. CURRENT INVESTMENTS *(₹ in Lacs)*

		As at March 31, 2012	As at March 31, 2011
	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
-	(Previous year 2,49,27,240.29) Units of SBI Premier Liquid Fund-Super Institutional - Daily Dividend	-	2,500.82
-	(Previous year 99,88,718.25) Units of SBI Premier Liquid Fund Institutional - Daily Dividend	–	1,002.12
	Total	25.00	3,527.94
	Aggregate amount of quoted investments	25.00	3,527.94
	Market value of quoted investments	26.25	3,530.44
	Aggregate amount of unquoted investments	-	-
	Aggregate provision for diminution in value of investments	-	-

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

	As at March 31, 2012	As at March 31, 2011
Raw materials (refer note No 24.)	24,138.54	12,752.98
[Includes material in transit ₹ 7,016.45 lacs; Previous year: ₹ 3,477.13 lacs]		
Finished goods (refer note no. 25)	10,011.83	8,697.20
Work-in-progress (refer note. 25)	22,982.35	24,742.11
Stores and Spares	4,748.10	4,759.89
[Includes stores in transit ₹ NIL; Previous year: ₹ 135.89 lacs]		
	61,880.81	50,952.18

Note: 20. TRADE RECEIVABLES *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,117.69	2,023.09
Doubtful	–	–
Age-based provisions in respect of debtors outstanding for more than one year net of ECGC cover	(50.01)	-
(A)	3,067.68	2,023.09
Other receivables		
Unsecured, considered good	46,000.32	37,506.27
Doubtful	-	-
Provision for doubtful receivables	-	-
(B)	46,000.32	37,506.27
Total (A + B)	49,068.00	39,529.35

Notes to the financial statements

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Note: 21. CASH AND BANK BALANCES

(₹ in Lacs)

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Cash and cash equivalents				
Balances with banks				
In current and cash credit accounts	–	–	1,282.60	856.49
In Unpaid dividend account	–	–	209.12	217.68
Cheques on hand	–	–	288.92	90.46
Cash on hand (including foreign currency notes)	–	–	16.19	12.75
Others				
Postage and stamps	–	–	0.98	0.73
	–	–	1,797.81	1,178.11
Other bank balances				
Held as margin money	0.29	0.29	–	–
Fixed Deposits with maturity more than one year*	125.23	–	–	–
	125.52	0.29	–	–
Less:Amount disclosed under the head "other non current assets" (Note No-17)	125.52	0.29	–	–
	-	-	1,797.81	1,178.11

*Pledged with Bank against Bank Guarantee to Shipping line.

Note: 22. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended March 31, 2012		Year ended March 31, 2011	
Sale of products				
Manufactured goods				
Graphite Electrodes	1,42,218.60		1,10,259.62	
Power	2,921.50	1,45,140.10	3,376.70	1,13,636.32
Less: Excise duty		2,741.02		2,271.50
		1,42,399.08		1,11,364.82

Note: 23. OTHER INCOME

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest income		
-Income tax Refunds/Others	34.67	117.64
-Others	11.32	9.78
Dividend on current investments	-	51.78
-On Investments in Subsidiary	-	-
Exchange Gain(Net)	-	1,186.46
Accrued Redemption Premium On Non Trade Investment	554.95	475.73
Profit on Sale of Investments	-	1.38
Rent Receipts	250.15	242.54
Provision for diminution in value of Investment in Associates-written back	186.78	-
Liabilities / provisions no longer required, written back	289.77	443.83
Profit on sale of Fixed Assets	26.82	6.90
Miscellaneous Sales / Receipts	324.12	145.09
	1,678.58	2,681.14

Notes to the financial statements

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Note: 24. COST OF MATERIAL CONSUMED

(₹ in Lacs)

	Year ended March 31, 2012		Year ended March 31, 2011	
Raw material consumed				
Opening Stock	9,275.84		4,859.95	
Add: Purchases	77,293.06		65,713.56	
	86,568.91		70,573.51	
Less: Closing Stock	17,122.09	69,446.82	9,275.84	61,297.67
Cost of Material Consumed (Net of DEPB/ Duty Drawback)		69,446.82		61,297.67

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.

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Breakup raw material consumed is as under		
Calcined Petroleum Coke	46,000.98	39,648.85
Pitch	11,129.85	8,935.06
Coal	12,182.96	10,988.83
Others	133.03	1,724.93
Breakup of material inventory as under		
Calcined Petroleum Coke	14,458.01	7,069.77
Pitch	947.14	1,213.16
Coal	1,600.47	910.91
Others	116.46	82.00
	17,122.09	**9,275.84**

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

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011	(Increase)/ Decrease
Inventories (At close)			
Finished Goods	10,011.83	8,697.20	(1,314.63)
Work-in-progress	22,982.35	24,742.11	1,759.76
	32,994.18	**33,439.31**	**445.13**
Inventories (At opening)			
Finished Goods	8,697.20	3,773.06	(4,924.14)
Work-in-progress	24,742.11	17,893.43	(6,848.68)
	33,439.31	**21,666.49**	**(11,772.82)**

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Breakup of finished goods is as under		
Finished goods		
a) Graphite Electrodes, Nipples & Specialities	8,904.71	6,755.51
b) By-products etc	1,107.12	1,941.70
	10,011.83	**8,697.20**
Breakup of work in progress is as under		
Work-in-progress		
a) Intermidiateries product at various stage	12,763.80	16,011.92
b) Intermidiateries products in furnaces	10,177.82	8,692.42
c) Refractory blocks & sengries	40.73	37.77
	22,982.35	**24,742.11**

Note- Work in Progress includes Refractory Blocks lying at shop Floor ₹ 29.65 Lacs (Previous Year ₹ 25.31 Lacs)

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Note: 26. **EMPLOYEE BENEFIT EXPENSE**

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Salaries and wages	3,593.40	4,266.82
Contribution to provident and other funds	488.06	431.25
Staff welfare	634.33	481.52
	4,715.78	**5,179.59**

Note: 27. **FINANCE COSTS**

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest expense		
Debentures	965.17	1,347.50
Term Loans	313.22	185.35
Working Capital Borrowings	2,790.09	1,785.56
Interest expense on statutory payments	-	-
Exchange difference to the extent considered as an adjustment to borrowing costs	-	(1,161.59)
	4,068.47	**2,156.82**

Note: 28. **DEPRECIATION AND AMORTISATION**

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Depreciation of tangible assets	5,748.46	5,687.67
Amortization of intangible assets	44.66	42.85
	5,793.12	**5,730.52**

Notes to the financial statements

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Note: 29. OTHER EXPENSES *(₹ in Lacs)*

	Year ended March 31, 2012	Year ended March 31, 2011
Consumption of stores and spare parts (Including Refractory Blocks)	8,881.62	8,824.91
Job/Process Charges	331.48	254.98
Power & fuel	29,194.71	23,118.90
Less: Interdivisional Purchases	(18,659.80)	(16,289.55)
Repairs and maintenance		
Plant & machinery	3,597.54	3,083.64
Buildings	1,110.04	603.77
Others	572.46	251.53
Insurance	342.37	284.50
Rent	118.82	106.43
Rates and taxes, excluding taxes on income	108.23	88.13
Directors' sitting fees & incidental expenses	15.33	19.32
Freight & forwarding	10,293.76	7,494.94
Packing Expenses (including Packing material consumption)	1,770.18	1,567.20
Commission	2,177.64	1,569.16
Claims, Rebates and Discount	757.96	1,174.06
Donations	0.10	30.12
Power generation charges	108.78	111.01
Travelling Expenses	268.09	189.21
Postage & Communication	63.13	72.56
Payment to auditors (Refer details below*)	31.35	28.84
Legal & Professional Expenses	760.10	775.93
Vehicle Running & Maintenance	128.41	107.26
Provision for doubtful debts and advances	50.01	–
Excise duty (Incl. adjustment on stocks)	416.50	(38.64)
Loss on sale / discard of fixed assets	88.73	214.74
Miscellaneous expenses	1,081.84	1,013.53
	43,609.39	**34,656.48**
As Auditor (*)		
Statutory audit	24.00	19.00
Other services		
Management Services	2.66	5.00
Certification Fees	1.56	2.35
Reimbursement of expenses	3.13	2.49

*Payments to the statutory auditors (excluding service tax)

Note: 30. EXCEPTIONAL ITEM *(₹ in Lacs)*

	Year ended March 31, 2012	Year ended March 31, 2011
Loss on account of Foreign Exchange arising out of exceptional volatility in Foreign currency rates.	9,284.95	–
	9,284.95	–

Note: 31. EARNINGS PER SHARE *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
The basic and diluted Earning Per Share is as under:		
Net Profit After Tax	6,231.98	12,886.22
Weighted average no. of Equity Shares outstanding	4,06,20,937	4,28,37,805
Basic Earning Per Share (₹) Weighted no. of Equity Shares 40,620,937 (previous year 42,837,805)	15.34	30.08
Diluted Earning Per Share (₹) Potential Equity Shares 40,620,937 (previous year 42,837,805)	15.34	30.08
Face value per Equity Share (₹)	10	10

Notes to the financial statements

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Note: 32. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF : *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
a) Excise duty under appeal	509.90	509.90
b) Other matters	6,963.89	1,619.23
c) Bank Guarantees	4,635.44	8,895.31

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 March 31, 2012	As at March 31, 2011
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 4,269.92 Lacs, previous year ₹3,503.16 Lacs.)	6,220.15	7,020.77
b) Bills discounted with bankers	3,202.89	1,524.83
c) Liability on EPCG License pending export fulfillment	2,226.77	952.59
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)*

