



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

HEG/SECTT/2017

23rd September, 2017

1	BSE Limited 25 th Floor, P J Towers Dalal Street MUMBAI - 400 001. Scrip Code : 509631	2	National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No.C/1, G Block, Bandra - Kurla Complex Bandra (E), MUMBAI - 400 051. Scrip Code : HEG
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Dear Sir,

Sub: Submission of Annual Report under Regulation 34 (1) of SEBI (LODR) Regulations, 2015.

Please find attached duly approved and adopted Annual Report of the Company for the Financial Year 2016-17 as per the Regulation 34 (1) of SEBI (LODR) Regulations, 2015.

The Annual General Meeting of the Company was held on Friday, the 22nd September, 2017.

We request you to kindly take note of the same.

Thanking you,

Yours faithfully,
For **HEG LIMITED**


Vivek Chaudhary
Company Secretary
heg.investor@lnjbhilwara.com

Encl: as above.

HEG LIMITED

Corporate Office :

Bhilwara Towers, A-12, Sector-1
Noida - 201 301 (NCR-Delhi), India
Tel. : +91-120-4390300 (EPABX)
Fax : +91-120-4277841
Website : www.lnjbhilwara.com

Regd. Office :

Mandideep (Near Bhopal) Distt. Raissen - 462046
(Madhya Pradesh), India
Tel. : +91-7480-405500, 233524 to 233527
Fax : +91-7480-233522
Website : www.hegltd.com



SEE LING

OPPORTUNITIES



Annual Report
2016-17

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At HEG, we recognize
that crisis has a second fleeting face –
opportunity!

At HEG, we realize
that hardships provide the best
opportunity to introspect – always!

At HEG, we respect
adversities as prospects for
strengthening our niche –
continuously

Over the last 5 years, the graphite electrode industry faced a sustained downturn.

- Demand declined
- Prices plummeted
- Costs increased
- Inventories piled
- Margins moderated
- Companies reported losses
- Operations turned unviable
- Capacities shut globally





At HEG, we used the period well

- We revisited the basics; we asked 'what if' in place of 'what now'
- We questioned the norm; we found doors in hitherto walls
- We did different things, we did things differently
- We worked in small teams; we rebuilt the organisation





Unearthing shopfloor opportunities

At HEG, we recognize that improving shopfloor efficiencies was the critical business imperative that promises to sustain business operations in good times and bad. We deep-dived into this challenge.

- **We infused energy into our team by replacing non-performers with efficient and energetic youth.**

The team size reduced by about 10% and per person productivity jumped by 16%.

- **We altered man-machine performance monitoring system from a monthly basis to an hourly basis.**

Every shop had surplus empty days for predictive and preventive maintenance even as production increased; repairs and maintenance cost declined significantly.

- **We analysed our power requirement for every hour and made path-breaking alterations.**

Operations of one power plant was shut while the other was upped to 85% utilization; outsourced peak power in a planned and predictable manner on a daily basis.

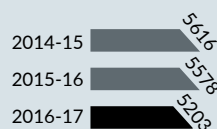
- **We walked the road less travelled for important plant operations.**

Shifted the process technology for some components which improved and optimized power and packing material consumption.

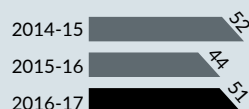
The results were exciting.

Our people became more productive. Our energy savings were considerably significant. Our wastages declined. Our in-process inventory was the lowest in our history despite increased production.

Energy consumption per tonne of electrode (unit)



Output per employee (tonnes)



Capitalising on deleveraging opportunities

At HEG, we figured out that recalibrating our financial leverage held considerable promise of improving business prospects. We resolved to maximize returns from every rupee invested in business.

- **We transformed our paper wealth into liquid funds.**

Focused on liquidating overdue export incentive claims which it realized ₹151 Crore during the last four years – it was primarily utilized in repaying debt.

- **We moderated our working capital requirement.**

Maintained stable production regime daily – it cleared in-process and finished goods inventories; focused on collections.

- **We deployed organizational liquidity in business strengthening.**

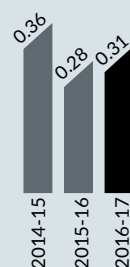
Utilised cash surplus in deleveraging initiatives – we repaid loans cumulating ₹341 Crore in the last three years leading to 2016-17.

- **We lowered our borrowing costs.**

Negotiated with our business financiers, utilized low-cost funding options, replaced risky loans (dollar-denominated) with stable debt (rupee denominated) – our average cost of funds declined by 99 bps over the last three years.

As a result, our debt portfolio declined from ₹1024 Crore (April 1, 2014) to ₹683 Crore as on March 31, 2017.

Debt-equity ratio (x)









Leveraging Marketplace opportunities

At HEG, we saw opportunity pockets in an otherwise subdued external environment determined to capitalize on them for improving our business prospects.

- **We added new customers by entering new geographies.**

New customer additions during this period contributed to 10% of our sales volume in 2016-17.

- **We increased our wallet share with existing customers.**

Sales volumes with the top 10 customers increased by 9% over previous year.

- **We scaled the graphite electrode value chain.**

Proportion of value-added UHP and fine grain speciality products in our sales mix increased from 56% in 2015-16 to 66% in 2016-17.

- **We strengthened acceptance of our specialty product basket.**

Revenue from this flanking strategy multiplied 3x over the last three years leading to 2016-17.

In doing so, we sold more, we increased sale of value-added products and we built for tomorrow.

We created a robust order book (March 31, 2017) that covers 7 months of our current year's production - a first for the Company in the last five years.

Proportion of value-added products in revenue* (%)



* UHP electrodes and speciality products



An overview

HEG Limited: A company that firmly believes that a fall is the first step to emerging stronger.

HEG is a globally-respected and India's leading graphite electrode player with the largest single-location facility at Mandideep (Madhya Pradesh). The Company's ISO 9001:2008, ISO 14001:2015 and OHSAS 18000:2007 certified manufacturing unit caters to the demanding requirements of marquee steel manufacturers in India and across the globe. The Company has three captive power generating facilities to address its entire power requirement. The Company's shares are listed on the BSE Limited and the National Stock Exchange of India Limited.



Vision

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

Mission

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

58.79

Promoters holding (%)

11.14

Institutional holding (%)

943

Market capitalization (₹ Crore)

80,000

Graphite electrode capacity (TPA)

76.5

Power generation capacity (MW)

944

Team size

30+Nation footprint across
the globe**100+**

Number of global customers

60%

Exports as a proportion of revenue

903

Revenue 2016-17 (₹ Crore)

872+

Networth (₹ Crore)

1,626

Enterprise value (₹ Crore)

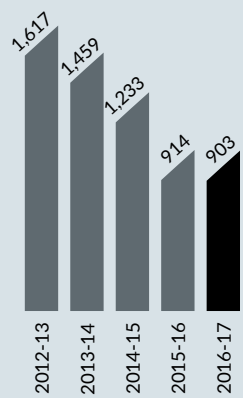
*Numbers are as on March 31, 2017.

Our key customers

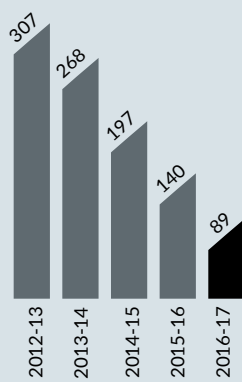




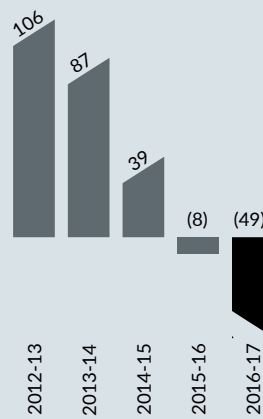
Key financial matrix



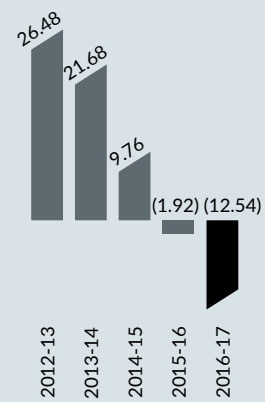
Net revenue (₹ Crore)



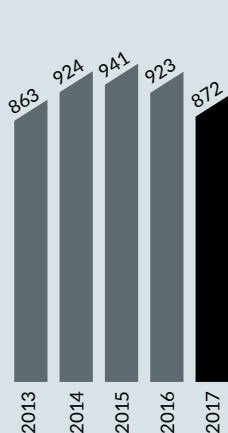
EBITDA (₹ Crore)



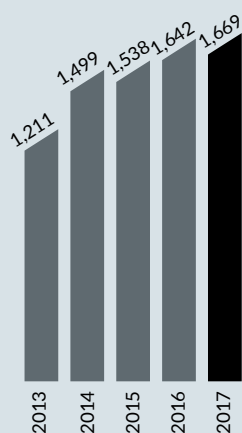
Profit after tax (₹ Crore)



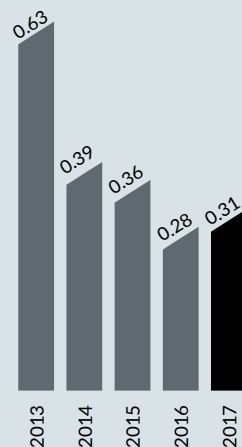
Earnings per share (₹)



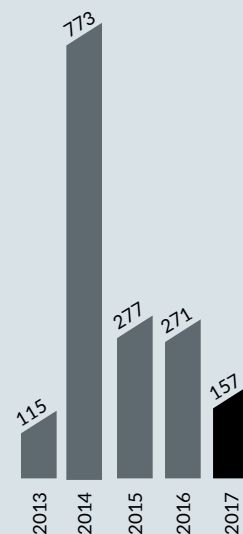
Network (₹ Crore)



Gross Block (₹ Crore)



Debt equity (x)



Net cash flow from operations (₹ Crore)





Statement from the
Chairman's desk

“To succeed, we knew that talent, knowledge and expertise were not enough. We needed something more critical – the will to win. And hence, we ignited this passion.”

Dear Shareholders,

In business every day is a battle - for survival, for growth and for sustenance. But our fight was quite unique. For it was not as much with the external world as it was with ourselves – collectively and individually. For, in 2015-16 we suffered a loss of ₹8 Crore, our first in 39 years. We were with our back to the wall.

We had two options. Either continue blaming the prevailing external environment for our doom, or stand up with a united interest – success.

To succeed, we knew that talent, knowledge and expertise were not enough. We needed something more critical – the will to win. And we ignited this passion in the hearts and minds of every HEG member. The magic of this strategy is borne out in our performance.

Our operations and marketing teams worked in tandem.

On the operation side, we challenged prevailing benchmarks, put in place new systems and monitoring parameters, inculcated a mindset of disciplined operations and ensured that we delivered on our commitment every single hour.

On the marketing side, we spread wide and delved deep for expanding our opportunity matrix. We added customers, we entered new geographies and strengthened existing relations. And as the saying goes – luck favours the brave. Our efforts were supported by a turn in the external environment. The fortunes of the global steel industry changed for the better leading to restocking of inventories. Besides, the on-going supply-side restructuring in China's steel sector has facilitated in restarting of EAF-based steel making infrastructure in other parts of the globe. The combination of these factors worked in our favour – we got sizeable orders to shore our capacity utilization.

Interestingly, focused marketing, intelligent planning and disciplined operations resulted in saving precious working capital which we prudently used to retire external debts. The bottomline then is that we made the organization fitter with a leaner man-force; we made business model more solid even as we made the organization increasingly liquid.

The bottomline then is that we made the organization fitter with a leaner man-force; we made business model more solid even as we made the organization increasingly liquid.

Looking ahead

Even as we cheer towards our success in one bout, we feel the fight has only begun for now the challenge lies in sustaining our performance against all odds. So while the prospects seem bright, the journey abounds with challenges.

Promising prospects: After registering a 0.8% growth in 2016, the global steel sector is expected to grow by 0.5% in 2017 even as weakness in investment globally continues to hold back a stronger steel demand recovery (Source: World Steel Association). While the prospects at macro level do not appear very promising, a deeper analysis at the micro level reveals interesting opportunities.

China, the largest steel producer in the globe, has launched the supply-side reforms to phase out lesser efficient steel mills – a target of permanently shutting 150 million MT capacity by 2020. While a total of 85 million tonnes of annual capacity was shut in 2016, exceeding a national target, the nation aims to shut another 45 million tonnes of annual steel capacity in 2017. This capacity closure has significant ramifications.

* One, demand is expected to outweigh supply for the first time in 5 years, which means 1) price stability in the global marketplace and 2) China participation in global trade will reduce considerably, a huge relief for steelmakers across the globe who have been hit by cheap Chinese shipments. This is evidenced by a significant fall in China's steel exports in 2016.

* Two, China's steel manufacturing capacity is primarily through the blast furnace route. Capacity closure in China would result in the revival of capacities in other parts of the globe, especially in the Middle-East (leveraging the EAF technology), which were severely impacted by steel dumping from China.

With EAF capacities expected to come online in the near term, the demand for graphite electrodes is expected to increase over the coming years. And with about 2,00,000 MT of graphite electrode capacity across the globe permanently shut over the last three years, the prospects for the existing players is expected to be promising.

Challenge

Even while the demand is set to increase, the input prices for graphite electrodes has skyrocketed by more than 100% over the previous year average. This unprecedented rise could exert significant pressure on business margins during the current year.

Our focus

Despite the mixed bag, I remain optimistic about the Company's performance in the current year. The positives promise to shore our order book and consequently our capacity utilization. In addition, we will continue to strengthen the man-machine efficiency at our operating units which should facilitate in minimizing the impact of inflationary pressures. In addition, our efforts in optimizing our interest liability should also make an important contribution to the Company's bottomline – enabling us to strengthen shareholder value over the coming years.

Message to shareholders

As we see optimism on the horizon, we are readying ourselves for a stronger performance. We remain confident of our success tomorrow and in the years to come.

Warm regards,

Ravi Jhunjunwala
A fellow shareholder and Chairman

Management discussion and analysis



Economic overview

Global economy

Performance: Global GDP growth slowed marginally to 3.1% year-on-year, as deceleration in key emerging and developing economies overshadowed a modest recovery in major developed countries. This deceleration was accompanied by modest increase in commodity prices, subdued global trade, bouts of financial market volatility, and weakening capital flows. Global industrial production (IP) growth slowed to 1.5% year-on-year in 2016, after growing by 1.8% in 2015. IP in OECD (Organisation for Economic Co-operation and Development) countries eased to 0.3% year-on-year in 2016, after growing by 0.8% in 2015.

This could have been worse had it not been for a healthy uptick in global economy during the second half of 2016 especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth (after five quarters of drag). Growth also remained robust in the UK, where spending proved resilient in the aftermath of the June 2016 referendum in favor of leaving the European Union (Brexit). Activity surprised on the upside in Japan thanks to strong net exports, as well as in euro area countries, such as Germany and Spain, as a result of strong domestic demand.

Challenges: Recent political developments highlight a fraying consensus about the benefits of cross-border economic integration. A potential widening of global imbalances coupled with sharp exchange rate movements, should those occur in response to major policy shifts, could further intensify protectionist pressures. Increased restrictions on global trade and migration would hurt productivity and incomes, and take an immediate toll on market sentiment.

Promise: Consistently good economic news since the summer of 2016 is starting to add up to a brightening global outlook. With buoyant financial markets and a long-awaited cyclical recovery in manufacturing and trade under way, world growth is projected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018.

Activity is projected to pick up markedly in emerging markets and developing economies because the conditions leading to commodity exporters experiencing macroeconomic strains are gradually expected to improve, supported by the partial recovery in commodity prices, while growth is projected to remain strong in China and many other commodity importers. In advanced economies, the pickup will be primarily driven by higher projected growth in the United States, where activity was held back in 2016 by inventory adjustment and weak investment.

3.1

Global GDP growth in 2016 (%)

1.6

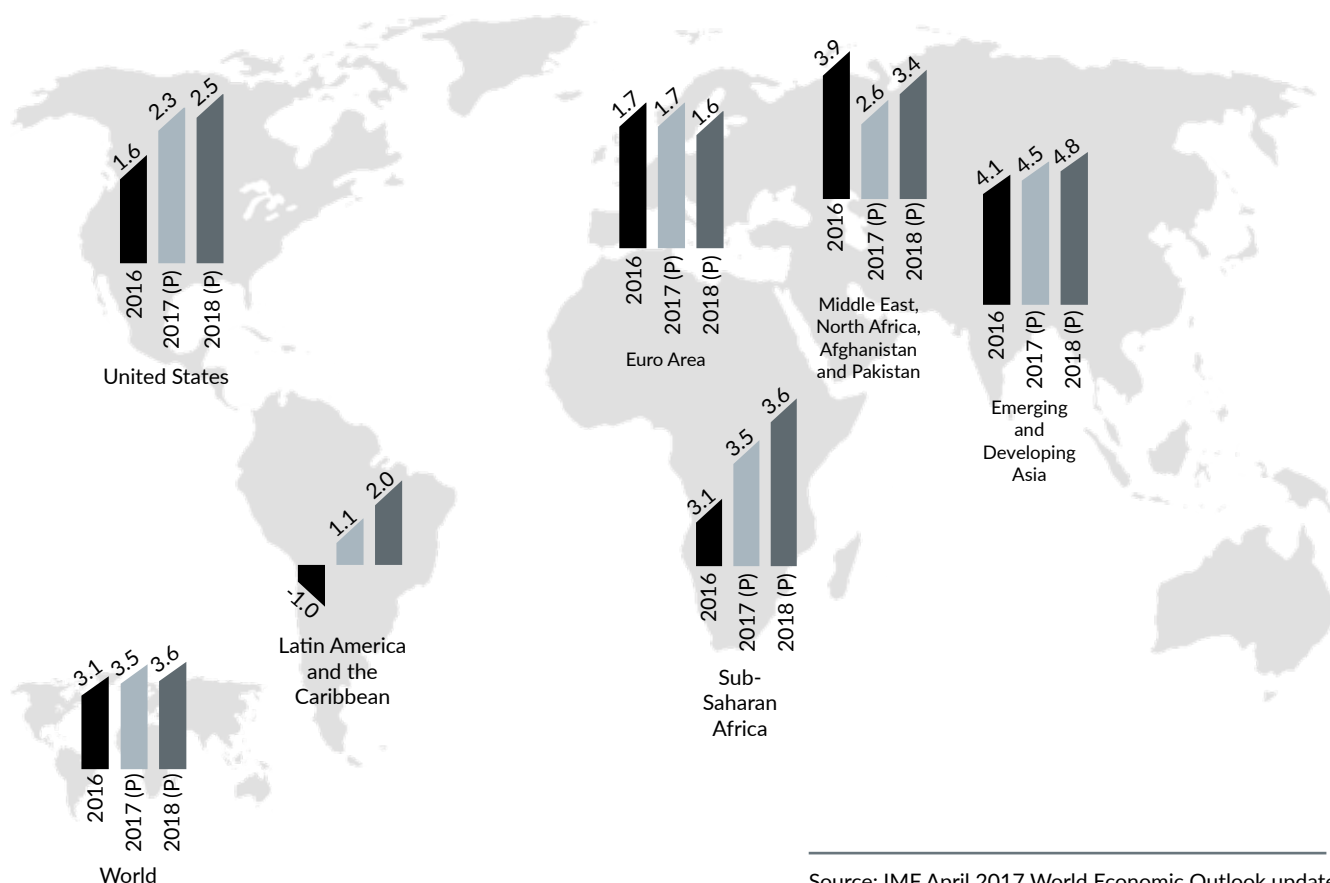
GDP growth in Advanced economies in 2016 (%)

4.1

GDP growth in Emerging Market and developing economies in 2016 (%)

Latest growth projections

Globe economic activity is set to pick up in 2017-18
(Percent change)



Source: IMF April 2017 World Economic Outlook update.

Indian economy

Favourable government reforms and a stringent fiscal regime in the recent past have supported the accelerated growth of the Indian economy since 2014. The Economic Survey 2017 describes India's stand in the world as 'haven of stability' and positions it as 'an outpost of opportunity'.

Against this backdrop, the Indian economy registered a subdued performance in 2016-17 with the nation's GDP growth being pegged at 7.1% against 7.9% in 2015-16 – a drop consequent to geo-political issues in large global economies (important business partners of India) and short-term disruptive policy initiatives namely demonetisation.

Despite this subdued growth, the International Monetary Fund (IMF) has restored India to the status of the world's fastest-growing major economy in 2016-17.

The industrial sector growth remained lack luster with the Index of Industrial Production (IIP), a measure of industrial performance, registering a growth of 5% during 2016-17, against about 8% recorded during 2015-16.

The demonetisation initiative affected notes with a total value of about ₹15 trillion, which amounted to 86% of all cash in circulation. Since payment transactions in India are primarily cash-based and electronic payments infrastructure is limited, the shortage of cash had disrupted economic activity and the impact was particularly severe for smaller businesses and rural regions.

On the brighter side, the steep decline in global oil prices that began in late 2014 boosted the economic activity in India, further improved the external current account and fiscal positions and helped lower inflation. In addition,

continued fiscal consolidation by reducing government deficits and debt accumulation, and an anti-inflationary monetary policy stance have helped cement macroeconomic stability.

Outlook: Economy experts and opinion makers are optimistic of India's economic resurgence and expect the nation's GDP growth to rebound in the range of 6.75-7.5% in 2017-18, catalysed by two important triggers – the GST roll out and the infrastructure spend announced in the Union Budget 2017-18.

- The adoption of the Goods and Service Tax (GST) promises to create a single national market which will enhance efficiency of the movement of goods and services. This critical fiscal policy could make an important contribution

to raising India's medium-term GDP growth momentum (Source: IMF).

- The Union Budget 2017-18, Agenda to Transform, Energise & Clean India (TEC India) puts an unprecedented thrust on rural infrastructure development which will have a multi-sector cascading impact. This initiative promises to make an important contribution to India's economic resurgence.

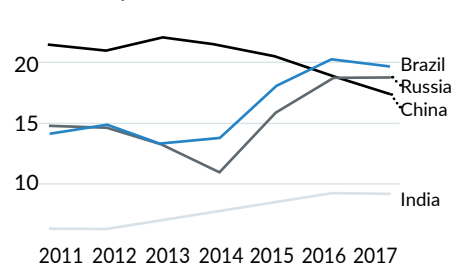
The IMF forecasts India's GDP growth at 7.2% for 2017-18 and 7.7% for the fiscal thereafter. According to this institution, medium-term growth prospects appear favourable, with growth forecast to rise to about 8% over the medium term due to the implementation of key reforms, loosening of supply-side bottlenecks, and appropriate fiscal and monetary policies.

India's economy – a quick glance

Economy catalyst

... And have helped India tide over her external vulnerabilities

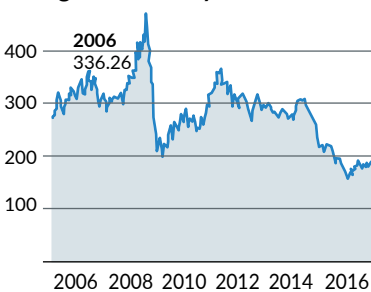
The lines depict the import Cover (IC) ratio of each country



Import Cover refers to the months of imports a country's forex reserves can finance when faced with a sudden shock that wipes out all sources of external financing

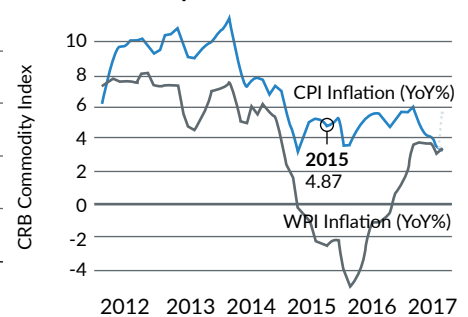
Source: IMF

Benign Commodity Index



Source: Bloomberg

... Have helped tame inflation

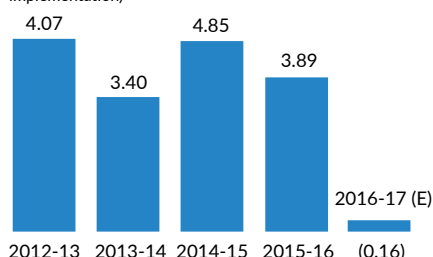


Source: CMIE, MOSPI

Economy challenge

Investment growth has collapsed...

GFCF Growth(YoY%) Stalling rates (%projects under implementation)



Stalling rates for 2016-17 are based on Dec-end figures, for all other years, Mar-end figures have been considered. GFCF refers to gross fixed capital formation. Source: CMIE-MOSPI

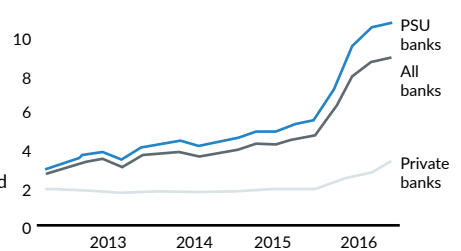
... And credit offtake has been falling



Source: CMIE, RBI

... As a pile of bad debt weighs on the India economy

The lines denote gross Non-Performing Asset (NPA) ratios of banks



Gross NPA ratio has been calculated as a weighted average of bank level NPAs with total assets of banks used as weights.

Source: Bloomberg, Capitaline, Mint calculations



Steel industry: a global perspective

Overview: Despite a lower output of the grey metal in large producing nations, global steel production returned to growth in 2016.

According to the World Steel Association, the amount of crude steel produced worldwide increased by 0.8% to 1628.5 million tonnes last year. This was underpinned by a 1.2% rise in output by China, the world's largest producer, reversing the country's first production decline in three decades in 2015.

The crude steel capacity utilisation ratio of the 66 countries in 2016 was 69.3% compared to 69.7% in 2015. Steel prices rose throughout most of last year in many regions after touching decade-long lows in 2015.

Outlook: Global steel demand is projected to expand moderately by 1.3% or 20-MnT to 1535-MnT during 2017



with advanced economies growing by 0.7% while emerging markets growing by 1.6%.

China has ambitious capacity restructuring plans to cut 50-MnT capacity in 2017 after administering a cut of 85-MnT in 2016, while the target for 2017-2020 stands revised to 140-MnT.

Raw materials as well as steel prices are likely to remain less volatile, unlike in the previous year 2016. Trade actions shall continue to remain active to arrest the unfair and volatile export-push.

Downside risks to this outlook come from the high corporate debt and real estate market situation in China, Brexit uncertainties and possible further escalation of instability in some regions.



EAF Steel: a global perspective

The output of crude steel produced from scrap in electric arc furnaces (EAF) continues to decrease. While roughly 32% of total worldwide crude steel came from EAF mills in 2006, ten years later the total barely reached 25%. The share of EAF steel production has now fallen three years in succession.

According to new figures released by the World Steel Association (Worldsteel), most notably China, the world's leading steel producer, has moved almost exclusively to the basic oxygen furnace process (BOF) relying on primary raw materials.

From the global crude steel output of 1.62 billion tonnes reported by Worldsteel in 2015, about 406 million tonnes were produced by EAF mills. BOF-produced steel accounted for over 74% of the total at approximately 1.2 billion tonnes. A further 0.4 per cent

or almost 7 million tonnes came from open-hearth steelmakers, though these are only still in operation in Russia and Ukraine.

The marked decline in EAF steel output over the past decade is in part due to the minimal use of this process in the People's Republic. In 2006 the share of Chinese crude steel produced by EAF steelworks was around 13% of the country's total output, but by 2015 it had dropped to just above 6%. EAF production has been losing its significance over the last ten years in most other major steel-producing countries as well, particularly in South Korea, whose EAF steel share fell from 46% to 30%, Taiwan (from 47% to 38%) as well as Spain (from 80% to 68%). In contrast, countries such as Russia, Iran and especially India have increased their EAF percentages as well as their absolute output of crude steel.



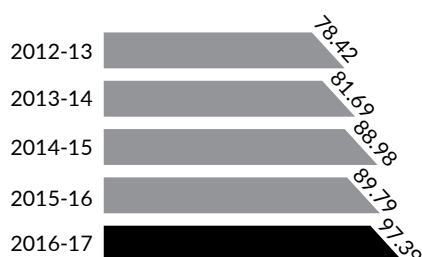
An Indian perspective

Overview: India is the world's third-largest producer of crude steel, up from eighth in 2003 - the growth being driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output - the steel sector contributes 2% to the GDP of the nation and provides more than 6 lakh jobs in the country.

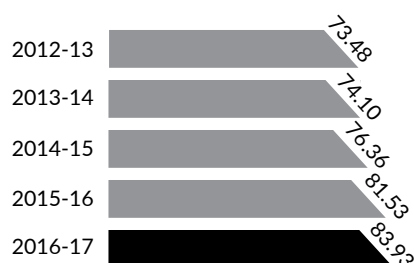
Performance: During 2016-17, even as steel demand moderated, steel manufacturers focused on increasing steel exports which balanced the overall demand-supply position. The country exported a record 8 million tonne steel in 2016-17.

- Production of crude steel was at 97.443 MT, a growth of 8.5% over the previous year
- Consumption of finished steel stood at 83.652MT, an increase of 2.6% over 2015-16
- Steel exports stood at 8.245 MT, registering a growth of 102%
- Import of finished steel declined significantly to 7.227 MT, down by 38%

Crude production (MT)



Steel consumption (MT)



Advantage India

Robust demand

- Demand would be supported by growth in the domestic market
- Infrastructure, oil & gas and automotive sectors would drive the growth of the industry
- Lower per capita consumption compared to the international average

Increasing investments

- To achieve steel capacity build-up of 300 MT by 2025, India would need to invest USD210 billion over the next decade
- 301 MoUs have been signed with various states for planned capacity of about 486.7 MT.
- Ministry of Steel has planned to set up Steel Research and Technology Mission in India to promote R&D activities in the sector

Competitive advantage

- India is the world's third-largest producer of crude steel (up from eighth in 2003)
- Easy availability of low-cost manpower and presence of abundant iron ore reserves make India competitive in the global landscape

Policy support

- 100% FDI through the automatic route is allowed.
- Large infrastructure projects in the PPP mode are being formed
- National Steel Policy (NSP) implemented to encourage the industry to reach global benchmarks
- Policy clarity and stability expected in respect of mining leases and forest clearances assure 20% safeguarding duty on steel imports

Outlook

The outlook for the steel industry appears promising especially due to the Government's thrust to infrastructure creation and housing.

Union Budget impetus: The Union Budget's focus on housing, rural economy, infrastructure spending and railway and defence capex is expected to boost economic growth and revive domestic steel demand. A lion's share of ₹3.95 lakh Crore has been allocated for infrastructure sector and is being termed as top priority by the government. This investment is expected to spur steel demand. The Government's plan to put in place a specific programme for development of multi-modal logistics would help the industry. In addition, the Government's target of laying 3,500 km of railway tracks should provide impetus to steel demand.

Rural demand for steel: Rural India is expected to reach per capita consumption of 12.11 kg to 14 kg for finished steel by 2020, driven by development-focused Government policies namely Food for Work Programme (FWP), Indira Awaas

Yojana, Pradhan Mantri Gram Sadak Yojana and Affordable Housing drive. The Government announced a total allocation for rural, agricultural and allied sectors for 2017-18 at ₹1.87 Lakh Crore - 24% higher than the allocation in the previous year. The focus would be on spending more on rural areas, infrastructure and poverty alleviation with fiscal prudence. A case in point is the increased allocation under the Pradhan Mantri Awas Yojana-Gramin to ₹23,000 Crore from ₹15,000 Crore in the previous year with the hope to complete 10 million pucca houses for the homeless and those living in kachha houses by 2019.

Estimates for 2017-18

Indian steel demand is poised for a moderately improved performance exhibiting a growth of 4-5% during FY'18. The performance of Indian steel industry could be influenced by

- Possible rise in inflation with firming up of oil prices
- Outflow of capital with rising US fed-rates
- Credit shortage due to elevated bad loans (NPA's)



Graphite electrode sector

Graphite electrodes are extensively used in the smelting process in EAF to manufacture steel. These electrodes are used as conductors of electricity in the furnace that generates heat to melt steel scrap used to produce steels and other metals.

About 2 kgs of electrodes are needed to make one tonne of steel. Larger diameter, ultra higher power (UHP) electrodes are now in good demand. This is because less UHP electrodes are required for smelting a similar amount of liquid steel than normal electrodes.

UHP electrodes are used mainly in steel smelting process of large capacity EAF and in ladle refining furnace. These electrodes are impregnated with special pitch in the furnace to increase strength and density. These electrodes possess several characteristics such as low electrical resistivity, high-temperature resistance, coefficient of thermal expansion (CTE), and ultra-high bending resistance, which will significantly propel their usage in the coming years.

The global capacity (other than china) is estimated at about 0.8 million tonnes, comprising about 0.7 tonnes of UHP grade graphite electrodes and the rest non-UHP grade electrodes.

The graphite electrodes market is passing through its toughest phase ever as overcapacity coupled with subdued

demand (consequent to global economic volatility) has forced large graphite electrode manufacturers to shut shop. In the last 36 months, capacities cumulating to 200,000 tonnes have been permanently shut.

Performance in 2016: The prevailing slowdown in infrastructure creation and geo-political issues across the globe continued to adversely impact graphite electrodes offtake. In addition, increased competition squeezed business margins for graphite electrode manufacturers. The subdued business environment also saw 200,000 TPA of capacity closure.

Towards the close of FY17, the sector witnessed an uptick in demand primarily due to restocking of inventories by steel manufacturers across the globe – due to the prospect of economic resurgence and infrastructure development. In line with improving graphite electrode demand, needle coke prices that have been declining since 2013 reversed the trend towards the close of FY17.

Outlook: According to Technavio's market analysts, the global graphite electrodes market is expected to reach around 2 million metric tons by 2020, in terms of volume - growth at a CAGR of 10.16% during the period. Globally, the demand for UHP graphite electrodes is anticipated to account for around 67% of the total graphite electrode market by 2020.







Business: performance and prospects

HEG Limited is a large and respected player in the global graphite electrode space with an integrated facility at Mandideep – the largest manufacturing capacity under a single roof in the world. The Company also possesses power generating assets (thermal and hydel) with a cumulative capacity pegged at 76.5 MW. Both the thermal power and hydel power primarily caters to its graphite electrode manufacturing needs and the surplus if any, is sold to in the open market including large electricity consumers.

Graphite Electrode

852

Revenue in 2016-17 (₹ Crore)

Power Business

26

Revenue from external sales in 2016-17 (₹ Crore)

Business segment - 1

Graphite electrodes



Overview: HEG is one of the leading, integrated graphite electrode manufacturers with a capacity of 80,000TPA housed at its Mandideep (Madhya Pradesh) facility. In addition to servicing large domestic steel players, the Company enjoys an expansive global footprint nurturing healthy business relations with large steel makers across the globe. This business contributes 97% to the Company's topline.

Competitive advantages

- One of the world's most competitive graphite electrode manufacturers
- Operates the largest single location graphite electrode facility in the world
- Expansive global presence in 30+ countries
- Enduring relationships with leading global steel producers
- Captive power generation ensures sustained supply of quality power

Performance, 2016-17: This business registered a turnover of ₹852 Crore in 2016-17 against ₹881 Crore in 2015-16. This decrease was primarily due to prevailing adversities and declining prices in the graphite electrodes sector globally. International sales contributed more than 60% of revenues during the period under review.

Highlights, 2016-17

On the shop floor

- Improved man-machine productivity by monitoring performance on a per-hour basis – this facilitated in improving plant uptime, reduced maintenance cost, reduced quality rejects and improved productivity
- Institutionalised disciplined production planning to facilitate sourcing of cheapest power load at predefined times to minimise cost
- Optimised the people bill by creating a pool of rightful resources comprising of in-house and outsourced people

In the market place

- Sales volumes increased by 27%; domestic sales increased by 8% over the previous year
- Focused on strengthening presence in existing nations and increasing wallet share with key clients – these efforts yielded significant returns
- Added new clients especially for UHP electrodes (value-added product) which holds the potential to improve business margins
- Expanded marketing footprints across key consuming nations in Latin America and South East Asia

Prospects, 2017-18: The recent upsurge in demand for electrodes augurs well for the Company. The team is focused on maximising its order pipeline for the current year. In addition, the team continues to improve plant operations to enhance product quality and optimise conversion costs.

Business segment - 2

Power generation

Overview: The Company has captive power generation capacity of 76.5MW (comprising two thermal power plants and a hydroelectric power facility) leading to sustained supplies of reliable, low-cost energy. Excess power generated was sold in the market through IEX and bi-partite power purchase agreement with open access consumers.

Performance, 2016-17: This business registered a turnover of ₹208 Crore in 2016-17 against ₹200 Crore in 2015-16 due to improved power generation – it grew by 5%. The team focused on maximising direct sales.

Highlights, 2016-17

- Achieved peak generation of hydel power during the period under review – a fallout of normal rains in India
- Increased direct selling as a percentage of total power sale which resulted in improved realisation

Prospects, 2017-18: The captive power generation will continue to be a major source of support to enhance organisational profitability.



Business driver

Human resource and industrial relations

The Company's human capital focus was reinforced through its well-defined people-centric strategy. The Company's 944-member team combined youthful energy and experience.

The Company's objective is to address organisational challenges, establish sectoral superiority, innovate effectively and ensure career growth. As a result, the Company's people initiatives and programmes remain aligned with its business needs.

The Company's HR team looks into four key areas: attract, develop, engage, and inspire talent

- Attract the best talent available in the industry
- Develop talent by entrusting of roles / responsibilities and honing skills
- Engage talent by improving standards and inculcating problem-solving techniques
- Inspire talent by embracing the vision and mission of the Company.

The Company continued to implement its training calendar formulated on need-based training and skill development exercises which covered majority of the team. Adhering to

the comprehensive talent management programme – the Company provided the necessary platform to every employee for skill development through in-house and external training drills. Career progression of employees was ensured through a transparent performance management system which aimed to fill gaps, hone skills and improve communication.

Employee engagement is deeply embedded in our organisation's DNA with a keen focus on bringing out the best out of employees – from the shopfloor to the top floor. This is because the management is of the firm belief that an engaged employee is not only more productive but his goals are more aligned with the organisational vision.

Quality circle drives, group activities, suggestion schemes are held regularly. In addition, the Company created cross functional teams for implementing challenging strategies and projects. Periodic employee engagement surveys are followed by the formulation of corrective plans and their efficacy is closely monitored through sustained feedback generation.

Employees are addressed at multiple forums to keep them abreast of changing business realities and emerging organisational challenges so that the same can be addressed in unison. Industrial relations remained cordial throughout the year.



Business driver

Research and Development

The R&D Center at HEG Ltd. is involved with advanced research on carbon science and technology. While dealing with projects to sustain and improve the competitiveness of graphite electrodes and graphite-specialty products, our R&D team is also developing advanced carbon materials for energy management, thermal management and environment management. A team of experienced scientists and engineers are working on various marketable products in these fields, such as high-purity graphite microfines to be used as anode material in lithium ion battery, porous conducting carbon fiber paper to be used as gas diffusion layer in fuel cells, graphite foams to be used as heat exchanger and radiators, activated carbon for air/water purification and nuclear/biological/chemical radiation absorption.

To be in tune with the emerging nanotechnology, we are also studying carbon nanomaterials such as carbon nanotubes and nanoparticles. The use of carbon nanomaterials would expand the technology envelope and improve overall energy efficiency, quality and productivity. In collaboration with reputed national and international research institutes, the HEG R&D team is committed to use environment-friendly approaches and find alternative/regenerative carbon feed stocks for sustainable industry.

In the last couple of years, our R&D team worked on several projects on cost-effective processes and quality improvement of graphite electrodes/nipples. Based on the successful R&D trials, an economic alternative of packing grain was recommended and a new formula of pitch tube was developed for improved contact between electrode-nipple joints. R&D recommendation also helped in CTE and ash reduction of graphite electrodes.

Towards advanced carbon science and technology, our R&D team improved the graphitization parameters of porous conducting carbon papers (PCCP). Flexible graphite sheets for water purification and impervious graphite tubes for corrosive application were successfully developed and marketed. The team's current focus is high-density high-strength graphite-metal composite for various applications.

Business driver

Quality assurance

Qualitative excellence represents the single most critical success driver in the global graphite electrode industry for some good reasons. From a financial perspective, the cost proportion of graphite electrodes in the overall cost matrix of EAF steelmaking is only miniscule, the product accounts for mission-critical importance as it is needed to resist the challenging conditions created by arcing within the furnace to convert scrap into molten steel.

Over the years, the Company strengthened its quality systems to emerge as the largest consistent exporter of the product from India. This quality orientation was reinforced through rigorous employee training and quality control. Besides, the Company successfully reduced quality deviations through active customer engagement; it reduced dispersions across operational areas; it reduced the resistivity of larger-sized products and nipples to improving tested values; it strengthened procedural discipline; it invested in best-in-class equipment. The Company institutionalised TQM principles across the organisation which has yielded a positive bearing on product and process quality, man-machine productivity and safety and environmental parameters.



Opportunities and threats

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

Opportunities: From a demand side there is considerable promise over the coming years. From a macro perspective - the global steel sector is expected to grow by 0.5% in 2017 after registering a 0.8% growth in 2016. Coming to the micro aspects of the global steel sector, China is expected to play an important role in the revival of steel manufacturing across the globe. China, the largest steel producer in the globe, has launched the supply-side reforms to phase out lesser efficient steel mills – a target of permanently shutting 150 million MT capacity by 2020. Capacity closure in China would result in the revival of capacities in other parts of the globe, especially in the Middle-East (leveraging the EAF technology). These factors augur well for healthy uptick in demand over the coming years.

Even as demand is expected to grow, supply is expected to be constrained as about 2,00,000 MT of graphite electrode capacity across the globe has been permanently shut over the last three years. This augurs well for graphite electrode manufacturers across the globe.

Threats: Even while the demand is set to increase, the input prices for graphite electrodes has skyrocketed by more than 100% over the previous year average. This unprecedented rise could exert significant pressure on business margins.

Further, the continuing slowdown prevailing in the European Union could pose a challenge for the graphite electrode sector. Reduced steel consumption could lead to a moderated demand for graphite electrodes. This could compel graphite electrode manufacturers in that geography to export products and depress international prices.

Financial performance

Net sales decreased by 2.21% from ₹888.82 Crore in 2015-16 to ₹869.15 Crore in 2016-17 as demand for graphite electrodes remained subdued during major part of the year. EBITDA declined from ₹140.57 Crore in 2015-16 to ₹87.79 Crore in 2016-17 despite the Company's unflinching efforts in optimizing costs in every cost centre.

Even as business operations reported a loss, the Company focused on strengthening its Balance Sheet. The Company reduced its total debt by ₹98 Crore during the year under review.

Internal controls

The Company has a sound system of internal controls in place to ensure the achievement of goals, evaluation of risks and reliable financial and operational reporting. This efficient internal control procedure is driven by a robust system of checks and balances that ensures safeguarding of assets, compliance with all regulatory norms and procedural and systemic improvements on a periodic basis. The Company uses an ERP (Enterprise Resource Planning) package supported by in-built controls. This guarantees well-timed financial reporting. The audit system periodically reviews the control mechanism and legal, regulatory and environmental compliances. The internal audit team also checks the effectiveness of internal controls and initiates necessary changes arising out of inadequacies, if any. All financial and audit controls are also reviewed by the Audit Committee of the Board of Directors.



Managing business uncertainties

During a corporate's journey, the risk profile changes – from one of surviving the day-to-day travails to one of sustaining its growth momentum. The same holds true for HEG, which today is one of India's leading graphite electrode manufacturers.

Risk management at HEG is an integral part of the business model, focusing on making the business model emerge stronger and ensuring that profitable business growth becomes sustainable. The Company leverages its rich experience to address shareholder apprehension about its growth prospects.

Shareholder apprehensions

Growth risk: The Company may not be able to grow its business.

Mitigation: The steel industry in India and across the globe is estimated to grow consequent to an increase in focus on infrastructure creation in advanced and developing economies. As a fallout, demand for graphite electrodes is expected to increase in the current year. The improved outlook enabled the Company in creating a robust order pipeline that could result in more than 80% capacity utilisation of its manufacturing assets against 63% in 2016-17.

Profitability risk: Making the business profitable at the net level could be a challenge.

Mitigation: The Company has taken significant measures to eliminate operating inefficiencies which should help in optimising conversion cost. The steep increase in raw material costs pose a challenge to profitable operations, and the team is speaking with its customers for negotiating the contract terms in line with this reality.

Financiers' apprehension

Repayment risk: Will the Company be able to meet its repayment liabilities on time?

Mitigation: The Company registered a cash positive performance in 2016-17. Moreover, the Company's focus on reducing its external liabilities has reduced its debt-equity ratio at a comfortable 0.31 as on March 31, 2017. Besides, the Company has no major capex plan in the current year – it could utilise its business surplus to further deleverage its financial statements.

Customers' apprehension

Quality risk: The ability to sustain the quality and delivery promise could be exacting.

Mitigation: In 2016-17, the management has institutionalised disciplined manufacturing operations that have eliminated inefficiencies and significantly improved product quality. This drive is expected to be sustained during the current year. Further, intelligent product planning and fast-decision making has ensured that customer delivery schedules are strictly adhered to.

Corporate apprehensions

Geographic risk: The need to widen the geographic footprint is essential to sustained business operations.

Mitigation: In addition to strengthening relations with existing customers and increasing presence in existing geographies, the Company's marketing team has made considerable progress in establishing a presence in important nations in the LATAM and South East Asian markets, thereby expanding its opportunity canvas.

Foreign currency risk: Business profitability could be impacted by adverse fluctuations in the foreign currency.

Mitigation: Since HEG is a net exporter of goods, it has a natural hedge to protect the Company's profitability on account of extreme currency volatility. In addition, the Company has also formulated a foreign exchange hedging policy, the compliance of which is monitored regularly by internal and external audit teams.

Corporate social responsibility

In business beyond business



Forward-looking organizations define their personality through their contributions to the community. As a good corporate citizen, HEG has been making enduring impact through its Corporate Social Responsibility programs that promote social and economic inclusion.

The Company's social upliftment initiatives focus around healthcare, education, community development and environmental conservation which facilitates in bettering lives and improving livelihood.

The Company's efforts are primarily mediated towards improving the quality of life of the people living in and around its facilities. It has been conducting these activities directly and through a dedicated trust – LNJ Bhilwara HEG Lok Nyas.

HEALTHCARE

- Provided medical consultation to general public at the OPD Centre in Mandideep and Tawanagar and distributed free medicines among BPL category patients.
- Conducted medical health camps and distributed medicines in villages and to economically weaker sections, in collaboration with Sewa Bharati, Bhopal.
- Provided clean drinking water at Mandideep and nearby areas by installing water coolers with reverse osmosis filters in public places like bus stops and temples.
- Conducted vaccination and artificial insemination camps for cows and buffaloes in 12 villages in collaboration with Shanti Gram Sansthan.

COMMUNITY DEVELOPMENT

- Provided computers, stitching and interlocking machines to the Swarojgar Training Centre for women run by the Bhojpuri Samaj Sewa Samiti, Mandideep
- Provided potable water at Ekant Park, Bhopal

EDUCATION

- Contributed to local literacy requirement, the school decided to run two shifts for serving more than 1,250 students during the academic year.
- Established a new building to accommodate the additional students.
- Subsidised school fees for more than 200 BPL-category students.
- Renovated labs, libraries and equipped them with modern facilities.
- Got the school affiliated with the CBSE board.
- Started a computer centre at Tawa Nagar to provide basic computer education to disadvantaged students and completed two batches.
- Provided hostel fees, as well as books and uniforms to few hearing-impaired students at the Asha Niketan School for Deaf and Dumb, Bhopal.

ENVIRONMENTAL CONSERVATION

- Conducted an afforestation drive at Tawa Nagar along the NH#12 near Mandideep to combat air pollution.

Statutory Reports



Board's Report

Dear Members

Your Director's have the pleasure of presenting their 45th Annual Report and audited statements of accounts for the year ended 31st March, 2017.

(₹ in crore)

1. Financial Results	2016-17	2015-16
Net sales	869.15	888.82
Other operating income	26.87	20.83
Total income from operations (Net)	896.02	909.65
Other income	7.13	4.11
Total income	903.15	913.76
Profit before finance cost, depreciation and amortisation	87.79	140.57
Finance cost	54.72	60.31
Profit before depreciation and amortisation	33.07	80.26
Depreciation and amortisation	73.92	79.30
Profit/Loss before tax	(40.85)	0.96
Provision for taxation:-		
Current year	8.12	5.71
Income tax for earlier years	1.12	2.80
Loss for the period	(50.10)	(7.55)
EPS (Basic) ₹	(12.54)	(1.92)

2. OVERALL PERFORMANCE

The Company recorded net sales of ₹869.15 Crore during the financial year 2016-17 as compared to ₹888.82 Crore in the previous financial year. The Net loss during the financial year 2016-17 was at ₹50.10 Crore as compared to a net loss of ₹7.55 Crore in financial year 2015-16 translating to basic earning per share at ₹(12.54) for the financial year 2016-17 as against ₹(1.92) in financial year 2015-16.

3. STATE OF COMPANY'S AFFAIRS

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

Graphite Electrodes

Significant reduction in EAF denominated steel making globally during the year under review coupled with increased exports of steel from China, forced the pertinent industry players to operate below 55% capacity in the first half of 2016-17. Situation improved for the better towards the second half, when the steel industry witnessed significant reduction in their inventories of electrodes, envisaging fall in prices to continue. There was another year in succession where the pressure on prices continued unabated. Towards the end of the financial year, fall in prices were majorly arrested and the new orders for the following year, showed signs of slight improvement as well. It can safely be said, that the worst is over for the industry and the Company is ready to ride through with the reversal cycle of demand and growth.

Major consolidation in the Graphite Electrode Industry, the process of which started in 2014, seems to have ended this year, with the acquisition of world's second largest producer by an existing Graphite Electrode producer. This coupled with permanent closure of nearly 2,00,000 metric tonne of inefficient and high cost manufacturing facilities globally, adjusted the supply side favorably for the industry, thus making way for the industry to adjust prices, going forward.

With enhanced capacity utilization levels witnessed in recent past due to demand growth particularly in India and closure on ground of polluting steel manufacturing units in China, the Company stands on a firm footing to reap the benefits as a result of improved demand and prices, going forward.

Power Generation

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

The power segment, which comprises of both hydro generation facility and also a thermal generation facility performed exceeding well this year, especially the hydro segment. Both India and Madhya Pradesh, where the hydro plant is located witnessed above average rainfall during the year, which helped the Company in generating one of the highest number of units in past decade.

Since the generation in Thermal power generating facilities is primarily to meet production requirement of graphite electrodes, the improvement in levels of capacity utilization for the year as a whole, improved overall efficiency of the segment and in turn bottomline. Long term tie up with the state run coal company continue to keep the coal cost under check and immune from volatile market forces. This has not only optimized the SHR of coal, but also helped improve this segment's results for the year under review.

4. MATERIAL CHANGES AND COMMITMENTS

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

5. CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business during the financial year 2016-17.

6. SUBSIDIARY, ASSOCIATE COMPANIES OR JOINT VENTURES

(i) Subsidiary Company

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

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

There were no business operations in the subsidiary Company. The subsidiary reported a net loss of ₹32,573 in the financial year 2016-17.

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

The Board of Directors of the Company at its meeting held on 30th May, 2017 has accorded its in-principle approval for closure of its wholly owned subsidiary i.e. HEG Graphite Products and Services Limited. This wholly owned subsidiary was incorporated in the year 2009 but has never carried out any commercial operation.

(ii) Associate Companies or Joint Ventures

There are two Associates of the Company namely Bhilwara Infotechnology Ltd. and Bhilwara Energy Ltd. Bhilwara Infotechnology Ltd. had a turnover of ₹40.77 Crore and Net Profit was ₹3.96 Crore in the financial year 2016-17. Bhilwara Energy Ltd had a consolidated turnover of ₹383.43 Crore and Net Profit was ₹14.85 Crore for the financial year 2016-17. The Company has no Joint Ventures.

No Company has become/ceased to be a Subsidiary, Associate or Joint Venture during the financial year 2016-17.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of financial statements of the Company's subsidiary and associate Companies in Form AOC-1 is attached to the Consolidated Financial Statements of the Company.

7. CONSOLIDATED FINANCIAL STATEMENTS

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

The Auditor's Report does not contain any qualification, reservation or adverse remarks.

8. DIVIDEND

In view of absence of net profits, no dividend is being recommended for the financial year 2016-17.

9. CORPORATE GOVERNANCE

A report on Corporate Governance forms part of the Annual Report along with the Auditors' Certificate on Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Auditor's Certificate for the financial year 2016-17 does not contain any qualifications, reservations or adverse remarks.

10. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

11. INTERNAL CONTROL / INTERNAL FINANCIAL CONTROL SYSTEMS AND ADEQUACY THEREOF

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

Besides, the Companies Act, 2013 has put primary responsibility of implementing a robust Internal Financial Control framework and is under consistent supervision of Audit Committee, Board of Directors and also independent Statutory Auditors. During the year, no reportable material weakness in the design or operation were observed.

12. PERSONNEL

a) Industrial relations

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

b) Particulars of employees

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

13. PUBLIC DEPOSITS

Your Company has not invited any deposits from public/

shareholders in accordance with Chapter V of the Companies Act, 2013.

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

There were no significant material orders passed by the Regulators/ Courts/ Tribunals during the financial year 2016-17 which would impact the going concern status of the Company and its future operations.

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

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

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Directors inform you about the resignation of Shri Dantuluri Satyanarayana Ravindra Raju from the Directorship and Executive Directorship of the Company w.e.f. 31st August, 2016. The Board appreciates the valuable contribution and guidance extended by Shri Dantuluri Satyanarayana Ravindra Raju during his short- tenure as an Executive Director of the Company.

Shri Satish Chand Mehta was appointed as an Independent Director of the Company w.e.f. 23rd June, 2016.

Pursuant to the recommendation of the Nomination and Remuneration Committee, Shri Raju Rustogi, Chief Financial Officer of the Company has also been appointed as the Chief Operating Officer of the Company w.e.f. 1st September, 2016.

Shri Ashish Sabharwal, Company Secretary and Compliance Officer of the Company has resigned and relieved from the services of the Company w.e.f. 30th November, 2016.

Shri Vivek Chaudhary, a member of the Institute of Company Secretaries of India (Membership No. ACS 13263), has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. 30th May, 2017.

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

The brief profile, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of the Director eligible for appointment

/ re-appointment forms part of the Corporate Governance Report / Notice of Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

17. BOARD EVALUATION

The Board has carried out an annual evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The exercise covered various aspects of the Board's functioning such as composition of the Board & Committee(s), their functioning & effectiveness, contribution of all the Directors and the decision making process by the Board.

The Directors express their satisfaction with the evaluation process.

18. FAMILIARIZATION PROGRAMMES FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of the SEBI (LODR) Regulations, 2015, the Company has put in place familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates business model, etc. It is also available on the Company website and a weblink thereto is as under:

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

19. NOMINATION AND REMUNERATION POLICY

The Nomination & Remuneration Policy of the Company is in place and is attached as Annexure – III to this Report.

20. MEETINGS OF THE BOARD

The Board of Directors met 4 (four) times in the financial year 2016-2017. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

21. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which are of a

foreseen and repetitive nature. The statement of transactions entered into pursuant to the omnibus approval so granted is placed before the Audit Committee for its review on a quarterly basis. The statement is supported by a Certificate from the CFO.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website, the weblink of which is as under:

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

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

No material Related Party Transactions i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements were entered during the financial year by the Company. Accordingly, the disclosure of Related Party Transactions as required under 134 (3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

22. AUDIT COMMITTEE

The composition of the Audit Committee is stated in the Corporate Governance Report. All the recommendations of the Audit Committee were accepted by the Board during the financial year 2016-17.

23. AUDITORS

M/s. Doogar & Associates, Chartered Accountants and M/s. S.S. Kothari Mehta & Co., Chartered Accountants, Auditors of the Company, will mandatorily retire from their office at the ensuing Annual General Meeting. They are, however, not eligible for re-appointment in terms of provisions of Section 139 of the Companies Act, 2013 and rules thereunder. The Auditors' Report read along with notes to accounts is self-explanatory and therefore does not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Companies Act, 2013; therefore, no detail is required to be disclosed under Section 134 (3) (ca) of the Companies Act, 2013.

Your Directors have recommended the appointment of M/s. S.C. Vasudeva & Co. Chartered Accountants (Firm Registration No. 000235N) as Statutory Auditors of the Company to hold office for a period of 5 consecutive years from the conclusion of the 45th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of 50th Annual General Meeting to be held in the year 2022 subject to the

approval of the shareholders in the ensuing Annual General Meeting and subject to ratification by members at every subsequent Annual General Meeting. They have furnished a certificate to the effect that their appointment will be in accordance within the applicable provisions of the Companies Act, 2013.

24. BUSINESS RISK MANAGEMENT

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

The Risk Management Policy of the Company is in place for Risk Assessment and Mitigation. It is periodically reviewed by the Audit Committee / Board of Directors. The Company's risk management strategy is integrated with the overall business strategies of the organization and is communicated throughout the organisation. Risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

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

25. COST AUDITORS

The Cost Audit for financial year ended March 31, 2016 was conducted by M/s. N.D. Birla & Co. (Firm Registration No. 000028). The said Cost Audit Report was filed on 27th August, 2016.

Based on the Audit Committee recommendations at its meeting held on 30th May, 2017, the Board has approved the re-appointment of M/s. N.D. Birla & Co. (Firm Registration No. 000028), as the Cost Auditors of the Company for the financial year 2017- 2018 on a remuneration of ₹2 lacs plus service tax and out of pocket expenses that may be incurred by them during the course of audit. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to

M/s. N.D. Birla & Co., Cost Auditors is included in the Notice convening the Annual General Meeting.

26. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. GSK & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial year 2016-17. The Secretarial Audit Report is annexed herewith as Annexure IV. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Board has re-appointed M/s. GSK & Associates, Company Secretaries in practice as Secretarial Auditor of the Company for the financial year 2017-18.

27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The CSR Committee comprises Shri Ravi Jhunjunwala (Chairman), Shri Dharmendar Nath Davar and Smt. Vinita Singhania.

The CSR policy may be accessed on the Company's website at the link mentioned below:

http://hegltd.com/pdf/Corporate_Social_Responsibility_Policy.pdf

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

28. INTERNAL AUDITORS

Based on the Audit Committee recommendations at its meeting held on 30th May, 2017, the Board has approved the re-appointment of M/s. S.L. Chhajer & Co, as the Internal auditors of the Company for the financial year 2017-2018.

29. 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, 2017 and of the loss of the Company for the year under review;
- iii) They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv) They have prepared the annual accounts on a going concern basis;
- v) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

30. VIGIL MECHANISM /WHISTLE BLOWER POLICY

The Company has a vigil mechanism named "Whistle Blower Policy" in place. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and the policy is also posted on the website of the Company, the weblink of which is as under:

http://hegltd.com/pdf/Whistle_Blower_Policy_HEG.pdf

The policy provides for adequate safeguard against victimization of director(s) / employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no person has denied access to the Audit Committee.

31. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in the Annual Report.

32. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in form MGT-9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as Annexure VI to this report.

33. GENERAL DISCLOSURE

The Company has a group policy in place against Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The Company has undertaken four workshops / awareness programs against sexual harassment at workplace. No complaint of sexual harassment was received during the financial year 2016-17.

34. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place: Noida (U.P.)

Ravi Jhunjunwala

Dated: 30th May, 2017 Chairman, Managing Director & CEO

ANNEXURE – I to the Board's Report

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

a) Remuneration paid to Chairman, Managing Director & CEO, Whole-Time Director and Key Managerial Personnel's

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director / KMP for financial year 2016-17 (in ₹)	% increase in Remuneration in the financial year 2016-17	Ratio of Remuneration of each Director/ to median Remuneration of employees
1	Ravi Jhunjunwala (Chairman, Managing Director & CEO)	2,33,50,775	Nil*	87.67
2	Dantuluri Satyanarayana Ravindra Raju (Executive Director)	35,57,077**	NA	NA**
3	Raju Rustogi (Chief Financial Officer & Chief Operating Officer)#	71,84,424	Nil	NA
4	Ashish Sabharwal (Company Secretary)	39,14,679 ##	NA	NA

* There has been no change in the terms & conditions of Shri Ravi Jhunjunwala as Chairman, Managing Director & CEO from his last appointment. The remuneration paid in the financial year 2016-17 was worked out as per Section II of part II of Schedule V (as amended on 12th September, 2016) of the Companies Act, 2013, as approved by the shareholders by way of Special Resolution at their Annual General Meeting held on 28th September, 2016.

** Shri Dantuluri Satyanarayana Ravindra Raju has resigned from the Directorship and Executive Directorship of the Company w.e.f. 31st August, 2016.

Shri Raju Rustogi, Chief Financial Officer of the Company has also been appointed as the Chief Operating Officer of the Company w.e.f. 1st September, 2016.

Shri Ashish Sabharwal, Company Secretary and Compliance Officer of the Company has resigned from the services of the Company w.e.f. 30th November, 2016.

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

Sr. No.	Name of Director	Remuneration of non- executive & Independent Director for financial year 2016-17 (in ₹)	% increase in remuneration* in the Financial year 2016-17
1	Riju Jhunjunwala (Non-Executive)	4,20,000	5.00%
2	Shekhar Agarwal (Non-Executive)	4,90,000	4.26%
3	Dharmendar Nath Davar (Non-Executive & Independent Director)	12,15,000	11.98%
4	Kamal Gupta (Non-Executive & Independent Director)	11,25,000	0.00%
5	Satyendra Nath Bhattacharya (Non-Executive)	3,00,000	300%#
6	Om Parkash Bahl (Non-Executive & Independent Director)	10,75,000	0.94%
7	Vinita Singhania (Non-Executive & Independent Director)	3,75,000	0.00%
8	Satish Chand Mehta (Non-Executive & Independent Director)	3,00,000	**

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

** Details are not given as Shri Satish Chand Mehta was appointed as Director during the financial year 2016-17.

In the previous financial year 2015-16, Shri Satyendra Nath Bhattacharya has attended one Board Meeting on 7th November, 2015 since he was appointed as a Non-Executive Director of the Company on 22nd September, 2015.

- c) The median remuneration of the employees of the Company for the financial year is ₹2,66,341 per annum.
- d) Percentage increase in the median remuneration of employees in the financial year was Nil.
- e) Number of permanent employees on the rolls of the Company were 944 as on 31st March, 2017.
- f) There is no increase in the salaries of employees including Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO of the Company. The remuneration paid to Shri Jhunjunwala in the financial year 2016-17 was worked out as per Section II of part II of Schedule V (as amended on 12th September, 2016) of the Companies Act, 2013, and also approved by the shareholders by way of Special Resolution at their Annual General Meeting held on 28th September, 2016
- g) There are no employees in the Company who received remuneration in excess of the highest paid Director of the Company during the year.
- h) It is affirmed that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.

II. The information of employees required under the provisions of Section 197 read with rule 5, sub rule 2 & 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Companies (Appointment and remuneration of Managerial Personnel) Amendment Rules, 2016 under the Companies Act, 2013, who were employed throughout or for a part of the financial year under review:

a) Details of top ten employees in terms of remuneration drawn is as under:

Sr. No.	Name of Employee	Designation	Remuneration (₹ in lacs)	Qualification	Experience	Age	Date of Commencement of Employment	Last Employment held, Organisation, Designation & Duration
1	Ravi Jhunjunwala	Chairman, Managing Director & CEO	233.51*	B.Com (Hons.), MBA	37	62	08.09.1979	-
2	Dantuluri Satyanarayana Ravindra Raju	Executive Director	35.57**	B. Tech (Chemicals), MS (Chemicals-IIT Chennai), PGCBM-XLRI	32	55	27.05.2016	Paradeep Phosphates Limited, Whole time Director & Approx.2 years.
3	Raju Rustogi	Chief Financial Officer & Chief Operating Officer#	71.84	FCA	25	50	16.04.2013	SRF Ltd., Sr. Vice President, 6.5 Yrs
4	Manish Gulati	Chief Marketing Officer	50.45	MBA (Marketing), BE (Electronics)	24	48	10.05.1993	J.N. Marshal Ltd, Pune, Senior Executive & 0.5 Yrs
5	Ranadeep Chakraborty	Associate Vice-President Maintenance	44.17	BE (Electronics & Communications)	25	47	23.08.2004	Hindalco Industries-Renukoot, DGM, 12.2 Yrs
6	Ashish Sabharwal	General Manager & Company Secretary	39.14##	FCS	18	47	15.03.2008	Fortis Group, Company Secretary, 0.8 Yrs
7	Mahesh Kumar Gupta	Associate Vice-President-CPP	37.67	BE (Mech)	27	52	27.07.2009	Shriram Alkali & Chemicals, Bharuch, AGM, 0.7 Yrs
8	Dr Mukul Kumar	Associate Vice-President	34.39	P.hd (Physics), B.Sc (PCM), M.Sc (Physics)	27	52	24.12.2012	Mijo University Nogoyo Japan, Scientist, 12 Yrs

Sr. No.	Name of Employee	Designation	Remuneration (₹ in lacs)	Qualification	Experience	Age	Date of Commencement of Employment	Last Employment held, Organisation, Designation & Duration
9	Sanjay Kumar Singh	Sr. General Manager-HR & Admin	33.47	MSW (Social Work), BA (Hons.) (Economics)	28	51	10.07.2013	Raymond VCO Denim Pvt. Ltd., GM, 3.5 Yrs
10	Atul Laxman Moghe	General Manager - Maintenance	29.88	BE (Electronics)	24	47	17.05.1999	MP Iron & Steel Co. Pvt. Ltd., Malanpur, Engineer, 6.3 Yrs
11	Jasvinder Singh Khosla	General Manager - Operation	29.29	BE (Mech)	25	48	10.10.1994	ATV Projects India QC Engineer, 2.1 Yrs
12	Sanjay Gupta	Deputy General Manager - ESLI	28.86	MBA (Finance), BE (Mech), Distance Learning (Post Graduate Diploma in Financial Management)	33	53	20.11.1996	Nagpur Alloy Castings Ltd, Siltara, Raipur, Manager, 3.1 Yrs
13	Ashish Awasthy	Deputy General Manager - Marketing	26.89	BE (Metallurgical Engineering)	25	50	09.03.1999	Rajinder Steels Limited, Raipur, Sr. Engg., 1.7 Yrs

* worked out as per Section II of Part II of schedule V of the Companies Act, 2013, as approved by the shareholders at their Annual General Meeting held on 28th September, 2016.

** Shri Dantuluri Satyanarayana Ravindra Raju has resigned from the Directorship and Executive Directorship of the Company w.e.f. 31st August, 2016.

Shri Raju Rustogi, Chief Financial Officer of the Company has also been appointed as the Chief Operating Officer of the Company w.e.f. 1st September, 2016.

Shri Ashish Sabharwal Company Secretary and Compliance Officer of the Company has resigned from the services of the Company w.e.f. 30th November, 2016.

b) Statement related to employees employed throughout the year and in receipt of remuneration aggregating ₹1.02 Crore or more during the FY 2016-17:

Sr. No.	Name of Employee	Designation	Remuneration (₹ in lacs)	Qualification	Experience	Age	Date of Commencement of Employment	Last Employment held, Organisation, Designation & Duration
1	Ravi Jhunhunwala	Chairman, Managing Director & CEO	233.51*	B.Com (Hons.), MBA	37	62	08.09.1979	-

*worked out as per Section II of Part II of schedule V of the Companies Act, 2013, as approved by the shareholders at their Annual General meeting held on 28th September, 2016

c) Statement related to employees employed for part of the year and in receipt of remuneration aggregating ₹8.50 lacs or more per month:

Sr. No.	Name of Employee	Designation	Remuneration (₹ in lacs)	Qualification	Experience	Age	Date of Commencement of Employment	Last Employment held, Organisation, Designation & Duration
1	Dantuluri Satyanarayana Ravindra Raju	Executive Director	35.57**	B.Tech (Chemicals), MS (Chemicals-IIT Chennai), PGCBM-XLRI	32	55	27.05.2016	Paradeep Phosphates Limited, Whole time Director & Approx.2 years.

**Shri Dantuluri Satyanarayana Ravindra Raju has resigned from the Directorship and Executive Directorship of the Company w.e.f. 31st August, 2016.

Notes:

- 1 Shri Ravi jhunjhunwala is relative of Shri Riju Jhunjhunwala.
- 2 No employee of the Company was in receipt of remuneration in excess of Chairman, Managing Director & CEO and holds 2% of the paid-up share capital of the Company.
- 3 All appointments are contractual in nature and terminate by notice on either side.

ANNEXURE – II to the Board's Report

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

(A) CONSERVATION OF ENERGY	
(a) the steps taken or impact on conservation of energy;	
1.	Replaced time based process monitoring, by level sensor based process in NCI 1 resulting in reduced process cycle and energy consumption.
2.	Installed 20 Nos 28 watt LED lights in different locations of plant in place of 70 watt conventional fittings.
3.	Automated stopping of dust collection system, when the Inrema Electrode chain is idle in excess of 20 minutes. Achieved saving of 95 Kwh during the idle time.
4.	Optimised Nipple firing in LWG furnace resulting in approximate saving of 1200 kwh/ton of nipple production.
(b)	the steps taken by the Company for utilising alternate sources of energy; Nil
(c)	the capital investment on energy conservation equipments; Nil
(B) TECHNOLOGY ABSORPTION	
(i)	the efforts made towards technology absorption
	<ol style="list-style-type: none"> 1. An economic alternative of packing grain was identified in R&D trials and was recommended to plant. 2. A new formula of pitch tube was developed for improved contact between electrode-nipple joints. 3. A new process was developed for ash reduction of graphite electrodes. 4. Flexible graphite sheets were developed for water purification. 5. Impervious graphite tubes were developed for corrosive application
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution;
	<ol style="list-style-type: none"> 1. Cost reduction in a baking-process material. 2. Quality improvement of graphite electrodes. 3. Identified new business areas in carbon / graphite specialties.

	(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)–	
(a)	the details of technology imported	–
(b)	the year of import	–
(c)	whether the technology been fully absorbed	–
(d)	if not fully absorbed, areas where absorption has not taken place and the reasons thereof ; and	–
(iv)	the expenditure incurred on Research and Development	₹168.89 Lacs
(C) FOREIGN EXCHANGE EARNINGS & OUTGO		
1. Activities relating to export, initiatives to increase exports, Developments of new export markets for Products and services and Export Plan. The Company has continued to maintain focus and avail of export opportunities based on economic considerations.		
	2. Total foreign exchange used and earned	(₹ in Lacs)
(i)	Foreign Exchange Earned	46,314.95
(ii)	Foreign Exchange used	14,986.98

ANNEXURE – III to the Board's Report

Nomination and Remuneration Policy

1. OBJECTIVE

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

The Key Objectives of the Committee would be:

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

2. DEFINITIONS

- "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- "Board" means Board of Directors of the Company.
- "Key Managerial Personnel" (KMP) means—

- Chief Executive Officer or the Managing Director or the Manager;
 - Company Secretary;
 - Whole-time director;
 - Chief Financial Officer; and
 - such other officer as may be prescribed.
- (d) "Senior Management" means personnel of the Company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

3. ROLE OF COMMITTEE

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

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- to recommend to the Board the appointment and removal

of Director or KMP or Senior Management Personnel;

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

4. MEMBERSHIP

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent. However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee, but shall not chair such Committee.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRMAN

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

6. FREQUENCY OF MEETINGS

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

7. COMMITTEE MEMBERS' INTERESTS

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

8. SECRETARY

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

9. VOTING

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

10. POLICY ON BOARD DIVERSITY

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

11. NOMINATION DUTIES

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

1. Ensuring that there is an appropriate induction & training programme in place for new Directors, Key Managerial Personnel's and members of Senior Management and reviewing its effectiveness;
2. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
3. Determining the appropriate size and composition of the Board;
4. Follow a formal and transparent procedure for selecting new Directors for appointment to the Board, Key Managerial Personnel's and Senior Management Personnel;

5. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
6. Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;
7. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
8. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
9. Considering any other matters as may be requested by the Board.

12. REMUNERATION DUTIES

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

The level and composition of remuneration/fee so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration/fee to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

1. Director / Managing Director

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

2. Non-Executive / Independent Directors

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

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

The Remuneration to be paid to Key Managerial Personnel's/ Senior Management Personnel shall be based on the experience, qualification, performance and expertise of the related personnel and governed by the limits, if any prescribed

under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

4. Directors and Officers' Insurance

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

13. EVALUATION/ ASSESSMENT OF DIRECTORS OF THE COMPANY

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

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

- Contributing to clearly defined corporate objectives & plans
- Obtain adequate, relevant & timely information from external sources
- Review of strategic and operational plans, objectives and budgets
- Regular monitoring of corporate results against projections
- Identify, monitor & take steps for mitigation of significant corporate risks
- Assess policies, structures & procedures
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles & monitoring activities of committees

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

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

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

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only

the Independent Director being evaluated will not participate in the said evaluation discussion.

14. DISCLOSURE

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

15. MINUTES OF COMMITTEE MEETING

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

Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

16. DEVIATIONS FROM THIS POLICY

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

ANNEXURE – IV to the Board's Report

SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by HEG LIMITED (CIN: L23109MP1972PLC008290) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended on 31st March, 2017 according to the provisions of:

- I.
 - The Companies Act, 2013 (the Act) and the rules made thereunder.
 - The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
 - The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder.
 - Foreign Exchange Management Act, 1999 and rules and regulations made thereunder to the extent of External Commercial Borrowings.
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; as amended from time to time;
 - c. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time;
 - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the audit period);
 - f. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and

Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 (Not applicable to the company during the audit period);

- g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period);
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period); and
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period).

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

II.