	Purpose	Currency	As at March 31, 2012	As at March 31, 2011
Plain Vanilla Forwards	Hedging	USD	55.05	26.50
Plain Vanilla Forwards	Hedging	Euro	6.00	–
Cross Currency Forwards	Hedging	Euro	12.00	10.00
USD-INR Full Currency Forwards	Hedging	USD	10.00	–
INR-USD Full Currency Forwards	Hedging	USD	22.04	–

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

		As at March 31, 2012		As at March 31, 2011	
Particulars	Currency	Amount in FC (Million)	Amount in INR	Amount in FC (Million)	Amount in INR
Secured Loan	USD	122.12	62,122.38	117.39	52,343.44
	Euro	7.93	5,379.08	17.48	11,043.45
	GBP	0.05	44.34	0.11	81.61
Unsecured Loan	USD	23.22	11,810.75	23.80	10,614.38
Debtors (Net of Advances)	USD	54.62	27,781.99	16.54	7,375.19
	Euro	20.36	13,815.37	12.86	9,194.90
	GBP	0.17	140.87	0.11	81.61
	AED	0.00	0.00	(3.86)	(468.02)
Creditors(Net of Advances)	USD	(0.02)	(11.93)	(0.14)	(61.81)
	Euro	(3.46)	(2,259.86)	(2.52)	(1,593.83)
	GBP	–	(0.12)	–	(0.13)
Total	**USD**	**199.94**	**1,01,703.19**	**157.59**	**70,271.20**
Total	**EURO**	**24.83**	**16,934.59**	**27.82**	**18,644.52**
Total	**GBP**	**0.22**	**185.09**	**2.22**	**163.09**
Total	**AED**	**–**	**0.00**	**(3.86)**	**(468.02)**

Notes to the financial statements

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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 2011-12	FY 2010-11
Employer's contribution to Provident Fund	181.77	175.96
Employer's contribution to Superannuation Fund	133.11	107.95
Employer's contribution to ESI	39.92	39.17

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.

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

(₹ in Lacs)

	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11
Defined Benefit obligation at the beginning of the year	1,031.15	997.95	329.17	275.05
Current Service Cost	53.30	52.00	18.44	30.20
Interest Cost	87.65	79.84	27.98	22.00
Actuarial (gain)/loss	21.46	4.79	(113.86)	32.68
Past Service Cost	–	–	–	–
Benefits Paid	(143.05)	(103.42)	(22.85)	(30.76)
Settlement cost	–	–	–	–
Defined Benefit obligation at the end of the year	1,050.51	1,031.15	238.89	329.17

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

(₹ in Lacs)

	Gratuity (Funded) FY2011-12	Gratuity (Funded) FY 2010-11
Fair value of plan assets as at the beginning of the year	960.22	906.29
Expected Return	96.02	90.63
Actuarial (gain)/loss	17.51	31.05
Contribution by Employer	70.93	97.78
Benefits Paid	(143.05)	(103.42)
Settlement cost	–	–
Fair value of plan assets as at the end of the year	966.61	960.22
Actual return on plan assets	78.51	59.58

NOTES

3. Reconciliation of amount recognised in Balance Sheet

(₹ in Lacs)

	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11
Fair Value of Plan Assets as at 31st March	966.61	960.22	–	–
Present value of obligation as at 31st March	1,050.51	1,031.15	238.89	329.17
Net asset/(liability) recognised in the Balance Sheet	(83.90)	(70.93)	(238.89)	(329.17)

4. Expense recognised during the year under the head

(₹ in Lacs)

	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11
Current Service Cost	53.30	52.00	18.44	30.20
Past Service Cost	–	–	–	–
Interest Cost	87.65	79.84	27.98	22.00
Expected return on plan assets	(96.02)	(90.63)	–	–
Net Actuarial (gain)/ loss recognised during the period	38.98	35.84	(113.86)	32.68
Expenses recognised in the statement of Profit & Loss	83.90	77.05	(67.44)	84.88

5. Actual Return on Plan Assets

(₹ in Lacs)

	Gratuity (Funded) FY2011-12	Gratuity (Funded) FY 2010-11
Expected Return on Plan Assets	96.02	90.63
Actuarial (gain)/ loss	17.51	31.05
Actual return on plan assets	78.51	59.58

6. Expense recognised during the year under the head

	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11
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	8.50%	8.00%	8.50%	8.00%
Future Salary Increase	6.00%	5.50%	6.00%	5.50%
Expected rate of return on plan assets	10.00%	10.00%	0.00%	0.00%
Retirement Age	60 years	60 years	60 years	60 years

	FY 2011-12		FY 2010-11	
	Age	Withdrawal Rates	Age	Withdrawal Rates
Withdrawal Rates	Upto 30 years	3.00%	Upto 30 years	3.00%
	From 31 to 44 years	2.00%	From 31 to 44 years	2.00%
	Above 44 years	1.00%	Above 44 years	1.00%

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

NOTES

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

Particulars	2011-12	2010-11	2009-10	2008-09
PBO (C)	238.89	329.17	275.05	237.28
Plan assets		–	–	–
Net Assets/ (Liability)	(238.89)	(329.17)	(275.05)	(237.28)
Experience adjustment on plan assets				
Experience adjustment on plan liabilities	112.40	(35.29)	(15.13)	–

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

Particulars	2011-12	2010-11	2009-10	2008-09
PBO (C)	1,050.51	1,031.15	997.95	886.71
Plan assets	966.61	960.22	900.09	834.08
Net Assets/ (Liability)	(83.90)	(70.93)	(55.52)	(52.64)
Experience adjustment on plan assets	(17.51)	(12.59)	(46.30)	27.62
Experience adjustment on plan liabilities	(25.86)	(31.05)	92.86	(78.56)

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 March 31, 2012	As at March 31, 2011
a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).		
i) HEG Graphite Products & Services Ltd.	Subsidiary	Subsidiary
b) Associates and joint ventures		
i) Bhilwara Energy Limited	Associate	Associate
ii) Bhilwara Infotechnology Ltd	Associate	Associate
c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.	Sh. L.N. Jhunjhunwala Sh. Ravi Jhunjhunwala Sh. Riju Jhunjhunwala	Sh. L.N. Jhunjhunwala Sh. Ravi Jhunjhunwala Sh. Riju Jhunjhunwala
d) Key Management Personnel and their relatives	Sh. Ravi Jhunjhunwala Sh. Riju Jhunjhunwala	Sh. Ravi Jhunjhunwala Sh. Riju Jhunjhunwala

Notes to the financial statements

NOTES

A List of Related Parties & Relationships

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

i)	RSWM Ltd.
ii)	Malana Power Company Limited
iii)	BMD Solar Power Pvt Ltd
iv)	Escribe (India) Pvt Ltd
v)	Bhilwara Services Pvt Ltd
vi)	Ganga Yamuna Auto Pvt Ltd
vii)	Deepak Knits & Texturise Pvt. Ltd.
viii)	Maral Overseas Ltd.
ix)	Investors India Ltd
x)	Kalati Holdings Pvt Ltd
xi)	Bhilwara Technical Textiles Ltd.
xii)	BMD Power Pvt Ltd
xiii)	Purvi Vanijya Niyojan Ltd
xiv)	Uttri Investments Pvt Ltd
xv)	LNJ Bhilwara Textile Anusandhan Vikas Kendra
xvi)	Veronia Tie-Up Pvt Ltd
xvii)	Vivek Garments Pvt Ltd
xviii)	NJC Hydro Power Ltd
xix)	Bhilwara Green Energy Ltd

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

	As at March 31, 2012	As at March 31, 2011
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 Infotechnolgy Limited	419.00	419.00
iv) Provision for dimunition in value of investment in equity share of Bhilwara Infotechnology Limited	190.32	377.10
v) Redemption premium accrued on Preference Shares	1,404.38	849.43
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	207.16	481.81
iii) Salaries, Perquisites and Commission paid during the year to Sh. Riju Jhunjhunwala	–	34.82
4 With parties referred to in (d) above.		
i) Salaries, Perquisites and Commission paid during the year to Sh. Ravi Jhunjhunwala	207.16	481.81
ii) Salaries, Perquisites and Commission paid during the year to Sh. Riju Jhunjhunwala	–	34.82
iii) Salaries, Perquisites and Commission paid during the year to Sh. R.C. Surana	–	265.65
Apart from above Keyman Insurance policy valuing ₹11.71 Lacs has been assigned during the previous year to Shri R.C. Surana		
5 With parties referred to in (e) above.		
a) Purchase of fabrics	14.91	9.34
b) Rent Received	10.35	10.36
c) Rent Paid	77.75	77.75
d) Consultancy charges paid	–	13.84

Notes to the financial statements

NOTES

Note: 38. SEGMENT REPORTING

(₹ in Lacs)