- The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder
- The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder
- The Environment (Protection) Act 1986 and amended upto 1991) and The Environment (Protection) Rules 1986 & Amendment Rules, 2006
- The Hazardous Waste (Management Handling and Transboundary Movement) Rules, 2008 and amendment up to 2010
- Indian Boiler Act No. V of 1923 & amended 1960
- The Indian Electricity Act 2003, amendment up to 2007 and The Indian electricity rule 1956 amended up to 2000
- Central Sales Tax, 1956 as amended from time to time and rules made thereunder
- Entry Tax Act, 1976 (Madhya Pradesh SthanikaKshetra Me Mal KePravesh Par KarAdhiniyam, 1976)
- Factories Act 1948 as amended in 1987 along with Madhya Pradesh Factories Rules, 1962
- Workmen's Compensation Act, 1923 and Workmen's Compensation (Madhya Pradesh) Rules, 1962 and Madhya Pradesh Workmen's Compensation (Occupational Diseases) Rules, 1963
- Employees' Provident Funds And Miscellaneous Provisions Act, 1952 as amended from time to time and rules made thereunder
- Employees' State Insurance Act, 1948 as amended from time to time and rules made thereunder
- Contract Labour (Regulation and Abolition) Act, 1970 as amended from time to time and rules made thereunder
- The Maternity Benefit Act, 1961 as amended from time to time and rules made thereunder

- Payment of Wages Act, 1936 as amended from time to time and rules made thereunder
- Minimum Wages Act, 1948 as amended from time to time and rules made thereunder
- The Payment of Bonus Act, 1965 as amended from time to time and rules made thereunder
- Madhya Pradesh VAT Act, 2002 as amended from time to time and rules made thereunder
- Manufacture, Storage and Import of Hazardous Chemicals Rules 1989 and Amendment Rules, 2000
- Public Liability Insurance Act 1991 amended upto 1992 & Rules 1991 amended upto 2003
- Sexual harassment of women at the workplace (Prevention, Prohibition, Redressal) Act, 2013
- Private Security Agencies (Regulation) Act, 2009

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

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

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Central Government
- The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned.

We further report that:

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

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

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

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

We further report that the Company has adopted new set of Articles of Association in conformity with the Companies Act, 2013 in its Annual General Meeting held on 28th September, 2016.

We further report that the Company has passed special resolution at its Annual General Meeting held on 28th September 2016, for issuance of Redeemable Non-Convertible Debentures on private placement basis, in one or more tranches, for an amount not exceeding ₹200 Crores within a period of one year from the date of passing of resolution. The Company has not issued any Redeemable Non-Convertible Debentures pursuant to the above mentioned authorization as per the date of this report.

We further report that that Mr. Dantuluri Satyanarayana Ravindra Raju was appointed as an Additional Director and Executive Director on 27th May, 2016 and he resigned from directorship before the Annual General Meeting. Accordingly, in Annual General Meeting, the shareholders approved his appointment and remuneration upto the period till 31st August, 2016.

We further report that Mr. Ashish Sabharwal, has resigned from the position of Company Secretary and Compliance Officer of the Company on 30th November, 2016.

For GSK & Associates
(Company Secretaries)

Saket Sharma
Partner

Date: 30th May, 2017
Place: Noida

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

ANNEXURE – V to the Board's Report

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2016-2017

PART-A

1	A brief outline of the Company's CSR policy, including over view of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs and the Composition of the CSR Committee.	Refer to Point no.27 on Corporate Social Responsibility in Director's Report.
2	Average net Profit of the Company for last three financial years:	₹4,886.46 Lacs
3	Prescribed CSR Expenditure (two percent of the amount as in item 2 above):	₹97.73 Lacs
4	Details of CSR spent during the financial year 2016-17:	
a.	Total amount to be spent for the financial year 2016-17:	₹151.44 Lacs
b.	Total amount spent during the financial year 2016-17:	₹31.40 Lacs
c.	Amount unspent, if any:	₹120.04 Lacs
d.	Manner in which the amount spent during the financial year:	As detailed below

Manner in which the amount spent during the financial year 2016-17

Sr. No.	CSR projector activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. specify the state and district where projects or programs were undertaken	Amount outlay (budget) projector programs-wise (₹ in lacs)	Amount spent on the projects or programs. (₹ in lacs) Subheads: I. Direct expenditure on projects or programs. II. Overheads:	Cumulative expenditure (upto the reporting period) amount upto (₹ in lacs)	Amount spent direct or through implementing agency
I							
1	Promotion of Education by renovating class rooms / toilets / labs and providing furniture to Govt. Schools & Graphite School at Mandideep. Free education to BPL Category students	Promotion of Education	Mandideep - Dist. Raisen (M.P)	70.00	13.30	13.30	Through Implementing Agency – LNJ Bhilwara HEG Lok Nyas*
2	Providing medical facilities / medicines to BPL Category patients / Tribals at door step. Medical check up & medicines to school children for Malaria / Typhoid & other diseases. Reducing child mortality & improving maternal health by providing expertise through lady doctor.	Healthcare	Mandideep, Disst. Raisen, (M.P) / Tawa Nagar, Distt. Hoshangabad (M.P.)	55.87	3.00	3.00	Through Implementing Agency-LNJ Bhilwara HEG Lok Nyas*
3	Ensuring Environment Sustainability & ecological balance by planting trees for sustaining green cover in Mandideep & Tawa.	Plantation & Environment Development	Tawa Nagar District Hoshangabad / Mandideep - Dist. Raisen (M.P.)	10.00	5.53	5.53	Through Implementing Agency -LNJ Bhilwara HEG Lok Nyas*
4	Restoration & maintenance of Vivekananda Museum	Protection of National heritage, art, culture.	Shri Ramkrishna Mission, New Delhi	8.00	8.00	8.00	Through Implementing Agency-LNJ Bhilwara HEG Lok Nyas*
II							
	Overheads			7.57	1.57	1.57	
	Total			151.44	31.40	31.40	

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

PART-B

Reason for not spending the amount as given in point no. 4(c) of (PART-A) above:

As part of its initiative under corporate social responsibility (CSR), the Company has undertaken projects in the area of promotion of education, eradicating hunger and poverty, initiatives towards community service and rural development etc. Further besides creating an apt infrastructure of a CBSE affiliated school for the help of the local community in Mandideep, the Company also wanted to promote a kind of scholarship scheme with the objective of enabling talent for economically backward students to join professional courses. The implementation of the scheme and plans for medical services were deferred for the financial year 2017-2018, considering huge losses incurred during the financial year 2016-2017.

RESPONSIBILITY STATEMENT

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

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

Sd/-
Ravi Jhunjunwala
Chairman, Managing
Director & CEO
Chairman, CSR Committee
 30th May, 2017

ANNEXURE – VI to the Board's Report

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017 [Pursuant To Section 92(3) of the Companies Act, 2013 And rule12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product / Service	% total turnover of the Company
1.	Graphite Electrode	329	97.12%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2016)				No. of shares held at the end of the year (as on 31.03.2017)				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a. Individual/HUF	12,77,588	0	12,77,588	3.20	12,77,588	0	12,77,588	3.20	0
b. Central Govt.	0	0	0	0	0	0	0	0	0
c. State Govt.(s)	0	0	0	0	0	0	0	0	0
d. Bodies Corporate	1,03,97,055	0	1,03,97,055	26.02	1,03,97,055	0	1,03,97,055	26.02	0
e. Banks/FI	0	0	0	0	0	0	0	0	0
f. Any other.	0	0	0	0	0	0	0	0	0
Sub-total(A)(1)	1,16,74,643	0	1,16,74,643	29.22	1,16,74,643	0	1,16,74,643	29.22	0
(2) Foreign									
a. NRIs Individuals	0	0	0	0	0	0	0	0	0
b. Other Individuals	0	0	0	0	0	0	0	0	0
c. Bodies Corporate	1,18,18,107	0	1,18,18,107	29.58	1,18,18,107	0	1,18,18,107	29.58	0

Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2016)				No. of shares held at the end of the year (as on 31.03.2017)				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
d. Banks / FI	0	0	0	0	0	0	0	0	0
e. Any other.	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	1,18,18,107	0	1,18,18,107	29.58	1,18,18,107	0	1,18,18,107	29.58	0
Total share holding of Promoter (A)=(A)(1)+(A)(2)	2,34,92,750	0	2,34,92,750	58.79	2,34,92,750	0	2,34,92,750	58.79	0
B. Public Shareholding									
(1) Institutions									
a. Mutual Funds	17,084	5,150	22,234	0.06	10,801	5,150	15,951	0.04	-0.02
b. Banks/FI	3,55,268	222	3,55,490	0.89	3,48,948	222	3,49,170	0.87	-0.02
c. Central Govt	0	0	0	0	0	0	0	0	0
d. State Govt(s)	0	0	0	0	0	0	0	0	0
e. venture Capital Funds	0	0	0	0	0	0	0	0	0
f. Insurance Companies	38,86,797	0	38,86,797	9.73	38,26,475	0	38,26,475	9.58	-0.15
g. FIs	3,36,898	0	3,36,898	0.84	2,59,460	0	2,59,460	0.65	-0.19
h. Foreign venture capital Funds	0	0	0	0	0	0	0	0	0
i. Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	45,96,047	5,372	46,01,419	11.52	44,45,684	5,372	44,51,056	11.14	-0.38
(2) Non-institutions									
a. Bodies Corporate Indian	31,13,932	14,028	31,27,960	7.83	31,48,902	14,003	31,62,905	7.92	0.09
b. Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	39,82,863	9,82,678	49,65,541	12.43	37,61,337	9,54,388	47,15,725	11.80	-0.63
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	7,21,950	0	7,21,950	1.81	10,53,786	0	10,53,786	2.64	0.83
c. Others (specify)									
NBFC Registered with RBI	0	0	0	0	7547	0	7547	0.02	0.02
Foreign Corporate Body	28,93,888	0	28,93,888	7.24	28,93,888	0	28,93,888	7.24	0
NRI	1,40,837	1,745	1,42,582	0.36	1,66,688	1,745	1,68,433	0.42	0.06
Trusts	12,852	200	13,052	0.03	12,852	200	13,052	0.03	0.00
Sub-total (B)(2)	1,08,66,222	9,98,651	1,18,64,973	29.69	1,10,45,000	9,70,336	1,20,15,336	30.07	0.38
Total Public Shareholding (B) =(B)(1)+(B)(2)	1,54,62,369	10,04,023	1,64,66,392	41.21	1,54,90,684	9,75,708	1,64,66,392	41.21	0
c. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	3,89,55,119	10,04,023	3,99,59,142	100	3,89,83,434	9,75,708	3,99,59,142	100	0

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share-holding during the year
		No. of shares	%of total shares of the Company	%of shares pledged/ encum-bered to total shares	No. of shares	%of total shares of the Com-pany	%of shares Pledged/ encum-bered to total shares	
1	Norbury Investments Ltd	53,62,991	13.42	0	53,62,991	13.42	0	0
2	Microlight Investments Ltd	46,65,579	11.68	0	46,65,579	11.68	0	0
3	Bharat Investments Growth Ltd	26,09,598	6.53	0	26,09,598	6.53	0	0
4	Purvi Vanijya Niyojan Ltd	17,45,350	4.37	0	17,45,350	4.37	0	0
5	Raghav Commercial Ltd	15,33,166	3.84	0	15,33,166	3.84	0	0
6	Mekima Corporation	17,89,537	4.48	0	17,89,537	4.48	0	0
7	RSWM Ltd	9,78,000	2.45	0	9,78,000	2.45	0	0
8	LNJ Financial Services Ltd	13,08,798	3.28	0	13,08,798	3.28	0	0
9	Shashi Commercial Company Ltd	7,15,187	1.79	0	7,15,187	1.79	0	0
10	Giltedged Industrial Securities Ltd	5,04,668	1.26	0	5,04,668	1.26	0	0
11	Riju Jhunjhunwala	2,33,290	0.58	0	2,33,290	0.58	0	0
12	Rita Jhunjhunwala	2,24,312	0.56	0	2,24,312	0.56	0	0
13	India Texfab Marketing Ltd	2,18,851	0.55	0	2,18,851	0.55	0	0
14	Ravi Jhunjhunwala-HUF	2,14,710	0.54	0	2,14,710	0.54	0	0
15	Rishabh Jhunjhunwala	1,86,126	0.47	0	1,86,126	0.47	0	0
16	Lakshmi Niwas Jhunjhunwala	1,79,740	0.45	0	1,79,740	0.45	0	0
17	Ravi Jhunjhunwala	1,36,060	0.34	0	1,36,060	0.34	0	0
18	Mani Devi Jhunjhunwala	1,03,350	0.26	0	1,03,350	0.26	0	0
19	Nivedan Vanijya Niyojan Ltd	70,597	0.18	0	70,597	0.18	0	0
20	Investors India Ltd	38,382	0.10	0	38,382	0.10	0	0
21	Sandhu Auto Deposits Ltd	4,31,365	1.08	0	4,31,365	1.08	0	0
22	M.L.Finlease Pvt Ltd	2,43,093	0.61	0	2,43,093	0.61	0	0
Total		2,34,92,750	58.79	0	2,34,92,750	58.79	0	0

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

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	2,34,92,750	58.79	2,34,92,750	58.79
2	At the End of the year	2,34,92,750	58.79	2,34,92,750	58.79

There is no change in Promoters' shareholding during the Financial year 2016-17.

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

Sl. No.	Name	Shareholding		Date	Increase / Decrease in share-holding	Reason	Cumulative shareholding during the Year (01-04-2016 to 31-03-2017)	
		No. of shares at beginning (01-04-2016) / end of the year (31-03-2017)	%of total shares of the Company				No. of shares	%of total shares of the Company
1	Life Insurance Corporation of India	33,94,285	8.49	01.04.16				
				14.10.16	-4,544	Transfer	33,89,741	8.48
				21.10.16	-10,086	Transfer	33,79,655	8.46
				28.10.16	-21,749	Transfer	33,57,906	8.40
				04.11.16	-23,943	Transfer	33,33,963	8.34
		33,33,963	8.34	31.03.17			33,33,963	8.34
2.	GPC Mauritius II LLC	28,93,888	7.24	01.04.16	0	Nil movement during the year	28,93,888	7.24
		28,93,888	7.24	31.03.17			28,93,888	7.24
3	Pacific Management Pvt Ltd	5,58,526	1.40	01.04.16	0	Nil movement during the year	5,58,526	1.40
		5,58,526	1.40	31.03.17			5,58,526	1.40
4	The new India Assurance Company Ltd	4,92,362	1.23	01.04.16	0	Nil movement during the year	4,92,362	1.23
		4,92,362	1.23	31.03.17			4,92,362	1.23
5	Life insurance Corporation of India P & GS Fund	3,42,383	0.86	01.04.16	0	Nil movement during the year	3,42,383	0.86
		3,42,383	0.86	31.03.17			3,42,383	0.86
6	Apex Holdings Limited *	3,39,150	0.85	01.04.16				
				15.04.16	-339150	Transfer	0	0
				10.03.17	1,00,000	Transfer	1,00,000	0.25
				17.03.17	-7,500	Transfer	92,500	0.23
				24.03.17	- 12,500	Transfer	80,000	0.20
			0.18	31.03.17	- 10,000	Transfer	70,000	0.18
7	Kotyark Distributions Pvt. Ltd	3,03,363	0.76	01.04.16	0	Nil movement during the year	3,03,363	0.76
		3,03,363	0.76	31.03.17			3,03,363	0.76
8	Inter Globe Infralog Ltd.	2,64,495	0.66	01.04.16	0	Nil movement during the year	2,64,495	0.66
		2,64,495	0.66	31.03.17			2,64,495	0.66

Sl. No.	Name	Shareholding		Date	Increase / Decrease in share-holding	Reason	Cumulative shareholding during the Year (01-04-2016 to 31-03-2017)	
		No. of shares at beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
9	Anjaney Stock Broking Ltd.*	2,40,000	0.60	01.04.16				
				31.12.16	-1,50,000	Transfer	90,000	0.23
				06.01.17	90,000	Transfer	1,80,000	0.45
				31.03.17	-97,000	Transfer	83,000	0.21
		83,000	0.21	31.03.17			83,000	0.21
10	Sarita Computers Pvt. Ltd.	2,28,333	0.57	01.04.16	0	Nil movement during the year	2,28,333	0.57
		2,28,333	0.57	31.03.17			2,28,333	0.57
11	East India Securities Ltd.#	1,70,000	0.43	01.04.16	0	Nil movement during the year	1,70,000	0.43
		1,70,000	0.43	31.03.17			1,70,000	0.43
12	Apex Holdings Ltd.#	9,726	0.02	01.04.16				
				15.04.16	3,39,150	Transfer	3,48,876	0.87
				03.06.16	3,446	Transfer	3,52,322	0.88
				10.03.17	1,00,000	Transfer	2,52,322	0.63
		2,52,322	0.63	31.03.17			2,52,322	0.63

*Ceased to be in the list of top 10 shareholders as on 31st March, 2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on 1st April, 2016.

#Not in the list of top 10 shareholders as on 1st April, 2016. The same is reflected above since the shareholder was one of the top 10 shareholders as on 31st March, 2017. Shareholder appearing at Sl. No. 12 and Sl. No. 6 is having two separate DPID / CLIDS.

IV. Shareholding of Directors and key Managerial Personnel:

Sl. No.	Name of Directors / KMPs	Shareholding		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year 01-04-2016 to 31-03-2017	
		No. of shares at beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Shri Ravi Jhunjunwala Chairman, Managing Director & CEO	3,50,770	0.88	01.04.2016	0	Nil Movement during the year	3,50,770	0.88
		3,50,770*	0.88	31.03.2017			3,50,770	0.88

Sl. No.	Name of Directors / KMPs	Shareholding		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year 01-04-2016 to 31-03-2017	
		No. of shares at beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
2	Shri Dharmendar Nath Davar, Non Executive Director	1,500	0.00	01.04.2016	0	Nil Movement during the year	1,500	0.00
		1,500	0.00	31.03.2017			1,500	0.00
3	Dr. Kamal Gupta, Non Executive Director	200	0.00	01.04.2016	0	Nil Movement during the year	200	0.00
		200	0.00	31.03.2017			200	0.00
4	Shri Riju Jhunjunwala Non Executive Director	2,33,290	0.58	01.04.2016	0	Nil Movement during the year	2,33,290	0.58
		2,33,290	0.58	31.03.2017			2,33,290	0.58

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

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ In Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	750.58	129.00	-	879.58
ii) Interest due but not paid	1.69	-	-	1.69
iii) Interest accrued but not due	2.06	-	-	2.06
Total (i+ii+iii)	754.33	129.00	-	883.33
Change in Indebtedness during the financial year				
Addition	140.00	-	-	140.00
Reduction	206.66	31.50	-	238.16
Net Change	-66.66	-31.50	-	-98.16
Indebtedness at the end of the financial year				
i) Principal Amount	685.61	-	-	685.61
ii) Interest due but not paid	2.35	-	-	2.35
iii) Interest accrued but not due	-	-	-	0.00
Total (i+ii+iii)	687.96	-	-	687.96

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of Chairman, Managing Director & CEO	Name of Whole-time Director
		Shri Ravi Jhunjhunwala	Shri Dantuluri Satyanarayana Ravindra Raju
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹2,07,40,000	₹32,91,871
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961	₹26,10,775	₹2,65,206
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961		
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	-
	Others ,please specify	-	-
	Total (A)	₹2,33,50,775*	₹35,57,077
	Ceiling as per the Act	10 % of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 or in terms of Schedule V of the Companies Act, 2013.	

* worked out as per Section II of Part II of schedule V of the Companies Act, 2013, as approved by the shareholders at their Annual General Meeting held on 28th September, 2016.

** Shri Dantuluri Satyanarayana Ravindra Raju has resigned from the Directorship and Executive Directorship of the Company w.e.f. 31st August, 2016.

B. Remuneration to other Directors:

1. Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total amount in ₹
		Shri Dharmendar Nath Davar	Dr. Kamal Gupta	Dr. Om Parkash Bahl	Smt. Vinita Singhania	Shri Satish Chand Mehta*	
1	Fee for attending board / committee meetings	12,15,000	11,25,000	10,75,000	3,75,000	3,00,000	40,90,000
2	Commission	-	-	-	-	-	-
3	others, please specify	-	-	-	-	-	-
4	Total (1)						40,90,000

* Shri Satish Chand Mehta was appointed as an Independent Director of the Company w.e.f. 23rd June, 2016.

2. Other Non-Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total amount in ₹
		Shri Shekhar Agarwal	Shri Riju Jhunjunwala	Shri Satyendra Nath Bhattacharya	
1	Fee for attending board / committee meetings	4,90,000	4,20,000	3,00,000	12,10,000
2	Commission	-	-	-	-
3	others, please specify	-	-	-	-
	Total (2)				12,10,000
	Total (B)=(1+2)				53,00,000
	Total Managerial Remuneration & overall Ceiling as per the Act				**

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Ashish Sabharwal Company Secretary	Shri Raju Rustogi Chief Financial Officer and Chief Operating Officer##	Total Amount in ₹
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹39,02,142	₹70,82,306	₹1,09,84,448
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	₹12,537	₹1,02,118	₹1,14,655
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961.	-	-	-
2	Stock Option	NA	NA	-
3	Sweat Equity	NA	NA	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others ,please specify	-	-	-
	Total	₹39,14,679#	₹71,84,424	₹1,10,99,103

Shri Ashish Sabharwal Company Secretary and Compliance Officer of the Company has resigned from the services of the Company w.e.f. 30th November, 2016

Shri Raju Rustogi Chief Financial Officer of the Company has also been appointed as Chief Operating Officer of the Company w.e.f. 1st September, 2016.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
None					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
None					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

(i) Composition

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

Name of Director	Category of Directorship	No. of other Directorships* in public Ltd Companies	Board Committees** in other Companies in which		No. of Board Meetings attended	Whether Attended the last AGM Yes/No
			Member	Chairman		
Shri Ravi Jhunjunwala	Chairman, Managing Director & CEO -Promoter Executive	8	3	1	4	No
Shri Dantuluri Satyanarayana Ravindra Raju#	Executive Director	-	-	-	2	N.A.
Shri Shekhar Agarwal	Vice-Chairman-Promoter Non-executive	5	3	0	3	No
Shri Dharmendar Nath Davar	Non-Executive and Independent	8	4	4	4	No
Dr. Kamal Gupta	Non-Executive and Independent	6	3	5	3	No
Shri Satyendra Nath Bhattacharya	Non-Executive	1	0	0	4	No
Dr. Om Parkash Bahl	Non-Executive and Independent	1	0	0	4	Yes
Smt. Vinita Singhania	Non-Executive and Independent	3	0	0	4	No
Shri Riju Jhunjunwala	Promoter Non-Executive	8	2	0	4	No
Shri Satish Chand Mehta##	Non-Executive and Independent	0	0	0	3	No

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

** Only Audit Committee and Stakeholders Relationship Committee have been considered in terms of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shri Dantuluri Satyanarayana Ravindra Raju, who was appointed as an Additional Director and Executive Director of the Company at the Meeting of Board of Directors held on 27th May, 2016, has resigned from the Directorship and Executive Directorship of the Company w.e.f. 31st August, 2016.

Shri Satish Chand Mehta was appointed as an Independent Director of the Company w.e.f. 23rd June, 2016.

Note: 1. Shri Ravi Jhunjunwala and Shri Riju Jhunjunwala are relatives.

2. Smt. Vinita Singhania is the Woman Director on the Board.

(ii) Shareholding of Non-Executive Directors

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

Name of Director	No. of Equity Shares Held
Shri Dharmendar Nath Davar	1,500
Dr. Kamal Gupta	200
Shri Riju Jhunjhunwala	2,33,290

(iii) Board Meetings

The Board meets at least once in every quarter to review quarterly results and other items on agenda. Additional meetings are held when necessary. Four Board Meetings were held during the financial year ended 31st March, 2017. These were held on 27th May, 2016, 2nd August, 2016, 8th November, 2016 and 8th February, 2017. However, in case of a special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law which is noted and confirmed in the subsequent Board Meeting.

3. AUDIT COMMITTEE

(i) Terms of Reference

- The audit committee at its discretion shall invite the finance Director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committees;
Provided that occasionally the audit committee may meet without the presence of any executives of the Company.
- The audit committee shall have the power to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it consider necessary;
- The chairperson of the audit committee shall be an independent Director and shall be present at Annual general meeting to answer shareholders queries;
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - Approval or any subsequent modification of transaction of the Company with related party;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the Company, wherever it is necessary;
- Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provision of the Companies Act, 2013, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence by the Board of Directors of that Company.
- Evaluation of internal financial controls and risk management systems;
 - Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department,

staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits;

17. Discussion with internal auditors of any significant findings and follow up there on;
18. Reviewing the findings of any internal investigations by the internal auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
19. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
21. To review the functioning of the Whistle Blower mechanism;
22. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; and
23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
24. The Audit Committee of the Company shall mandatorily review the following information:
 - i. management discussion and analysis of financial condition and results of operations.
 - ii. statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - iii. management letters/ letters of internal control weaknesses issued by the statutory auditors;
 - iv. internal audit reports relating to internal control weaknesses; and
 - v. the appointment removal and terms of remuneration of the chief internal auditors shall be subject to review by the audit committee.
 - vi. statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

25. The internal auditors may report directly to the audit committee.
26. The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
27. All related party transactions shall require approval of the audit committee and the Committee may make omnibus approval for related part transactions proposed to be entered into by the Company on yearly basis.
28. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval.
29. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

(ii) Composition of the Committee

The composition of the Audit Committee is as under:

Sl. No.	Name of Director	Designation	Category
1.	Shri Dharmendar Nath 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. Om Parkash Bahl	Member	Non-Executive Independent Director

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2017, four meetings were held on 27th May, 2016, 2nd August, 2016, 8th November, 2016 and 8th February, 2017.

The attendance at the above Meetings was as under:

Sl. No.	Name of Director	No. of Meetings Attended
1.	Shri Dharmendar Nath Davar	4
2.	Shri Shekhar Agarwal	3
3.	Dr. Kamal Gupta	3
4.	Dr. Om Parkash Bahl	4

4. NOMINATION AND REMUNERATION COMMITTEE

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

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

- such other key issues/matters as may be referred by the Board or as may be necessary in view of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and provision of the Companies Act, 2013 and Rules thereunder.

(ii) Composition of the Committee

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

Sl. No.	Name of Director	Designation	Category
1.	Shri Dharmendar Nath Davar	Chairman	Non-Executive Independent Director
2.	Dr. Kamal Gupta	Member	Non-Executive Independent Director
3.	Dr. Om Parkash Bahl	Member	Non-Executive Independent Director

The Company Secretary acts as Secretary of the Committee.

(iii) Meeting and Attendance

During the financial year ended 31st March, 2017, four meetings were held on 22nd April, 2016, 27th May, 2016, 29th August, 2016 and 8th February, 2017.

The attendance at the above Meetings was as under:

Sl No.	Name of Director	No. of Meetings Attended
1.	Shri Dharmendar Nath Davar	4
2.	Dr. Kamal Gupta	4
3.	Dr. Om Parkash Bahl	4

(iv) Details of Remuneration to the Directors for the financial year ended 31st March, 2017.

(Amount in ₹)

Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
Shri Ravi Jhunjunwala	2,07,40,000	26,10,775	-	-	2,33,50,775*
Shri Dantuluri Satyanarayana Ravindra Raju	32,91,871	2,65,206	-	-	35,57,077#
Shri Shekhar Agarwal	-	-	-	4,90,000	4,90,000
Shri Dharmendar Nath Davar	-	-	-	12,15,000	12,15,000
Dr. Kamal Gupta	-	-	-	11,25,000	11,25,000
Shri Satyendra Nath Bhattacharya	-	-	-	3,00,000	3,00,000
Dr. Om Parkash Bahl	-	-	-	10,75,000	10,75,000
Smt. Vinita Singhania	-	-	-	3,75,000	3,75,000
Shri Riju Jhunjunwala	-	-	-	4,20,000	4,20,000
Shri Satish Chand Mehta	-	-	-	3,00,000	3,00,000##

* Worked out as per Section II of Part II of Schedule V of the Companies Act, 2013 as approved by the shareholders in their meeting held on 28th September, 2016.

Shri Dantuluri Satyanarayana Ravindra Raju, who was appointed as an Additional Director and Executive Director of the Company at the Meeting of Board of Directors held on 27th May, 2016, has resigned from the Directorship and Executive Directorship of the Company w.e.f. 31st August, 2016.

Shri Satish Chand Mehta was appointed as an Independent Director of the Company w.e.f. 23rd June, 2016.

The appointment of Executive Directors, Key Managerial Personnel and other Employees is by virtue of their employment with the Company therefore, their terms of employment vis-a-vis salary, variable pay, service contract, notice period and severance fee, if any, are governed by the applicable policies at the relevant point in time.

(v) Criteria of making payments to Non-Executive Directors

The criteria of making payments to Non- Executive Directors is appearing on the website of the Company and the weblink of the same is as under:

[http://hegltd.com/pdf/criteria_of_making_payments_to_Non_Executive_Directors .pdf](http://hegltd.com/pdf/criteria_of_making_payments_to_Non_Executive_Directors.pdf)

5. PERFORMANCE EVALUATION CRITERIA OF INDEPENDENT DIRECTORS

Pursuant to the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, evaluation of Independent Directors was carried out by entire Board. Only the Independent Director being evaluated did not participate in the said evaluation discussion.

The Evaluation criteria for Independent Directors forms part of Nomination and Remuneration Policy of the Company which is annexed in the Board's Report.

6. FAMILIARIZATION PROGRAMME

The Familiarization Programmes imparted to Independent Directors of the Company has been disclosed on its website and a weblink thereto is as under:

<http://hegltd.com/pdf/Details-of-Familiarisation-Programmes-imparted-to-Independent-Directors.pdf>

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

(I) Broad Terms of Reference

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

(ii) Composition of the Committee

The composition of the Committee is as under:

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

Shri Vivek Chaudhary, a member of the Institute of Company Secretaries of India (Membership No. ACS 13263) has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. 30th May, 2017.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2017, Four meetings were held on 27th May, 2016, 2nd August, 2016, 8th November, 2016 and 8th February, 2017.

The attendance at the above Meetings was as under: -

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

The Company received 10 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 31st March, 2017.

8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(i) Broad Terms of Reference

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

(ii) Composition of the Committee

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

Sl. No.	Name of Director	Designation	Category
1.	Shri Ravi Jhunjhunwala	Chairman	Executive Promoter Director
2.	Shri Dharmendar Nath Davar	Member	Non- Executive Independent Director
3.	Smt. Vinita Singhania	Member	Non- Executive Independent Director

10. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

http://hegltd.com/pdf/Whistle_Blower_Policy_HEG.pdf

11. GENERAL BODY MEETINGS

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

Date of AGM	Relevant financial year	Venue/Location where held	Time of Meeting	Whether any special resolution passed
30 th August, 2014	2013-2014	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	1.30 P.M.	Yes
22 nd September, 2015	2014-2015	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	11.30 A.M.	No
28 th September, 2016	2015-2016	Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046	11.30 A.M.	Yes

No Extra-ordinary General Meeting took place during the financial year 2016-17.

There was no resolution passed by the shareholders through postal ballot, in the financial year 2016-17.

No special resolution requiring postal ballot is being proposed for the ensuing Annual General Meeting.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2017, Four meetings were held on 27th May, 2016, 2nd August, 2016, 8th November, 2016 and 8th February, 2017.

The attendance at the above Meetings was as under: -

Sl No.	Name of Director	No. of Meetings attended
1.	Shri Ravi Jhunjhunwala	4
2.	Shri Dharmendar Nath Davar	4
3.	Smt. Vinita Singhania	4

9. INDEPENDENT DIRECTORS' MEETING

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and also as per the Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 8th February, 2017 to review the performance of Non-independent Directors (including the Chairman, Managing Director & CEO) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

12. DISCLOSURES

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

A web link for policy on dealing with related party transactions is as under:

http://hegltd.com/pdf/Policy_on_Related_Party_Transactions-HEG-Limited.pdf

- b) 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.
- c) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.
- d) The Company has complied with the requirements of the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e) The Company has complied with the Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- f) Disclosure of Commodity Price Risks and Commodity hedging activities: In the recent times sale and purchase of Graphite Electrodes have more or less Commoditized, with customers preferring price as a key driver. The key raw material for the same is petroleum based by product. There is a clear relationship in the Price movement of both, though with a small lead and lag effect. Both sourcing and sale contracts are short term these days and therefore offer ample opportunities for matching the Price movement on either side.
- g) The Company has a Policy for Determining Material Subsidiaries and the same is available on the Company's website and a weblink thereto is as under:

http://hegltd.com/pdf/Policy_for_Determining_Material_Subsiary.pdf

- h) No personnel have been denied any access to the Audit Committee of the Company.
- i) The Company has complied with all the applicable Accounting Standards.
- j) The Chairman, Managing Director & CEO and Chief Financial officer have certified to the Board, inter-alia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31st March, 2017. The annual Certificate given by the Chairman, Managing Director & CEO and the Chief Financial Officer is published in this report.
- k) The Internal Auditor directly reports to the Audit Committee.
- l) The Audit Report contains unmodified audit opinion.

13. CODE OF CONDUCT

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

The Code has been circulated to all the Members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director & CEO in this regard is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2016-17."

14. MEANS OF COMMUNICATION

The Company publishes its quarterly results in leading national newspapers such as Business Standard in English language (all editions) and Nav Bharat in Hindi (Bhopal edition).

These results are displayed on the website of the Company along with other news releases and presentations, if any, made to institutional investors or to analysts among others. All other vital information is also placed on the website of the Company. The results are not sent individually to shareholders.

15. DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTOR

Name of Director	Shri Shekhar Agarwal
Date of Birth	09.10.1952
Date of Appointment	15.07.1996
Qualification	B. Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA.
Experience & Expertise in specific functional areas	Industrialist with 40 years of rich business experience and well-known name in Textile Industry.
List of other Public Ltd. Companies in which directorships held.	1. Bhilwara Technical Textiles Ltd. 2. BSL Ltd. 3. Essay Marketing Company. Ltd. 4. Maral Overseas Ltd. 5. RSWM Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company.	Audit Committee - Member
Chairman/Member of the Committee of Directors of other Companies.	
a) Audit Committee	BSL Ltd. - Member
b) Stakeholders Relationship Committee	1. RSWM Ltd. - Member 2. Maral Overseas Ltd- Member
No. of Equity Shares held in the Company	-

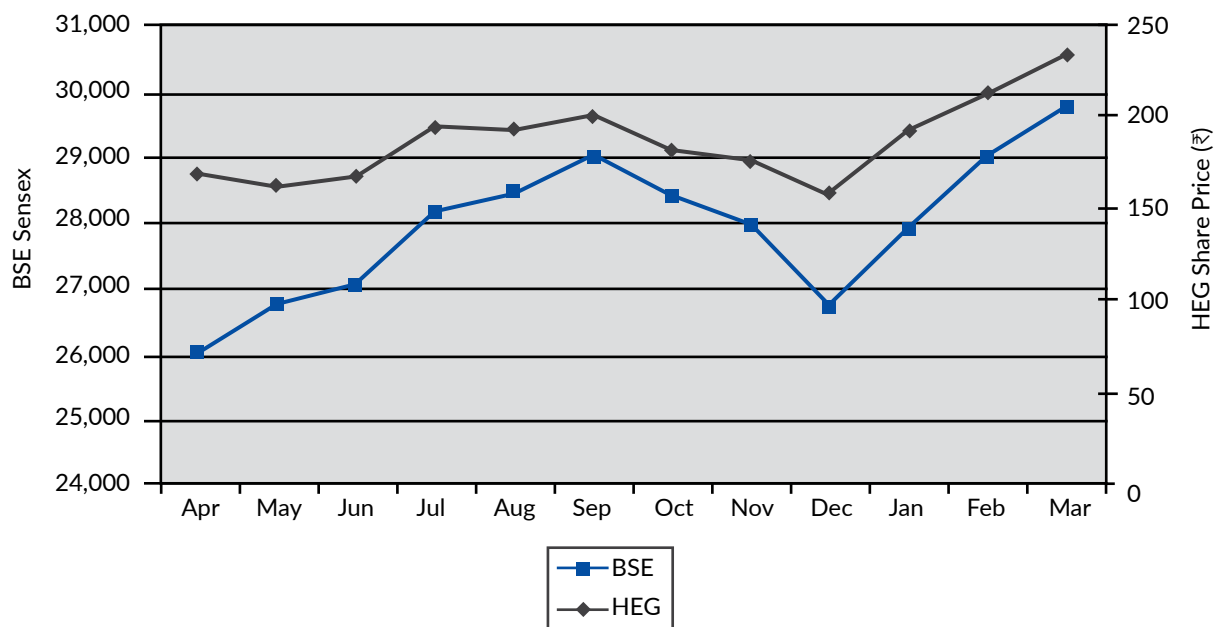
16. SHAREHOLDERS INFORMATION

a) Annual General Meeting: Date, Time & Venue	22 nd September, 2017 at 11.30 A.M. at the registered office of the Company at Mandideep, Near Bhopal, Distt. Raissen, Madhya Pradesh - 462 046.	
b) Financial Calendar:	Financial Year: 1 st April, 2017 - 31 st March, 2018. Reporting:	
	a) First quarter results	Within 45 days of end of the 1 st Qtr
	b) Second Quarter Results	Within 45 days of end of the 2 nd Qtr
	c) Third Quarter Results	Within 45 days of end of the 3 rd Qtr
	d) Results for Fourth Quarter & the FY	Within 60 days of end of the FY
c) Date of Book Closure	16 th September, 2017 to 22 nd September, 2017 (both days inclusive)	
d) Dividend payment date:	N.A.	
e) Listing of Shares on Stock Exchanges	1. BSE Limited BSE- Corporate Office Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 Phones : (022) 22721233/4, (022) 66545695 (Hunting) Fax : (022) 22721919 2. National Stock Exchange of India Limited NSE - Corporate Office Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Tel No: (022) 26598100 - 8114 Fax No: (022) 26598120	
f) Payment of Listing Fees	Annual Listing fees as applicable have been duly paid.	
g) Stock Code / ISIN	Equity Shares :	BSE : 509631 NSE : HEG ISIN : INE545A01016

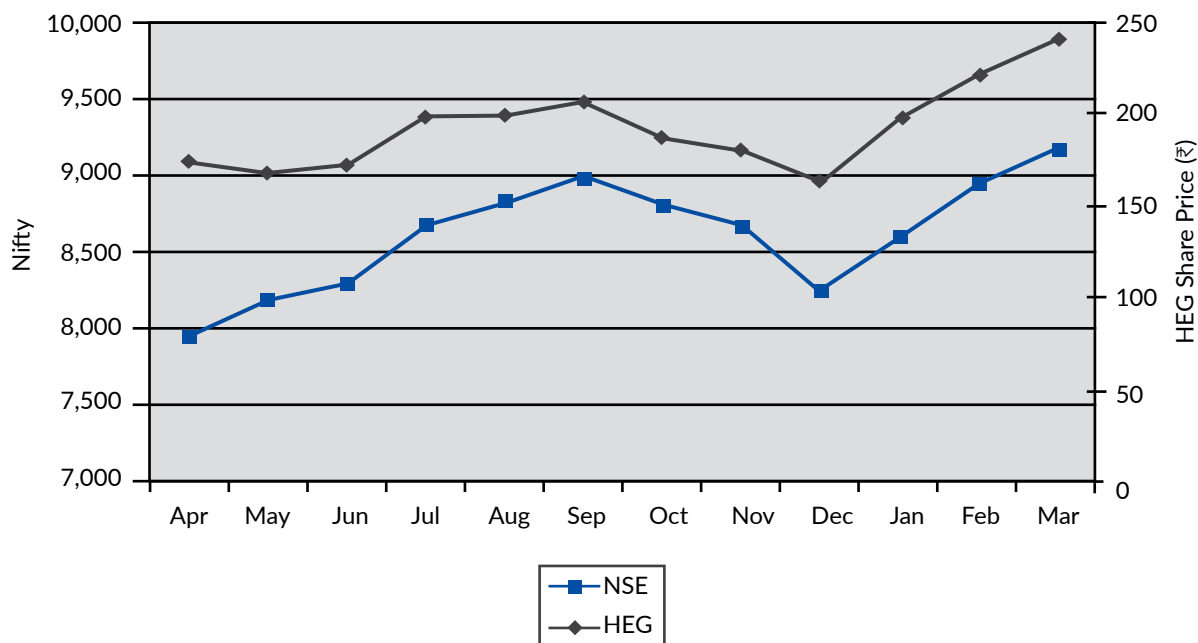
h. i) Market Price Data: Monthly High Low values (in ₹) at NSE & BSE and comparison with BSE Sensex and Nifty.

	NSE		BSE		BSE SENSEX		NIFTY	
Month	High	Low	High	Low	High	Low	High	Low
April, 2016	172.40	138.20	172.00	138.10	26,100.54	24,523.20	7,992.00	7,516.85
May, 2016	166.80	144.00	165.80	145.00	26,837.20	25,057.93	8,213.60	7,678.35
June, 2016	170.70	147.35	170.35	148.20	27,105.41	25,911.33	8,308.15	7,927.05
July, 2016	195.45	158.55	195.45	158.75	28,240.20	27,034.14	8,674.70	8,287.55
August, 2016	196.00	156.20	195.00	157.50	28,532.25	27,627.97	8,819.20	8,518.15
September, 2016	203.20	165.95	203.00	166.80	29,077.28	27,716.78	8,968.70	8,555.20
October, 2016	184.85	168.50	185.00	168.00	28,477.65	27,488.30	8,806.95	8,506.15
November, 2016	178.70	144.45	178.50	144.10	28,029.80	25,717.93	8,669.60	7,916.40
December, 2016	162.00	146.35	162.00	146.20	26,803.76	25,753.74	8,274.95	7,893.80
January, 2017	195.00	147.05	194.00	150.95	27,980.39	26,447.06	8,672.70	8,133.80
February, 2017	216.60	174.00	216.00	175.00	29,065.31	27,590.10	8,982.15	8,537.50
March, 2017	235.40	201.10	236.25	201.00	29,824.62	28,716.21	9,218.40	8,860.10

ii) Comparative chart of Company's share price movement vis-à-vis the movement of BSE Sensex during FY 2016-17:



iii) Comparative chart of Company's share price movement vis-à-vis the movement of Nifty during FY 2016-17:



i) Registrar and Transfer Agent	M/s. MCS Share Transfer Agent Limited F-65, Okhla Industrial Area, Phase-I, New Delhi-110020 Phone : 011-41406149 – 52 Fax : 011-41709881 E-mail Id : helpdeskdelhi@mcsregistrars.com
j) Share Transfer System:	Share Transfers are attended and registered within the prescribed time limit. The Company obtains from practicing Company Secretary a half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of same to stock exchanges.

k) Distribution of shareholding as on 31st March, 2017.

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	27,511	94.68	29,29,386	7.33
501-1000	794	2.73	6,15,264	1.54
1001-2000	347	1.19	5,03,860	1.26
2001-3000	127	0.44	3,15,475	0.79
3001-4000	66	0.23	2,35,908	0.59
4001-5000	37	0.13	1,74,166	0.44
5001-10000	71	0.24	5,18,891	1.30
10001 and above	105	0.36	3,46,66,192	86.75
Total	29,058	100.00	3,99,59,142	100.00

l) Category of Shareholders

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Promoters and Promoter Group	22	0.08	2,34,92,750	58.79
Mutual Funds / UTI	8	0.03	15,951	0.04
Financial Institutions / Banks	10	0.03	3,49,170	0.87
Insurance Companies	3	0.01	38,26,475	9.58
Foreign Institutional Investors	15	0.05	2,59,460	0.65
Bodies Corporate	549	1.89	31,62,905	7.92
Individuals	28,139	96.84	57,69,511	14.44
Others:				
I) Trusts	3	0.01	13,052	0.03
II) Foreign Corporate Bodies	1	0.00	28,93,888	7.24
III) NRI Individuals	306	1.05	1,68,433	0.42
IV) NBFC's Registered with RBI	2	0.01	7,547	0.02
Total	29,058	100.00	3,99,59,142	100.00

m) Dematerialization of shares and liquidity.	3,89,83,434 shares were dematerialized till 31 st March, 2017 which was 97.56.% of the total paid-up Equity Share Capital of the Company on that date. Trading in shares of the Company is permitted in dematerialized form only.
n) Commodity price risk or foreign exchange risk and hedging activities	Please refer corporate apprehensions under the head Managing Business Uncertainties, which forms part of Management Discussion and Analysis.
o) Outstanding GDRs/ADRs/warrants or any Convertible instruments, conversion date and likely impact equity.	There are no such instruments outstanding as on 31 st March, 2017.
p) Plant Locations	a) Mandideep (Near Bhopal), Distt. Raisen- 462046, Madhya Pradesh. b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461001 Madhya Pradesh.
q) Address for correspondence	HEG Limited, Secretarial Department Bhilwara Towers, A-12, Sector -1, Noida - 201301 Phone : 0120-4390300, 4390000 Fax : 0120- 4277841 E-mail: heg.investor@lnjbhilwara.com

CEO/CFO Certificate

Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
HEG Limited

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March, 2017 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the financial year;
 - ii) Significant changes in accounting policies during the financial year and the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ravi Jhunjunwala
Chairman, Managing Director & CEO

Noida (U.P.)
30th May, 2017

Raju Rustogi
*Chief Financial Officer and
Chief Operating Officer*

Compliance Certificate

To
The Members of
HEG Limited

We have examined the compliance of conditions of Corporate Governance by HEG Limited ('the Company') for the financial year ended 31st March, 2017 as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future 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

SUNIL WAHAL
PARTNER
Membership No. 087294

Place: Noida (U.P.)
Date: 30th May, 2017

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

MUKESH GOYAL
PARTNER
Membership No. 081810

Standalone Financial Statements



Independent Auditors' Report

To the *Members* of HEG Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of HEG Limited ("the Company") which comprise the balance sheet as at 31st March, 2017, the statement of profit and loss (including other comprehensive Income), the statement of cash flows and the statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rule, 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation, and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We conducted audit of standalone financial statements in

accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 its loss including the other comprehensive losses, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 143(11) of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order;
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The balance sheet, statement of profit and loss including statement of other comprehensive Income, the statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone IND AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of written representations received from the directors as on 31st March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017, from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B" to this report; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements- Refer Note 38 to the standalone Ind AS financial statements;
 - ii) As explained to us, the company did not have any long term contracts, therefore the Company was not required to make including derivative contracts for which there were any provision for material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 55 to the standalone Ind AS financial statements.

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

Sunil Wahal
PARTNER
 Membership No. 087294

Place: Noida (U.P.)
 Date: 30th May, 2017

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

Mukesh Goyal
PARTNER
 Membership No. 081810

ANNEXURE “A” to the Independent Auditors’ Report to the members of HEG Limited, dated May 30, 2017

Report on the matters specified in paragraph 3 of the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 (“the Act”) as referred to in paragraph 1 of ‘Report on Other Legal and Regulatory Requirements’ section.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Physical verification of fixed assets is being conducted by the management based on a program designed to cover all assets over a period of three years which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties are held in the name of the company.
- (ii) The inventories have been physically verified by the management during the year at all its locations, except stocks located outside India, lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a) to (c) of the Order are not applicable to the company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the company has given a guarantee jointly with another company to a financial institution for loan taken by others from the financial institution, which are covered under the provisions of section 185 and 186 of the Act, the terms and conditions of which are not, prima facie, prejudicial to the interest of the company. .
- (v) The Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Act and hence the rules framed thereunder are not applicable.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost records maintained by the Company as specified by the Central Government of India under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees’ state insurance, income tax, sales tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Custom Duty, and Cess which have not been deposited on account of any dispute, except the following in respect of Income

Tax, Excise Duty, Service Tax and Sales Tax which have not been deposited on account of any dispute, are as follows:-

S.No	Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Excise Duty	276.22	2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2014	CESTAT, New Delhi
			1.42	2004-05	Hon'ble High Court, Jabalpur
			2.15	2013-14	Commissioner (Appeal), Bhopal
2	Income Tax Act, 1961	Income Tax	1064.75	Assessment year 2008-09, 2012-13, 2013-14, 2014-15	CIT (Appeals), Bhopal
			516.00	Assessment year 2003-04, 2004-05	Hon'ble High Court, Jabalpur
		Income Tax Penalty	140.00	Assessment year 2000-01, 2010-11, 2011-12	CIT (Appeals), Bhopal
		Income Tax	106.82	Assessment year 2015-16	CIT (Appeals), Ahmedabad
3	Finance Act, 1994	Service Tax and penalty	1503.11	2006-07, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14	CESTAT, New Delhi
		Service Tax and penalty	109.64	2012-13	Commissioner of Excise and Customs, Bhopal
4	Central Sales Tax Act, 1956	Central Sales Tax	21.30	2003-04	Hon'ble High Court, Jabalpur
5	Madhya Pradesh Parvesh Kar Adhiniyam, 1976	Entry Tax	2.35	2014-15	Commissioner (Appeals), Bhopal
			382.27	2007-08, 2008-09, 2009-10, 2010-11, 2012-13	Appellate Tribunal, Bhopal
			20.11	1997-98, 2003-04	Hon'ble High Court, Jabalpur
6	Chhattisgarh Commercial Tax	VAT	3.03	2006-07	Commissioner (Appeals) Raipur
			1.51	1992-93	Appellate Tribunal, Raipur
		Entry Tax	9.79	2005-06	Appellate Tribunal, Raipur
		Entry Tax	12.00	2006-07	Commissioner (Appeals) , Raipur

- (viii) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of its dues to Governments, banks and financial institutions. The Company has not taken any loans from debenture holders.
- (ix) Based on our audit procedures and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer / further public offer. Further, based on our audit procedures and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised.
- (x) 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 by its officers or employees noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) Based on our audit and according to the information and explanations given to us, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

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

Sunil Wahal
PARTNER
Membership No. 087294

Mukesh Goyal
PARTNER
Membership No. 081810

Place: Noida (U.P.)
Date: 30th May, 2017

Annexure 'B' to the Independent Auditors' Report of even date on the standalone financial statements of HEG Limited dated May 30, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section.

We have audited the internal financial controls over financial reporting of HEG Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and

maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control systems over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's

internal financial control system over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Sunil Wahal
PARTNER
Membership No. 087294

Mukesh Goyal
PARTNER
Membership No. 081810

Place: Noida (U.P.)
Date: 30th May, 2017

Standalone Balance Sheet as at 31st March, 2017

(₹ in Lacs)

Particulars	Note No.	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	4	88,502.63	93,238.49	90,556.26
b) Capital work-in-progress	5	120.40	2,669.61	10,761.93
c) Investment Property	6	385.51	281.29	28.91
d) Goodwill		-	-	-
e) Other Intangible assets	7	1.81	4.64	13.84
f) Intangible assets under development		-	-	-
g) Biological Assets other than bearer plants		-	-	-
h) Financial assets				
(i) Investments	8	14,928.45	14,928.76	14,929.23
(ii) Trade receivables		-	-	-
(iii) Loans	10	231.48	450.20	629.32
(iv) Others	11	238.20	-	180.08
i) Deferred tax assets(net)		-	-	-
j) Other non-current assets	12	2,723.14	2,745.51	2,305.10
(2) Current assets				
(a) Inventories	13	25,779.76	37,119.27	46,630.41
(b) Financial assets				
(i) Investments	8	55.34	47.12	52.76
(ii) Trade receivables	9	36,078.79	31,848.49	35,018.60
(iii) Cash & cash equivalents	14	824.96	511.77	406.43
(iv) Bank balances other than (iii) above		-	-	-
(v) Loans	10	396.56	193.45	859.85
(vi) Others	11	134.90	51.63	93.37
(c) Current Tax Assets(Net)				
(d) Other current assets	12	6,772.35	3,744.42	10,814.26
Total Assets		1,77,174.28	1,87,834.65	2,13,280.37
EQUITY & LIABILITIES				
EQUITY				
(a) Equity share capital	15	3,995.95	3,995.95	3,995.95
(b) Other equity	16	83,183.50	88,103.64	90,613.23
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	13,564.06	15,655.33	25,192.08
(ii) Trade Payables		-	-	-
(iii) Other financial liabilities	19	120.85	124.88	149.30
(b) Provisions	20	342.95	306.59	300.26
(c) Deferred tax liabilities (Net)	21	6,089.12	5,120.30	4,269.50
(d) Other non-current liabilities		-	-	-
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	41,183.59	51,999.84	60,054.53
(ii) Trade Payables	18	8,648.56	5,171.70	12,892.56
(iii) Other financial liabilities	19	18,203.28	14,983.96	13,615.31
(b) Other current liabilities	22	1,771.94	2,195.75	2,018.39
(c) Provisions	20	70.47	176.70	116.07
(d) Current Tax Liabilities (Net)	23	-	-	63.18
Total Equity and Liabilities		1,77,174.28	1,87,834.65	2,13,280.37

The accompanying notes (1 - 56) form an integral part of these 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

Place : Noida (U.P.)
Dated : 30th May, 2017

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

Sunil Wahal
Partner
Membership No. 087294

Ravi Jhunjhunwala
Chairman & Managing Director
DIN No. 00060972

D. N. Davar
Director
DIN No. 00002008

Raju Rustogi
Chief Financial Officer &
Chief Operating Officer

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Riju Jhunjhunwala
Director
DIN No. 00061060

Standalone **Statement of Profit and Loss** for the year ended 31st March, 2017

(₹ in Lacs)

Particulars	Note No.	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
I. Revenue from operations	24	89,602.34	90,965.05
II. Other income	25	712.81	410.58
III. Total Revenue (I + II)		90,315.15	91,375.63
IV. Expenses:			
Cost of materials consumed	26	32,984.88	33,224.03
Purchases of Stock-in-Trade	27	1,292.60	-
Changes in inventories of finished goods work-in-progress and Purchases of Stock-in-Trade	28	10,114.53	6,348.24
Employee benefits expense	29	5,886.16	6,258.10
Finance costs	30	5,471.76	6,031.30
Depreciation and amortization expense	31	7,391.73	7,930.02
Excise duty	32	3,598.07	4,014.82
Other expenses	33	27,660.63	27,473.30
Total expenses (IV)		94,400.36	91,279.81
V. Profit before exceptional and tax (III-IV)		(4,085.22)	95.82
VI. Exceptional items		-	-
VII. Profit before tax (V - VI)		(4,085.22)	95.82
VIII. Tax expense:			
(1) Current tax			
Current Tax			
Income Tax-Previous year	34	112.13	279.61
(2) Deferred tax	34	812.20	571.17
IX Profit (Loss) for the year from continuing operations (VII-VIII)		(5,009.55)	(754.96)
X Profit (Loss) from discontinued operation		-	-
XI Tax Expense of discontinued operation		-	-
XII Profit (Loss) for the year from discontinued operations (after tax) (X-XI)		-	-
XIII Profit (Loss) for the period (IX+XII)		(5,009.55)	(754.96)
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss	35	136.72	(33.71)
(ii) Income tax relating to items that will not be reclassified to profit or loss	34	47.31	(11.67)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the peiod)		(4,920.15)	(777.01)
XVI Earnings per equity share (for continuing operations) :			
(1) Basic (₹)		(12.54)	(1.92)
(2) Diluted (₹)		(12.54)	(1.92)
XVII Earnings per equity share (for discontinued operations):			
(1) Basic (₹)		-	-
(2) Diluted (₹)		-	-
XVIII Earnings per equity share (for discontinued and continuing operations) :			
(1) Basic (₹)		(12.54)	(1.92)
(2) Diluted (₹)		(12.54)	(1.92)

The accompanying notes (1 - 56) form an integral part of these 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

Place : Noida (U.P.)

Dated : 30th May, 2017

For **S. S. Kothari Mehta & Co.**

Chartered Accountants

Firm Regn. No. 000756N

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Chief Operating Officer

Shekhar Agarwal

Vice Chairman

DIN No. 00066113

Riju Jhunjunwala

Director

DIN No. 00061060

Standalone Statement of changes in Equity for the year ended 31st March, 2017**A) Equity Share Capital**

Particulars	Amount in ₹ lacs
As at 01.04.2015	3,995.91
Changes in equity share capital	-
As at 31.03.2016	3,995.91
Changes in equity share capital	-
As at 31.03.2017	3,995.91

B) Other Equity

(₹ in Lacs)

	Note reference	Reserves and Surplus			Other items		Total
		Capital Reserve	Securities Premium Reserve	Other Reserves (Capital Redemption Reserve)	Retained Earning	Remeasurement of Defined benefit obligations	
Balance at the 1 st April, 2015		3138.24	1269.61	1893.57	84,375.12	(63.31)	90,613.23
Changes in accounting policy							
Prior period errors							
Restated balance as at the 1 st April, 2015		3,138.24	1,269.61	1,893.57	84,375.12	(63.31)	90,613.23
Total Comprehensive Income for the year							
Dividends					(1,438.50)		(1,438.50)
Additions during the period					(754.96)	(22.05)	(777.01)
Transfer to retained earnings							-
Adjusted against depreciation	16 (a)				(294.09)		(294.09)
Deletion during the period							
As at 31.3.2016		3,138.24	1,269.61	1,893.57	81,887.57	(85.35)	88,103.64
Total Comprehensive Income for the year							
Addition during the period					(5,009.55)	89.40	(4,920.15)
Dividends							-
Transfer to retained earnings							-
Any other changes							-
Balance at the 31 st March, 2017		3,138.24	1,269.61	1,893.57	76,878.02	4.05	83,183.50

The accompanying notes (1 - 56) form an integral part of these 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
Place : Noida (U.P.)
Dated : 30th May, 2017

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Director
DIN No. 00061060

Standalone Cash Flow Statement for the year ended 31st March, 2017

(₹ in Lacs)

Particulars	FY 2016-17	FY 2015-16
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(4,085.22)	95.82
Add: Depreciation	7,391.73	7,930.02
Misc Exps Written off	0.00	-0.00
Interest Paid	5,471.76	6,031.30
Net(Profit)/Loss on fixed assets sold / discarded	54.94	36.99
Provision for doubtful debts/age base provisions	327.48	623.89
Bad Debts	60.41	48.68
Less: Interest received	21.97	36.77
Operating Profit before working capital changes	9,199.13	14,729.94
Working capital		
Trade receivables	(4,618.19)	2,497.53
Inventories	11,339.52	9,511.14
Loans & advances / Other current assets	(3,174.74)	7,693.42
Liabilities and provisions	3,929.85	(8,663.15)
Cash from operating activities	16,675.56	25,768.88
Income tax	971.65	839.12
Net Cash from operating activities	15,703.91	24,929.77
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition in Fixed Assets (net)	(410.82)	(3,221.39)
Sale of Fixed Assets	147.86	127.19
Advances for Capital Expenditure	-	(30.35)
Sundry Creditors for Capital Expenditure	113.94	204.28
Investments	(7.90)	6.13
Interest received	21.97	36.77
Net Cash from investing activities	(134.94)	(2,877.37)
C CASH FROM FINANCING ACTIVITIES		
Long term borrowings - Term Loans / NCD's / Bonds	14,000.00	
Repayment of Term loans/NCD's/Bonds	(12,967.79)	(7,861.07)
Short term borrowings (working capital)	(10,816.24)	(8,054.69)
Interest Paid	(5,471.76)	(6,031.30)
Dividend paid	-	
Corporate Dividend Tax	-	
Net Cash from financing activities	(15,255.78)	(21,947.07)
INCREASE IN CASH OR CASH EQUIVALENTS	313.19	105.33
Opening cash or cash equivalents	511.77	406.43
Closing cash or cash equivalents	824.96	511.77

The accompanying notes (1 - 56) form an integral part of these 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
Place : Noida (U.P.)
Dated : 30th May, 2017

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Notes to the Standalone Financial Statements for the year ended 31st March, 2017

1. Corporate Information

"HEG Limited (the 'Company'), incorporated in 1972, is a leading manufacturer and exporter of graphite electrodes in India and operates world's largest single-site integrated graphite electrodes plant. The Company also operates three power generation facilities with a total rated capacity of about 76.5 MW.

The Company is a public limited company incorporated and domiciled in India, having its registered office at Mandideep (Near Bhopal), Distt. Raisen, Madhya Pradesh.

2. Significant Accounting Policies

2.1 Basis of preparation of Financial Statements

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company, with effect from 1 April 2016, has adopted Indian Accounting Standards (the 'Ind AS') notified under the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. For all periods up to 31st March 2016, the Company had prepared its financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP').

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. Previous period figures in the financial statements have been restated to Ind AS. Reconciliations and descriptions of the effect of the transition have been summarized in Note 50. The details of the first time adoption exemptions availed by the Company are given in Note 50(a).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian rupees (INR) and all values are rounded to the nearest lacs and two decimals thereof, except otherwise stated.

These financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 Summary of Significant Accounting Policies

a) Revenue Recognition

Sale of Goods

(i) Graphite Electrodes

Revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Excise duty is the liability of the manufacturer which forms part of cost of production. Recovery of excise duty flows to the entity on its own account and the same has been included in the amount of domestic sales.

(ii) Power

Revenue from power generation has been recognized on transmission of electricity to SEB or third parties

- Power generated at the power plants is primarily consumed by the manufacturing units and excess power is sold to SEBs/IEX which is included in the sales as below:
 - Power transferred to Graphite unit at MPEB rate.
 - Excess power generated is sold to SEB's at rate stipulated by SEB's and/or IEX at market rate equivalent.
- Inter-divisional sales comprising of sale of power from power plants to Graphite unit is reduced from revenue from operations in deriving net revenue.

Other Income

- Income and Export Incentives / benefits are accounted for on accrual basis and as per principles given under IndAS-18 – Revenue Recognition.
- Entitlement to Renewal Energy Certificates owing to generation of power at TAWA Hydel Plant are recognized to the extent sold at actual rate of net realization.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Dividends

Dividend income is recognized when the shareholders' right to receive payment is established.

b) Inventories

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

c) Property, Plant and Equipment

On transition to Ind AS, the Company has adopted optional exemption under Ind AS-101 and elected to continue with the carrying value of all its property, plant and equipment as recognized in the financial statement at the date of transition i.e. at 1st April, 2015, measured as per the previous GAAP and use that as its deemed cost as at the transition date, refer note no. 54(a). Subsequently property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes its purchase price (net of CENVAT / duty credits wherever applicable), after deducting trade discounts and rebates. It includes other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the borrowing costs for qualifying assets and the initial estimate of restoration cost if the recognition criteria is met.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses,

if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of profit and loss when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

d) Investment property

Investment Properties comprises freehold land and building (including property under construction) that are held for long-term rental yields and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

e) Intangible Assets

An Intangible Assets is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

amortized on a straight line basis over the estimated useful economic life of 3 to 5 years.

The intangible assets are assessed for impairment whenever there is indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at each financial year end.

Gains or losses arising from recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

f) 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 property, plant and equipment.

g) Expenses Incurred During Construction Period

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

h) Depreciation

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

Assets description	Years of Useful Life
Building	20-60 Years
Plant and Machinery	1-24 Years
Railway Siding	9 Years
Office Equipment (Includes Computers and data processing units)	5-20 Years
Electrical Installation	5-20 Years
Furniture and Fixtures	15 Years
Vehicle	5-10 Years

And depreciation is charged on the following basis:-

- (i) On Plant and Machinery and other assets of Hydel Power Project at Tawa, depreciation rates 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 and Machinery	
	i) Dams, Spillways weirs, canals, reinforced concrete Flumes and symphons	1.95
	ii) Hydraulic control valves and other hydraulic works	3.40
	iii) Transformers having a rating of 100 KVA and over	7.81
5	Electrical Installation	
	i) Batteries	33.40
	ii) Lines on Fabricated steel operating at normal voltages higher than 66 kv	5.27
	iii) Residual	7.84
6	Furniture and Fixtures	12.77
7	Office Equipment and other assets	12.77
8	Vehicles	33.40

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

(b) On other fixed assets, on written down value method, in the manner as prescribed in Companies Act 2013 and rate as per prescribed useful life above;

(c) On assets classified as investment property, on written down value method, over the useful life prescribed in Schedule II. However, if the management's estimate (based on technical evaluation) of useful life is different from that envisaged in Schedule II, then the assets are depreciated over the useful life estimated by the management.

- (iii) Cost of acquisition and improvement of lease hold land is amortized over the lease period.
- (iv) Assets costing upto ₹5,000 are fully depreciated in the year of purchase.
- (v) Intangible assets are amortized over a period of 3-5 years on a straight line basis.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

i) Impairment of Non Financial Assets

Intangible assets, investment property and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

The company has the policy to assess at each reporting date for impairment required for each of its non-financial assets.

j) Foreign Exchange Transactions/Translation

(i) Functional Currency

Financial statements are presented in INR, which is company's functional currency.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing

at that date. Non monetary items are measured in terms of historical cost in foreign currencies and are therefore not retranslated.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively) except the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded, in so far as they relate to the acquisition of depreciable capital assets, are shown by addition to/deduction from the cost of the assets as per exemption provided under Ind AS 21 read along with Clause-D13AA, Appendix 'D' of IndAS-101.

(ii) Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

k) Employee Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard 19 – Employee Benefits.

(i) Provident Fund and ESI

The Company makes contribution to statutory Provident Fund and Employee State Insurance in accordance with

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

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

(ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations recognized in Other Comprehensive Income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

(iii) Compensated Absences

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income.

(iv) Superannuation Benefit

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

(v) Other Short Term Benefits

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

l) Leases

The determination of whether an arrangement is (or contains)

a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee

Finance leases are capitalized as assets at the commencement of the lease, at an amount equal to the fair value of leased asset or present value of the minimum lease payments, whichever is lower, valued at the inception date. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on borrowing cost. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Rental Income from operating leases is recognized on a straight-line basis over the term of the relevant lease, Costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are recognized immediately in the Statement of Profit and Loss.

m) Segment Accounting and Reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The Operating Segments have been identified on the basis of the nature of products/ services.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

- (1) Segment Revenue includes sales and other income directly identifiable with/ allocable to the segment including inter- segment revenue.
- (2) Expenses that are directly identifiable with/ allocable to the segments are considered for determining the segment result. Expenses not allocable to segments are included under unallocable expenditure.
- (3) Income not allocable to the segments is included in unallocable income
- (4) Segment results includes margin on inter segment and sales which are reduced in arriving at the profit before tax of the company.
- (5) Segment assets and Liabilities include those directly identifiable with the respective segments. Assets and liabilities not allocable to any segment are classified under unallocable category.

n) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred Tax

Deferred tax is provided using the balance sheet approach on

temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

o) Government grants and subsidies

Government grants are recognized where there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the company receives grants of non-monetary assets, the asset and the grant are recorded at fair value and recognize to statement of profit and loss on a systematic basis over the useful life of the asset.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

p) Borrowing Cost

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

Interest bearing loans and borrowings has been restated to amortized cost using effective interest rate method with the discount accreted through the statement of profit and loss.

q) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and are liable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

r) Earning Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

s) Financial instruments

Initial recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized

at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

For the purpose of subsequent measurement financial assets are classified in three broad categories:

A. Non-derivative financial instruments

(i) Debt instrument carried at amortized cost

A debt instrument is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures is carried at cost in the separate financial statements.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

(vi) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(vii) Impairment of Financial Assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

B. Derivative financial instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit or loss.

This category has derivative financial assets or liabilities which are not designated as hedges. Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

ii) Cash flow hedge

The company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets

the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized when:

- (i) The contractual right to receive cash flows from the assets have expired, or
- (ii) The company has transferred its right to receive cash flow from the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

t) Fair Value Measurement

The Company measures financial instruments such as derivatives and certain investments, at the fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability. Or
- (ii) In the absence of a principal market, in the most advantageous market for the assets or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial assets takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Use of Estimates

3. Critical accounting estimates and judgments

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Critical accounting estimates and Judgments

a. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of property, plant and equipment are determined by the management based on technical assessment by internal team and external advisor. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Company believes that the useful life best represents the period over which the Company expects to use these assets.

b. Contingent liability

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

c. Income taxes

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets.

d. Defined benefit plans (gratuity and leave encashment)

The cost of the defined benefit gratuity plan and leave encashment benefit and their present value is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 4 Property, Plant & Equipment (₹ in Lacs)

	Note refe- re- nce	Land Free- hold	Lease- hold (a)&(f)	Buildings	Plant & Equipment	Rail- way Sidings	Office Equip- ment	Elec- trical Install- ation	Furni- ture & Fix- tures	Vehicles	Total
Gross Block											
At 1 st April 2015		316.69	816.06	24,973.36	1,20,521.48	921.69	1,204.60	3,169.07	649.97	1,076.21	1,53,649.13
Additions		1.11	14.92	161.86	9,057.16	-	102.31	44.71	8.37	193.97	9,584.41
Disposals		(14.92)	-	-	(133.88)	-	(164.63)	(23.24)	(6.19)	(236.80)	(579.66)
Adjustment	(b)	-	-	147.21	1,310.39	-	0.30	18.23	0.00	-	1,476.13
At 31 st March 2016		302.88	830.98	25,282.43	1,30,755.15	921.69	1,142.58	3,208.77	652.15	1,033.38	1,64,130.01
Additions		-	24.11	505.49	4,724.18	-	39.54	76.70	1.97	36.72	5,408.71
Disposals		-	-	(27.43)	(423.29)	-	(61.53)	(38.43)	(63.72)	(228.58)	(842.98)
Adjustment	(b)	-	-	(449.45)	(2,056.59)	-	(0.47)	(54.48)	-	-	(2,560.99)
At 31 st March 2017		302.88	855.09	25,311.04	1,32,999.45	921.69	1,120.12	3,192.56	590.40	841.52	1,66,134.76
At 1 st April 2015		-	130.28	9,485.29	50,118.75	235.12	903.41	1,257.74	437.57	524.71	63,092.87
Charge for the year	(c), (d)	-	23.09	1,277.39	5,926.54	42.62	93.83	254.24	37.69	158.95	7,814.35
Disposals		-	-	-	(77.15)	-	(152.64)	(15.30)	(3.64)	(166.74)	(415.47)
Adjustment	(b)	-	-	15.83	86.01	-	0.32	3.52	-	-	105.68
Charge for ex-huasted assets	(e)	-	-	-	294.09	-	-	-	-	-	294.09
At 31 st March 2016		-	153.37	10,778.51	56,348.24	277.74	844.92	1,500.20	471.62	516.92	70,891.52
Charge for the year		-	23.38	1,224.16	5,805.52	41.98	80.15	226.13	28.56	131.55	7,561.43
Disposals		-	-	(8.05)	(342.89)	-	(53.84)	(20.51)	(58.23)	(156.64)	(640.16)
Adjustment	(b)	-	-	(47.69)	(124.26)	-	(0.24)	(8.47)	-	-	(180.66)
At 31 st March 2017		-	176.75	11,946.93	61,686.61	319.72	870.99	1,697.35	441.95	491.83	77,632.13
Net Block											
At 1 st April 2015		316.69	685.78	15,488.07	70,402.73	686.57	301.19	1,911.33	212.40	551.50	90,556.26
At 31 st March 2016		302.88	677.61	14,503.92	74,406.91	643.95	297.66	1,708.57	180.53	516.46	93,238.49
At 31 st March 2017		302.88	678.34	13,364.11	71,312.84	601.97	249.13	1,495.21	148.45	349.69	88,502.63

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

b) The Company has opted to avail the exemption under para D13AA of Ind AS 101 and elected to continue the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

financial statements for the period ending immediately before the beginning of the transition date to Ind AS. Accordingly, an amount of ₹219 Lacs (Unrealized Gain) & ₹88.10 lacs (Realized Loss being adjusted against respective assets), (Previous Year ₹1476.13 Lacs (Unrealized Loss) & ₹62.21 (Realized Loss being adjusted against respective assets) being exchange difference arising on reporting of long term Foreign currency loans availed for acquisition of depreciable Fixed assets have been taken to respective assets and ₹ NIL Lacs, (Previous Year ₹732.89) to capital work-in-progress.

c) During the Financial year 2015-16 company revised the useful life of its fixed assets in keeping with the provision of Schedule II. Accordingly, depreciation for the year is lower by ₹372.40 Lacs.

d) The Company has reviewed its tangible fixed assets as at 1st April, 2015 and identified significant component with different useful life from the remaining parts of the assets in keeping with the provisions of Schedule II to the Companies Act, 2013. The depreciation has been computed for such components separately effective 1st April, 2015. As a result, the depreciation expense for the financial year 2015-16 is higher by ₹552.93 Lacs.

e) During the financial year 2015-16 Company revised the useful life of its fixed assets in keeping with the provision of Schedule II. Accordingly, depreciation of ₹294.09 Lacs on account of assets whose useful life was already exhausted on 1st April, 2015 has been adjusted against reserves.

f) Leased Assets

The lease term in respect of leasehold land generally expire with in 30 to 99 years. The ground rent shall be liable to be increased on the expiry of 10 to 30 years depending on the term of lease from the date of execution of this deed and also at subsequent interval of 10 to 30 years, provided that the increase on each occasion shall not exceed one quarter of the rent fixed for the preceeding 10 to 30 years. The above lease hold land or any part thereof or any buliding erected thereon cannot be sublet, assign or otherwise transferred without any previous sanction in writing of the lessor.

Following are the details of year wise minimum lease obligation under leasehold land

(₹ in Lacs)

Particulars	Year Ended March-17		Year Ended March-16		Year Ended March-15	
	Minimum Payments	Present value of payments	Minimum Payments	Present value of payments	Minimum Payments	Present value of payments
With in one year	5.32	4.84	5.32	4.84	5.32	4.84
After one year but not more than 5 years	21.15	15.34	21.29	15.34	21.29	15.34
More than 5 years	121.79	24.83	116.47	24.06	102.77	23.29
Total Minimum lease payments	148.26	45.00	143.08	44.23	129.38	43.46
Less: Amount representing finance charges	103.13	-	98.80	-	85.96	-
Present value of minimum lease payments	45.13	45.00	44.28	44.23	43.43	43.46

g) Property , Plant & Equipment pledged as security

Refer to note no. 49 for information on property, plant and equipment pledged as security by the company.