	Graphite	Power	Unallocable items / others	Total
A. **Business Segments**				
Segments Revenue				
External Sales / other income (Net of Excise Duty)	1,40,069.13 (1,11,010.45)	21,629.10 (19,683.11)	1,039.23 (803.54)	1,62,737.46 (1,31,497.10)
Inter Segment Transfers		18,659.80 (16,289.55)		18,659.80 (16,289.55)
Total Revenue	**1,40,069.13 (1,11,010.45)**	**2,969.30 (3,393.56)**	**1,039.23 (803.54)**	**1,44,077.66 (1,15,207.55)**
Segment Result				
Segment Results	4,950.43 (14,000.60)	4,870.89 (4,654.94)	961.15 (298.98)	10,782.46 (18,954.52)
Less: Financial Expenses				4,068.47 (2,156.82)
Profit Before Tax				6,714.00 (16,797.70)
Less: Income Tax (incl. Deferred)				482.01 (3,911.48)
Net Profit for the year				**6,231.98 (12,886.22)**
Other Information				
Unallocated Assets			8,769.02 2,580.90	8,769.02 2,580.90
Segment Assets	1,81,349.06 (1,58,209.41)	23,192.11 (24,395.57)		2,04,541.16 (1,82,604.99)
Total Assets	**1,81,349.06 (1,58,209.41)**	**23,192.11 (24,395.57)**	**8,769.02 2,580.90**	**2,13,310.18 (1,80,024.09)**
Segment Liabilities	1,44,770.07 (1,01,897.30)	509.72 (329.42)		1,45,279.79 (1,02,226.71)
Unallocated Liabilities			641.60 (3,533.12)	641.60 (3,533.12)
Total Liabilities	**1,44,770.07 (1,01,897.30)**	**509.72 (329.42)**	**641.60 (3,533.12)**	**1,45,921.39 (1,05,759.83)**
Capital Employed	93,615.02 (77,979.93)	21,672.58 (22,581.66)	8,766.18 (8,610.49)	1,24,053.78 (1,09,172.08)
Capital Exp.incurred during the year	18,583.08 (7,030.58)	231.64 (1,072.15)	(90.01) (55.32)	18,724.71 (8,158.06)
Depreciation	4,322.64 (4,226.83)	1,428.48 (1,446.00)	42.00 (57.69)	5,793.12 (5,730.51)
Other Non Cash Expenses	– –	– –	– (34.77)	– (34.77)
B. **Geographical Segment**				
Segment Revenue				
Based on Location of Customers				
- Domestic	27,214.07 (25,579.15)	21,629.10 (18,310.08)	1,039.23 (1,373.03)	49,882.40 (45,262.26)
- Export	1,12,855.06 (85,431.30)		– –	1,12,855.06 (85,431.30)
Segment Assets				
Based on Location of assets				
- In India	1,62,765.98 (1,51,178.83)	22,960.47 (23,323.42)	8,859.03 2,636.22	1,94,585.48 (1,71,866.03)
Cost to acquire assets by location	18,583.08 (7,030.58)	231.64 (1,072.15)	(90.01) (55.32)	18,724.71 (8,158.06)

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 March 31, 2012	Year ended March 31, 2011
Raw materials	50,679.52	38,364.35
Components & spare parts	1,153.28	431.74
Capital goods	2,663.17	3,292.21

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

Commission, Consultancy, Travelling, Interest and Others	3,092.40	2,083.60

Note: 41. EARNINGS IN FOREIGN CURRENCY

Export of goods calculated on FOB basis	1,06,893.04	8,04,457.61

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

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 ₹ 5,92,65,335 was paid in foreign currency, whereas amount of ₹ 2,18,70,115 was paid to non-residents in INR on repatriation basis during the financial year 2011-12. The total amount remittable in this respect is given herein below:

(₹ in Lacs)

Amount remitted in foreign currency on account of dividend	–	1,354.70
Number of NRI / OCB shareholders	–	276
Number of shares held by above shareholders	–	1,35,47,024
Year to which the dividend relates	–	2009-10
Amount remitted in foreign currency on account of interim dividend	–	821.39
Amount remitted in foreign currency on account of final dividend	811.35	–
Number of NRI / OCB shareholders	403	386
Number of shares held by above shareholders	1,62,27,090	1,64,27,876
Year to which the dividend relates	2010-11	2010-11

Note: 43. CAPITALISATION OF PRE-OPERATIVE EXPENDITURE

The following expenditure has been capitalised / included under Capital work in progress:		
Insurance Expenses	6.20	24.83
Financial Expenses - Interest on term loans	1,266.13	341.24
Administrative Overheads & Other Cost	314.75	533.92
Foreign currency fluctuation	2,822.76	–
Total	**4,409.84**	**900.00**
The same has been capitalised / is lying under Capital work in progress as under:		
Building	399.71	41.74
Plant & Machinery	1,664.69	250.64
Capital work in progress	2,345.44	607.62
Total	**4,409.84**	**900.00**

Note: 44.

As 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, Govt. of India, it has transferred the differences arising out of foreign currency translation in respect of acquisition of depreciable capital assets to the respective assets account/ Capital Work-in-progress. In case this accounting practice had not been adopted, the Pre-tax Profit for the financial year ended 31st March, 2012 would have been lower by ₹ 760.00 Lacs (Previous year NIL) with a consequential impact on both the Basic and Diluted EPS.

Note: 45.

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

Notes to the financial statements

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Note: 46. ADDITIONAL INFORMATION *(₹ in Lacs)*

		Year ended March 31, 2012	Year ended March 31, 2011
Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)			
Graphite Electrodes & Anodes	MT	80,000	66,000
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 March 31, 2012		Year ended March 31, 2011	
	(₹ in Lacs)	%	(₹ in Lacs)	%
Raw materials (including purchases for consumption)				
Imported	40,374.07	58.14%	33,808.87	55.16
Indigenous	29,072.75	41.86%	27,488.80	44.84
Stores & spare parts				
Imported	167.32	1.88%	86.90	0.98
Indigenous	8,714.30	98.12%	8,738.01	99.02

Note: 50.

Till the year ended 31 March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's 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 : 10th May, 2012

Cash Flow Statement for the year ended March 31, 2012

(₹ in Lacs)

		Year ended March 31, 2012	Year ended March 31, 2011
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	6,714.00	16,797.70
	Add: Depreciation	5,793.12	5,730.52
	Misc Exps Written off	–	34.77
	Interest Paid	4,068.47	2,156.82
	Net Loss on fixed assets sold / discarded	61.91	207.85
	Diminution in value of Investments (net)	(186.78)	–
	Provision for doubtful debts/age base provisions	50.01	–
	Less: Dividend received	–	51.78
	Interest received	45.99	127.42
	Operating Profit before working capital changes	**16,454.74**	**24,748.45**
	Working capital		
	Trade receivables	(9,538.65)	4,494.61
	Inventories	(10,928.64)	(16,670.38)
	Loans & advances / Other current assets	(7,747.70)	(3,857.90)
	Liabilities and provisions	14,948.75	(1,064.07)
	Cash from operating activities	**3,188.51**	**7,650.71**
	Income / Wealth Tax	482.01	3,892.50
	Net Cash from operating activities	**2,706.50**	**3,758.21**
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Addition in Fixed Assets	(19,753.13)	(8,158.06)
	Sale of Fixed Assets	248.86	98.46
	Advances for Capital Expenditure	(797.76)	(2,880.37)
	Sundry Creditors for Capital Expenditure	262.25	(74.73)
	Investments	3,502.94	(3,487.94)
	Dividend Received	–	51.78
	Interest received	45.99	127.42
	Net Cash from investing activities	**(16,490.86)**	**(14,323.44)**
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Long term borrowings - Term Loans / NCD's / Bonds	20,747.49	8,918.00
	Repayment of Term loans/ NCD's/ Bonds	(6,537.17)	(2,419.49)
	Short term borrowings (working capital)	15,577.20	11,924.89
	Conversion of Foreign Currency Convertible Bond's	–	471.16
	Less: Transfer to Share Capital Account	–	(23.77)
	Less: Transfer to Share Premium Account	–	(447.39)
	Buy Back of Shares	(6,750.00)	–
	Interest Paid	(4,068.47)	(2,156.82)
	Dividend paid	(3,927.81)	(4,284.50)
	Corporate Dividend Tax	(637.19)	(688.10)
	Net Cash from financing activities	**14,404.06**	**11,293.98**
	INCREASE IN CASH OR CASH EQUIVALENTS	**619.70**	**728.75**
	Opening cash or cash equivalents	**1,178.11**	**449.36**
	Closing cash or cash equivalents	**1,797.81**	**1,178.11**

Signed in terms of our report of even date

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

Mukesh Goyal
Partner
Membership No. 081810

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

Arun K. Tulsian
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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 : 10th May, 2012

Auditors' Report on Consolidated Financial Statements

To the Members of
HEG Limited

We have audited the attached consolidated Balance Sheet of HEG LIMITED and its Subsidiary and Associates (Collectively "the Group") as at 31st March, 2012, and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statements for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the subsidiary, whose adjusted financial statements reflect total assets of ₹ 4.23 lacs (previous year ₹ 4.43 lacs) and total liabilities of ₹ 4.23 lacs (previous year ₹ 4.43 lacs) as at 31st March, 2012 and total revenues of ₹ NIL (previous year ₹ NIL), total expenses of ₹ 0.21 lacs (previous year ₹ 0.19 lacs) and net cash flows of ₹ (0.21) lacs (previous year ₹ (0.19) lacs) for the year then ended. These financial statements have been audited by other auditor whose report have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

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

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

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

a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2012;

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

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

Place: Noida (U.P.)
Dated: 10th May, 2012

Consolidated Balance Sheet as at March 31, 2012

(₹ in Lacs)