Note : 5**Capital Work in Progress**

(₹ in Lacs)

Particulars	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
CWIP	120.40	2,669.61	10,761.93

Capital work in progress includes ₹1.49 Lacs (Previous year ₹772.11 Lacs) being preoperative expenditure and ₹18.66 Lacs (Previous year ₹103.46 Lacs) being capital stores.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 6 Investment Property (₹ in Lacs)

	Note reference	Building	Property under construction	Total
Gross Block				
At 1 st April 2015		59.55	12.93	72.48
Additions		-	253.18	253.18
Disposals		-	-	-
At 31 st March 2016		59.55	266.11	325.66
Additions		332.04	112.03	444.07
Disposals / Capitalized		-	(332.04)	(332.04)
At 31 st March 2017		391.59	46.09	437.68
Amortisation				
At 1 st April 2015		43.57	-	43.57
Charge for the year		0.80	-	0.80
Disposals		-	-	-
At 31 st March 2016		44.37	-	44.37
Charge for the year		7.80	-	7.80
Disposals		-	-	-
At 31 st March 2017		52.17	-	52.17
Net Block				
At 1 st April 2015		15.98	12.93	28.91
At 31 st March 2016		15.18	266.11	281.29
At 31 st March 2017		339.43	46.09	385.51

(i) Amounts recognised in profit or loss for investment properties (₹ in Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016
Rental income	46.57	13.60
Direct operating expenses from property that generated rental income	5.05	0.51
Direct operating expenses from property that did not generate rental income	-	3.73
Profit from investment properties before depreciation	41.52	9.36
Depreciation	7.80	0.80
Profit from investment properties	33.72	8.56

(ii) Fair value of Investment property held is ₹2,029.02 Lacs

(iii) On transition to Ind AS, the investment property are recognised at Net Block, the accumulated depreciation on transition was ₹43.57 lacs.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 7	Intangible Assets	(₹ in Lacs)
		Computer Software
Gross Block		
At 1 st April 2015		451.37
Additions		-
Disposals		-
At 31 st March 2016		451.37
Additions		0.31
Disposals		-
At 31 st March 2017		451.68
Amortisation		
At 1 st April 2015		437.53
Charge for the year		9.19
Disposals		-
At 31 st March 2016		446.72
Charge for the year		3.14
Disposals		-
At 31 st March 2017		449.86
Net Block		
At 1 st April 2015		13.84
At 31 st March 2016		4.64
At 31 st March 2017		1.82

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 8 Investments (₹ in Lacs)

		Non - current			Current	
		As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2016	As at 1 st April, 2015
	Investments in Equity instruments					
	SHARES IN SUBSIDIARY COMPANIES					
	HEG Graphite Products and Services Ltd					
50,000	(Previous year 50,000) Equity Shares of ₹10 each fully paid up	5.00	5.00	5.00		
	(Includes 6 Shares held by the nominees of the Company)					
	SHARES IN ASSOCIATES COMPANIES					
4,88,81,556	(Previous year 4,88,81,556) Equity Shares of ₹10/- each fully paid up of Bhilwara Energy Ltd.(*)	14506.88	14,506.88	14,506.88		
12,62,048	(Previous year 12,62,048) Equity Shares of ₹10/- each fully paid up of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.)	419.00	419.00	419.00		
	QUOTED-INVESTMENT IN OTHERS					
18	(Previous year 18) Equity Shares of ₹2/- each of Ballarpur Ind. Ltd.	0.01	0.01	0.01		
	Investments in Mutual Funds					
2,50,000	(Previous year 2,50,000) Units of LIC Mutual Fund Dhan Samriddhi of ₹10/- each				55.34	52.76
	Total	14,930.89	14,930.88	14,930.88	55.34	52.76
	Less: Provision for Dimunation of Investments*	2.44	2.12	1.65	-	-
	Total	14,928.45	14,928.76	14,929.23	55.34	52.76
	Aggregate amount of quoted investments	0.01	0.01	0.01		
	Market value of quoted investments	**	**	**	55.34	52.76
	Aggregate amount of unquoted investments	14,928.44	14,928.75	14,929.22		
	Aggregate provision for diminution in value of investments	2.44	2.12	1.65	-	-
	(**)Amount is below the Rounding off norm adopted by the Company					

*The company has opted for carrying value as per previous GAAP as the deemed cost of investment in subsidiary and associates, however it has impaired its investment in subsidiary company by ₹0.32 lacs(Previous year ₹0.47 Lacs) during the year, routing through other expenses in Statement of Profit and loss.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 9 Trade Receivables (₹ in Lacs)			
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Unsecured, considered good unless stated otherwise			
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	6,934.92	9,944.06	4,343.87
Doubtful	-	-	-
	6,934.92	9,944.06	4,343.87
Age-based provision in respect of debtors outstanding for more than one year net of ECGC cover	(1,457.73)	(1,130.24)	(506.35)
(A)	5,477.19	8,813.82	3,837.52
Other receivables			
Unsecured, considered good	30,601.60	23,034.68	31,181.07
Doubtful	-	-	-
	30,601.60	23,034.68	31,181.07
Provision for doubtful receivable	-	-	-
(B)	30,601.60	23,034.68	31,181.07
Total (A+B)	36,078.79	31,848.49	35,018.60

Note : 10 Financial Assets-Loans (₹ in Lacs)						
Particulars	Long-term			Short-term		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Security deposits	201.36	394.79	543.40	-	-	-
Loans and advances to employees-Secured	30.12	55.41	85.92	23.24	41.57	51.49
Unsecured, considered good	-	-	-	129.78	124.98	264.29
Mark to Market on derivative	-	-	-	243.54	26.90	544.08
	231.48	450.20	629.32	396.56	193.45	859.85

Loans & advances includes :

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(ii) Due from officers of the Company	2.86	7.43	7.08
(iii) The maximum amount at any time during the year	12.86	13.69	12.08

Note : 11 Other Financial Assets (₹ in Lacs)						
Particulars	Non-Current			Current		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Interest/Dividend Accrued, Not due	-	-	-	134.90	51.63	93.37
Fixed deposit with maturity more than one year*	238.20	-	180.08	-	-	-
	238.20	-	180.08	134.90	51.63	93.37

* Pledged with bank against long term loans and bank guarantee to shipping line.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 12 Other Assets

(₹ in Lacs)

Particulars	Long-term			Short-term		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Unsecured, considered good unless stated otherwise				-	-	
Capital advances	-	-	30.35	-	-	
Other Advances-Unsecured, considered good	-	-		2,070.49	163.04	1,226.51
Advances to related parties	-	-	-	5.01	9.79	0.77
Prepaid expenses	-	-		509.30	553.13	496.18
Balances with statutory authorities	-	-		616.07	303.89	1,579.96
Excise rebates / refunds receivable	-	-		1,996.37	1,918.80	5,475.45
Direct taxes refundable (net of provisions ₹25,595 Lacs, previous year ₹25,595 Lacs)	2,296.63	2,261.44	1,865.71	-	-	
Payments under protest	426.51	484.07	409.04	-	-	
Export benefits receivable				1,515.97	795.75	2,035.00
Other Receivables				59.14		
	2,723.14	2,745.51	2,305.10	6,772.35	3,744.42	10,814.00

a) Detail of payments under protest is as follows:

(₹ in Lacs)

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Entry Tax	197.22	308.54	237.62
Central Sales Tax	24.53	32.66	32.66
Excise duty/Service Tax	204.30	142.41	138.30
MPST/MPCT	0.46	0.46	0.46
	426.51	484.07	409.04

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. The Company is in the process of reconciling / adjusting the same with the department. Necessary value adjustments shall be made on final settlement by the department.

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**Note : 13 Inventories (Valued at Lower of Cost and Net Realizable Value)** (₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Raw materials [Includes material in transit ₹2,226.46 Lacs; Previous year: ₹762.89 Lacs]	3,996.84	5,143.28	7,597.49
Finished goods (Refer note (a))	6,501.88	15,574.56	13,393.09
Work-in-progress	11,845.08	12,886.93	21,416.64
Stores and Spares [Includes stores in transit ₹29.85 ; Previous year: ₹10.48]	3,431.94	3,509.79	4,219.05
Others (Refer Note (b))			4.15
	25,779.76	37,119.27	46,630.41

(a) Finished goods are written down from its cost to Net Realisable value by ₹384.51 Lacs (Previous year ₹229.86 Lacs).

(b) Others include Renewable Energy Credits in hand.

Note : 14 Cash and Bank balances (₹ in Lacs)

Particulars	Current		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Cash and cash equivalents			
Balances with banks			
In Current accounts	406.87	192.15	162.54
In Unpaid dividend account	196.42	225.40	223.72
Cheques, drafts on hand	216.32	82.78	5.69
Cash on hand (Including foreign currency notes)	5.28	11.41	14.39
Others	-	-	
Postage and Stamps	0.07	0.03	0.09
	824.96	511.77	406.43

Note : 15 Share Capital (₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Authorised shares			
5,50,00,000 (Previous year 5,50,00,000) Equity Shares of ₹10/- each	5,500.00	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	1,500.00
	7,000.00	7,000.00	7,000.00
Issued, subscribed & fully paid-up			
3,99,59,142 (Previous year 3,99,59,142) Equity Shares of ₹10/- each	3,995.91	3,995.91	3,995.91
1,150 (Previous year 1,150) Forfeited Equity Shares	0.04	0.04	0.04
Total	3,995.95	3,995.95	3,995.95

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Of the above

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

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

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

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

Particulars	2016-17		2015-16		2014-15	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
Equity Shares						
At the beginning of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91	3,99,59,142	3,995.91
Changes during the year	-	-	-	-	-	-
Outstanding at the end of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91	3,99,59,142	3,995.91

b) Terms/Rights attached to equity shares

Company has only one class of equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share. The dividend (if any) 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) Detail of Shareholders holding more than 5% Shares in the Company

Name of the Shareholder	As at 31 st March, 2017		As at 31 st March, 2016		As at 1 st April, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares						
Norbury Investments Limited	53,62,991	13.42	53,62,991	13.42	53,62,991	13.42
Microlight Investments Limited	46,65,579	11.68	46,65,579	11.68	46,65,579	11.68
Life Insurance Corporation of India	33,33,963	8.34	33,94,285	8.49	33,94,285	8.49
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	7.24	28,93,888	7.24
Bharat Investments Growth Limited	26,09,598	6.53	26,09,598	6.53	26,09,598	6.53

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 16	Other Equity			(₹ in Lacs)
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	
Capital Reserves				
Balance as per the last financial statements	3,138.24	3,138.24	3,138.24	
Add: Additions during the year	-	-	-	
Closing balance	3,138.24	3,138.24	3,138.24	
Capital Redemption Reserve				
Balance as per the last financial statements	1,893.57	1,893.57	1,893.57	
Add: Current year transfers	-	-	-	
Closing balance	1,893.57	1,893.57	1,893.57	
Securities Premium Account				
Balance as per the last financial statements	1,269.61	1,269.61	1,269.61	
Add : Received during the year	-	-	-	
Closing balance	1,269.61	1,269.61	1,269.61	
Retained Earnings				
General Reserve				
Balance as per the last financial statements	39,823.38	39,823.38	39,433.36	
Add: Transfer from Statement of Profit and Loss during the year	-	-	390.02	
Closing balance	39,823.38	39,823.38	39,823.38	
Surplus/(Deficit) balance in Statement of Profit and Loss				
Balance as per the last financial statements	41,978.84	44,488.44	41,722.51	
Add: Amount transferred from Statement of Profit and Loss	(5,009.55)	(743.30)	3,252.76	
Less: Adjustment of Depreciation (a)		(294.09)		
Amount available for Appropriation	36,969.29	42,355.13	44,975.27	
Add: Actuarial gain/(loss)	89.40	(33.71)	(96.82)	
Less: Proposed Dividend		(1,198.77)		
Less: Dividend distribution tax on Proposed Dividend		(239.72)		
Less: Amount Transferred to General Reserve			390.02	
Closing balance	37,058.69	41,978.84	44,488.44	
Total	83,183.50	88,103.64	90,613.24	

- (a) During the year company revised the useful life of its fixed assets in keeping with the provision of Schedule II. Accordingly, depreciation of ₹294.09 Lacs on account of assets whose useful life was already exhausted on 01st April, 2015 has been adjusted against reserves.

(b) **NATURE & PURPOSE OF RESERVES**

1) Capital Reserve:

The Company created part of Capital Reserve on account of warrant money forfeited and part on profit made on hive off of Steel business .

2) Securities Premium Reserve:

Securities Premium reserve is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provision of the Companies Act 2013.

3) Capital Redemption Reserve:

The Company created Capital Redemption Reserve at the time of redemption of Preference Shares and buy back of its own shares. The reserve can be utilised for issuing bonus shares.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 17 Borrowings

(₹ in Lacs)

Particulars	Non Current Portion			Current maturities		
	31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Term loans						
Secured						
Rupee Loans from Banks	4,600.00	5,775.00	12,500.00	6,427.91	1,925.00	2,261.56
Foreign currency Loans from Banks	-	9,880.33	12,692.08	7,203.09	8,582.51	5,070.27
Rupee Loans from others	8,964.06	-		-		1,500.00
Amount disclosed under the head:- other Financial Liabilities (Note No-19)				(13,631.00)	(10,507.51)	(8,831.83)
Loans repayable on demand from banks						
- Secured				41,183.59	48,914.96	47,153.96
Working capital loans from banks						
- Unsecured						
Short term borrowings from banks				-	3,084.88	12,900.57
Total	13,564.06	15,655.33	25,192.08	41,183.59	51,999.84	60,054.53

Additional Information as per Schedule III

Non-Current Borrowings

Particulars	Maturity date	Terms of Repayment	Interest Rate	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Secured						
Term loans						
Rupee loans from banks						
- Axis Bank	-	-	-		-	625.00
- Development Credit Bank	-	-	-		-	1,636.56
- IDBI bank	1 st October, 2017	2-Quarterly	BBR+50 bps	3,850.00	7,700.00	7,700.00
- State bank of India	31 st August, 2017	2-Quarterly	BR+1%	2,308.25	-	4,800.00
- ICICI Bank	30 th April, 2020	12-Quarterly	BR+.45%	4,869.65	-	-
				11,027.90	7,700.00	14,761.56
Foreign currency loans from banks						
- Kotak Mahindra bank	20 th November, 2017	3-Quarterly	6M Libor+2.60%	2,411.50	4,212.08	4,258.35
- DBS-ECB	31 st May, 2017	1-Yearly	Libor+2.30%	4,791.59	9,241.53	11,792.10
- DBS-ECB (Fully Hedged in INR)	-	-	-	-	-	1,711.90
- State bank of India	31 st August, 2017	2-Quarterly	BR + 1%	-	5,009.23	-
				7,203.09	18,462.84	17,762.35
From Others						
Aditya Birla Finance Ltd	31 st March, 2023	20-Quarterly	BR + 2.30%	8,964.06	-	1,500.00
Total non current borrowings				27,195.06	26,162.84	34,023.91
Less: Current Maturities	-	-	-	13,631.00	10,507.51	8,831.83
Non Current borrowings (as per balance sheet)				13,564.06	15,655.33	25,192.08

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Term Loans from Financial Institutions and Banks/other lending Institutions are / shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of Graphite & Thermal Power units at Mandideep and Hydel unit at Tawa Nagar ranking on pari-passu basis and hypothecation of all movable assets of the Company (except book debts) subject to prior charge of the company's bankers on specified movable assets in respect of working capital borrowings. (Refer Note No. 49 for carrying amount of assets pledged as security for borrowings.)

Current Borrowings

Particulars	Maturity date	Terms of Repayment	Interest Rate	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs	As at 01.04.2015 ₹ in lacs
Loans Repayable on Demand	Payable on Demand	Payable on Demand	At negotiated rates			
Secured				41,183.59	48,914.96	47,153.96
Working Capital from Banks						
Unsecured						
Short Term borrowing from Banks					3,084.88	12,900.57
Total				41,183.59	51,999.84	60,054.53

a) Working Capital Borrowings from Banks are secured by hypothecation of all stocks present and future, stores, spare parts, packing materials, raw materials, finished goods, goods in transit / process, book debts, outstanding monies receivable, claims, bills etc.

b) 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.

(Refer Note No. 49 for carrying amount of assets pledged as security for borrowings.)

Note : 18 Trade Payables

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(A) Total outstanding dues of micro enterprises and small enterprises	157.14	200.39	-
(B) Total outstanding dues of Other Creditors	8,491.42	4,971.31	12,892.56
(C) Total outstanding dues of Other Creditors-Related Parties			
	8,648.56	5,171.70	12,892.56

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Notes to the Financial Statements

(₹ in Lacs)

Particulars	As at 31 st Mar, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(1) Principal amount remaining unpaid as at end of the year	157.14	200.39	-
(2) Interest due on above	-	-	-
a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year (1+2)	157.14	200.39	-
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

Note : 19 Other Financial Liabilities

(₹ in Lacs)

Particulars	Non- Current			Current		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Security Deposits						
- From Outsiders	77.22	81.54	105.11			
Current maturities of long-term Borrowings (Note-17)				13,631.00	10,507.51	8,831.83
Interest accrued but not due on borrowings				234.64	169.30	206.77
Unpaid dividends-Unclaimed*				196.42	225.40	223.72
Deposits from employees against various scheme				237.34	270.19	274.23
Other payables						
Employees Related				663.30	687.99	697.86
Others	43.63	43.34	44.19	3,240.58	3,123.58	3,380.89
	120.85	124.88	149.30	18,203.28	14,983.96	13,615.31

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**Note : 20 Provisions** (₹ in Lacs)

Particulars	Long Term		Short Term			
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for employee benefits						
Compensated absences	342.95	306.59	300.26	70.47	106.08	59.67
Gratuity				-	70.62	45.90
Provision for wealth tax						10.50
Total	342.95	306.59	300.26	70.47	176.70	116.07

Note : 21 Deferred Tax Liabilities (Net) (₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Deferred tax liabilities	11,780.93	10,936.52	10,337.54
Deferred tax assets	832.82	847.92	808.45
Net Liabilities of temporary differences(Refer Note 32)	10,948.11	10,088.59	9,529.09
Mat Credit Entitlement	(4,858.98)	(4,968.29)	(5,259.59)
Net Deferred tax Liability	6,089.12	5,120.30	4,269.50

Note : 22 Other Current Liabilities (₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Advance from Customers	500.45	65.86	125.45
Statutory dues payable (Including PF and TDS)	1,271.49	2,129.89	1,892.94
	1,771.94	2,195.75	2,018.39

Note : 23 Current Tax Liabilities (Net) (₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for Income Tax (Net of advance tax of ₹ Nil (₹425 Previous year)			63.18
	-	-	63.18

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 24 Revenue from Operations (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017		Year Ended 31 st March, 2016	
Sale of Products				
Manufactured goods				
Graphite Electrodes	85,226.17		88,073.46	
Power (Net of inter-divisional sales of ₹19125.43 Lacs, Previous year ₹19216.26 Lacs)	1,689.30	86,915.47	808.07	88,881.53
Other Operating Income				
REC sales	625.31		495.97	
Fly Ash Income	271.09		244.12	
Export Incentives	1,790.47		1,343.44	
		2,686.87		2,083.52
Total		89,602.34		90,965.05

Note : 25 Other Income (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Interest income		
- Income tax Refunds/Others	-	-
Other Interest Income	21.97	36.77
Accrued Redemption Premium on Non Trade Investment	-	-
Rent Receipts	54.68	19.75
Provision for diminution in value of Investment in Associates-written back	7.90	
Liabilities / provisions no longer required, written back	306.46	155.77
Profit on sale of Fixed Assets	-	-
Miscellaneous Sales / Receipts	321.80	198.29
	712.81	410.58

Note : 26 Cost of Material Consumed (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017		Year Ended 31 st March, 2016	
Raw Material Consumed				
Opening Stock	4,380.39		6,345.58	
Add : Purchases	30,374.87		31,258.84	
	34,755.26		37,604.42	
Less: Closing Stock	1,770.38		4,380.39	
Cost of Material Consumed		32,984.88		33,224.03

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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**Note : 27 Purchase of Stock in trade** (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Raw Material Consumed		
Opening Stock	-	-
Add : Purchases	1,292.60	-
	1,292.60	-
Less: Closing Stock	-	-
Cost of Material Consumed	1,292.60	-

Note : 28 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Inventories (At close)		
Finished Goods	6,501.88	15,574.56
Work-in-progress	11,845.08	12,886.93
	18,346.96	28,461.49
Inventories (At opening)		
Finished Goods	15,574.56	13,393.09
Work-in-progress	12,886.93	21,416.64
	28,461.49	34,809.73
(Increase) / Decrease#	10,114.53	6,348.24

Refer Note 13(a)

Note : 29 Employee Benefit Expense (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Salaries and Wages	4,611.56	4,895.39
Contribution to Provident and other Funds	761.82	743.03
Staff Welfare	512.78	619.67
	5,886.16	6,258.10

Note : 30 Finance Cost (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Interest Expense		
Term Loans#	1,797.24	1,694.47
Working Capital Borrowings	3,510.63	2,744.83
Applicable loss on foreign currency transaction and translation	43.43	1,557.42
Interest Cost on Actuarial Valuation of Retirement Benefits	38.66	32.34
Others	81.80	2.24
	5,471.76	6,031.30

#Interest Expenses are net of Interest Capitalised of ₹35.31 Lacs (Previous Year ₹123.01 Lacs)

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 31 Depreciation and Amortisation (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Depreciation of tangible assets*	7,388.59	7,920.83
Amortisation of intangible assets	3.14	9.19
	7,391.72	7,930.02

* Refer note 4 (c) & 4 (d)

Note : 32 Excise Duty (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Excise duty on finished goods	3,598.07	4,014.82
	3,598.07	4,014.82

Note : 33 Other Expenses (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Consumption of stores and spare parts (Including Refractory Blocks)	6,901.90	6,716.61
Job / Process Charges	231.96	243.11
Power & fuel	26,323.08	23,985.49
Less: Interdivisional Purchases	(19,125.43)	(19,216.26)
Repairs and maintenance		
Plant & Machinery	2,474.72	3,119.74
Building	342.57	442.35
Others	538.93	601.62
Insurance	265.37	302.71
Rent (Refer Note 41)	94.79	94.02
Rates and taxes, excluding taxes on income	109.79	72.13
Directors' sitting fees & incidental expenses	56.24	49.82
Freight & forwarding	5,691.86	6,244.79
Packing Expenses (including Packing material consumption)	1,333.67	1,261.80
Commission	861.01	704.85
Claims, Rebates and Discount	120.03	-
Donations	0.05	3.96
Power generation charges	223.51	140.76
Travelling Expenses	313.50	328.90
Postage & Communication	94.72	64.58
Payment to auditors (Refer details below*)	20.05	26.47
Expenditure on CSR Activities (Refer Note 43)	31.40	209.72
Legal & Professional Expenses	517.57	498.34
Vehicle Running & Maintenance	77.09	143.54
Provision for doubtful debts & advances	327.48	623.89
Bad debts	60.41	48.68
Duties and Taxes	(870.38)	682.13
Loss on sale/discard of fixed assets	54.94	36.98
Foreign Currency Fluctuation	(51.87)	(358.77)
Miscellaneous Expenses	641.67	401.33
	27,660.63	27,473.30

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

*Payments to the statutory auditors (excluding service tax)

(₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
As auditor		
Statutory audit	14.00	18.00
Other Services		
Management Services	2.00	2.00
Certification fees	0.35	0.18
Reimbursement of expenses	3.70	6.29
	20.05	26.47

Note : 34 Tax Expense

(₹ in Lacs)

Particulars	Year ended 31.03.2017 ₹ in lacs	Year ended 31.03.2016 ₹ in lacs
A) Tax Expense Recognised in Profit and Loss		-
1) Current Tax		-
Income tax		
Income tax -previous Year	112.13	279.61
2) Deferred tax	812.20	571.17
B) Tax Expense on Other Comprehensive Income		
1) Current Tax	-	-
2) Deferred tax	47.31	(11.67)
Total	971.65	839.12

a) Effective Tax Reconciliation

Numerical reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

Particulars	Details Year Ended 31.03.2016	Details Year Ended 31.03.2017	Year ended 31.03.2017 ₹ in lacs	Year ended 31.03.2016 ₹ in lacs
Accounting profit before tax from continuing operations			(3,948.50)	62.11
Profit/Loss before tax from a discontinued operation			-	-
Accounting Profit before Income Tax			(3,948.50)	62.11
At India's statutory income tax rate of 30%			34.608%	34.608%
Tax as per accounting profit			-	21.50
Tax impact of amounts which are not deductible in calculating taxable income:				
Donation			0.02	1.37
Revaluation in Investment			(2.73)	2.12
Expense claimed in previous year			282.22	-
Loss/(Gain) on sale of asset			(19.02)	12.80
Professional Tax				(0.01)

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Particulars	Details Year Ended 31.03.2017		Details Year Ended 31.03.2016		Year ended 31.03.2017 ₹ in lacs	Year ended 31.03.2016 ₹ in lacs
Interest on TDS					28.31	0.01
CSR Expenditure					1.09	72.58
Research & Development Expense					(58.45)	-39.03
Tax losses for which no deferred tax was recognised					382.07	584.80
Adjustment for Income Tax related to previous year					112.13	279.61
Difference in deferred of ITR and accounts					246.01	(96.62)
	As per ITR	As per Books	As per ITR	As per Books		
Depreciation	(435.03)	(599.99)	(744.14)	(842.32)		
Provision for Doubtful Debts	113.34	113.34	215.92	215.92		
Leave Encashment		(10.23)	18.49	21.99		
Bonus	17.30	(13.02)	(5.82)	49.85		
Commercial Tax			6.39	-		
Entry Tax			(67.61)			
43B -Other as per tax audit report		(76.49)		108.03		
Water Charges			(0.08)	-		
Others		(30.79)	(33.08)			
					971.65	839.11
Less: MAT credit						-
Income Tax Expenses reported in the statement of Profit & Loss					971.65	839.11

b) Deferred tax relates to the following
(i) Balance Sheet:

Particulars	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs
Depreciation	(11,593.85)	(10,751.53)
Provisions for Doubtful Debt	504.49	391.15
43B-Other as per tax audit report	296.52	370.79
43B-Tentative figure	15.08	17.30
Prov for leave encashment (2015-16)	11.75	21.99
Prov for bonus (2015-16)	36.83	49.85
Closing inventories	(65.56)	(1,695.67)
Trade receivables	90.95	1,807.07
Freehold Land		
Leasehold Land	(187.08)	(184.99)
Prepaid Expense	(56.60)	(97.99)
Commission Payable	(0.64)	(16.58)
Deferred tax asset/(liability)	(10,948.11)	(10,088.59)

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**(ii) Recognised in statement of profit or loss**

Particulars	Year ended 31.03.2017 ₹ in lacs	Year ended 31.03.2016 ₹ in lacs
Depreciation	842.32	599.99
Provisions for Doubtful Debt	(113.34)	(215.92)
43B -Other as per tax audit report	74.26	(134.48)
43B -Tentative figure	2.22	26.46
Prov for leave encashment (2015-16)	10.23	(21.99)
Prov for bonus (2015-16)	13.02	(49.85)

Particulars	Year ended 31.03.2017 ₹ in lacs	Year ended 31.03.2016 ₹ in lacs
Closing inventories	(1,630.11)	(533.20)
Trade receivables	1,716.12	932.96
Leasehold Land	2.09	(0.98)
Prepaid Expense	(41.39)	(41.27)
Commission Payable	(15.94)	(2.21)
Net (income) / expense	859.52	559.51

c) Reconciliation of Deferred tax asset/(liability)

Particulars	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs
Opening balance of 1 st April 2015	(10,088.59)	(9,529.09)
Tax income/(expense) during the period recognised in profit or loss	(859.52)	(559.51)
Closing balance	(10,948.11)	(10,088.59)

d) Items on which Deferred Tax Asset has not been created

Particulars	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs
Business Losses	382.07	584.80

Note : 35 Other Comprehensive Income (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
- Actuarial Gain/(Loss) on Provision of Retirement Benefits	136.72	(33.71)
	136.72	(33.71)

Note : 36 Earnings per Share

Particulars	Year ended 31.03.2017 ₹ in Lacs	Year ended 31.03.2016 ₹ in Lacs
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of basic EPS)	(5,009.55)	(754.96)
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of diluted EPS)	(5,009.55)	(754.96)
Weighted average number of equity shares in calculating basic EPS	3,99,59,142	3,99,59,142
Effect of dilution:		
Weighted average number of equity shares in calculating diluted EPS	3,99,59,142	3,99,59,142
Basic earning per share	(12.54)	(1.92)
Diluted earning per share	(12.54)	(1.92)

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 37 Segment Reporting

The Company's Chief Operational Decision Makers consisting of chief executive officer and chief finance officer examines the company's performance both from product and geographic perspective and has identified two segments, i.e., Graphite electrodes and power. The business segments are monitored separately for the purpose of making decisions about resource allocation and performance assessment.

The Reportable Segments are:

- Graphite Electrodes - The segment comprises of manufacturing of graphite electrodes
- Power Generation - The segment comprises of generation of power for captive consumption and sale.

Segment Measurement

The measurement principles for segment reporting are based on Ind AS 108. Segment's performance is evaluated based on segment revenue and profit and loss from operating activities. Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the segment results of each respective segment.

Sales between segments are carried out at arm's length price and are eliminated on consolidation.

1) Segment Revenue :

Particulars	Graphite		Power		Unallocable items/ Others		Company Total	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
a) Segment Revenue								
External Turnover	87,024.73	89,412.73	21,693.34	20,764.41	9.69	4.16	1,08,727.76	1,10,181.30
Less: Inter Segment turnover	-		19,125.43	19,216.26	-	-	19,125.43	19,216.26
Turnover	87,024.73	89,412.73	2,567.91	1,548.15	9.69	4.16	89,602.34	90,965.04
b) Segment Result before Interest & taxes	(7,551.79)	(2,822.90)	9,059.88	8,930.23	15.17	(13.91)	1,523.26	6,093.41
Less: Financial Expenses							5,471.76	6,031.30
Profit Before Tax							(3,948.50)	62.71
Less: Income Tax (including Deffered tax)							971.65	839.12
Net Profit for the year							(4,920.15)	(777.01)

2) Secondary Revenue (By Geographical Location) :

Particulars	Within India		Outside India		Total	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
a) Segment Revenue	35,698.06	36,498.45	53,904.27	54,466.59	89,602.34	90,965.04

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**3) Segment Assets & Liabilities :**

Particulars	Graphite			Power			Unallocable items/ Others			Company Total		
	FY 2016-17	FY 2015-16	FY 2014-15	FY 2016-17	FY 2015-16	FY 2014-15	FY 2016-17	FY 2015-16	FY 2014-15	FY 2016-17	FY 2015-16	FY 2014-15
Segment Assets	1,44,174.83	1,53,390.89	1,77,746.31	17,083.18	18,638.00	19,927.16	15,916.25	15,805.75	15,606.90	1,77,174.28	1,87,834.65	2,13,280.37
Segment Liabilities	59,062.80	66,128.22	81,418.44	3,187.36	2,969.55	2,600.72	512.64	529.27	628.83	62,762.80	69,627.04	84,647.99
Capital Exp. incurred during the year	290.74	2,857.55	2,918.72	5.86	7.22	156.42	334.28	301.56	63.05	630.88	3,166.33	3,138.19
Depreciation	6,080.03	6,557.95	6,112.33	1,273.56	1,336.23	1,386.53	38.13	35.84	36.70	7,391.72	7,930.02	7,535.56

4) Details of Unallocated Items

Segment Assets	FY 2016-17	FY 2015-16	FY 2014-15
Fixed Assets	523.94	455.55	204.06
Investments	14,983.78	14,975.88	14,981.88
Inventories	8.76	2.27	3.40
Sundry Debtors	3.96	2.24	2.36
Cash & Bank Balances	352.58	335.85	286.68
Loans & Advances	43.31	33.97	128.51
Segment Liabilities	FY 2016-17	FY 2015-16	FY 2014-15
Deferred Tax Liability	6.75	0.21	1.20
Other Liabilities	505.88	529.06	627.63

5) The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is as follows:

Revenue from External Customers	FY 2016-17	FY 2015-16
India	35,698.06	36,498.45
Saudi Arabia	1,935.71	7,796.89
USA	2,881.71	7,799.65
Iran	5,281.20	3,331.28
Korea (South)	5,663.22	3,263.31
Turkey	4,078.86	1,448.95
Others*	34,063.58	30,826.51
Total	89,602.34	90,965.04

*Others includes revenue from countries having less than 10% of total revenue from outside India.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 38 Commitment and Contingencies

1) Contingent Liabilities

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
For Taxation matters		
a) Excise duty under appeal	235.73	264.12
b) Service Tax	1,958.27	2,095.55
c) Income Tax	7,691.21	7,465.93
d) Sales Tax	445.67	552.37
Other than Taxation matters		
a) Electricity Charges	5,530.99	5,276.36
b) RPO Obligation (Net of REC certificate benefit Current year ₹1079.18 Lacs and previous year ₹963.80)	479.21	372.54
c) Parallel Operation Charges	198.54	141.03
Labour related matters	40.10	38.10

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.

2) Commitment Outstanding

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
a) Estimated value of contracts remaining to be executed on capital account and not provided for [(net of advances of NIL, (previous year ₹30.35 Lacs.))]	-	-

3) Financial Guarantee

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
The Company has with RSWM Ltd on joint and several basis provided Guaranyee in favor of International Finance Corporation (IFC) on behalf of M/s AD Hydro Power Ltd.*	600.00	600.00

*Refer note no 39(d) for relation of parties involved.

Note- Since the loss allowance was estimated to be nil, the guarantee is not recognised in the books.

Note : 39 Related Party Disclosure

A. Names of related parties where control exists and with whom transactions have taken place during the year

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
A) Subsidiary	(i) HEG Graphite Products & Services Ltd.	(i) HEG Graphite Products & Services Ltd.
B) Associates and joint ventures	(i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd	(i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
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. Raju Rustogi Sh. Ashish Sabharwal Sh. D S Ravindra Raju	Sh. Ravi Jhunjhunwala Sh. Riju Jhunjhunwala Sh. Raju Rustogi Sh. Ashish Sabharwal
E) Trust Under Common Control	(a) Hindustan Electro Graphites Staff Gratuity Fund Trust (b) Hindustan Electro Graphies Officers Contributory P.F. Trust (c) Hindustan Electro Graphites Ltd Senior Executive Superannuation Fund Trust	(a) Hindustan Electro Graphites Staff Gratuity Fund Trust (b) Hindustan Electro Graphies Officers Contributory P.F. Trust (c) Hindustan Electro Graphites Ltd Senior Executive Superannuation Fund Trust
F) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.	RSWM Ltd Malana Power Company Ltd Aadi Marketing Company Pvt Ltd AKJ Apparels Pvt Ltd Bhilwara Energy Ltd Bhilwara Services Pvt Ltd Captain Trade & Agencies Pvt Ltd Essay Marketing Company Ltd RANDR Trustee Pvt Ltd Raghav Knits & Textile Pvt Ltd Redrose Vanijya Pvt Ltd RLJ Family Trusteeship Pvt Ltd RRJ Family Trustee Pvt Ltd Shrasti Marketing Pvt Ltd SKLNJ Family Trustee Pvt Ltd Zongoo Commercial Company Pvt Ltd Giltedged Industrial Securities Ltd Purvi Vanijya Niyojan Ltd Shashi Commercial Co Ltd	RSWM Ltd Malana Power Company Ltd Aadi Marketing Company Pvt Ltd Bhilwara Energy Ltd Bhilwara Services Pvt Ltd Essay Marketing Company Ltd Glorious Commodeal Pvt Ltd Giltedged Industrial Securities Ltd India Texfab Marketing Ltd Investors India Ltd Kalati Holdings Pvt Ltd LNJ Financial Services Ltd Modify Distributors Pvt Ltd Nikita Electrotrades Pvt Ltd Nivedan Vanijya Niyojan Ltd Purvi Vanijya Niyojan Ltd Raghav Commercial Ltd Raghav Knits and Textiles Pvt Ltd Shashi Commercial Co Ltd Veronia tie-up Pvt Ltd Zongoo Commercial Co. Pvt Ltd

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

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

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
1 With parties referred to in (A) above.		
(i) Investment in Equity of HEG Graphite Products and Services Limited	2.55	2.88
2 With parties referred to in (B) above.		
(i) Investment in Equity of Bhilwara Energy Limited	14,506.88	14,506.88
(ii) Conversion of Preference Shares of BEL into Equity Shares		-
(iii) BEL Rights Issue Subscription		
(iv) Investment in Equity of Bhilwara Infotechnolgy Limited	419.00	419.00
3 With parties referred to in (C) above.		
(i) Sitting Fees paid to		
- Sh. Riju Jhunjunwala-Director	4.20	4.00
(ii) Remuneration paid to		
- Sh. Ravi Jhunjunwala-CMD		
Salaries & Allowances (Including Perquisites)	201.11	61.53
Contribution to PF & Superannuation	32.40	10.67
Commission (Provision)		
(iii) Compensation for Equilisation of Cost of BEL shares to HEG		-
Remuneration does not Include provisions made for gratuity and leave benefits, as they are determined on an actural basis for the company as a whole		
4 With parties referred to in (D) above.		
(i) Remuneration paid to		
- Sh. Ravi Jhunjunwala-CMD		
Salaries & Allowances (Including Perquisites)	201.11	61.53
Contribution to PF & Superannuation	32.40	10.67
	-	
- Sh. Raju Rustogi-CFO & COO	71.84	73.35
- Sh. Ashish Sabharwal-CS	39.15	40.39
- Sh D S Ravindra Raju-ED	35.57	-
Remuneration does not Include provisions made for gratuity and leave benefits, as they are determined on an actural basis for the company as a whole		
5 With parties referred to in (E) above.		
(a) Trust for post-employment benefit plan		
i) Superannuation Trust		
- Payment of superannuation contribution by company	179.23	169.34
- Payment received from trust	62.52	4.44
ii) Gratuity Trust		
- Payment of gratuity contribution by company	-	45.90
- Payment received from trust	3.18	1.55

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
iii) PF Trust		
- Payment of PF contribution by company	58.20	53.90
- Payment received from trust	-	-
6 With parties referred to in (F) above.		
(a) Rent Received		
-RSWM Ltd	11.91	11.24
(b) Rent Paid		
-RSWM Ltd	49.63	50.92
-Shashi Commercial Co. Ltd.	31.30	30.27
-Purvi Vanijaya Niyojan Ltd.	3.46	3.17
-Giltedged Industrial Securities Ltd.	21.42	19.61
c) Reimbursement of Expenses incurred by Company		-
-Malana Power Co.Ltd.	1.84	5.76
-RSWM Ltd	41.99	65.97
-Raghav Commercial Ltd.		0.13
-Bhilwara Energy Ltd.	0.03	0.58
d) Reimbursement of Expenses incurred on behalf of company		
-RSWM Ltd	156.43	291.43

C. Details of Outstanding Balance

(₹ in Lacs)

Sl. No.	Related Party	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1	RSWM Ltd	0.18	0.03	0.03
2	Bhilwara Energy Ltd	0.11	0.11	0.11
3	Malana Power Co.Ltd.	1.69	-	-
	Total	1.98	0.14	0.14

D. Commitments with Related Parties

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
The Company has with RSWM Ltd. on joint and several basis provided guarantee in favour of International Finance Corporation (IFC) on behalf of Ad Hydro Power Ltd.	600.00	600.00	600.00

E. Key Managerial Person

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Short term benefits	329.35	172.36	463.14
Post employee benefits*	54.93	17.58	41.99
- Other Long Term Benefits			
Share based payments			
Dividend			
Total	384.28	189.94	505.13

* Remuneration does not include provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 40 Employee Benefit Expenses

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under : (₹ in Lacs)

	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Employer's contribution to Provident Fund	220.70	247.47	211.84
Employer's contribution to Superannuation Fund	165.90	171.01	164.16
Employer's contribution to ESI	21.90	38.88	36.16

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, ICICI Prudential Life Insurance Company Ltd and Reliance Insurance Company Ltd.