	Notes	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
a) Share Capital	3	3,995.95	4,284.53
b) Reserves and Surplus	4	80,942.39	86,759.39
2 Non-current liabilities			
a) Long-term borrowings	5	35,274.22	21,063.89
b) Deferred tax liabilities (Net)	6	7,865.83	7,360.71
c) Other Long term liabilities	7	205.97	213.58
d) Long-term provisions	8	223.60	300.38
3 Current liabilities			
a) Short-term borrowings	9	79,068.50	63,491.30
b) Trade payables	10	10,266.56	4,388.97
c) Other current liabilities	11	21,575.74	14,747.87
d) Short-term provisions	8	5,141.94	2,552.01
Total		2,44,560.70	2,05,162.63
II. ASSETS			
1. Non-current assets			
a) Fixed assets			
i) Tangible assets	12	74,400.83	65,710.71
ii) Intangible assets	13	136.22	149.69
iii) Capital work-in-progress	14	12,835.05	7,858.25
iv) Intangible assets under development		–	–
b) Non-current investments	15	15,557.98	16,067.86
c) Long-term loans and advances	16	8,148.20	5,140.03
d) Other non-current assets	17	125.52	0.29
2 Current assets			
a) Current investments	18	25.00	3,527.94
b) Inventories	19	61,880.81	50,952.18
c) Trade receivables	20	49,068.00	39,529.35
d) Cash and bank balance	21	1,802.04	1,182.55
e) Short-term loans and advances	16	14,285.31	10,365.53
f) Other current assets	17	6,295.76	4,678.25
Total		2,44,560.70	2,05,162.63
Summary of significant accounting policies	1-2		

The accompanying notes (1-45) 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
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Ravi Jhunjhunwala
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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 : 10th May, 2012

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

(₹ in Lacs)

	Notes	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from operations (Gross)			
Sale of products	22	1,45,140.10	1,13,636.32
Less:Excise Duty		2741.02	2,271.50
Revenue from operations (Net)		1,42,399.08	1,11,364.82
Other income	23	1,678.58	2,681.14
Total Revenue (I + II)		**1,44,077.66**	**1,14,045.96**
Expenses:			
Cost of materials consumed	24	69,446.82	61,297.67
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	25	445.13	(11,772.82)
Employee benefits expense	26	4,715.78	5,179.59
Finance costs	27	4,068.47	2,156.82
Depreciation and amortization expense	28	5,793.12	5,730.52
Other expenses	29	43,609.60	34,656.67
Total expenses		**128,078.92**	**97,248.45**
Profit before exceptional and extraordinary items and tax		**15,998.74**	**16,797.51**
Exceptional items	30	9,284.95	–
Profit before extraordinary items and tax		**6,713.79**	**16,797.51**
Extraordinary Items		–	–
Profit before tax		**6,713.79**	**16,797.51**
Tax expense:			
1) Current tax			
Current Year		160.82	4,287.75
Previous Year		(183.93)	(248.20)
2) Deferred tax		505.12	(128.07)
Profit (Loss) for the period		**6,231.77**	**12,886.03**
Add share in Result of Associates		**(509.27)**	**(749.59)**
Profit (Loss) for the period		**5,722.50**	**12,136.44**
Earnings per equity share: (Par value of ₹ 10 each)			
(1) Basic (₹)	31	14.09	28.33
(2) Diluted (₹)	31	14.09	28.33

The accompanying notes (1-45) 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 : 10th May, 2012

Notes to the consolidated financial statements

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 unrealised 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	38.59%	01.04.2011 to 31.03.2012	Provisional
Bhilwara Energy Ltd.	India	25.80%	01.04.2011 to 31.03.2012	Provisional (Acknowledged by Board of BEL)
Indo Canadian Consultancy Services Ltd. (Subsidiary of BEL)	India	13.16%	01.04.2011 to 31.03.2012	Provisional (Acknowledged by Board of BEL)
Malana Power Corporation Limited (Subsidiary of BEL)	India	13.16%	01.04.2011 to 31.03.2012	Provisional (Acknowledged by Board of BEL)
AD Hydro Power Ltd. (Fellow Subsidiary of BEL)	India	11.58%	01.04.2011 to 31.03.2012	Provisional (Acknowledged by Board of BEL)
NJC Hydro Power Ltd. (subsidiary of BEL)	India	25.80%	01.04.2011 to 31.03.2012	Provisional (Acknowledged by Board of BEL)
Green Ventures Pvt.Ltd. (Subsidiary of BEL)	Nepal	19.61%	01.04.2011 to 31.03.2012	Provisional (Acknowledged by Board of BEL)
Balephi Jal Vidyut Co.Ltd. (Subsidiary of BEL)	Nepal	15.48%	01.04.2011 to 31.03.2012	Provisional (Acknowledged by Board of BEL)
Bhilwara Green Energy Limited (Subsidiary of BEL)	India	25.80%	01.04.2011 to 31.03.2012	Provisional (Acknowledged by Board of BEL)
Chango Yangthang Hydro Power Ltd.	India	25.80%	01.04.2011 to 31.03.2012	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.

a) Presentation and disclosure of financial statements

During the year ended 31st March 2012, 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 disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Change in Accounting Policy

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

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

• In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference

Account, and amortised over the balance period of such long term asset/ liability

2.3. Goodwill / capital reserve

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

2.4 Minority interest

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

Note: 3. SHARE CAPITAL *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
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 4,28,44,907) Equity Shares of ₹ 10/- each	3,995.91	4,284.49
1,150 (Previous year 1,150) Forfeited Equity Shares	0.04	0.04
	3,995.95	4,284.53

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

	2011-12		2010-11	
	No. of shares	(₹ in lacs)	No. of shares	(₹ in lacs)
Equity Shares				
At the beginning of the year	4,28,44,907	4,284.49	4,26,07,174	4,260.72
Add: Shares Issued on FCCB Conversion during the year	–	–	2,37,733	23.77
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**	**4,28,44,907**	**4,284.49**

The Board of Directors of the Company had approved the Buyback of its Equity Shares from open market through Stock Exchanges vide a Resolution passed at its meeting held on the 14th March, 2011. The Buyback was approved for an aggregate amount upto ₹ 6750 Lacs. The Buyback of shares commenced on the 11th April, 2011, the Company completed the buy back of Equity Shares through open market purchases on 11th November, 2011. 28,85,765 Shares were bought back and extinguished and entire amount of ₹ 6750 Lacs was utilised.

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.

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

	2011-12		2010-11	
	No. of shares held	% of holding	No. of shares held	% of holding
Equity Shares				
Bharat Investments Growth Ltd.	26,09,598	6.53	26,09,598	6.09
Microlight Investments Ltd.	46,65,579	11.68	46,65,579	10.89
Norbury Investments Ltd.	53,62,991	13.42	53,62,991	12.52
Life Insurance corporation of India	37,75,677	9.45	37,75,677	8.81
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	6.75

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.

Notes to the consolidated financial statements

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Note: 3. **SHARE CAPITAL** *(Contd...)*

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				
	2011-12	2010-11	2009-10	2008-09	2007-08
Fully paid up pursuant to contract(s) without payment being received in cash	–	–	–	–	–
FCCB's Conversion	–	2,37,733	15,84,894	–	40,07,517
Shares bought back	28,85,765	–	15,50,725	17,44,978	–
Closing Balance	3,99,59,142	4,28,44,907	4,26,07,174	4,25,73,005	4,43,17,983

Note: 4. **RESERVES AND SURPLUS** *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
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	1,604.99	1,604.99
Add: Current year transfers	288.58	–
Closing balance	**1,893.57**	**1,604.99**
Securities premium Account		
Balance as per the last financial statements	8,019.61	7,414.95
Add: Transferred during the year*	–	604.66*
Less: Utilised against Premium on buyback	6,750.00	–
Closing balance	**1,269.61**	**8,019.61**
Debenture Redemption Reserve		
Balance as per the last financial statements	2,381.62	477.13
Add: Transfer from surplus in the statement of		
Profit and Loss during the year	1,375.00	1,904.49
Less: Transferred to Statement of Profit and Loss against debentures redeemed	1,250.00	–
Closing balance	**2,506.62**	**2,381.62**
General reserve		
Balance as per the last financial statements	35,317.18	32,817.18
Add: Transfer from surplus in the statement of		
Profit and Loss during the year	750.00	2,500.00
Less: Hedging Reserve	2,692.02	
Closing balance	**33,375.16**	**35,317.18**
Surplus / (deficit) balance in statement of profit and loss		
Balance as per the last financial statements	26,884.49	23,375.52
Add: Amount transferred from statement of profit and loss	6,231.77	12,886.03
Amount available for Appropriation	33,116.25	36,261.55
Add: Reversal of proposed dividend and Dividend distribution tax on shares buyback	123.43	
Less: Proposed dividend	1,997.96	2,142.25
Less: Dividend distribution tax on proposed dividend	324.12	347.53
Less: Interim Dividend		2,142.25
Less Dividend distribution tax on Proposed dividend on Interim dividend		340.57
Less: Transfer to Debenture Redemption Reserves (Net)	125.00	1,904.49
Less: Amount transferred to General Reserve	750.00	2,500.00
Closing balance	**30,042.60**	**26,884.49**
Total	**72,225.81**	**77,346.13**
Add Share in Reserve of Associates		
a. Opening Balance	6,631.43	6,631.43
(+) Current year transfer		
(-) Written back in current year	187.40	–
Closing balance	6,444.03	6,631.43

Notes to the consolidated financial statements

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Note: 4. RESERVES AND SURPLUS *(Contd...)* *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
Add Share in Reserve of Associates		
b. Statement of Profit and Loss		
Opening balance	2,781.83	3,531.42
(+) Current year transfer	76.33	188.09
(-) Written back in current year	585.60	(937.68)
Closing balance	2,272.56	2,781.83
Total	80,942.39	86,759.39

*During the previous year addition represents share premium on convergence of FCCBs ₹ 446.39 Lacs and ₹ 158.27 Lacs on account of write back of premium on redemption of FCCB created out of these account in earlier period.

Note: 5. LONG TERM BORROWINGS *(₹ in Lacs)*

	Non-current portion		Current maturities	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Secured				
a) Debentures				
50 (Previous Year: 50) 9.55% Debentures of ₹ 1 Crore each redeemable at par	–	5,000.00	5,000.00	–
500 (Previous Year: 500) 8.9% Debentures of ₹ 10 Lacs each redeemable at par	–	5,000.00	5,000.00	–
Nil (Previous Year: 500) 8.5% Debentures of ₹ 10 Lacs each redeemable at par	–	–	–	5,000.00
b) Term loans				
Rupee Loans from banks	8,333.33	–	1,666.67	400.00
Foreign currency Loans from Banks	26,940.89	11,063.89	890.23	1,076.85
	35,274.22	21,063.89	12,556.90	6,476.85
Amount disclosed under the head "other current liabilities" (note no-11)			12,556.90	6,476.85
	35,274.22	21,063.89	–	–

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

i) Non Convertible Debentures *(₹ in Lacs)*

	Rate of interest	No. of installments	Outstanding as at 31.03.2012	Amount repayable 2012-13
3 Year Listed Debentures	9.55%	Bullet Repayment-1	5,000.00	5,000.00
3 Year Listed Debentures	8.90%	Bullet Repayment-1	5,000.00	5,000.00
Total			10,000.00	10,000.00

ii) From Banks – Term loans *(₹ in Lacs)*

Lending institution	Rate of interest	No of installments	Outstanding as at 31.03.2012	Annual repayment schedule 2012-13	2013-14	2014-15	2015-16	2016-17
Dena Bank	Base Rate Linked	12-Quarterly	5,000.00	1,666.67	1,666.67	1,666.66	–	–
Axis Bank	Base Rate Linked	8-Quarterly	5,000.00	–	2,500.00	2,500.00	–	–
Standard Chartered-ECB	Libor Linked rate	11-Quarterly	2,448.12	890.23	890.23	667.66	–	–
HSBC-ECB	Libor Linked rate	4-Half Yearly	10,174.00	–	5,087.00	5,087.00	–	–
DBS-ECB	Libor Linked rate	4-Yearly	10,174.00	–	508.70	2,543.50	3,357.42	3,764.38
DBS-ECB (Fully Hedged in INR)	Libor Linked rate	3-Yearly	5,035.00	–	1,661.55	1,661.55	1,711.90	–
Total			37,831.12					

a) Secured redeemable Non-Convertible Debentures (NCDs) of ₹ 15,000 Lacs were allotted on private placement basis. The NCDs have been issued in demat mode and are listed in Wholesale Debt Segment of Bombay Stock Exchange. Out of the said NCDs of ₹ 15,000

Notes to the consolidated financial statements

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Note: 5. LONG TERM BORROWINGS *(Contd...)*

Lacs, 8.50% NCDs aggregating to ₹ 5,000 Lacs allotted on 17th December, 2009 were redeemed on 17th December, 2011. 8.90% NCDs aggregating to ₹ 5,000 Lacs allotted on 17th December, 2009 shall fall due for redemption on 17th December, 2012. 9.55% NCDs aggregating to ₹ 5,000 Lacs allotted on 30th October, 2009 shall fall due for redemption on 30th October, 2012.

b) Term loans from Financial Institutions and Banks and redeemable Non Convertible Debentures stated as above 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 Tawanagar 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 March 31, 2012	As at March 31, 2011
Deferred tax liabilities		
Arising on account of timing difference		
Accumulated Depreciation	8,354.46	7,789.76
Deferred tax assets		
Arising on account of timing difference		
Due to section 43B of the Income Tax Act	410.28	303.79
Others	78.35	125.26
Net deferred tax Liability	**7,865.83**	**7,360.71**
Movement		
Opening Balance	7,360.71	7,488.78
Addition/(deduction) During the year	505.12	(128.07)
Closing balance	**7865.83**	**7360.71**

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

	As at March 31, 2012	As at March 31, 2011
Others		
Securities received	205.97	213.58
	205.97	**213.58**

Note: 8. PROVISIONS *(₹ in Lacs)*

	Long-term		Short-term	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits				
Compensated absences	223.60	300.38	38.98	52.49
Gratuity	–	–	80.36	
Others				
Provision for Proposed Dividend on Equity Shares			1,997.96	2,142.25
Provision for dividend distribution tax			324.12	347.53
Provisions for “Mark to market“ losses on Derivatives			2,692.02	–
Provision				
For wealth tax			8.50	9.75
	223.60	**300.38**	**5,141.94**	**2,552.01**

Notes to the consolidated financial statements

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Note: 9. SHORT TERM BORROWINGS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Secured		
Loans repayable on demand		
Working capital loans from banks	59,368.85	49,422.14
Unsecured		
Short Term Borrowings from Banks	19,699.65	14,069.16
	79,068.50	63,491.30

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 March 31, 2012	As at March 31, 2011
Trade payables	10,266.56	4,388.97
	10,266.56	**4,388.97**

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 March 31, 2012	As at March 31, 2011
i)	Principal amount remaining unpaid as at end of the year	16.04	26.28
ii)	Interest due on above	–	–
	1 Total of (i) & (ii)	16.04	26.28
	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 March 31, 2012	As at March 31, 2011
Current maturities of long-term borrowings (note No-5)	12,556.90	6,476.85
Interest accrued but not due on borrowings	640.02	498.94
Unpaid Dividends-Unclaimed*	209.12	217.68
Advance from customers	2,823.03	2,980.14
Deposits	266.26	274.79
Other payables		
Employees Related	747.72	817.55
Statutory dues payable(Including PF and TDS)	1,212.00	646.62
Others	3,120.68	2,835.11
	21,575.74	**14,747.87**

* Investors 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 2010	68.44	464.51	13,484.57	81,379.20	418.99	882.22	1,193.02	453.21	841.02	99,185.18
Additions	37.59	–	1,848.50	3,431.69	–	130.20	203.57	37.74	280.95	5,970.24
Disposals	–	–	265.73	625.47	–	72.23	9.37	3.75	180.35	1,156.90
At 31 March 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	10,581.81	–	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
Adjustment*			269.68	1,103.53						1,373.21
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
Depreciation										
At 1 April 2010	–	88.91	4,560.90	27,001.45	100.37	618.11	432.40	290.95	357.64	33,450.73
Charge for the year	–	9.52	817.99	4,429.74	19.90	106.37	122.16	33.65	148.35	5,687.68
Disposals	–	–	131.45	520.85	–	68.82	3.11	1.99	124.38	850.60
At 31 March 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	854.88	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
Impairment Loss										
At 1 April 2010	–	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–
At 31 March 2011	–	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–
At 31 March 2012	–	–	–	–	–	–	–	–	–	–
Net Block										
At 31 March 2011	106.03	366.08	9,819.90	53,275.08	298.72	284.53	835.77	164.59	560.01	65,710.71
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

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, Madhaya 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 November 2011 issued by the Ministry of Corporate affairs. Accordingly, an amount of ₹ 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 ₹ 1,449.76 Lacs to capital work in progress.

Notes to the consolidated financial statements

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Note: 13. INTANGIBLE ASSETS *(₹ in Lacs)*

	Total
Gross Block	
At 1 April 2010	278.54
Additions	139.48
Disposals	–
At 31 March 2011	**418.02**
Additions	31.18
Disposals	–
At 31 March 2012	**449.20**
Depreciation	
At 1 April 2010	225.48
Charge for the year	42.85
Disposals	–
At 31 March 2011	**268.33**
Charge for the year	44.66
Disposals	–
At 31 March 2012	**312.99**
Net Block	
At 31 March 2011	149.69
At 31 March 2012	136.22

Note: 14. CAPITAL WORK IN PROGRESS

Capital work in progress includes ₹ 2,345.54 (Previous Year ₹ 607.42 Lacs) being preoperative expenditure and ₹ 3,431.55. (Previous Year ₹ 3840.31 Lacs) being capital stores.

Note: 15. NON CURRENT INVESTMENTS *(₹ in Lacs)*

		As at March 31, 2012	As at March 31, 2011
	Other Investment (valued at cost, except for permanent diminution in value)		
	Investments in Equity instruments		
	Un-Quoted-Investment in Associates		
3,91,90,500	(Previous year 3,91,90,500) Equity Shares of ₹ 10/- each of Bhilwara Energy Ltd.(*)	2,612.70	2,612.70
12,62,048	(Previous year 41,90,000 of Bhilwara Infotech Limited) Equity Shares of ₹ 10/- each of Bhilwara Infotechnology Ltd received in lieu of 41,90,000 shares of Bhilwara Infotech Limited as per scheme of amalgamation.	228.68	41.90
	(Net of Provision for other than temporary diminution aggregating to ₹ 190.32 Lacs (Previous year ₹ 377.10.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		
	Un-Quoted-Investment in Associates		
4,00,000	(Previous year 4,00,000) Preference Shares of ₹ 10/- each of Bhilwara Energy Ltd.(*)	4,000	4,000
	Total	**6,841.39**	**6,654.60**
	(*) Includes 1,30,63,500 Equity Shares received as bonus shares in the previous year		
	Aggregate amount of quoted investments	0.01	0.01
	Market value of quoted investments	**	**
	Aggregate amount of unquoted investments	6,841.38	6,654.59
	Aggregate provision for diminution in value of investments	190.32	377.10
	Add Increase in Value of Investment in Associates		
	Opening Balance	9,413.26	10,162.85
	Add Increase in Value of Investment	(696.67)	(749.59)
	Closing balance	8,716.59	9,413.26
		15,557.98	**16,067.86**