The Following table summarizes the components of net benefit expense recognised in the statement of profit and loss and the funded status amounts recognised in the balance sheet:

(₹ in Lacs)

Particulars	Gratuity (Funded) FY 2016-17	Gratuity (Funded) FY 2015-16	Leave Encashment (Unfunded) FY 2016-17	Leave Encashment (Unfunded) FY 2015-16
I. Change in Defined Benefit Obligation (DBO):	1,100.22	988.50	412.67	359.92
1. Interest Cost	88.02	79.08	33.01	28.79
2. Current Service Cost	63.87	60.14	35.41	37.02
3. Benefits paid	(3.19)	(1.55)	(59.61)	(38.30)
4. Actuarial Changes	(114.24)	(25.95)	(8.06)	25.23
Present Value of Defined benefit obligation at the end of the year	1,134.68	1,100.22	413.42	412.67
II. Change in Fair Value of Assets:				
Plan Assets at the beginning of the year:	1,029.60	944.15	-	-
1. Expected Return	96.78	41.10	-	-
2. Actual Company Contribution	70.62	45.90	-	-
4. Benefits paid	(3.19)	(1.55)	-	-
Plan Assets at the end of the year	1,193.82	1,029.60	-	-
III. Net Assets / (liability) recognized in Balance Sheet:				
1. Present value of Defined Benefit Obligation	1,134.68	1,100.22	413.42	412.67
2. Fair Value on Plan Assets	1,193.82	1,029.60	-	-
Net Assets/(Liability) recognized in balance sheet (2-1)	59.14	(70.62)	413.42	412.67
IV. Expenses recognised in Profit & Loss A/c:				
Current Service Cost	63.87	60.14	35.41	37.05
Net Interest on net defined benefit liability / (asset)	5.65	3.55	33.01	28.75
Income recognized in the Income Statement	69.52	63.69	68.43	65.80
V. Recognised in other comprehensive income for the year				
1. Actuarial changes arising from changes in demographic assumptions	-	-	-	-
2. Actuarial changes arising from changes in financial assumptions	(49.04)	64.65	(11.24)	13.65

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

3. Actuarial changes arising from changes in experience adjustments	163.29	(38.70)	19.30	-38.88
4. Return on plan assets excluding interest income	14.41	(34.43)	-	-
5. Recognised in other comprehensive income	128.66	(8.48)	8.06	(25.23)
VI. The major categories of plan assets as a percentage of the fair value of total plan assets :				
Insurer Management Fund	100%	100%	100%	100%
VII. Actuarial Assumptions:				
Discount Rate	7.35	8.00	7.35	8.00
Salary escalation	5.50	5.50	5.50	5.50
Retirement age	58/60	60	58/60	58/60
Mortality Rate during employment	100% of ALM (2006-08)	100% of ALM (2006-08)	100% of ALM (2006-08)	100% of ALM (2006-08)
VIII. Withdrawal rates:				
Age:				
Upto 30 years	3.00	3.00	3.00	3.00
From 31 to 44 years	2.00	2.00	2.00	2.00
Above 44 years	1.00	1.00	1.00	1.00

IX. Maturity profile of Defined Benefit Obligation

S. no.	Year	Amount (₹ in Lacs) (Gratuity)	Amount (₹ in Lacs) (EL)
a)	April 2017- March 2018	128.78	70.47
b)	April 2018- March 2019	17.58	19.80
c)	April 2019- March 2020	55.19	21.29
d)	April 2020- March 2021	109.60	18.26
e)	April 2021- March 2022	94.70	17.37
f)	April 2022- March 2023	71.14	26.79
g)	April 2023 onwards	657.69	239.43

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note : 41 Leases

The Company had entered into operating leases on premises. These leasing arrangements are cancellable, range between 3 to 5 years and usually renewable by mutual consent on mutually agreeable terms.

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Rent Paid	94.79	94.02	89.83

Note : 42 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 : 43 Corporate Social Responsibility (CSR)

- (a) Gross amount required to be spent by the company during the year ₹97.73 Lacs (₹181.14 Lacs)

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

(b) Amount spent during the year on :

CSR Activities	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any assets	-	-	-
	(156.00)	-	(156.00)
(ii) On purpose other than (i) above	31.40	-	31.40
	(53.72)	-	(53.72)

Note : 44 Capitalization of Operative Expenditure (₹ in Lacs)

The following expenditure has been capitalised / included under Capital work in progress:	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Insurance Expenses	0.51	2.03
Financial Expenses - Interest on term loans	423.80	1,684.12
Administrative Overheads & Other Cost	132.07	524.81
Foreign currency fluctuation	151.10	1,565.39
Total	707.48	9,678.68
The same has been capitalised / is lying under Capital work in progress as under:		
Building		-
Plant & Machinery	707.48	3,004.24
Capital work in progress		772.11
Total	707.48	9,678.68

Note : 45 Details of Loans given, Investments made and Guarantee given covered u/s 186(4) of the companies Act, 2013

	Amount Outstanding As at 31 st March, 2017	Amount Outstanding As at 31 st March, 2016
Loan given		
Guarantee given	600 Lacs	600 Lacs
Investment made	14,983.79 Lacs	14,975.88 Lacs

Loan, guarantee and investments made during the Financial Year 2016-17.

The Company has not given any Loan, Guarantee and not made any investments during the financial year 2016-17.

Note : 46 Financial risk management policies

The company is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

(A) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The company is exposed to interest rate risk on variable rate long term borrowings.

(i) Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

to USD, EURO.

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

(₹ in Lacs)

Category	Currency	Nature	As at 31 st March, 2017		As at 31 st March, 2016		As at 1 st April, 2015		Purpose
			(Millions)	(INR)	(Millions)	(INR)	(Millions)	(INR)	
Plain Vanilla Forwards (Sold)	USD/ INR	Sold	10.00	6,889.00	2.10	1455.83	5.60	3,630.69	Hedging
Plain Vanilla Forwards (Bought)	USD/ INR	Bought	0.70	474.11			3.15	1,992.47	Hedging
Plain Vanilla Forwards (Bought)	USD/ INR	Bought	10.56	6,989.17					
Plain Vanilla Forwards	EURO/ USD	Sold	4.50	USD 1.0824	1.00	USD 1.11 Mn	1.50	USD 1.85 Mn	Hedging
Cross Currency Forward	EURO/ INR	Sold					3.00	2,454.89	Hedging
USD-INR Cross Currency Swap	USD						3.40	1711.9	Hedging

b) Particulars of foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

Particulars	Currency	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April , 2015
		Amount in INR (₹ in Lacs)	Amount in INR (₹ in Lacs)	Amount in INR (₹ in Lacs)
Financial Liabilities				
Secured Loan	USD	2,766.09	23,240.00	39,646.00
	EURO		5,939.26	3,128.52
	GBP			-
Unsecured Loan	USD		3,084.88	8,791.53
	EURO			-
Creditors (Net of Advances)	USD	4,928.66	2,746.73	8,211.67
	EURO	122.39	156.44	130.07
	GBP			
Other payables	USD	551.00	2,851.89	632.84
	EURO	364.02	1,724.40	383.98
Net exposure to foreign currency risk (laibilities)	USD	8,245.75	31,923.51	57,282.04
Net exposure to foreign currency risk (laibilities)	EURO	486.41	7,820.10	3,642.57
Net exposure to foreign currency risk (laibilities)	GBP	-	-	-
Debtors (Net of Advances)	USD	10,577.07	9,722.86	14,746.30
	EURO	4,556.28	4,823.55	6,674.50
	GBP		-	272.75
	CAD	-	3.59	-
Net exposure to foreign currency risk (assets)	USD	10,577.07	9,722.86	14,746.30
Net exposure to foreign currency risk (assets)	EURO	4,556.28	4,823.55	6,674.90
Net exposure to foreign currency risk (assets)	GBP	-	-	272.75
Net exposure to foreign currency risk (assets)	CAD	-	3.59	-

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

(c) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

The following table demonstrates the sensitivity in the USD and Euro to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

Particulars	Impact on Profit		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
USD Sensitivity			
Increase by 5%	-154.80	-47.74	-409.55
Decrease by 5%	154.80	47.74	409.55
EURO Sensitivity			
Increase by 3.5%	50.19	-71.65	91.28
Decrease by 3.5%	-50.19	71.65	-91.28

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

(a) Interest Risk Exposure:

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Variable Rate Borrowings	68,378.65	78,162.67	94,078.44
Fixed Rate Borrowings	-	-	-
Total Borrowings	68,378.65	78,162.67	94,078.44

As at the end of the reporting period, the company has the following variable rate borrowings outstanding:

Particulars	As at 31 st March, 2017			As at 31 st March, 2016			As at 1 st April, 2015		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Term loans from banks and other parties	8.19%	27,195.06	39.77	5.90%	26,162.84	33.47	6.12%	34,023.91	36.17
Working Capital Loans from banks	7.79%	41,183.59	60.23	4.88%	51,999.84	66.53	7.27%	60,054.53	63.83
Total	7.95%	68,378.65	100	5.24%	78,162.67	100	6.84%	94,078.44	100

An analysis of the maturities is provided in note - 46 (C) below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total.

(b) Sensitivity:

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on Profit		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Interest Rate - increase by 60 basis points	-251.13	-289.40	-360.71
Interest Rate - decrease by 60 basis points	251.13	289.40	360.71

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

(iii) Price risk:

The company is not exposed to any price risk as there is no investment in equities outside the group and the company doesn't deal in commodities.

(B) Credit Risk:

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, unsecured loan to subsidiary company and other financial instruments.

To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

(a) Expected Credit Loss for Financial Assets

For the year ending 31st March 2017

Financial assets to which loss allowance is measured using 12 months Expected credit loss (ECL)	Gross Carrying Amount	Expected Probability of Default	Expected Credit Loss	Carrying amount net of impairment provision
Loans to Employees	183.14	0%	-	183.14
Security Deposits	201.36	0%	-	201.36
Other Financial Assets	134.90	0%	-	134.90

Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL)	Not Due	Less than 12 months	12 to 15 months	15 to 18 months	18 to 21 months	21 to 24 months	More than 24 months	Total
Trade Receivables-								
Other than ECGC	17,813.36	14,954.59	1,313.97	937.11	407.84	499.28	551.11	36,477.27
Due under ECGC							843.45	843.45
Expected Loss Rate			10%	20%	30%	50%	100%	
Expected Credit Losses	0.00	0.00	131.40	187.42	122.35	249.64	551.11	1,241.92
Carrying amount of Trade receivables	17,813.36	14,954.59	1,182.58	749.69	285.49	249.64	843.45	36,078.79

For the year ending 31st March 2016

Financial assets to which loss allowance is measured using 12 months Expected credit loss(ECL)	Gross Carrying Amount	Expected Probability of Default	Expected Credit Loss	Carrying amount net of impairment provision
Loans to Employees	221.95	0%	-	221.95
Security Deposits	394.79	0%	-	394.79
Other Financial Assets	51.63	0%	-	7.86

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Financial assets to which loss allowance is measured using lifetime Expected credit loss (ECL)	Not Due	Less than 12 months	12 to 15 months	15 to 18 months	18 to 21 months	21 to 24 months	More than 24 months	Total
Trade Receivables-								-
Other than ECGC	17,733.67	11,429.34	1,671.04	496.59	644.41	580.37	380.31	32,935.74
Due under ECGC	-	-	-	-	-	-	42.99	42.99
Expected Loss Rate			10%	20%	30%	50%	100%	
Expected Credit Losses	0.00	0.00	167.11	99.32	193.32	290.19	380.31	1,130.24
Carrying amount of Trade receivables	17,733.67	11,429.34	1,503.94	397.27	451.09	290.19	42.99	31,848.49

For the year ending 1st April 2015

Financial assets to which loss allowance is measured using 12 months Expected credit loss(ECL)	Gross Carrying Amount	Expected Probability of Default	Expected Credit Loss	Carrying amount net of impairment provision
Loans to Employees	401.70	0%	-	401.70
Security Deposits	543.40	0%	-	543.40
Other Financial Assets	93.37	0%	-	93.37

Financial assets to which loss allowance is measured using lifetime Expected credit loss (ECL)	Not Due	Less than 12 months	12 to 15 months	15 to 18 months	18 to 21 months	21 to 24 months	More than 24 months	Total
Trade Receivables-								
Other than ECGC	18,973.46	14,786.04	394.90	280.11	280.09	107.50	273.06	35,095.16
Due under ECGC	-	-	47.44	48.08	334.27	-	-	429.79
Expected Loss Rate			10%	20%	30%	50%	100%	
Expected Credit Losses	-	-	39.49	56.02	84.03	53.75	273.06	506.35
Carrying amount of Trade receivables	18,973.46	14,788.04	402.85	272.17	530.33	53.75	0.00	35,018.60

Provisioning Norms of Debtors

Ageing of debtor on the basis of invoice date	Provision in %
Upto 12 Months	Nil
12 to 15 months	10%
15 to 18 months	20%
18 to 21 months	30%
21 to 24 months	50%
More than 24 months	100%

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**(b) Reconciliation of loss allowance provision - Trade receivables**

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

Particulars	Amount
As at 01-04-2015	506.35
Provided during the year	623.89
Amounts written off	-
Reversal of provisions	-
Unwinding of discounts	-
Transferred on account of demerger	-
As at 31-03-2016	1130.24
Provided during the year	327.49
Amounts written off	-
Reversal of provisions	-
Unwinding of discounts	-
Transferred on account of demerger	-
As at 31-03-2017	1,457.73

(C) Liquidity Risk:

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

As at 31-03-2017	Less than 3 months	3 to 6 months	6-12 months	12 months to 3 years	More than 3 years	Total
Borrowings (Non-Current)				6,841.02	6,723.05	13,564.06
Borrowings (Current)	22,454.56	15,976.79	1,418.01	1,334.23		41,183.59
Trade payables	4,967.99	3,680.57	-	-	-	8,648.56
Other financial liabilities	10,244.57	4,724.46	2,986.59	251.25	117.25	18,324.13

As at 31-03-2016	Less than 3 months	3 to 6 months	6-12 months	12 months to 3 years	More than 3 years	Total
Borrowings (Non-Current)				15,655.33		15,655.33
Borrowings (Current)	34,868.95	15,735.05	1,395.85			51,999.85
Trade payables	2,470.06		2,701.66			5,171.71
Other financial liabilities	8,284.62	1,123.91	5,423.97	154.72	121.64	15,108.85

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

As at 01-04-2015	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings (Non-Current)				25,192.08		25,192.08
Borrowings (Current)	35,491.54	23,574.37	988.60			60,054.51
Trade payables	3,482.41		9,410.15			12,892.56
Other financial liabilities	8,434.83	1,698.88	3,241.88	241.85	147.16	13,764.60

Unused line of credit:- ₹8,069 Lacs

Note : 47 Capital Management

(a) Risk Management

The Company's objective when managing capital are to:

i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) Maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(i) The gearing ratios were as follows:

Particulars	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Net Debt	67,788.34	77,820.21	93,878.79
Total equity	87,179.45	92,099.59	94,609.19
Net Debt to Equity Ratio	0.78	0.84	1.00

(ii) Loan Covenants:

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- 1) Total Outside Liability (TOL) to Tangible Net Worth (TNW) ratio to be more than 3
- 2) Current Ratio to be less than 1.0
- 3) Interest Coverage Ratio to be less than 2.0
- 4) Gross Debt Service Coverage Ratio (DSCR) to be less than 1.0
- 5) Total Debt to EBITDA < 5.5

The company has complied with TOI/TNW (Total outside Liability to Tangible Net Worth Ratio) throughout the reporting period but was unable to comply with other covenants.

(b) Dividends

Particulars	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Equity Shares			
Dividend for the year 31 st March 2017 - Nil (31 st March 2016 -NIL) per fully paid share	-	-	1,198.77

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**Note : 48 Financial Instruments Accounting Classification and Fair Value Measurement**

Particulars	31 st March 2017			31 st March 2016			1 st April 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Investments									
-Equity instruments	0.01	-	-	0.01	-	-	0.01	-	-
-Mutual Funds	55.34	-	-	47.12	-	-	52.76	-	-
Loans			384.50	-	-	616.75	-	-	945.10
Others						51.63			273.45
Derivative financial assets	243.54	-	-	26.90	-	-	544.08	-	-
Trade Receivables	-	-	36,078.79	-	-	31,848.49	-	-	35,018.60
Cash and Cash Equivalents	-	-	824.96	-	-	511.77	-	-	406.43
Total Financial Assets	298.89	0.00	37,288.25	74.03	0.00	33,028.64	596.85	0.00	36,643.58
Financial Liabilities									
Borrowings	-	-	54,747.65	-	-	67,655.17	-	-	85,246.61
Trade Payables	-	-	8,648.56	-	-	5,171.70	-	-	12,892.56
Other Financial Liabilities	-	-	18,324.14	-	-	15,108.85	-	-	13,764.60
Total Financial Liabilities	-	-	81,720.35	-	-	87,935.72	-	-	1,11,903.77

(i) Fair value hierarchy

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying value largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates evaluated by the Company based on the parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluation, allowances are taken to account the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in the active markets for identical assets or liabilities

Level 2: Other techniques for which all the inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Particulars	Carrying amount	Fair value		
	As at 01.04.2015	Level 1	Level 2	Level 3
Financial assets at Fair value through profit or loss				
Investments - Mutual Funds	52.76	52.76	-	-
Quoted equity investment	0.01	0.01	-	-
Derivative financial assets	544.08	544.08		
Total	596.85	596.85	-	-
Financial assets at amortised cost				
Loans (non-current)	629.32	-	-	629.32
Loans (current)	315.78	-	-	-
Trade Receivables	35,018.60	-	-	-
Cash and Cash Equivalents	406.43	-	-	-
Others (non -current)	180.08	-	-	180.08
Others (current)	93.37	-	-	-
Total	36,643.58	-	-	809.4
Financial liabilities at amortised cost:				
Borrowings (non-current)	25,192.08	-	-	25,237.17
Borrowings (current)	60,054.53			
Trade Payables	12,892.56	-	-	-
Other Financial Liabilities (non – current)	149.30	-	-	105.11
Other Financial Liabilities (current)	13,615.31	-	-	-
Total	1,11,903.78	-	-	25,342.28

There have been no transfers between Level 1 and Level 2 during the period.

Particulars	Carrying amount	Fair value		
	As at 31.03.2016	Level 1	Level 2	Level 3
Financial assets at Fair value through profit or loss				
Investments-Mutual Funds	47.12	47.12	-	-
Quoted equity investment	0.01	0.01	-	-
Derivative financial assets	26.90			
Total	74.02	47.13	-	-
Financial assets at amortised cost				
Loans (non-current)	450.20	-	-	450.2

Particulars	Carrying amount	Fair value		
	As at 31.03.2016	Level 1	Level 2	Level 3
Loans (current)	166.55	-	-	-
Trade Receivables	31,848.49	-	-	-
Cash and Cash Equivalents	511.77	-	-	-
Others (non -current)	-	-	-	-
Others (current)	51.63	-	-	-
Total	33,028.64	-	-	450.20
Financial liabilities at amortised cost:				
Borrowings (non-current)	15,655.33	-	-	15,655.33
Borrowings (current)	51,999.84			
Trade Payables	5,171.70	-	-	-
Other Financial Liabilities (non – current)	124.88	-	-	124.88
Other Financial Liabilities (current)	14,983.96			
Total	87,935.72	-	-	15,780.21

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Particulars	Carrying amount	Fair value		
	As at 31.03.2017	Level 1	Level 2	Level 3
Financial assets at Fair value through profit or loss				
Investments-Mutual Funds	55.34	55.34	-	-
Quoted equity investment	0.01	0.01	-	-
Derivative financial assets	243.54	243.54		
Total	298.89	298.89	-	-
Financial assets at amortised cost				
Loans (non-current)	231.48	-	-	231.48
Loans (current)	153.02	-	-	-
Trade Receivables	36,078.79	-	-	-
Cash and Cash Equivalents	824.96	-	-	-
Others (non -current)	238.20	-	-	238.20
Others (current)	134.90	-	-	-
Total	37,661.36	-	-	469.68
Financial liabilities at amortised cost:				
Borrowings (non-current)	13,564.06	-	-	13,564.06
Borrowings (current)	41,183.59			
Trade Payables	8,648.56	-	-	-
Other Financial Liabilities (non – current)	120.85	-	-	120.85
Other Financial Liabilities (current)	1,771.94			
Total	65,289.00	-	-	13,684.91

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair values

- Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2016 was assessed to be insignificant.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Note : 49 Carrying Amount of Pledged Assets

Particulars	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
First Charge			
Property, Plant & Equipment			
(a) Freehold land	302.88	302.88	316.69
(b) Leasehold Land	678.34	677.61	685.78
(c) Buildings	13,298.85	14,435.46	15,416.20
(d) Plant & Equipment	71,311.70	74,405.07	70,399.81
(e) Railway Sidings	601.97	643.95	686.57
(f) Office Equipment	242.67	289.76	238.85
(g) Electrical Installation	1,482.97	1,693.03	1,896.25
(h) Furniture & Fixtures	139.94	171.42	201.00
(i) Vehicles	290.41	429.87	471.92
Total Property, Plant & Equipment pledged as security	88,349.73	93,049.04	90,313.07
Secondary Charge			
Current Assets			
(A) Current Financial Assets			
(a) Investments	55.34	47.12	52.76
(b) Trade receivables	36,078.79	31,848.49	35,018.60
(c) Cash & cash equivalents	824.96	511.77	406.43
(d) Loans	396.56	193.45	859.85
(e) Others	134.90	51.63	93.37
(B) Current Non-Financial Assets			
(a) Inventories	25,779.76	37,119.27	46,630.41
(b) Other current assets	6,772.35	3,744.42	10,814.26
Total Current assets pledged as security	70,042.66	73,516.15	93,875.69

Note : 50 First time Adoption of Ind AS

(a) Exemptions and Exceptions as per Ind AS 101

Exemptions:

Ind AS 101 allows first - time adopters certain exemptions from certain requirements under Ind AS. The company has applied the following exemptions:

i. Carrying value as deemed cost in Property, plant and equipment

The company has elected to apply previous GAAP carrying amount of its plant, property and equipment as deemed cost at the date of transition to IndAS.

ii. Investments in subsidiary and associate

The company has elected to apply previous GAAP carrying amount of its equity investment in associate as deemed cost as on the date of transition to Ind AS.

For investment in subsidiaries, the company has taken fair value on the date of transition to Ind AS as deemed cost.

iii. Long Term Foreign Currency Monetary Items

The company has elected to continue the policy adopted for accounting for exchange difference arising from translation of

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the transition date to Ind AS, i.e. 01-04-2016.

iv. Business Combination

The company has elected to apply Ind AS 103 prospectively. Accordingly, the business combinations occurring prior to the date of transition have not been restated.

v. Leases

The Company has applied the transition provision in Appendix C of Ind AS 17, "Determining whether an arrangement contains a Lease", and has assessed all arrangement as at the date of transition.

Exceptions:

Ind AS 101 allows first - time adopters certain exceptions from the retrospective application of certain requirements under Ind AS. The company has applied the following exceptions:

i. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

Investment in securities carried at FVTPL;

Impairment of financial assets based on expected credit loss model.

ii. Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

iii. Classification and measurement of financial assets

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of Balance Sheet as at 01.04.2015, Date of Transition to Ind AS

Particulars	As at 31.03.2015 ₹ in lacs	Re- classification	Re- measurement	As at 01.04.2015 ₹ in lacs
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	90,639.99	(15.98)	(67.75)	90,556.26
(b) Capital work - in - progress	10,774.86	(12.93)	-	10,761.93
(c) Investment Property	-	28.91	-	28.91
(d) Other intangible assets	13.84	-	-	13.84
(e) Financial assets				-
(i) Investments	14,930.88		(1.65)	14,929.23
(ii) Trade receivables				-
(iii) Loans	8,194.01	(7,564.69)		629.32
(iv) Bank Balances				-
(v) Others	-	180.08		180.08

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Particulars	As at 31.03.2015 ₹ in lacs	Re- classification	Re- measurement	As at 01.04.2015 ₹ in lacs
(f) Other non - current assets	180.08	2,125.02		2,305.10
(g) Deferred tax assets (net)	-	-	-	-
	1,24,733.66	(5,259.59)	(69.40)	1,19,404.67
(2) Current assets				
(a) Inventories	40,190.48	-	6,439.94	46,630.41
(b) Financial assets				
(i) Investments	25.00	-	27.77	52.77
(ii) Trade receivables	40,546.40	2,389.08	(7,916.88)	35,018.60
(iii) Cash and cash equivalents	406.43	-	-	406.43
(iv) Loans	9,336.51	(8,476.65)	-	859.86
(v) Bank Balances				-
(vi) Others	-	93.37		93.37
(c) Current tax assets (net)	-	-	-	-
(d) Other current assets	2,055.03	8,457.02	302.21	10,814.26
	92,559.86	2,462.82	(1,146.96)	93,875.71
(e) Non Current assets held for sale				
	92,559.86	2,462.82	(1,146.96)	93,875.71
Total assets	2,17,293.52	(2,796.79)	(1,216.38)	2,13,280.37
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	3,995.95	-	-	3,995.95
(b) Other equity	90,076.52		536.72	90,613.23
	94,072.47	-	536.72	94,609.18
Liabilities				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	25,237.17	-	(45.08)	25,192.09
(ii) Trade payables	-	-	-	-
(iii) Other financial liabilities	-	105.11	44.19	149.30
(b) Deferred Revenue/Income				-
(c) Provisions	300.26	-	-	300.26
(d) Deferred tax liabilities (net)	9,734.27	(5,259.59)	(205.18)	4,269.50
(e) Other non-current liabilities	105.11	(105.11)		-
	35,376.81	(5,259.59)	(205.26)	29,911.15
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	57,591.74	2,462.79	-	60,054.53
(ii) Trade payables	12,892.56	-	-	12,892.56
(iii) Other financial liabilities	-	13,723.83	(109.34)	13,615.31
(b) Other current liabilities	15,742.20	(13,723.81)		2,018.37
(c) Provisions	1,617.74	(63.16)	(1,438.49)	116.06
(d) Current tax liabilities (net)	-	63.18	-	63.18
	87,844.25	2,462.83	(1,547.02)	88,760.06
Total Equity & Liabilities	2,17,293.53	(2,796.78)	(1,216.38)	2,13,280.37

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**Reconciliation of Balance Sheet** as at 31.03.2016

Particulars	As per IGAAP As at 31.03.2016 ₹ in lacs	Re- classification	Re- measurement	As per Ind AS As at 31.03.2016 ₹ in lacs
ASSETS				
(1) Non - current assets				
(a) Property, plant and equipment	93,274.48	(15.15)	(20.84)	93,238.49
(b) Capital work - in - progress	2,935.72	(266.11)	-	2,669.61
(c) Investment Property	-	281.29	-	281.29
(d) Other intangible assets	4.64	-	-	4.64
(e) Financial assets				-
(i) Investments	14,930.89		(2.13)	14,928.76
(ii) Trade receivables				-
(iii) Loans	8,164.01	(7,713.81)		450.20
(iv) Bank Balances				-
(v) Others	-	-		-
(f) Other non - current assets	-	2,745.51		2,745.51
(g) Deferred tax assets (net)	-	-	-	-
	1,19,309.74	(4,968.27)	(22.97)	1,14,318.50
(2) Current assets				
(a) Inventories	32,219.91	-	4,899.36	37,119.27
(b) Financial assets				
(i) Investments	25.00	-	22.12	47.12
(ii) Trade receivables	32,490.55	4,579.19	(5,221.24)	31,848.50
(iii) Cash and cash equivalents	511.78	-	-	511.78
(iv) Loans	2,858.98	(2,665.54)	-	193.44
(v) Bank Balances				-
(vi) Others	-	51.63	-	51.63
(c) Current tax assets (net)	-	-	-	-
(d) Other current assets	803.63	2,657.68	283.11	3,744.42
	68,909.85	4,622.96	(16.65)	73,516.16
(e) Non Current assets held for sale				
	68,909.85	4,622.96	(16.65)	73,516.16
Total assets	1,88,219.59	(345.33)	(39.62)	1,87,834.65
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	3,995.95	-	-	3,995.95
(b) Other equity	88,267.34		(163.70)	88,103.64
	92,263.29	-	(163.71)	92,099.58

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Particulars	As per IGAAP As at 31.03.2016 ₹ in lacs	Re- classification	Re- measurement	As per Ind AS As at 31.03.2016 ₹ in lacs
Liabilities				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	15,655.33	-		15,655.33
(ii) Trade payables	-	-	-	-
(iii) Other financial liabilities	-	81.54	43.34	124.88
(b) Deferred Revenue/Income				-
(c) Provisions	306.59	-	-	306.59
(d) Deferred tax liabilities (net)	9,915.75	(4,968.29)	172.83	5,120.30
(e) Other non-current liabilities	81.54	(81.54)	-	-
	25,959.21	(4,968.29)	216.18	21,207.09
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	47,376.88	4,622.96		51,999.84
(ii) Trade payables	5,171.70	-	-	5,171.70
(iii) Other financial liabilities	-	15,076.06	(92.09)	14,983.97
(b) Other current liabilities	17,271.81	(15,076.06)		2,195.75
(c) Provisions	176.70	-	-	176.70
(d) Current tax liabilities (net)	-	-	-	-
	69,997.09	4,622.96	(92.09)	74,527.96
Total Equity and Liabilities	1,88,219.59	(345.33)	(39.61)	1,87,834.65

Statement of Profit and Loss for the year ended 31.03.2016

Particulars	Profit as per AS 31 Mar 2016	Reclassi- fication	Ind AS Adjustments	Profit as per Ind AS 31 Mar 2016
I Revenue from operations	82,753.92	5,358.26	2,852.88	90,965.05
II Other income	416.70		(6.12)	410.58
III Total income (I + II)	87,185.44	1,343.44	2,852.87	91,375.63
IV Expenses				
Cost of materials consumed	31,880.59	1,343.44		33,224.03
Purchases of stock - in - trade	-		-	
Changes in inventories of finished goods, stock-in-trade and work-in-progress	4,807.66		1,540.58	6,348.24
Employee benefits expenses	6,324.15		(66.05)	6,258.10
Finance costs	5,994.46		36.84	6,031.30
Depreciation and amortization expenses	7,921.90		8.12	7,930.02
Excise	-	4,014.82		4,014.82

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Particulars	Profit as per AS 31 Mar 2016	Reclassification	Ind AS Adjustments	Profit as per Ind AS 31 Mar 2016
Other expenses	27,295.85		177.46	27,473.31
Total expenses	84,224.61	5,358.25	1,696.96	91,279.82
V Profit / (loss) before exceptional items and tax (I - IV)	(1,053.99)	-	1,149.81	95.82
VI Exceptional items				-
VII Profit / (loss) before tax (V - VI)	(1,053.99)	-	1,149.81	95.82
VIII Tax expense				
(1) Current tax				-
(2) Deferred tax	181.48		389.69	571.17
(3) Income tax - earlier years	279.61		-	279.61
	461.09		389.69	850.78
IX Profit / (loss) from continuing operations (VII - VIII)	(1,515.09)		760.11	(754.96)
X Profit / (loss) from discontinued operations (VII - VIII)				-
XI Tax expense of discontinued operations				-
XII Profit / (loss) from discontinued operations (after tax) (X - XI)	-		-	-
XIII Profit / (loss) for the period (IX + XII)	(1,515.09)		760.12	(754.96)
XIV Other comprehensive income				
A (i) Items that will not be reclassified to profit or loss			(33.71)	(33.71)
(ii) Income tax relating to items that will not be reclassified to profit or loss			11.67	11.67
B (i) Items that will be reclassified to profit or loss				
(ii) Income tax relating to items that will be reclassified to profit or loss				
	-		(22.04)	(22.04)
XV Total comprehensive income for the period (XIII + XIV)	(1,515.09)		738.07	(777.01)
XVI Earnings per equity share (for continuing operations)				
(1) Basic	(3.79)			(1.92)
(2) Diluted	(3.79)			(1.92)
XVII Earnings per equity share (for discontinued operations)				
(1) Basic				
(2) Diluted				
XVIII Earnings per equity share (for discontinued and continuing operations)				
(1) Basic	(3.79)			(1.92)
(2) Diluted	(3.79)			(1.92)

Notes to the Standalone Financial Statements for the year ended 31st March, 2017

Profit Reconciliation

(₹ in Lacs)

Particulars	31-03-2015	31-03-2016
Profit as IGAAP	3,900.16	(1,515.09)
Adjustment on account of Sales of Products in Graphite Electrodes	(7,998.24)	2,852.88
Adjustment on account of Impairment of Investments	(1.65)	(0.47)
Adjustment on account of Revaluation of Investments	27.76	(5.65)
Adjustment on account of Depreciation	0.15	(8.12)
Adjustment on account of Finance Cost	(4.59)	(4.51)
Adjustment on account of Changes in Inventory	5,850.20	(1,540.58)
Adjustment on account of Other Expenses	1,029.02	(177.46)
Adjustment on account of Deferred Tax	353.13	(378.02)
Profit as Ind AS	3,155.94	(777.00)

Other Equity Reconciliation

(₹ in Lacs)

Particulars	01-04-2015	31-03-2016
Opening Reserves Balance (As per IGAAP)	90,076.52	88,267.34
Adjustments related to Reversal of Sale	(1,120.46)	9.12
Ind AS adjustments:		
Adjustment on account of Revaluation of Investments	27.77	22.12
Adjustment on account of Impairment of Investments	(1.65)	(2.12)
Adjustment on account of Deferred Tax Liability	205.19	(172.84)
Adjustment on account of Depreciation	0.15	0.15
Adjustment on account of EIR		(4.51)
Adjustment on account of Remeasurement of Leasehold land	(12.77)	(15.63)
Adjustment on account of Provision	1,438.49	-
Adjustment on account of EIR		
Impact of P&L	-	
Reserves closing balance (As per Ind AS)	90,613.23	88,103.64

Note : 51

The Company has opted to avail the exemption under para D13AA of Ind AS 101 and elected to continue the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the transition date to Ind AS, i.e. 01-04-2016. The exchange differences on long term foreign currency monetary items are being dealt with in the following manner:

- Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- It has transferred the difference 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 2017 would have been up by ₹131.86 lacs (Gain), (Previous year ₹1060.00 lacs (loss)) with a consequential impact on both the Basic and Diluted EPS.

Notes to the Standalone Financial Statements for the year ended 31st March, 2017**Note : 52**

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 : 53 Borrowing Cost

There is no general borrowings. Till 31st March, 2017, the amount of interest capitalized is ₹423.80 Lacs (previous year ₹1,684.12 Lacs).

Note : 54 Additional Information

(₹ in Lacs)

	Year Ended 31 st Mar, 2017	Year Ended 31 st March, 2016
Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)		
Graphite Electrodes & Anodes	80,000	80,000
Thermal Power	63.00	63.00
Hydel Power	13.50	13.50

Note : 55

Details of Specified Bank Note (SBN) held and transaction during the period 08th November, 2016 to 30th December, 2016 as under

(₹ in Lacs)

SBNs	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	10,03,000.00	6,73,378.72	16,76,378.72
(+) Permitted receipts	77,000.00	12,08,353.39	12,85,353.39
(-) Permitted payments	-	11,36,085.90	11,36,085.90
(-) Amount deposited in Banks	10,80,000.00	3,00,000.00	13,80,000.00
Closing cash in hand as on 30.12.2016	-	4,45,646.21	4,45,646.21

Note : 56

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

Signed in terms of our report of even date.