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

Notes to the consolidated financial statements

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Note: 16. LOANS & ADVANCES *(₹ in Lacs)*

	Long-term		Short-term	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good unless stated otherwise				
Capital advances	4,300.92	3,503.16	–	–
Security deposits	210.77	470.31	–	–
Other loans and advances				
Advances for goods / services				
Unsecured, considered good	–	–	672.62	874.31
Doubtful	–	–	–	–
Balances with statutory authorities	–	–	1,810.40	1,681.09
Loans and advances to employees-Secured	65.87	53.86	85.07	65.33
Unsecured, considered good	–	–	184.91	111.64
Prepaid expenses	–	–	315.14	145.32
Excise rebates / refunds receivable	–	–	10,624.40	6,704.86
Direct taxes refundable (net of provisions ₹ 24,762.18 Lacs, previous year ₹ 25,224.83 Lacs)	3,424.08	998.07	–	–
Other Receivables	–	–	592.77	782.98
Payments under protest	146.56	114.63	–	–
	8,148.20	5,140.03	14,285.31	10,365.53

Detail of payments under protest is as follows: *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
Entry Tax	66.18	60.94
Central Sales Tax	63.74	37.05
Excise duty	12.12	12.12
MPST/MPCT	4.52	4.52
	146.56	114.63

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 sub-judice.

d) Loans and advances include : *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
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 March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Others				
Export benefits receivable	–	–	4,891.38	3,828.83
Interest / Dividend Accrued, Not due	–	–	1,404.38	849.42
Non-current bank balances (note no-21)	125.52	0.29	–	–
	125.52	0.29	6,295.76	4,678.25

Notes to the consolidated financial statements

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Note: 18. CURRENT INVESTMENTS

(₹ in Lacs)

		As at March 31, 2012	As at March 31, 2011
	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
–	(Previous year 2,49,27,240.29) Units of SBI Premier Liquid Fund-Super Institutional - Daily Dividend	–	2,500.82
–	(Previous year 99,88,718.25) Units of SBI Premier Liquid Fund Institutional - Daily Dividend		1,002.12
	Total	25.00	3,527.94
	Aggregate amount of quoted investments	25.00	3,527.94
	Market value of quoted investments	26.25	3,530.44
	Aggregate amount of unquoted investments	–	–
	Aggregate provision for diminution in value of investments	–	–

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

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Raw materials (refer note No 24.)	24,138.54	12,752.98
[Includes material in transit ₹ 7,016.45 lacs; Previous year: ₹ 3,477.13 lacs]		
Finished goods (refer note no-.25)	10,011.83	8,697.20
Work-in-progress (refer note -25)	22,982.35	24,742.11
Stores and Spares	4,748.10	4,759.89
[Includes stores in transit ₹ NIL ; Previous year: ₹ 135.89 lacs]		
	61,880.81	50,952.18

Note: 20. TRADE RECEIVABLES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,117.69	2,023.09
Doubtful	–	–
Age-based provisions in respect of debtors outstanding for more than one year net of ECGC cover	(50.01)	–
(A)	3067.68	2,023.09
Other receivables		
Unsecured, considered good	46,000.32	37,506.27
Doubtful	–	–
Provision for doubtful receivables	–	–
(B)	46,000.32	37,506.27
Total (A + B)	49,068.00	39,529.35

Notes to the consolidated financial statements

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Note: 21. **CASH AND BANK BALANCES**

(₹ in Lacs)

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Cash and cash equivalents				
Balances with banks				
In current and cash credit accounts	–	–	1,286.83	860.92
In Unpaid dividend account	–	–	209.12	217.68
Cheques on hand	–	–	288.92	90.46
Cash on hand (including foreign currency notes)	–	–	16.19	12.75
Others				
Postage and stamps	–	–	0.98	0.74
	–	–	1,802.04	1,182.55
Other bank balances				
Held as margin money	0.29	0.29	–	–
Fixed Deposits with maturity more than one year*	125.23		–	–
	125.52	0.29	–	–
Less:Amount disclosed under the head "other non current assets" (Note No-17)	125.52	0.29	–	–
	–	–	1,802.04	1,182.55

*Pledged with Bank against Bank Guarantee to Shipping line.

Note: 22. **REVENUE FROM OPERATIONS**

(₹ in Lacs)

	Year ended March 31, 2012		Year ended March 31, 2011	
Sale of products				
Manufactured goods				
Graphite Electrodes	1,42,218.60		1,10,259.62	
Power	2,921.50	1,45,140.10	3,376.70	1,13,636.32
Less: Excise duty		2,741.02		2,271.50
		1,42,399.08		1,11,364.82

Note: 23. **OTHER INCOME**

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest income		
- Income tax Refunds/Others	34.67	117.64
- Others	11.32	9.78
Dividend on current investments	–	51.78
- On Investments in Subsidiary	–	–
Exchange Gain(Net)	–	1,186.46
Accrued Redemption Premium On Non Trade Investment	554.95	475.73
Profit on Sale of Investments	–	1.38
Rent Receipts	250.15	242.54
Provision for diminution in value of Investment in Associates-written back	186.78	–
Liabilities / provisions no longer required, written back	289.77	443.83
Profit on sale of Fixed Assets	26.82	6.90
Miscellaneous Sales / Receipts	324.12	145.09
	1,678.58	2,681.14

Notes to the consolidated financial statements

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

	Year ended March 31, 2012		Year ended March 31, 2011	
Raw material consumed				
Opening Stock	9,275.84		4,859.95	
Add: Purchases	77,293.06		65,713.56	
	86,568.91		70,573.51	
Less: Closing Stock	17,122.09	69,446.82	9,275.84	61,297.67
Cost of Material Consumed(Net of DEPB/ Duty Drawback)		69,446.82		61,297.67

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.

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Breakup raw material consumed is as under		
Calcined Petroleum Coke	46,000.98	39,648.85
Pitch	11,129.85	8,935.06
Coal	12,182.96	10,988.83
Others	133.03	1,724.93
Breakup of material inventory as under		
Calcined Petroleum Coke	14,458.01	7,069.77
Pitch	947.14	1,213.16
Coal	1,600.47	910.91
Others	116.46	82.00
	17,122.09	9,275.84

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

	Year ended March 31, 2012	Year ended March 31, 2011	(Increase)/ Decrease
Inventories (At close)			
Finished Goods	10,011.83	8,697.20	(1,314.63)
Work-in-progress	22,982.35	24,742.11	1,759.76
	32,994.18	33,439.31	445.13
Inventories (At opening)			
Finished Goods	8,697.20	3,773.06	(4,924.14)
Work-in-progress	24,742.11	17,893.43	(6,848.68)
	33,439.31	21,666.49	(11,772.82)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Breakup of finished goods is as under		
Finished goods		
a) Graphite Electrodes, Nipples & Specialities	8,904.71	6,755.51
b) By-products etc	1,107.12	1,941.70
	10,011.83	8,697.20
Breakup of work in progress is as under		
Work-in-progress		
a) Intermidiateries product at various stage	12,763.80	16,011.92
b) Intermidiateries products in furnaces	10,177.82	8,692.42
c) Refractory blocks & sengries	40.73	37.77
	22,982.35	24,742.11

Note- Work in Progress includes Refractory Blocks lying at shop Floor ₹ 29.65 Lacs (Previous Year ₹ 25.31 Lacs)

Notes to the consolidated financial statements

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Note: 26. EMPLOYEE BENEFIT EXPENSE

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Salaries and wages	3,593.40	4,266.82
Contribution to provident and other funds	488.06	431.25
Staff welfare	634.33	481.52
	4,715.78	**5,179.59**

Note: 27. FINANCE COSTS

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest expense		
Debentures	965.17	1,347.50
Term Loans	313.22	185.35
Working Capital Borrowings	2,790.09	1,785.56
Interest expense on statutory payments	–	–
Exchange difference to the extent considered as an adjustment to borrowing costs	–	(1,161.59)
	4,068.47	**2,156.82**

Note: 28. DEPRECIATION AND AMORTISATION

(₹ in Lacs)

	Year ended March 31, 2012	Year ended March 31, 2011
Depreciation of tangible assets	5,748.46	5,687.67
Amortization of intangible assets	44.66	42.85
	5,793.12	**5,730.52**

Notes to the consolidated financial statements

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Note: 29. OTHER EXPENSES *(₹ in Lacs)*

	Year ended March 31, 2012	Year ended March 31, 2011
Consumption of stores and spare parts(Including Refractory Blocks)	8,881.62	8,824.91
Job/Process Charges	331.48	254.98
Power & fuel	29,194.71	23,118.90
Less: Interdivisional Purchases	(18,659.80)	(16,289.55)
Repairs and maintenance		
Plant & machinery	3,597.54	3,083.64
Buildings	1,110.04	603.77
Others	572.46	251.53
Insurance	342.37	284.50
Rent	118.82	106.43
Rates and taxes, excluding taxes on income	108.23	88.13
Directors' sitting fees & incidental expenses	15.33	19.32
Freight & forwarding	10,293.76	7,494.94
Packing Expenses (including Packing material consumption)	1,770.18	1,567.20
Commission	2,177.64	1,569.16
Claims, Rebates and Discount	757.96	1,174.06
Donations	0.10	30.12
Power generation charges	108.78	111.01
Travelling Expenses	268.09	189.21
Postage & Communication	63.13	72.56
Payment to auditors(Refer details below*)	31.35	28.84
Legal & Professional Expenses	760.10	775.93
Vehicle Running & Maintenance	128.41	107.26
Provision for doubtful debts and advances	50.01	–
Excise duty (Incl. adjustment on stocks)	416.50	(38.64)
Loss on sale / discard of fixed assets	88.73	214.74
Miscellaneous expenses	1,082.05	1,013.72
	43,609.60	**34,656.67**
As auditor*		
Statutory audit	24.00	19.00
Other services		
Management Services	2.66	5.00
Certification Fees	1.56	2.35
Reimbursement of expenses	3.13	2.49

*Payments to the statutory auditors (excluding service tax)

Note: 30. EXCEPTIONAL ITEM *(₹ in Lacs)*

	Year ended March 31, 2012	Year ended March 31, 2011
Loss on account of Foreign Exchange arising out of exceptional volatility in Foreign currency rates.	9,284.95	–
	9,284.95	–

Note: 31. EARNINGS PER SHARE *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
The basic and diluted Earning Per Share is as under:		
Net Profit After Tax	5,722.50	12,886.03
Weighted average no. of Equity Shares outstanding	4,06,20,937	4,28,37,805
Basic Earning Per Share (₹) Weighted no. of Equity Shares 40,620,937 (previous year 42,837,805)	14.09	28.33
Diluted Earning Per Share (₹) Potential Equity Shares 40,620,937 (previous year 42,837,805)	14.09	28.33
Face value per Equity Share (₹)	10	10

Notes to the consolidated financial statements

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Note: 32. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF : *(₹ in Lacs)*

	As at March 31, 2012	As at March 31, 2011
a) Excise duty under appeal	509.90	509.90
b) Other matters	6,963.89	1,619.23
c) Bank Guarantees	4,635.44	8,895.31

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 March 31, 2012	As at March 31, 2011
a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 4,269.92 Lacs, previous year ₹ 3,503.16 Lacs.)	6,220.15	7,020.77
b) Bills discounted with bankers.	3,202.89	1,524.83
c) Liability on EPCG License pending export fulfillment	2,226.77	952.59
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 March 31, 2012	As at March 31, 2011
Plain Vanilla Forwards	Hedging	USD	55.05	26.50
Plain Vanilla Forwards	Hedging	Euro	6.00	–
Cross Currency Forwards	Hedging	Euro	12.00	10.00
USD-INR Full Currency Forwards	Hedging	USD	10.00	–
INR-USD Full Currency Forwards	Hedging	USD	22.04	–

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

		As at March 31, 2012		As at March 31, 2011	
	Currency	Amount in FC (Million)	Amount in INR	Amount in FC (Million)	Amount in INR
Secured Loan	USD	122.12	62,122.38	117.39	52,343.44
	Euro	7.93	5,379.08	17.48	11,043.45
	GBP	0.05	44.34	0.11	81.61
Unsecured Loan	USD	23.22	11,810.75	23.80	10,614.38
Debtors (Net of Advances)	USD	54.62	27,781.99	16.54	7,375.19
	Euro	20.36	13,815.37	12.86	9,194.90
	GBP	0.17	140.87	0.11	81.61
	AED	–	–	(3.86)	(468.02)
Creditors (Net of Advances)	USD	(0.02)	(11.93)	(0.14)	(61.81)
	Euro	(3.46)	(2,259.86)	(2.52)	(1,593.83)
	GBP	–	(0.12)	–	(0.13)
Total USD		**199.94**	**1,01,703.19**	**157.59**	**70,271.20**
Total EURO		**24.83**	**16,934.59**	**27.82**	**18,644.52**
Total GBP		**0.22**	**185.09**	**2.22**	**163.09**
Total AED		**–**	**–**	**(3.86)**	**(468.02)**

Notes to the consolidated financial statements

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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 2011-12	FY 2010-11
Employer's contribution to Provident Fund	181.77	175.96
Employer's contribution to Superannuation Fund	133.11	107.95
Employer's contribution to ESI	39.92	39.17

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.

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

(₹ in Lacs)

	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11
Defined Benefit obligation at the beginning of the year	1,031.15	997.95	329.17	275.05
Current Service Cost	53.30	52.00	18.44	30.20
Interest Cost	87.65	79.84	27.98	22.00
Actuarial (gain)/loss	21.46	4.79	(113.86)	32.68
Past Service Cost	–	–	–	–
Benefits Paid	(143.05)	(103.42)	(22.85)	(30.76)
Settlement cost	–	–	–	–
Defined Benefit obligation at the end of the year	1,050.51	1,031.15	238.89	329.17

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

(₹ in Lacs)

	Gratuity (Funded) FY2011-12	Gratuity (Funded) FY 2010-11
Fair value of plan assets as at the beginning of the year	960.22	906.29
Expected Return	96.02	90.63
Actuarial (gain)/loss	17.51	31.05
Contribution by Employer	70.93	97.78
Benefits Paid	(143.05)	(103.42)
Settlement cost	–	–
Fair value of plan assets as at the end of the year	966.61	960.22
Actual return on plan assets	78.51	59.58

NOTES

3. Reconciliation of amount recognised in Balance Sheet

(₹ in Lacs)

	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11
Fair Value of Plan Assets as at 31st March	966.61	960.22	–	–
Present value of obligation as at 31st March	1,050.51	1,031.15	238.89	329.17
Net asset/(liability) recognised in the Balance Sheet	(83.90)	(70.93)	(238.89)	(329.17)

4. Expense recognised during the year under the head

(₹ in Lacs)

	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11
Current Service Cost	53.30	52.00	18.44	30.20
Past Service Cost	–		–	
Interest Cost	87.65	79.84	27.98	22.00
Expected return on plan assets	(96.02)	(90.63)	–	
Net Actuarial (gain)/ loss recognised during the period	38.98	35.84	(113.86)	32.68
Expenses recognised in the statement of Profit & Loss	83.90	77.05	(67.44)	84.88

5. Actual Return on Plan Assets

(₹ in Lacs)

	Gratuity (Funded) FY2011-12	Gratuity (Funded) FY 2010-11
Expected Return on Plan Assets	96.02	90.63
Actuarial (gain)/ loss	17.51	31.05
Actual return on plan assets	78.51	59.58

6. Principal actuarial assumptions

	Gratuity (Funded) FY 2011-12	Gratuity (Funded) FY 2010-11	Leave Encashment (Unfunded) FY 2011-12	Leave Encashment (Unfunded) FY 2010-11
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	8.50%	8.00%	8.50%	8.00%
Future Salary Increase	6.00%	5.50%	6.00%	5.50%
Expected rate of return on plan assets	10.00%	10.00%	0.00%	0.00%
Retirement Age	60 years	60 years	60 years	60 years

	FY 2011-12		FY 2010-11	
	Age	Withdrawal Rates	Age	Withdrawal Rates
Withdrawal Rates	Upto 30 years	3.00%	Upto 30 years	3.00%
	From 31 to 44 years	2.00%	From 31 to 44 years	2.00%
	Above 44 years	1.00%	Above 44 years	1.00%

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

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

Particulars	2011-12	2010-11	2009-10	2008-09
PBO (C)	238.89	329.17	275.05	237.28
Plan assets		–	–	–
Net Assets/ (Liability)	(238.89)	(329.17)	(275.05)	(237.28)
Experience adjustment on plan assets				
Experience adjustment on plan liabilities	112.40	(35.29)	(15.13)	–

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

Particulars	2011-12	2010-11	2009-10	2008-09
PBO (C)	1,050.51	1,031.15	997.95	886.71
Plan assets	966.61	960.22	900.09	834.08
Net Assets/ (Liability)	(83.90)	(70.93)	(55.52)	(52.64)
Experience adjustment on plan assets	(17.51)	(12.59)	(46.30)	27.62
Experience adjustment on plan liabilities	(25.86)	(31.05)	92.86	(78.56)

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 March 31, 2012	As at March 31, 2011
a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries).		
i) HEG Graphite Products & Services Ltd.	Subsidiary	Subsidiary
b) Associates and joint ventures		
i) Bhilwara Energy Limited	Associate	Associate
ii) Bhilwara Infotechnology Ltd	Associate	Associate
c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.	Sh. L.N. Jhunjhunwala	Sh. L.N. Jhunjhunwala
	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala
d) Key Management Personnel and their relatives	Sh. Ravi Jhunjhunwala	Sh. Ravi Jhunjhunwala
	Sh. Riju Jhunjhunwala	Sh. Riju Jhunjhunwala

Notes to the consolidated financial statements

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A List of Related Parties & Relationships

e)	Enterprises over which any person described in (c) or (d) is able to exercise significant influence.
i)	RSWM Ltd.
ii)	Malana Power Company Limited
iii)	BMD Solar Power Pvt Ltd
iv)	Escribe (India) Pvt Ltd
v)	Bhilwara Services Pvt Ltd
vi)	Ganga Yamuna Auto Pvt Ltd
vii)	Deepak Knits & Texturise Pvt. Ltd.
viii)	Maral Overseas Ltd.
ix)	Investors India Ltd
x)	Kalati Holdings Pvt Ltd
xi)	Bhilwara Technical Textiles Ltd.
xii)	BMD Power Pvt Ltd
xiii)	Purvi Vanijya Niyojan Ltd
xiv)	Uttri Investments Pvt Ltd
xv)	LNJ Bhilwara Textile Anusandhan Vikas Kendra
xvi)	Veronia Tie-Up Pvt Ltd
xvii)	Vivek Garments Pvt Ltd
xviii)	NJC Hydro Power Ltd
xix)	Bhilwara Green Energy Ltd