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

Mukesh Goyal
Partner
Membership No. 081810

Place : Noida (U.P.)
Dated : 30th May, 2017

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

Sunil Wahal
Partner
Membership No. 087294

Ravi Jhunjunwala
Chairman & Managing Director
DIN No. 00060972

D. N. Davar
Director
DIN No. 00002008

Raju Rustogi
Chief Financial Officer &
Chief Operating Officer

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Riju Jhunjunwala
Director
DIN No. 00061060

Consolidated Financial Statements



Independent Auditors' Report

To the *Members* of HEG Limited

Report on the Consolidated Ind AS financial statements

We have audited the accompanying consolidated Ind AS financial statements of HEG Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associates, comprising of the consolidated balance sheet as at March 31, 2017, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income and consolidated cash flows of the Group including its subsidiary and associate companies in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Amendment Rules, 2015 as amended. The respective Board of Directors of the companies included in the Group including its subsidiary and associate companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated

Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in

conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its associate companies as at March 31, 2017, its consolidated loss including other comprehensive income, its consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements/financial information of one subsidiary whose financial statements/financial information reflect total assets of ₹2.67 Lacs as at March 31, 2017, total revenue of Rs. NIL and net cash outflows amounting to ₹0.33 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose audit reports for the year ended March 31, 2017 have been furnished to us, and our opinion on the consolidated financial results is based solely on the reports of the other auditors.
- (b) The consolidated financial results also include the Group's share of loss of ₹590.72 lacs for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect of the two associates whose consolidated financial statements have been audited by one of the joint auditors and our opinion on the consolidated financial statements, in so far it relates to the aforesaid associates is based solely on such reports.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a) We have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

- c) The consolidated balance sheet, the consolidated statement of profit and loss including the statement of other comprehensive income, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditor and joint auditor of its subsidiary and associate companies respectively, none of the directors of the Group companies and its associate companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and associate companies and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated Ind AS financial statement disclose the impact of pending litigations on the consolidated financial position of the Group and its associates, Refer Note 38 to the consolidated Ind AS financial statements;
- ii. The Group and its associate companies did not have any material foreseeable losses on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary and its associate companies incorporated in India; and

- iv. The Holding Company, its subsidiary and its associate companies, has provided requisite disclosures in Note 55 to the consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on our audit procedures and reports of the other auditors and relying on the management representation regarding the holding and nature of cash transactions, including specified bank notes,

we report that these disclosures are in accordance with the books of accounts maintained by the Holding Company, its subsidiary and its associate companies as produced to us by the management.

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

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

Sunil Wahal
PARTNER
Membership No. 087294

Mukesh Goyal
PARTNER
Membership No. 081810

Place: Noida (U.P.)
Date: 30th May, 2017

ANNEXURE “A” to the Independent Auditors’ Report to the members of HEG Limited, dated May 30, 2017 on its Consolidated Ind AS Financial Statement.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”) as referred to in paragraph 2(f) of ‘Report on Other Legal and Regulatory Requirements’ section.

In conjunction with our audit of the consolidated Ind AS financial statement of HEG Limited as of and for the year ended March 31, 2017. We have audited the Internal Financial Controls over Financial Reporting of HEG Limited (hereinafter referred to as the “Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), and its associate companies for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company its subsidiary and associate companies which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company, subsidiary and its associate companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the

accounting records, and the timely preparation of reliable financial information, as required under the Act (the Act).

Auditors’ Responsibility

Our responsibility is to express an opinion on the Group and its associate companies internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing

the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group and its associate companies incorporated of India have maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the holding company including its subsidiary and associate companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary which is a company incorporated in India, is based on the corresponding reports of the auditor of such company. Our report is not qualified in respect of this matter.

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

Sunil Wahal
PARTNER
Membership No. 087294

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

Mukesh Goyal
PARTNER
Membership No. 081810

Place: Noida (U.P.)
Date: 30th May, 2017

Consolidated Balance Sheet as at 31st March, 2017

(₹ in Lacs)

Particulars	Note No.	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	4	88,502.63	93,238.49	90,556.26
b) Capital work-in-progress	5	120.40	2,669.61	10,761.93
c) Investment Property	6	385.51	281.29	28.91
d) Goodwill		-	-	-
e) Other Intangible assets	7	1.81	4.64	13.84
f) Intangible assets under developement		-	-	-
g) Biological Assets other than bearer plants		-	-	-
h) Financial assets				
(i) Investments	8	23,002.76	22,412.03	21,215.75
(ii) Trade receivables		-	-	-
(iii) Loans	10	231.48	450.20	629.32
(iv) Others	11	238.20	-	180.08
i) Deferred tax assets(net)		-	-	-
j) Other non-current assets	12	2,723.14	2,745.51	2,305.10
(2) Current assets				
(a) Inventories	13	25,779.76	37,119.27	46,630.41
(b) Financial assets				
(i) Investments	8	55.34	47.12	52.76
(ii) Trade receivables	9	36,078.79	31,848.49	35,018.60
(iii) Cash & cash equivalents	14	827.63	514.76	409.90
(iv) Bank balances other than (iii) above		-	-	-
(v) Loans	10	396.56	193.45	859.85
(vi) Others	11	134.90	51.63	93.37
(c) Current Tax Assets (Net)				
(d) Other current assets	12	6,772.35	3,744.42	10,814.26
Total Assets		1,85,251.26	1,95,320.91	2,19,570.36
EQUITY & LIABILITIES				
EQUITY				
(a) Equity share capital	15	3,995.95	3,995.95	3,995.95
(b) Other equity	16	91,260.36	95,589.78	96,903.10
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	13,564.06	15,655.33	25,192.08
(ii) Trade Payables		-	-	-
(iii) Other financial liabilities	19	120.85	124.88	149.30
(b) Provisions	20	342.95	306.59	300.26
(c) Deferred tax liabilities (Net)	21	6,089.12	5,120.30	4,269.50
(d) Other non-current liabilities		-	-	-
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	41,183.59	51,999.84	60,054.53
(ii) Trade Payables	18	8,648.67	5,171.82	12,892.68
(iii) Other financial liabilities	19	18,203.28	14,983.96	13,615.31
(b) Other current liabilities	22	1,771.94	2,195.75	2,018.39
(c) Provisions	20	70.47	176.70	116.07
(d) Current Tax Liabilities (Net)	23	-	-	63.18
Total Equity and Liabilities		1,85,251.26	1,95,320.91	2,19,570.36

The accompanying notes (1 - 57) form an integral part of these 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
Place : Noida (U.P.)
Dated : 30th May, 2017

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

Sunil Wahal
Partner
Membership No. 087294

Ravi Jhunjunwala
Chairman & Managing Director
DIN No. 00060972

D. N. Davar
Director
DIN No. 00002008

Raju Rustogi
Chief Financial Officer &
Chief Operating Officer

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Riju Jhunjunwala
Director
DIN No. 00061060

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in Lacs)

Particulars	Note No.	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
I Revenue from operations	24	89,602.34	90,965.05
II Other income	25	712.81	410.58
III Total Revenue (I + II)		90,315.15	91,375.63
IV Expenses:			
Cost of materials consumed	26	32,984.88	33,224.03
Purchases of Stock-in-Trade	27	1,292.60	-
Changes in inventories of finished goods work-in-progress and Purchases of Stock-in-Trade	28	10,114.53	6,348.24
Employee benefits expense	29	5,886.16	6,258.10
Finance costs	30	5,471.76	6,031.30
Depreciation and amortization expense	31	7,391.73	7,930.02
Excise duty	32	3,598.07	4,014.82
Other expenses	33	27,660.63	27,473.30
Total expenses (IV)		94,400.36	91,279.81
V Profit before exceptional and tax (III - IV)		(4,085.22)	95.82
VI Exceptional items		-	-
VII Profit before tax (V - VI)		(4,085.22)	95.82
VIII Share of Profit / (Loss) of Associates		590.72	1,196.28
IX Tax expense:			
(1) Current tax			
Current Tax			
Income Tax-Previous year	34	112.13	279.61
(2) Deferred tax	34	812.20	571.17
X Profit (Loss) for the year from continuing operations (VII - VIII)		(4,418.83)	441.32
XI Profit (Loss) from discontinued operation		-	-
XII Tax Expense of discontinued operation		-	-
XIII Profit (Loss) for the year from discontinued operations(after tax) (X - XI)		-	-
XIV Profit (Loss) for the period (IX + XII)		(4,418.83)	441.32
XV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss	35	136.72	(33.71)
(ii) Income tax relating to items that will not be reclassified to profit or loss	34	47.31	(11.67)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XVI Total Comprehensive Income for the period (XIII + XIV) (Comprising Profit (Loss and Other Comprehensive Income for the peiod)		(4,329.43)	419.28
XVII Earnings per equity share (for continuing operations) :			
(1) Basic (₹)	36	(11.06)	1.10
(2) Diluted (₹)	36	(11.06)	1.10
XVIII Earnings per equity share (for discontinued operations) :			
(1) Basic (₹)		-	-
(2) Diluted (₹)		-	-
XIX Earnings per equity share (for discontinued and continuing operations) :			
(1) Basic (₹)	36	(11.06)	1.10
(2) Diluted (₹)	36	(11.06)	1.10

The accompanying notes (1 - 57) form an integral part of these 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

Place : Noida (U.P.)

Dated : 30th May, 2017

For **S. S. Kothari Mehta & Co.**

Chartered Accountants

Firm Regn. No. 000756N

Sunil Wahal

Partner

Membership No. 087294

Ravi Jhunjunwala

Chairman & Managing Director

DIN No. 00060972

D. N. Davar

Director

DIN No. 00002008

Raju Rustogi

Chief Financial Officer &

Chief Operating Officer

Shekhar Agarwal

Vice Chairman

DIN No. 00066113

Riju Jhunjunwala

Director

DIN No. 00061060

Consolidated Statement of changes in Equity for the year ended 31st March, 2017**A) Equity Share Capital**

Particulars	Amount in ₹ lacs
As at 01.04.2015	3,995.91
Changes in equity share capital	-
As at 31.03.2016	3,995.91
Changes in equity share capital	-
As at 31.03.2017	3,995.91

B) Other Equity

(₹ in Lacs)

	Note reference	Reserves and Surplus			Other items		Total
		Capital Reserve	Securities Premium Reserve	Other Reserves (Capital Redemption Reserve)	Retained Earning	Remeasurement of Defined benefit obligations	
Balance at the 1 st April, 2015		10,726.49	1,269.61	1,893.57	83,110.25	(96.82)	96,903.10
Changes in accounting policy							
Prior period errors							
Restated balance as at the 1 st April, 2015		10,726.49	1,269.61	1,893.57	83,110.25	(96.82)	96,903.10
Total Comprehensive Income for the year							
Dividends					(1,438.50)		(1,438.50)
Additions during the period					441.32	(22.04)	419.28
Transfer to retained earnings							-
Adjusted against depreciation	16(a)				(294.09)		(294.09)
Addition/Deletion during the period							
As at 31.3.2016		10,726.49	1,269.61	1,893.57	81,818.98	(118.86)	95,589.78
Total Comprehensive Income for the year							
Addition during the period					(4,418.82)	89.40	(4,329.42)
Dividends							-
Transfer to retained earnings							-
Any other changes							-
Balance at the 31 st March, 2017		10,726.49	1,269.61	1,893.57	77,400.16	(29.46)	91,260.36

The accompanying notes (1 - 57) form an integral part of these 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

Place : Noida (U.P.)

Dated : 30th May, 2017

For **S. S. Kothari Mehta & Co.**

Chartered Accountants

Firm Regn. No. 000756N

Sunil Wahal

Partner

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Raju Rustogi

Chief Financial Officer &

Chief Operating Officer

Shekhar Agarwal

Vice Chairman

DIN No. 00066113

Riju Jhunjunwala

Director

DIN No. 00061060

Consolidated **Cash Flow Statement** for the year ended 31st March, 2017

(₹ in Lacs)

Particulars	FY 2016-17	FY 2015-16
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(3,357.77)	95.82
Add: Depreciation	7,391.73	7,930.02
Misc Exps Written off	-	-
Interest Paid	5,471.76	6,031.30
Net(Profit)/Loss on fixed assets sold / discarded	54.94	36.99
Provision for doubtful debts/age base provisions	327.48	623.89
Bad Debts	60.41	48.68
Less: Interest received	21.97	36.77
Operating Profit before working capital changes	9,926.58	14,729.94
Working capital		
Trade receivables	(4,618.19)	2,497.53
Inventories	11,339.52	9,511.14
Loans & advances / Other current assets	(3,319.75)	7,693.42
Liabilities and provisions	3,938.13	(8,663.62)
Cash from operating activities	17,266.28	25,768.41
Income tax	971.65	839.12
Net Cash from operating activities	16,294.64	24,929.30
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition in Fixed Assets (net)	(410.82)	(3,221.39)
Sale of Fixed Assets	147.86	127.19
Advances for Capital Expenditure	-	(30.35)
Sundry Creditors for Capital Expenditure	113.94	204.28
Investments	(598.94)	6.13
Interest received	21.97	36.77
Net Cash from investing activities	(725.98)	(2,877.37)
C CASH FROM FINANCING ACTIVITIES		
Long term borrowings - Term Loans / NCD's / Bonds	14,000.00	-
Repayment of Term loans/NCD's/Bonds	(12,967.78)	(7,861.07)
Short term borrowings (working capital)	(10,816.25)	(8,054.69)
Buy Back of Shares	-	-
Interest Paid	(5,471.76)	(6,031.30)
Dividend paid	-	-
Corporate Dividend Tax	-	-
Net Cash from financing activities	(15,255.78)	(21,947.07)
INCREASE IN CASH OR CASH EQUIVALENTS	312.87	104.86
Opening cash or cash equivalents	514.76	409.90
Closing cash or cash equivalents	827.63	514.76

The accompanying notes (1 - 57) form an integral part of these financial statements.

Signed in terms of our report of even date.

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

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

Ravi Jhunjhunwala
Chairman & Managing Director
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DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D. N. Davar
Director
DIN No. 00002008

Riju Jhunjhunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated : 30th May, 2017

Raju Rustogi
Chief Financial Officer &
Chief Operating Officer

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

1. Corporate Information

HEG Limited (the 'Parent'), incorporated in 1972, is a public limited Group incorporated and domiciled in India, having its registered office at Mandideep (Near Bhopal), Distt. Raissen, Madhya Pradesh.

The Group is a leading manufacturer and exporter of graphite electrodes in India and operates world's largest single-site integrated graphite electrodes plant. The Group also operates three power generation facilities with a total rated capacity of about 76.5 MW.

Under the Companies Act, 2013, Group is defined as parent, subsidiaries, joint ventures and associates. For the purpose of these financial statements, the aforesaid definition under Companies Act, 2013 has been considered.

Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group, with effect from 1st April, 2016, has adopted Indian Accounting Standards (the 'Ind AS') notified under the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. For all periods up to and including the year ended 31st March, 2017, the Group had prepared its financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP').

These financial statements are the Group's first Ind AS financial statements. The Group has adopted all the Ind AS standards and the adoptions was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. Previous period numbers in the financial statements have been restated to Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in Note - 50. The details of the first time adoption exemptions availed by the Group is given in Note- 50(a).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian rupees (INR) and all values are rounded to the nearest lacs and two decimals thereof, except otherwise stated.

These financial statements have been prepared under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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	Owner-ship (%)	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 Ind AS 110.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

(b) Investment in Associates.

Name	Country	Owner-ship (%)	Period Considered	Audited/ Board Approved
Bhilwara Infotechnology Ltd.	India	38.59%	01.04.2016 to 31.03.2017	Audited
Bhilwara Energy Ltd.	India	29.49%	01.04.2016 to 31.03.2017	Audited
Indo Canadian Consultancy Services Ltd. (Subsidiary of BEL)	India	15.04%	01.04.2016 to 31.03.2017	Audited
Malana Power Corporation Limited (Subsidiary of BEL)	India	15.04%	01.04.2016 to 31.03.2017	Audited
AD Hydro Power Ltd. (Fellow Subsidiary of BEL)	India	13.23%	01.04.2016 to 31.03.2017	Audited
NJC Hydro Power Ltd. (Subsidiary of BEL)	India	29.49%	01.04.2016 to 31.03.2017	Audited
Green Ventures Pvt.Ltd. (Subsidiary of BEL)	Nepal	24.97%	01.04.2016 to 31.03.2017	Audited
Balephi Jal Vidyut Co. Ltd	Nepal	28.27%	01.04.2016 to 31.03.2017	Audited
Bhilwara Green Energy Limited	India	29.49%	01.04.2016 to 31.03.2017	Audited
Chango Yangthang Hydro Power Ltd.	India	29.49%	01.04.2016 to 31.03.2017	Audited
LNJ Power Venture Ltd.	India	21.82%	01.04.2016 to 31.03.2017	Audited
BG Wind Power Limited (Subsidiary of BGEL)	India	29.49%	01.04.2016 to 31.03.2017	Audited

The accounting policies of the parent and its subsidiaries are similar and in line with the Indian Accounting Standards (Ind-AS).

2.2 Basis of Consolidation

The consolidated financial statements relate to the Group, its associates and joint ventures. Subsidiary are those entities in which the Parent directly or indirectly, has interest more than 50% of the voting power or otherwise control the composition of the board or governing body so as to obtain economic benefits from activities. The consolidated financial statements have been prepared on the following basis:-

- The financial statements of the subsidiaries are combined on a line-by-line basis by adding together the like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Ind AS 110 - 'Consolidated Financial Statements' notified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended time to time.
- Interest in associates are consolidated using equity method as per Ind AS 28 - 'Investment in Associates and Joint Ventures'. Under the equity method, post-acquisition attributable profit/losses are adjusted in the carrying value of investment up to the Group investment in the associate.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the companies separate financial statements.
- Non-controlling Interest (NCI) in the net assets of the consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and the equity attributable to the Parent's shareholders. NCI in the net assets of the consolidated subsidiaries consists of:
 - The amount of equity attributable to NCI at the date on which investment in a subsidiary is made; and
 - The NCI share of movement in the equity since the date the parent subsidiary relationship came into existence.
- NCI in the total comprehensive income (comprising of profit and loss and other comprehensive income) for the year, of consolidated subsidiaries is identified and adjusted against the total comprehensive income of the Group. Where accumulated losses attributable to the NCI before the date of transition i.e. 1st April, 2015 are in excess of their equity, in the absence of actual obligation of the NCI, the same is accounted for by the company. However, losses attributable over and above the share of NCI are borne by NCI even if it results in their deficit balance subsequent to Ind AS transition date.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

2.3 Goodwill/Capital Reserve

Goodwill on acquisition of subsidiary is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually and is carried at cost less accumulated impairment losses.

2.4 Revenue Recognition

a) Sale of Goods

(i) Graphite Electrodes

Revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Excise duty is the liability of the manufacturer which forms part of cost of production. Recovery of excise duty flows to the entity on its own account and the same has been included in the amount of domestic sales.

(ii) Power

Revenue from power generation has been recognized on transmission of electricity to SEB or third parties

- (i) Power generated at the power plants is primarily consumed by the manufacturing units and excess power is sold to SEBs/ IEX which is included in the sales as below:
 - Power transferred to Graphite unit at MPEB rate.
 - Excess power generated is sold to SEB's at rate stipulated by SEB's and/or IEX at market rate equivalent.
- (ii) Inter-divisional sales comprising of sale of power from power plants to Graphite unit is reduced from revenue from operations in deriving net revenue.

Other Income

- (i) Income and Export Incentives / benefits are accounted

for on accrual basis and as per principles given under Ind AS 18 – Revenue Recognition.

- (ii) Entitlement to Renewal Energy Certificates owing to generation of power at Tawa hydel plant are recognized to the extent sold at actual rate of net realization.

Dividends

Dividend income is recognized when the shareholders' right to receive payment is established.

b) Inventories

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

c) Property, Plant and Equipment

On transition to Ind AS, the Company has adopted optional exemption under Ind AS-101 and elected to continue with the carrying value of all its property, plant and equipment as recognized in the financial statement at the date of transition i.e. at 1st April, 2015, measured as per the previous GAAP and use that as its deemed cost as at the transition date, refer note no. 50(a). Subsequently property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes its purchase price (net of CENVAT / duty credits wherever applicable), after deducting trade discounts and rebates. It includes other costs directly attributable to bringing the asset to the location and

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

condition necessary for it to be capable of operating in the manner intended by management and the borrowing costs for qualifying assets and the initial estimate of restoration cost if the recognition criteria is met.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of profit and loss when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

d) Investment property

Investment Properties comprises freehold land and building (including property under construction) that are held for long-term rental yields and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

e) Intangible Assets

An Intangible Assets is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial

recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life of 3 to 5 years.

The intangible assets are assessed for impairment whenever there is indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at each financial year end.

Gains or losses arising from recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

f) 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 property, plant and equipment.

g) Expenses Incurred During Construction Period

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

h) Depreciation

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

Assets description	Useful Life
Building	20-60 Years
Plant and Machinery	1-24 Years
Railway Siding	9 Years
Office Equipment (Includes Computers and data processing units)	5-20 Years
Electrical Installation	5-20 Years
Furniture and Fixtures	15 Years
Vehicle	5-10 Years

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

And depreciation is charged on the following basis:-

(i) On Plant and Machinery and other assets of Hydel Power Project at Tawa, the rates of depreciation 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 and Machinery	
	i) Dams, Spillways weirs, canals, reinforced concrete Flumes and symphons	1.95
	ii) Hydraulic control valves and other hydraulic works	3.40
	iii) Transformers having a rating of 100 KVA and over	7.81
5	Electrical Installation	
	i) Batteries	33.40
	ii) Lines on Fabricated steel operating at normal voltages higher than 66 kv	5.27
	iii) Residual	7.84
6	Furniture and Fixtures	12.77
7	Office Equipment and other assets	12.77
8	Vehicles	33.40

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

(b) On other fixed assets, on written down value method, in the manner as prescribed in Companies Act 2013 and rate as per prescribed useful life above;

(c) On assets classified as investment property, on written down value method, over the useful life prescribed in Schedule II. However, if the management's estimate (based on technical evaluation) of useful life is different from that envisaged in Schedule II, then the assets are depreciated over the useful life estimated by the management.

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

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

(v) Intangible assets are amortized over a period of 3-5 years on a straight line basis.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

i) Impairment of Non Financial Assets

Intangible assets, investment property and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

The company has the policy to assess at each reporting date for impairment required for each of its non-financial assets.

j) Foreign Exchange Transactions/Translation

(i) Functional Currency

Financial statements are presented in INR, which is company's functional currency.

Transactions in currencies other than the entity's functional

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non monetary items are measured in terms of historical cost in foreign currencies and are therefore not retranslated.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively) except the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded, in so far as they relate to the acquisition of depreciable capital assets, are shown by addition to/deduction from the cost of the assets as per exemption provided under Ind AS 21 read along with Clause-D13AA, Appendix 'D' of Ind AS-101.

(ii) Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

k) Employee Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard 19 – Employee Benefits.

(i) Provident Fund and ESI

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

(ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations recognized in Other Comprehensive Income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

(iii) Compensated Absences

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income.

(iv) Superannuation Benefit

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

(v) Other Short Term Benefits

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee

Finance leases are capitalized as assets at the commencement of the lease, at an amount equal to the fair value of leased asset or present value of the minimum lease payments, whichever is lower, valued at the inception date. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on borrowing cost. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Rental Income from operating leases is recognized on a straight-line basis over the term of the relevant lease, Costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are recognized immediately in the Statement of Profit and Loss.

m) Segment Accounting and Reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The Operating Segments have been identified on the basis of the nature of products/ services.

- (1) Segment Revenue includes sales and other income directly identifiable with/ allocable to the segment including inter- segment revenue.
- (2) Expenses that are directly identifiable with/ allocable to the segments are considered for determining the segment result. Expenses not allocable to segments are included under unallocable expenditure.
- (3) Income not allocable to the segments is included in unallocable income
- (4) Segment results includes margin on inter segment and sales which are reduced in arriving at the profit before tax of the company.
- (5) Segment assets and Liabilities include those directly identifiable with the respective segments. Assets and liabilities not allocable to any segment are classified under unallocable category.

n) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

o) Government grants and subsidies

Government grants are recognized where there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the company receives grants of non-monetary assets, the asset and the grant are recorded at fair value and recognize to statement of profit and loss on a systematic basis over the useful life of the asset.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) Borrowing Cost

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

Interest bearing loans and borrowings has been restated to amortized cost using effective interest rate method with the discount accreted through the statement of profit and loss.

q) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and are liable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

r) Earning Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

s) Financial instruments

Initial recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

For the purpose of subsequent measurement financial assets are classified in three broad categories:

A. Non-derivative financial instruments

(i) Debt instrument carried at amortized cost

A debt instrument is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures is carried at cost in the separate financial statements.

(vi) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(vii) Impairment of Financial Assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

B. Derivative financial instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit or loss.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

This category has derivative financial assets or liabilities which are not designated as hedges. Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

ii) Cash flow hedge

The company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized when:

- (i) The contractual right to receive cash flows from the assets have expired, or
- (ii) The company has transferred its right to receive cash flow from the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no

reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

t) Fair Value Measurement

The Company measures financial instruments such as derivatives and certain investments, at the fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability. Or
- (ii) In the absence of a principal market, in the most advantageous market for the assets or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial assets takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Critical accounting estimates and Judgments

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

The area involving critical estimates or judgements are:

a. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of property, plant and equipment are determined by the management based on technical assessment by internal team and external advisor. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Company believes that the useful life best represents the period over which the Company expects to use these assets.

b. Contingent liability

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

c. Income taxes

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews, at each balance sheet date, the carrying amount of deferred tax assets.

d. Defined benefit plans (gratuity and leave encashment)

The cost of the defined benefit gratuity plan and leave encashment benefit and their present value is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 4 Property, Plant & Equipment (₹ in Lacs)											
	Note refe- rence	Land Free- hold	Lease- hold (a) & (f)	Buildings	Plant & Equipment	Rail- way Sidings	Office Equip- ment	Elec- trical Install- ation	Furni- ture & Fix- tures	Vehicles	Total
Gross Block											
At 1 st April 2015		316.69	816.06	24,973.36	1,20,521.48	921.69	1,204.60	3,169.07	649.97	1,076.21	1,53,649.13
Additions		1.11	14.92	161.86	9,057.16	-	102.31	44.71	8.37	193.97	9,584.41
Disposals		(14.92)	-	-	(133.88)	-	(164.63)	(23.24)	(6.19)	(236.80)	(579.66)
Adjustment	(b)	-	-	147.21	1,310.39	-	0.30	18.23	-	-	1,476.13
At 31 st March 2016		302.88	830.98	25,282.43	1,30,755.15	921.69	1,142.58	3,208.77	652.15	1,033.38	1,64,130.01
Additions		-	24.11	505.49	4,724.18	-	39.54	76.70	1.97	36.72	5,408.71
Disposals		-	-	(27.43)	(423.29)	-	(61.53)	(38.43)	(63.72)	(228.58)	(842.98)
Adjustment	(b)	-	-	(449.45)	(2,056.59)	-	(0.47)	(54.48)	(0.00)	-	(2,560.99)
At 31 st March 2017		302.88	855.09	25,311.04	1,32,999.45	921.69	1,120.12	3,192.56	590.40	841.52	1,66,134.76
At 1 st April 2015		-	130.28	9,485.29	50,118.75	235.12	903.41	1,257.74	437.57	524.71	63,092.87
Charge for the year	(c), (d)	-	23.09	1,277.39	5,926.54	42.62	93.83	254.24	37.69	158.95	7,814.35
Disposals		-	-	-	(77.15)	-	(152.64)	(15.30)	(3.64)	(166.74)	(415.47)
Adjustment	(b)	-	-	15.83	86.01	-	0.32	3.52	-	-	105.68
Charge for ex-huasted assets	(e)	-	-	-	294.09	-	-	-	-	-	294.09
At 31 st March 2016		-	153.37	10,778.51	56,348.24	277.74	844.92	1,500.20	471.62	516.92	70,891.52
Charge for the year		-	23.38	1,224.16	5,805.52	41.98	80.15	226.13	28.56	131.55	7,561.43
Disposals		-	-	(8.05)	(342.89)	-	(53.84)	(20.51)	(58.23)	(156.64)	(640.16)
Adjustment	(b)	-	-	(47.69)	(124.26)	-	(0.24)	(8.47)	-	-	(180.66)
At 31 st March 2017		-	176.75	11,946.93	61,686.61	319.72	870.99	1,697.35	441.95	491.83	77,632.13
Net Block											
At 1 st April 2015		316.69	685.78	15,488.07	70,402.73	686.57	301.19	1,911.33	212.40	551.50	90,556.26
At 31 st March 2016		302.88	677.61	14,503.92	74,406.91	643.95	297.66	1,708.57	180.53	516.46	93,238.49
At 31 st March 2017		302.88	678.34	13,364.11	71,312.84	601.97	249.13	1,495.21	148.45	349.69	88,502.63

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

b) The Company has opted to avail the exemption under para D13AA of Ind AS 101 and elected to continue the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the transition date to Ind AS. Accordingly, an amount of ₹219 Lacs (Unrealized Gain) and ₹88.10 lacs (Realized Loss being adjusted against respective assets), (Previous Year ₹1476.13 Lacs (Unrealized Loss) and ₹62.21 (Realized Loss being adjusted against respective assets) being exchange difference arising on reporting of long term Foreign currency loans availed for acquisition of depreciable Fixed assets have been taken to respective assets and ₹ NIL Lacs, (Previous Year ₹732.89 Lacs) to capital work-in-progress.

c) During the Financial year 2015-16 company revised the useful life of its fixed assets in keeping with the provision of Schedule II. Accordingly, depreciation for the year is lower by ₹372.40 Lacs.

d) The Company has reviewed its tangible fixed assets as at 1st April, 2015 and identified significant component with different useful life from the remaining parts of the assets in keeping with the provisions of Schedule II to the Companies Act, 2013. The depreciation has been computed for such components separately effective 1st April, 2015. As a result, the depreciation expense for the financial year 2015-16 is higher by ₹552.93 Lacs.

e) During the financial year 2015-16 Company revised the useful life of its fixed assets in keeping with the provision of Schedule II. Accordingly, depreciation of ₹294.09 Lacs on account of assets whose useful life was already exhausted on 1st April, 2015 has been adjusted against reserves.

f) Leased Assets

The lease term in respect of leasehold land generally expire with in 30 to 99 years. The ground rent shall be liable to be increased on the expiry of 10 to 30 years depending on the term of lease from the date of execution of this deed and also at subsequent interval of 10 to 30 years, provided that the increase on each occasion shall not exceed one quarter of the rent fixed for the preceeding 10 to 30 years. The above lease hold land or any part thereof or any buliding erected thereon cannot be sublet, assign or otherwise transferred without any prevoius sanction in writing of the lessor.

Following are the details of year wise minimum lease obligation under leasehold land

(₹ in Lacs)

Particulars	Year Ended March-17		Year Ended March-16		Year Ended March-15	
	Minimum Payments	Present value of payments	Minimum Payments	Present value of payments	Minimum Payments	Present value of payments
With in one year	5.32	4.84	5.32	4.84	5.32	4.84
After one year but not more than 5 years	21.15	15.34	21.29	15.34	21.29	15.34
More than 5 years	121.79	24.83	116.47	24.06	102.77	23.29
Total Minimum lease payments	148.26	45.00	143.08	44.23	129.38	43.46
Less: Amount representing finance charges	103.13	-	98.80	-	85.96	
Present value of minimum lease payments	45.13	45.00	44.28	44.23	43.43	43.46

g) Property , Plant & Equipment pledged as security

Refer to note no. 49 for information on property, plant and equipment pledged as security by the company.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 5 Capital Work-in-progress

(₹ in Lacs)

Particulars	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
CWIP	120.40	2,669.61	10,761.93
Capital work in progress includes ₹1.49 Lacs (Previous year ₹772.11 Lacs) being preoperative expenditure and ₹18.66 Lacs (Previous year ₹103.46 Lacs) being capital stores.			

Note : 6 Investment Property

(₹ in Lacs)

	Note refe- rence	Building	Property under construction	Total
Gross Block				
At 1 st April 2015		59.55	12.93	72.48
Additions		-	253.18	253.18
Disposals		-	-	-
At 31 st March 2016		59.55	266.11	325.66
Additions		332.04	112.03	444.07
Disposals/Capitalized		-	(332.04)	(332.04)
At 31 st March 2017		391.59	46.09	437.68
Amortisation				
At 1 st April 2015		43.57		43.57
Charge for the year		0.80		0.80
Disposals		-	-	-
At 31 st March 2016		44.37	-	44.37
Charge for the year		7.80		7.80
Disposals		-	-	-
At 31 st March 2017		52.17	-	52.17
Net Block				
At 1 st April 2015		15.98	12.93	28.91
At 31 st March 2016		15.18	266.11	281.29
At 31 st March 2017		339.43	46.09	385.51

(i) Amounts recognised in profit or loss for investment properties

(₹ in Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016
Rental income	46.57	13.60
Direct operating expenses from property that generated rental income	5.05	0.51
Direct operating expenses from property that did not generate rental income	-	3.73
Profit from investment properties before depreciation	41.52	9.36
Depreciation	7.80	0.80
Profit from investment properties	33.72	8.56

(ii) Fair value of Investment property held is ₹2,029.02 Lacs.

(iii) On transition to Ind-AS, the investment property are recognised at Net Block., the accumulated depreciation on transition was ₹43.57 lacs.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Note : 7 Intangible Assets**

(₹ in Lacs)

	Computer Software
Gross Block	
At 1 st April 2015	451.37
Additions	-
Disposals	-
At 31 st March 2016	451.37
Additions	0.31
Disposals	-
At 31 st March 2017	451.68
Amortisation	
At 1 st April 2015	437.53
Charge for the year	9.19
Disposals	-
At 31 st March 2016	446.72
Charge for the year	3.14
Disposals	-
At 31 st March 2017	449.86
Net Block	
At 1 st April 2015	13.84
At 31 st March 2016	4.64
At 31 st March 2017	1.81

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 8 Investments

(₹ in Lacs)

		Non - current			Current		
		As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
	Investments in Equity instruments						
	SHARES IN ASSOCIATES COMPANIES						
4,88,81,556	(Previous year 4,88,81,556) Equity Shares of ₹10/- each fully paid up of Bhilwara Energy Ltd.(*)	14,506.88	14,506.88	14,506.88			
12,62,048	(Previous year 12,62,048) Equity Shares of ₹10/- each fully paid up of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.)	419.00	419.00	419.00			
	QUOTED-INVESTMENT IN OTHERS						
18	(Previous year 18) Equity Shares of ₹2/-each of Ballarpur Ind. Ltd.	0.01	0.01	0.01			
	Investments in Mutual Funds						
2,50,000	(Previous year 2,50,000) Units of LIC Mutual Fund Dhan Samriddhi of ₹10/- each				55.34	47.12	52.76
	Total	14,925.88	14,925.88	14,925.88	55.34	47.12	52.76
	Add/Less : Increase in value of investments in Associates						
	Opening Balance	7,486.15	6,289.87	7,588.25			
	Add : Increase in value of investments	590.72	1,196.28	(1,298.38)			
	Closing Balance	8,076.87	7,486.15	6,289.87	55.34	47.12	52.76
	Total	23,002.76	22,412.03	21,215.75			
	Aggregate amount of quoted investments	0.01	0.01	0.01			
	Market value of quoted investments	**	**	**	55.34	47.12	52.76
	Aggregate amount of unquoted investments	23,002.76	22,412.03	21,215.75			
	(**)Amount is below the Rounding off norm adopted by the Company						

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Note : 9 Trade Receivables**

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Unsecured, considered good unless stated otherwise			
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	6,934.92	9,944.06	4,343.87
Doubtful	-	-	-
	6,934.92	9,944.06	4,343.87
Age-based provision in respect of debtors outstanding for more than one year net of ECGC cover	(1,457.73)	(1,130.24)	(506.35)
(A)	5,477.19	8,813.82	3,837.52
Other receivables			
Unsecured, considered good	30,601.60	23,034.68	31,181.07
Doubtful	-	-	-
	30,601.60	23,034.68	31,181.07
Provision for doubtful receivable	-	-	-
(B)	30,601.60	23,034.68	31,181.07
Total (A+B)	36,078.79	31,848.49	35,018.60

Note : 10 Financial Assets-Loans

(₹ in Lacs)

Particulars	Long-term			Short-term		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Security deposits	201.36	394.79	543.40	-	-	-
Loans and advances to employees-Secured	30.12	55.41	85.92	23.24	41.57	51.49
Unsecured, considered good	-	-	-	129.78	124.98	264.29
Mark to Market on derivative	-	-	-	243.54	26.90	544.08
	231.48	450.20	629.32	396.56	193.45	859.85

Loans & advances includes :

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(i) Due from officers of the Company	2.86	7.43	7.08
(ii) The maximum amount at any time during the year	12.86	13.69	12.08

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 11 Other Financial Assets

(₹ in Lacs)

Particulars	Non-Current			Current		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Interest/Dividend Accrued, Not due	-	-	-	134.90	51.63	93.37
Fixed deposit with maturity more than one year*	238.20	-	180.08	-	-	-
	238.20	-	180.08	134.90	51.63	93.37

* Pledged with bank against long term loans and bank guarantee to shipping line.

Note : 12 Other Assets

(₹ in Lacs)

Particulars	Long-term			Short-term		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Unsecured, considered good unless stated otherwise	-	-	-	-	-	-
Capital advances	-	-	30.35	-	-	-
Other Advances - Unsecured, considered good	-	-	-	2,070.49	163.04	1,226.51
Advances to related parties	-	-	-	5.01	9.79	0.77
Prepaid expenses	-	-	-	509.30	553.13	496.18
Balances with statutory authorities	-	-	-	616.07	303.89	1,579.96
Excise rebates / refunds receivable	-	-	-	1,996.37	1,918.80	5,475.45
Direct taxes refundable (net of provisions ₹25,595 Lacs, previous year ₹25,595 Lacs)	2,296.63	2,261.44	1,865.71	-	-	-
Payments under protest	426.51	484.07	409.04	-	-	-
Export benefits receivable	-	-	-	1,515.97	795.75	2,035.39
Other Receivables	-	-	-	59.14	-	-
	2,723.14	2,745.51	2,305.10	6,772.35	3,744.42	10,814.26

a) Detail of payments under protest is as follows:

(₹ in Lacs)

	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Entry Tax	197.22	308.54	237.62
Central Sales Tax	24.53	32.66	32.66
Excise duty/Service Tax	204.30	142.41	138.30
MPST/MPCT	0.46	0.46	0.46
	426.51	484.07	409.04

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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

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. The Company is in the process of reconciling / adjusting the same with the department. Necessary value adjustments shall be made on final settlement by the department.

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

Note : 13 Inventories (Valued at Lower of cost and Net Realizable Value) (₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Raw materials [Includes material in transit ₹2,226.46 lacs; Previous year: ₹762.89 lacs]	3,996.84	5,143.28	7,597.49
Finished goods (Refer Note (a))	6,501.88	15,574.56	13,393.09
Work-in-progress	11,845.08	12,886.93	21,416.64
Stores and Spares	3,431.94	3,509.79	4,219.05
[Includes stores in transit ₹29.85 ; Previous year : ₹10.48]			
Others (Refer note (b))	4.02	4.71	4.15
	25,779.76	37,119.27	46,630.41

a) Finished goods are written down from its cost to Net Realisable value by ₹384.51 lacs (Previous year ₹229.86 lacs).

b) Others include Renewable Energy Credits in hand.

Note : 14 Cash and Bank Balances (₹ in Lacs)

Particulars	Current		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Cash and cash equivalents			
Balances with banks			
In Current accounts	409.54	195.14	166.01
In Unpaid dividend account	196.42	225.40	223.72
Cheques, drafts on hand	216.32	82.78	5.69
Cash on hand (Including foreign currency notes)	5.28	11.41	14.39
Others	-	-	
Postage and Stamps	0.07	0.03	0.09
	827.63	514.76	409.90

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 15 Share Capital

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Authorised shares			
5,50,00,000 (Previous year 5,50,00,000) Equity Shares of ₹10/- each	5,500.00	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	1,500.00
	7,000.00	7,000.00	7,000.00
Issued, subscribed & fully paid-up			
3,99,59,142 (Previous year 3,99,59,142) Equity Shares of ₹10/- each	3,995.91	3,995.91	3,995.91
1,150 (Previous year 1,150) Forfeited Equity Shares	0.04	0.04	0.04
Total	3,995.95	3,995.95	3,995.95

Of the above

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

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

Particulars	2016-17		2015-16		2014-15	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
Equity Shares						
At the beginning of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91	3,99,59,142	3,995.91
Changes during the year	-	-	-	-	-	-
Outstanding at the end of the year	3,99,59,142	3,995.91	3,99,59,142	3,995.91	3,99,59,142	3,995.91

b) Terms/Rights attached to equity share

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 (if any) 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) Detail of Shareholders holding more than 5% Shares in the Company

Name of the Shareholder	As at 31 st March, 2017		As at 31 st March, 2016		As at 1 st April, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares						
Norbury Investments Limited	53,62,991	13.42	53,62,991	13.42	53,62,991	13.42
Microlight Investments Limited	46,65,579	11.68	46,65,579	11.68	46,65,579	11.68
Life Insurance Corporation of India	33,33,963	8.34	33,94,285	8.49	33,94,285	8.49
GPC Mauritius II LLC	28,93,888	7.24	28,93,888	7.24	28,93,888	7.24
Bharat Investments Growth Limited	26,09,598	6.53	26,09,598	6.53	26,09,598	6.53

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Note : 16 Other Equity**

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Capital Reserves			
Balance as per the last financial statements	3,138.24	3,138.24	3,138.24
Add: Additions during the year	-	-	-
Closing balance	3,138.24	3,138.24	3,138.24
Capital Redemption Reserve			
Balance as per the last financial statements	1,893.57	1,893.57	1,893.57
Add: Current year transfers	-	-	-
Closing balance	1,893.57	1,893.57	1,893.57
Securities Premium Account			
Balance as per the last financial statements	1,269.61	1,269.61	1,269.61
Add : Received during the year	-	-	-
Closing balance	1,269.61	1,269.61	1,269.61
Retained Earnings			
General Reserve			
Balance as per the last financial statements	39,823.38	39,823.38	39,433.36
Add: Transfer from Statement of Profit and Loss during the year	-	-	390.02
Closing balance	39,823.38	39,823.38	39,823.38
Surplus/(Deficit) balance in Statement of Profit and Loss			
Balance as per the last financial statements	41,978.84	44,488.44	41,722.51
Add: Amount transferred from Statement of Profit and Loss	(5,009.55)	(743.30)	3,252.76
Less: Adjustment of Depreciation (a)	-	(294.09)	-
Amount available for Appropriation	36,969.29	42,355.13	44,975.27
Add: Actuarial gain/(loss)	89.40	(33.71)	(96.82)
Less: Proposed Dividend	-	(1,198.77)	-
Less: Dividend distribution tax on Proposed Dividend	-	(239.72)	-
Less: Amount Transferred to General Reserve	-	-	390.02
Closing balance	37,058.69	41,978.84	44,488.44
Total	83,183.50	88,103.64	90,613.24
Add : Shares in reserves of associates			
(a) Opening balance	7,486.15	6,289.87	7,588.25
Add: Current year transfer	590.72	1,196.28	(1,298.38)
Less: written back in current year	-	-	-
Closing balance	8,076.87	7,486.15	6,289.87
Total	91,260.36	95,589.78	96,903.10

- (a) During the year company revised the useful life of its fixed assets in keeping with the provision of Schedule II. Accordingly, depreciation of ₹294.09 Lacs on account of assets whose useful life was already exhausted on 01st April, 2015 has been adjusted against reserves.

(b) NATURE & PURPOSE OF RESERVES**1) Capital Reserve:**

The Company created part of Capital Reserve on account of warrant money forfeited and part on profit made on hive off of Steel business .

2) Securities Premium Reserve:

Securities Premium reserve is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provision of the Companies Act 2013.

3) Capital Redemption Reserve:

The Company created Capital Redemption Reserve at the time of redemption of Preference Shares and buy back of its own shares. The reserve can be utilised for issuing bonus shares.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 17 Borrowings

(₹ in Lacs)

Particulars	Non Current Portion			Current maturities		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Term loans						
Secured						
Rupee Loans from Banks	4,600.00	5,775.00	12,500.00	6,427.91	1,925.00	2,261.56
Foreign currency Loans from Banks	-	9,880.33	12,692.08	7,203.09	8,582.51	5,070.27
Rupee Loans from others	8,964.06	-		-		1,500.00
"Amount disclosed under the head:- "Other Financial liabilities" (Note No-19)				(13,631.00)	(10,507.51)	(8,831.83)
Loans repayable on demand from banks						
- Secured				41,183.59	48,914.96	47,153.96
Working capital loans from banks						
- Unsecured						
Short term borrowings from banks				-	3,084.88	12,900.57
Total	13,564.06	15,655.33	25,192.08	41,183.59	51,999.84	60,054.53
Additional Information as per Schedule III						

Non-Current Borrowings

Particulars	Maturity date	Terms of Repayment	Interest Rate	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Secured						
Term loans						
Rupee loans from banks						
- Axis Bank	-	-	-		-	625.00
- Development Credit Bank	-	-	-		-	1,636.56
- IDBI bank	1 st October, 2017	2-Quarterly	BBR + 50 bps	3,850.00	7,700.00	7,700.00
- State bank of India	31 st August, 2017	2-Quarterly	BR + 1%	2,308.25	-	4,800.00
-ICICI Bank	30 th April, 2020	12-Quarterly	BR +.45%	4,869.65	-	-
				11,027.90	7,700.00	14,761.56
Foreign currency loans from banks						
- Kotak Mahindra bank	20 th November, 2017	3-Quarterly	6M Libor + 2.60%	2,411.50	4,212.08	4,258.35

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	Maturity date	Terms of Repayment	Interest Rate	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs	As at 01.04.2015 ₹ in lacs
- DBS-ECB	31 st May, 2017	1-Yearly	LIBOR + 2.30%	4,791.59	9,241.53	11,792.10
-DBS-ECB(FullyHedgedinINR)	-	-	-	-	-	1,711.90
- State Bank of India	31 st August, 2017	2-Quarterly	BR + 1%	-	5,009.23	-
				7,203.09	18,462.84	17,762.35
From Others						
Aditya Birla Finance Ltd	31 st March, 2023	20-Quarterly	BR + 2.30%	8,964.06	-	1,500.00
Total non current borrowings				27,195.06	26,162.84	34,023.91
Less: Current Maturities	-	-	-	13,631.00	10,507.51	8,831.83
Non Current borrowings (as per balance sheet)				13,564.06	15,655.33	25,192.08

Term Loans from Financial Institutions and Banks / other lending Institutions are/shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of Graphite & Thermal Power units at Mandideep and Hydel unit at Tawa Nagar ranking on pari- passu basis and hypothecation of all movable assets of the Company (except book debts) subject to prior charge of the company's bankers on specified movable assets in respect of working capital borrowings. (Refer Note No. 49 for carrying amount of assets pledged as security for borrowings.)

Current Borrowings

Particulars	Maturity date	Terms of Repayment	Interest Rate	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs	As at 01.04.2015 ₹ in lacs
Loans Repayable on Demand	Payable on Demand	Payable on Demand	At negotiated rates			
Secured				41,183.59	48,914.96	47,153.96
Working Capital from Banks						
Unsecured						
Short Term borrowing from Banks					3,084.88	12,900.57
Total				41,183.59	51,999.84	60,054.53

a) Working Capital Borrowings from Banks are secured by hypothecation of all stocks present and future, stores, spare parts, packing materials, raw materials, finished goods, goods in transit / process, book debts, outstanding monies receivable, claims, bills etc.

b) 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.

(Refer Note No. 49 for carrying amount of assets pledged as security for borrowings.)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 18 Trade Payables

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(A) Total outstanding dues of micro enterprises and small enterprises	157.14	200.39	-
(B) Total outstanding dues of Other Creditors	8,491.53	4,971.43	12,892.68
(C) Total outstanding dues of Other Creditors-Related Parties			
	8,648.67	5,171.82	12,892.68

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)

Particulars	As at 31 st Mar, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(1) Principal amount remaining unpaid as at end of the year	157.14	200.39	-
(2) Interest due on above	-	-	-
a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year(1+2)	157.14	200.39	-
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Note : 19 Other Financial Liabilities**

(₹ in Lacs)

Particulars	Non- Current			Current		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Security Deposits						
- From Outsiders	77.22	81.54	105.11			
Current maturities of Borrowings (Note-17)				13,631.00	10,507.51	8,831.83
Interest accrued but not due on borrowings				234.64	169.30	206.77
Unpaid dividends-Unclaimed*				196.42	225.40	223.72
Deposits from employees against various scheme				237.34	270.19	274.23
Other payables						
Employees Related				663.30	687.99	697.86
Others	43.63	43.34	44.19	3,240.58	3,123.58	3,380.89
	120.85	124.88	149.30	18,203.28	14,983.96	13,615.31

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

Note : 20 Provisions

(₹ in Lacs)

Particulars	Long Term			Short Term		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for employee benefits						
Compensated absences	342.95	306.59	300.26	70.47	106.08	59.67
Gratuity				-	70.62	45.90
Provision for wealth tax						10.50
Total	342.95	306.59	300.26	70.47	176.70	116.07

Note : 21 Deferred Tax Liabilities (Net)

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Deferred tax liabilities	11,780.93	10,936.52	10,337.54
Deferred tax assets	832.82	847.92	808.45
Net Liabilities of temporary differences (Refer Note 34)	10,948.11	10,088.59	9,529.09
Mat Credit Entitlement	(4,858.98)	(4,968.29)	(5,259.59)
Net Deferred tax Liability	6,089.12	5,120.30	4,269.50

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 22 Other Current Liabilities (₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Advance from Customers	500.45	65.86	125.45
Statutory dues payable (Including PF and TDS)	1,271.49	2,129.89	1,892.94
	1,771.94	2,195.75	2,018.39

Note : 23 Current Tax Liabilities (Net) (₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for Income Tax(Net of advance tax of ₹ Nil (₹425 Previous year)	-	-	63.18
	-	-	63.18

Note : 24 Revenue from Operations (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017		Year Ended 31 st March, 2016	
Sale of Products				
Manufactured goods				
Graphite Electrodes	85,226.17		88,073.46	
Power (Net of inter-divisional sales of ₹19,125.43 Lacs, Previous year ₹19,216.26 Lacs)	1,689.30	86,915.47	808.07	88,881.53
Other Operating Income				
REC sales	625.31		495.97	
Fly Ash Income	271.09		244.12	
Export Incentives	1,790.47		1,343.44	
		2,686.87		2,083.52
		89,602.34		90,965.05

Note : 25 Other Income (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Interest income		
-Income tax Refunds/Others	-	-
Other Interest Income	21.97	36.77
Accrued Redemption Premium on Non Trade Investment	-	-
Rent Receipts	54.68	19.75
Provision for diminution in value of Investment in Associates-written back	7.90	
Liabilities / provisions no longer required, written back	306.46	155.77
Profit on sale of Fixed Assets	-	-
Miscellaneous Sales / Receipts	321.80	198.29
	712.81	410.58

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Note : 26 Cost of Material Consumed** (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017		Year Ended 31 st March, 2016	
Raw Material Consumed				
Opening Stock	4,380.39		6,345.58	
Add : Purchases	30,374.87		31,258.84	
	34,755.26		37,604.42	
Less: Closing Stock	1,770.38		4,380.39	
Cost of Material Consumed		32,984.88		33,224.03

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.

Note : 27 Purchase of Stock-in-trade (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017		Year Ended 31 st March, 2016	
Raw Material Consumed				
Opening Stock	-		-	
Add : Purchases	1,292.60		-	
	1,292.60		-	
Less: Closing Stock	-		-	
Cost of Material Consumed		1,292.60		-

Note : 28 Changes in inventories of finished goods, Work-in-progress and Stock-in-trade (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Inventories (At close)		
Finished Goods	6,501.88	15,574.56
Work-in-progress	11,845.08	12,886.93
	18,346.96	28,461.49
Inventories (At opening)		
Finished Goods	15,574.56	13,393.09
Work-in-progress	12,886.93	21,416.64
	28,461.49	34,809.73
(Increase) / Decrease#	10,114.53	6,348.24

Finished goods are written down from its cost to Net Realisable value by ₹384.51 lacs (Previous year ₹229.86 lacs).

Note : 29 Employee Benefit Expense (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Salaries and Wages	4,611.56	4,895.39
Contribution to Provident and other Funds	761.82	743.03
Staff Welfare	512.78	619.67
	5,886.16	6,258.10

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 30 Finance Cost (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Interest Expense		
Term Loans#	1,797.24	1,694.47
Working Capital Borrowings	3,510.63	2,744.83
Applicable loss on foreign currency transaction and translation	43.43	1,557.42
Interest Cost on Actuarial Valuation of Retirement Benefits	38.66	32.34
Others	81.80	2.24
	5,471.76	6,031.30

#Interest Expenses are net of Interest Capitalised of ₹35.31 Lacs (Previous Year ₹123.01 Lacs)

Note : 31 Depreciation and Amortisation (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Depreciation of tangible assets*	7,388.59	7,920.83
Amortisation of intangible assets	3.14	9.19
	7,391.73	7,930.02

* Refer note 4 (c) & 4 (d)

Note : 32 Excise Duty (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Excise Duty on finished goods	3,598.07	4,014.82
	3,598.07	4,014.82

Note : 33 Other Expenses (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Consumption of stores and spare parts(Including Refractory Blocks)	6,901.90	6,716.61
Job/Process Charges	231.96	243.11
Power & fuel	26,323.08	23,985.49
Less: Interdivisional Purchases	(19,125.43)	(19,216.26)
Repairs and maintenance		
Plant & Machinery	2,474.72	3,119.74
Building	342.57	442.35
Others	538.93	601.62
Insurance	265.37	302.71
Rent (Refer Note 41)	94.79	94.02
Rates and taxes, excluding taxes on income	109.79	72.13
Directors' sitting fees & incidental expenses	56.24	49.82
Freight & forwarding	5,691.86	6,244.79
Packing Expenses (including Packing material consumption)	1,333.67	1,261.80
Commission	861.01	704.85
Claims, Rebates and Discount	120.03	
Donations	0.05	3.96

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Power generation charges	223.51	140.76
Travelling Expenses	313.50	328.90
Postage & Communication	94.72	64.58
Payment to auditors(Refer details below*)	20.05	26.47
Expenditure on CSR Activities (Refer Note 43)	31.40	209.72
Legal & Professional Expenses	517.57	498.34
Vehicle Running & Maintenance	77.09	143.54
Provision for doubtful debts & advances	327.48	623.89
Bad debts	60.41	48.68
Duties and taxes	(870.38)	682.13
Loss on sale/discard of fixed assets	54.94	36.98
Foreign Currency Fluctuation	(51.87)	(358.77)
Miscellaneous Expenses	641.67	401.33
	27,660.63	27,473.30

*Payments to the statutory auditors (excluding service tax)

(₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
As auditor		
Statutory audit	14.00	18.00
Other Services		
Management Services	2.00	2.00
Certification fees	0.35	0.18
Reimbursement of expenses	3.70	6.29
	20.05	26.47

Note : 34 Tax Expense

(₹ in Lacs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
A) Tax Expense Recognised in Profit and Loss		-
1) Current Tax		-
Income tax		
Income tax -previous Year	112.13	279.61
2) Deferred tax	812.20	571.17
B) Tax Expense on Other Comprehensive Income		
1) Current Tax	-	-
2) Deferred tax	47.31	(11.67)
Total	971.65	839.12

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

a) Effective Tax Reconciliation

Numerical reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

Particulars	Details Year Ended 31.03.2017		Details Year Ended 31.03.2016		Year ended 31.03.2017 ₹ in lacs	Year ended 31.03.2016 ₹ in lacs
Accounting profit before tax from continuing operations					(3,948.50)	62.11
Profit/Loss before tax from a discontinued operation					-	-
Accounting Profit before Income Tax					(3,948.50)	62.11
At India's statutory income tax rate of 30%					34.608%	34.608%
Tax as per accounting profit					-	21.50
Tax impact of amounts which are not deductible in calculating taxable income:						
Donation					0.02	1.37
Revaluation in Investment					(2.73)	2.12
Expense claimed in previous year					282.22	-
Loss/(Gain) on sale of asset					(19.02)	12.80
Professional Tax						(0.01)
Interest on TDS					28.31	0.01
CSR Expenditure					1.09	72.58
Research & Development					(58.45)	(39.03)
Tax losses for which no deferred tax was recognised					382.07	584.80
Adjustment for Income Tax related to previous year					112.13	279.61
Difference in deferred of ITR and accounts					246.01	(96.62)
	As per ITR	As per Books	As per ITR	As per Books		
Depreciation	(744.14)	(842.32)	(435.03)	(599.99)		
Provision for Doubtful Debts	113.34	113.34	215.92	215.92		
Leave Encashment		(10.23)	18.49	21.99		
Bonus	17.30	(13.02)	(5.82)	49.85		
Commercial Tax			6.39	-		
Entry Tax			(67.61)			
43B -Other as per tax audit report		(76.49)		108.03		
Water Charges			(0.08)	-		
Others		(30.79)	(33.08)			
					971.65	839.11
Less: MAT credit						-
Income Tax Expenses reported in the statement of Profit & Loss					971.65	839.11

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**b) Deferred tax relates to the following****(i) Balance Sheet:**

Particulars	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs
Depreciation	(11,593.85)	(10,751.53)
Provisions for Doubtful Debt	504.49	391.15
43B-Other as per tax audit report	296.52	370.79
43B-Tentative figure	15.08	17.30
Prov for leave encashment (2015-16)	11.75	21.99
Prov for bonus (2015-16)	36.83	49.85
Closing inventories	(65.56)	(1,695.67)
Trade receivables	90.95	1,807.07
Freehold Land		
Leasehold Land	(187.08)	(184.99)
Prepaid Expense	(56.60)	(97.99)
Commission Payable	(0.64)	(16.58)
Deferred tax asset/(liability)	(10,948.11)	(10,088.59)

(ii) Recognised in statement of profit or loss

Particulars	Year ended 31.03.2017 ₹ in lacs	Year ended 31.03.2016 ₹ in lacs
Depreciation	842.32	599.99
Provisions for Doubtful Debt	(113.34)	(215.92)
43B -Other as per tax audit report	74.26	(134.48)
43B -Tentative figure	2.22	26.46
Prov for leave encashment (2015-16)	10.23	(21.99)
Prov for bonus (2015-16)	13.02	(49.85)
Closing inventories	(1,630.11)	(533.20)
Trade receivables	1,716.12	932.96
Leasehold Land	2.09	(0.98)
Prepaid Expense	(41.39)	(41.27)
Commission Payable	(15.94)	(2.21)
Net (income) / expense	859.52	559.51

c) Reconciliation of Deferred tax asset/(liability)

Particulars	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs
Opening balance of 1 st April 2015	(10,088.59)	(9,529.09)
Tax income/(expense) during the period recognised in profit or loss	(859.52)	(559.51)
Closing balance	(10,948.11)	(10,088.59)

d) Items on which Deferred Tax Asset has not been created

Particulars	As at 31.03.2017 ₹ in lacs	As at 31.03.2016 ₹ in lacs
Business Losses	382.07	584.80

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 35 Other Comprehensive Income (₹ in Lacs)

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
-Actuarial Gain / (Loss) on Provision of Retirement Benefits	136.72	(33.71)
	136.72	(33.71)

Note : 36 Earning per share (₹ in Lacs)

Particulars	Year ended 31.03.2017 ₹ in Lacs	Year ended 31.03.2016 ₹ in Lacs
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of basic EPS)	(4,418.82)	441.32
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of diluted EPS)	(4,418.82)	441.32
Weighted average number of equity shares in calculating basic EPS	3,99,59,142	3,99,59,142
Effect of dilution:		
Weighted average number of equity shares in calculating diluted EPS	3,99,59,142	3,99,59,142
Basic earning per share	(11.06)	1.10
Diluted earning per share	(11.06)	1.10

Note : 37 Segment Reporting

The Company's Chief Operational Decision Makers consisting of chief executive officer and chief finance officer examines the company's performance both from product and geographic perspective and has identified two segments, i.e., Graphite electrodes and power. The business segments are monitored separately for the purpose of making decisions about resource allocation and performance assessment.

The Reportable Segments are:

- Graphite Electrodes - The segment comprises of manufacturing of graphite electrodes
- Power Generation - The segment comprises of generation of power for captive consumption and sale.

Segment Measurement

The measurement principles for segment reporting are based on Ind AS 108. Segment's performance is evaluated based on segment revenue and profit and loss from operating activities. Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the segment results of each respective segment.

Sales between segments are carried out at arm's length price and are eliminated on consolidation.

1) Segment Revenue :

Particulars	Graphite		Power		Unallocable items/ Others		Company Total	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
a) Segment Revenue								
External Turnover	87,024.73	89,412.73	21,693.34	20,764.41	9.69	4.16	1,08,727.76	1,10,181.30
Less: Inter Segment turnover	-		19,125.43	19,216.26	-	-	19,125.43	19,216.26
Turnover	87,024.73	89,412.73	2,567.91	1,548.15	9.69	4.16	89,602.34	90,965.04

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	Graphite		Power		Unallocable items/ Others		Company Total	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
b) Segment Result before Interest & taxes	(7,551.79)	(2,822.90)	9,059.88	8,930.23	15.17	(13.91)	1,523.26	6,093.41
Less: Financial Expenses							5,471.76	6,031.30
Profit Before Tax							(3,948.50)	62.11
Less: Income Tax (including Deffered tax)							971.65	839.12
Net Profit for the year							(4,920.15)	(777.01)

2) Secondary Revenue (By Geographical Location) :

Particulars	Within India		Outside India		Total	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
a) Segment Revenue	35,698.06	36,498.45	53,904.27	54,466.59	89,602.34	90,965.04

3) Segment Assets & Liabilities :

Particulars	Graphite			Power			Unallocable items/ Others			Company Total		
	FY 2016-17	FY 2015-16	FY 2014-15	FY 2016-17	FY 2015-16	FY 2014-15	FY 2016-17	FY 2015-16	FY 2014-15	FY 2016-17	FY 2015-16	FY 2014-15
Segment Assets	1,44,174.83	1,53,390.89	1,77,746.31	17,083.18	18,638.00	19,927.16	15,916.25	15,805.75	15,606.90	1,77,174.28	1,87,834.65	2,13,280.37
Segment Liabilities	59,062.80	66,128.22	81,418.44	3,187.36	2,969.55	2,600.72	512.64	529.27	628.83	62,762.80	69,627.04	84,647.99
Capital Exp. incurred during the year	290.74	2,857.55	2,918.72	5.86	7.22	156.42	334.28	301.56	63.05	630.88	3,166.33	3,138.19
Depreciation	6,080.03	6,557.95	6,112.33	1,273.56	1,336.23	1,386.53	38.13	35.84	36.70	7,391.72	7,930.02	7,535.56

4) Details of Unallocated Items

Segment Assets	FY 2016-17	FY 2015-16	FY 2014-15
Fixed Assets	523.94	455.55	204.06
Investments	14,983.78	14,975.88	14,981.88
Inventories	8.76	2.27	3.40
Sundry Debtors	3.96	2.24	2.36
Cash & Bank Balances	352.58	335.85	286.68
Loans & Advances	43.31	33.97	128.51
Segment Liabilities	FY 2016-17	FY 2015-16	FY 2014-15
Deferred Tax Liability	6.75	6.21	1.20
Other Liabilities	505.88	529.06	627.63

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

5) The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is as follows:

Revenue from External Customers	FY 2016-17	FY 2015-16
India	35,698.06	36,498.45
Saudi Arabia	1,935.71	7,796.89
USA	2,881.71	7,799.65
Iran	5,281.20	3,331.28
Korea (South)	5,663.22	3,263.31
Turkey	4,078.86	1,448.95
Others*	34,063.58	30,826.51
Total	89,602.34	90,965.04

*Others includes revenue from countries having less than 10% of total revenue from outside India.

Note : 38 Commitment and Contingencies

Particulars	As at 31 st Mar, 2017	As at 31 st March, 2016
For Taxation matters		
a) Excise duty under appeal	235.73	264.12
b) Service Tax	1,958.27	2,095.55
c) Income Tax	7,691.21	7,465.93
d) Sales Tax	445.67	552.37
Other than Taxation matters		
a) Electricity Charges	5,530.99	5,276.36
b) RPO Obligation (Net of REC certificate benefit Current year ₹1079.18 Lacs and previous year ₹963.80)	479.21	372.54
c) Parallel Operation Charges	198.54	141.03
Labour related matters	40.10	38.10

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.

2) Commitment Outstanding

Particulars	As at 31 st Mar, 2017	As at 31 st March, 2016
a) Estimated value of contracts remaining to be executed on capital account and not provided for [(net of advances of NIL, (previous year ₹30.35 Lacs.))]	-	-

3) Financial Guarantee

Particulars	As at 31 st Mar, 2017	As at 31 st March, 2016
The Company has with RSWM Ltd on joint and several basis provided Guaranyee in favor of International Finance Corporation (IFC) on behalf of M/s AD Hydro Power Ltd.*	600.00	600.00

*Refer note no 39(d) for relation of parties involved.

Note - Since the loss allowance was estimated to be nil, the guarantee is not recognised in the books.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Note : 39 Related Party Disclosure****A. Names of related parties where control exists and with whom transactions have taken place during the year**

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
A) Subsidiary	(i) HEG Graphite Products & Services Ltd.	(i) HEG Graphite Products & Services Ltd.
B) Associates and joint ventures	(i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd	(i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd
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. Jhunjunwala Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala	Sh. L.N. Jhunjunwala Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala
D) Key Management Personnel and their relatives	Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala Sh. Raju Rustogi Sh. Ashish Sabharwal Sh. D S Ravindra Raju	Sh. Ravi Jhunjunwala Sh. Riju Jhunjunwala Sh. Raju Rustogi Sh. Ashish Sabharwal
E) Trust Under Common Control	(a) Hindustan Electro Graphites Staff Gratuity Fund Trust (b) Hindustan Electro Graphies Officers Contributory P.F. Trust (c) Hindustan Electro Graphites Ltd Senior Executive Superannuation Fund Trust	(a) Hindustan Electro Graphites Staff Gratuity Fund Trust (b) Hindustan Electro Graphies Officers Contributory P.F. Trust (c) Hindustan Electro Graphites Ltd Senior Executive Superannuation Fund Trust
F) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.	RSWM Ltd Malana Power Company Ltd Aadi Marketing Company Pvt Ltd AKJ Apparels Pvt Ltd Bhilwara Energy Ltd Bhilwara Services Pvt Ltd Captain Trade & Agencies Pvt Ltd Essay Marketing Company Ltd RANDR Trustee Pvt Ltd Raghav Knits & Textile Pvt Ltd Redrose Vanijya Pvt Ltd RLJ Family Trusteeship Pvt Ltd RRJ Family Trustee Pvt Ltd Shrasti Marketing Pvt Ltd SKLNJ Family Trustee Pvt Ltd	RSWM Ltd Malana Power Company Ltd Aadi Marketing Company Pvt Ltd Bhilwara Energy Ltd Bhilwara Services Pvt Ltd Essay Marketing Company Ltd Glorious Commodeal Pvt Ltd Giltedged Industrial Securities Ltd India Texfab Marketing Ltd Investors India Ltd Kalati Holdings Pvt Ltd LNJ Financial Services Ltd Modify Distributors Pvt Ltd Nikita Electrotrades Pvt Ltd Nivedan Vanijya Niyojan Ltd

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	As at 31 st Mar, 2017	As at 31 st March, 2016
	Zongoo Commercial Company Pvt Ltd	Purvi Vanijya Niyojan Ltd
	Giltedged Industrial Securities Ltd	Raghav Commercial Ltd
	Purvi Vanijya Niyojan Ltd	Raghav Knits and Textiles Pvt Ltd
	Shashi Commercial Co Ltd	Shashi Commercial Co Ltd
		Veronia tie-up Pvt Ltd
		Zongoo Commercial Co. Pvt Ltd

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

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
1 With parties referred to in (A) above.		
(i) Investment in Equity of HEG Graphite Products and Services Limited	2.55	2.88
2 With parties referred to in (B) above.		
(i) Investment in Equity of Bhilwara Energy Limited	14,506.88	14,506.88
(ii) Conversion of Preference Shares of BEL into Equity Shares		-
(iii) BEL Rights Issue Subscription		
(iv) Investment in Equity of Bhilwara Infotechnolgy Limited	419.00	419.00
3 With parties referred to in (C) above.		
(i) Sitting Fees paid to		
- Sh. Riju Jhunjhunwala-Director	4.20	4.00
(ii) Remuneration paid to		
- Sh. Ravi Jhunjhunwala-CMD		
Salaries & Allowances(Including Perquisites)	201.11	61.53
Contribution to PF & Superannuation	32.40	10.67
(iii) Compensation for Equilisation of Cost of BEL shares to HEG		-
Remuneration does not Include provisions made for gratuity and leave benefits, as they are determined on an actural basis for the company as a whole		
4 With parties referred to in (D) above.		
(i) Remuneration paid to		
- Sh. Ravi Jhunjhunwala-CMD		
Salaries & Allowances (Including Perquisites)	201.11	61.53
Contribution to PF & Superannuation	32.40	10.67
Commission (Provision)	-	
- Sh. Raju Rustogi-CFO & COO	71.84	73.35
- Sh. Ashish Sabharwal-CS	39.15	40.39
- Sh. D S Ravindra Raju-ED	35.57	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
Remuneration does not Include provisions made for gratuity and leave benefits, as they are determined on an actural basis for the company as a whole		
5 With parties referred to in (E) above.		
(a) Trust for post-employment benefit plan		
i) Superannuation Trust		
- Payment of superannuation contribution by company	179.23	169.34
- Payment received from trust	62.52	4.44
ii) Gratuity Trust		
- Payment of gratuity contribution by company	-	45.90
- Payment received from trust	3.18	1.55
iii) PF Trust		
- Payment of PF contribution by company	58.20	53.90
- Payment received from trust	-	-
6 With parties referred to in (F) above.		
(a) Rent Received		
-RSWM Ltd	11.91	11.24
(b) Rent Paid		
-RSWM Ltd	49.63	50.92
-Shashi Commercial Co. Ltd.	31.30	30.27
-Purvi Vanijaya Niyojan Ltd.	3.46	3.17
-Giltedged Industrial Securities Ltd.	21.42	19.61
c) Reimbursement of Expenses incurred by Company		-
-Malana Power Co.Ltd.	1.84	5.76
-RSWM Ltd	41.99	65.97
-Raghav Commercial Ltd.		0.13
-Bhilwara Energy Ltd.	0.03	0.58
d) Reimbursement of Expenses incurred on behalf of company		
-RSWM Ltd	156.43	291.43

C. Details of Outstanding Balance

(₹ in Lacs)

Sl. No.	Related Party	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1	RSWM Ltd	0.18	0.03	0.03
2	Bhilwara Energy Ltd	0.11	0.11	0.11
3	Malana Power Co.Ltd.	1.69	-	-
	Total	1.98	0.14	0.14

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

D. Commitments with Related Parties

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
The Company has with RSWM Ltd. on joint and several basis provided guarantee in favour of International Finance Corporation (IFC) on behalf of Ad Hydro power Ltd.	600.00	600.00	600.00

E. Key Managerial Person

(₹ in Lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Short term benefits	329.35	172.36	463.14
Post employee benefits*	54.93	17.58	41.99
Total	384.29	189.94	505.13

*Remuneration does not include provisions made for gratuity and leave benefits, as they are determined on actuarial basis for the Company as a whole.

Note : 40 Employee Benefit Expenses

Defined Contribution Plan

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

(₹ in Lacs)

	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Employer's contribution to Provident Fund	220.70	247.47	211.84
Employer's contribution to Superannuation Fund	165.90	171.01	164.16
Employer's contribution to ESI	21.90	38.88	36.16

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, ICICI Prudential Life Insurance Company Ltd and Reliance Insurance Company Ltd.

The Following table summarizes the components of net benefit expense recognised in the statement of profit and loss and the funded status amounts recognised in the balance sheet:

Particulars	Gratuity (Funded) FY 2016-17	Gratuity (Funded) FY 2015-16	Leave Encashment (Unfunded) FY 2016-17	Leave Encashment (Unfunded) FY 2015-16
I. Change in Defined Benefit Obligation (DBO):	1,100.22	988.50	412.67	359.92
1. Interest Cost	88.02	79.08	33.01	28.79
2. Current Service Cost	63.87	60.14	35.41	37.02
3. Benefits paid	(3.19)	(1.55)	(59.61)	(38.30)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	Gratuity (Funded) FY 2016-17	Gratuity (Funded) FY 2015-16	Leave Encashment (Unfunded) FY 2016-17	Leave Encashment (Unfunded) FY 2015-16
4. Actuarial Changes	(114.24)	(25.95)	(8.06)	25.23
Present Value of Defined benefit obligation at the end of the year	1,134.68	1,100.22	413.42	412.67
II. Change in Fair Value of Assets:				
Plan Assets at the beginning of the year:	1,029.60	944.15	-	-
1. Expected Return	96.78	41.10	-	-
2. Actual Company Contribution	70.62	45.90	-	-
4. Benefits paid	(3.19)	(1.55)	-	-
Plan Assets at the end of the year	1,193.82	1,029.60	-	-
III. Net Assets/(liability) recognized in Balance Sheet:				
1. Present value of Defined Benefit Obligation	1,134.68	1,100.22	413.42	412.67
2. Fair Value on Plan Assets	1,193.82	1,029.60	-	-
Net Assets/(Liability) recognized in balance sheet (2-1)	59.14	(70.62)	413.42