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

		As at March 31, 2012	As at March 31, 2011
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 Infotechnolgy Limited	419.00	419.00
	iv) Provision for dimunition in value of investment in equity share of Bhilwara Infotechnology Limited	190.32	377.10
	v) Redemption premium accrued on Preference Shares	1,404.38	849.43
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	207.16	481.81
	iii) Salaries, Perquisites and Commission paid during the year to Sh. Riju Jhunjhunwala	–	34.82
4	With parties referred to in (d) above.		
	i) Salaries, Perquisites and Commission paid during the year to Sh. Ravi Jhunjhunwala	207.16	481.81
	ii) Salaries, Perquisites and Commission paid during the year to Sh. Riju Jhunjhunwala	–	34.82
	iii) Salaries, Perquisites and Commission paid during the year to Sh. R.C. Surana	–	265.65
	Apart from above Keyman Insurance policy valuing ₹ 11.71 Lacs has been assigned during the previous year to Shri R.C. Surana		
5	With parties referred to in (e) above.		
	a) Purchase of fabrics	14.91	9.34
	b) Rent Received	10.35	10.36
	c) Rent Paid	77.75	77.75
	d) Consultancy charges paid	–	13.84

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Note: 38. SEGMENT REPORTING

(₹ in Lacs)

	Graphite	Power	Unallocable items / others	Total
A. Business Segments				
Segments Revenue				
External Sales / other income (Net of Excise Duty)	1,40,069.13 (1,11,010.45)	21,629.10 (19,683.11)	1,039.23 (803.54)	1,62,737.46 (1,31,497.10)
Inter Segment Transfers		18,659.80 (16,289.55)		18,659.80 (16,289.55)
Total Revenue	**1,40,069.13** **(1,11,010.45)**	**2,969.30** **(3,393.56)**	**1,039.23** **(803.54)**	**1,44,077.66** **(1,15,207.55)**
Segment Result				
Segment Results	4,950.43 (14,000.60)	4,870.89 (4,654.94)	961.15 (298.98)	10,782.46 (18,954.52)
Less: Financial Expenses				4,068.47 (2,156.82)
Profit Before Tax				6,714.00 (16,797.70)
Less: Income Tax (incl Deferred)				482.01 (3,911.48)
Net Profit for the year				**6,231.98** **(12,886.22)**
Other Information				
Unallocated Assets			8,769.02 2,580.90	8,769.02 2,580.90
Segment Assets	1,81,349.06 (1,58,209.41)	23,192.11 (24,395.57)		2,04,541.16 (1,82,604.99)
Total Assets	**1,81,349.06** **(1,58,209.41)**	**23,192.11** **(24,395.57)**	**8,769.02** **2,580.90**	**2,13,310.18** **(1,80,024.09)**
Segment Liabilities	1,44,770.07 (1,01,897.30)	509.72 (329.42)		1,45,279.79 (1,02,226.71)
Unallocated Liabilities			641.60 (3,533.12)	641.60 (3,533.12)
Total Liabilities	**1,44,770.07** **(1,01,897.30)**	**509.72** **(329.42)**	**641.60** **(3,533.12)**	**1,45,921.39** **(1,05,759.83)**
Capital Employed	93,615.02 (77,979.93)	21,672.58 (22,581.66)	8,766.18 (8,610.49)	1,24,053.78 (1,09,172.08)
Capital Exp.incurred during the year	18,583.08 (7,030.58)	231.64 (1,072.15)	(90.01) (55.32)	18,724.71 (8,158.06)
Depreciation	4,322.64 (4,226.83)	1,428.48 (1,446.00)	42.00 (57.69)	5,793.12 (5,730.51)
Other Non Cash Expenses	– –	– –	– (34.77)	– (34.77)
B Geographical Segment				
Segment Revenue				
Based on Location of Customers				
Domestic	27,214.07 (25,579.15)	21,629.10 (18,310.08)	1,039.23 (1,373.03)	49,882.40 (45,262.26)
Export	1,12,855.06 (85,431.30)		– –	1,12,855.06 (85,431.30)
Segment Assets				
Based on Location of assets				
In India	1,62,765.98 (1,51,178.83)	22,960.47 (23,323.42)	8,859.03 2,636.22	1,94,585.48 (1,71,866.03)
Cost to acquire assets by location	18,583.08 (7,030.58)	231.64 (1,072.15)	(90.01) (55.32)	18,724.71 (8,158.06)

Notes to the consolidated financial statements

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Note: 39. CAPITALISATION OF PRE-OPERATIVE EXPENDITURE *(₹ in lacs)*

	Year ended March 31, 2012	Year ended March 31, 2011
The following expenditure has been capitalised / included under Capital work in progress:		
Insurance Expenses	6.20	24.83
Financial Expenses - Interest on term loans	1,266.13	341.24
Administrative Overheads & Other Cost	314.75	533.92
Foreign currency fluctuation	2,822.76	–
Total	**4,409.84**	**00.00**
The same has been capitalised / is lying under Capital work in progress as under:		
Building	399.71	41.74
Plant & Machinery	1,664.69	250.64
Capital work in progress	2,345.44	607.62
Total	**4,409.84**	**900.00**

Note: 40.

As the Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification No. 914 (E) dated December 29, 2011 issued by the Ministry of Corporate Affairs, Govt. of India, it has transferred the differences arising out of foreign currency translation in respect of acquisition of depreciable capital assets to the respective assets account/ Capital Work-in-progress. In case this accounting practice had not been adopted, the Pre-tax Profit for the financial year ended 31st March, 2012 would have been lower by ₹ 760.00 Lacs (Previous year NIL) with a consequential impact on both the Basic and Diluted EPS.

Note: 41.

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: 42.

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: 43.

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: 44. 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	31-03-2012
1	Share Capital	5.00
2	Reserve & surplus / (Accumulated Losses)	(0.88)
3	Total Assets	5.00
4	Total Liabilities	5.00
5	Details of Investments (except in case of investment in the subsidiaries)	–
6	Total Turnover	–
7	Profit / (Loss) before taxation	(0.21)
8	Taxation	–
9	Profit / (Loss) after taxation	(0.21)
10	Proposed Dividend	–

Note: The annual accounts of the subsidiary company and the related detailed information shall be made available to the shareholders of

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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 in the head 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: 45.

Till the year ended 31st March 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's 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 : 10th May, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

(₹ in Lacs)

		Year ended March 31, 2012	Year ended March 31, 2011
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	6713.79	16,797.51
	Add: Depreciation	5,793.12	5,730.52
	Misc. Exps. Written off	0.00	34.77
	Interest Paid	4,068.47	2,156.82
	Net Loss on fixed assets sold / discarded	61.91	207.85
	Diminution in value of Investments (net)	(186.78)	-
	Provision for doubtful debts/age base provisions	50.01	-
	Less: Dividend received	-	51.78
	Interest received	45.99	127.42
	Operating Profit before working capital changes	**16,454.53**	**24,748.26**
	Working capital		
	Trade receivables	(9,538.65)	4,494.61
	Inventories	(10,928.64)	(16,670.38)
	Loans & advances / Other current assets	(7,747.70)	(3,857.90)
	Liabilities and provisions	14,948.75	(1,064.07)
	Cash from operating activities	**3,188.30**	**7,650.52**
	Income / Wealth Tax	482.01	3,892.50
	Net Cash from operating activities	**2,706.29**	**3,758.02**
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Addition in Fixed Assets	(19,753.13)	(8,158.06)
	Sale of Fixed Assets	248.86	98.46
	Advances for Capital Expenditure	(797.76)	(2,880.37)
	Sundry Creditors for Capital Expenditure	262.25	(74.73)
	Investments	3,502.94	(3,487.94)
	Dividend Received	-	51.78
	Interest received	45.99	127.42
	Net Cash from investing activities	**(16,490.86)**	**(14,323.44)**
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Long term borrowings - Term Loans / NCD's / Bonds	20,747.49	8,918.00
	Repayment of Term loans/ NCD's/ Bonds	(6,537.17)	(2,419.49)
	Short term borrowings (working capital)	15,577.20	11,924.89
	Conversion of Foreign Currency Convertible Bond's	-	471.16
	Less: Transfer to Share Capital Account	-	(23.77)
	Less: Transfer to Share Premium Account	-	(447.39)
	Buy Back of Shares	(6,750.00)	-
	Interest Paid	(4,068.47)	(2,156.82)
	Dividend paid	(3,927.81)	(4,284.50)
	Corporate Dividend Tax	(637.19)	(688.10)
	Net Cash from financing activities	**14,404.06**	**11,293.98**
	INCREASE IN CASH OR CASH EQUIVALENTS	619.49	728.57
	Opening cash or cash equivalents	**1,182.55**	**453.98**
	Closing cash or cash equivalents	**1,802.04**	**1,182.55**

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 : 10th May, 2012

Corporate Information

Board of Directors

L. N. Jhunjhunwala, *Chairman-Emeritus*

Ravi Jhunjhunwala, *Chairman & Managing Director*

Shekhar Agarwal, *Vice-Chairman*

D. N. Davar, *Director*

K. N. Memani, *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 Strategy & Project Officer

Jacob Mani

Chief Financial Officer

Manvinder Singh Ajmani

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.
Standard Chartered Bank
DBS Bank Ltd.
ING Vysya Bank Ltd.
ANZ Banking Group Ltd.
Axis Bank Ltd.
Dena Bank

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:

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

Corporate Office

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

Registered Office

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

Works

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

Hydro Electric Power
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Madhya Pradesh, India
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BHILWARA GROUP LNJ
PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL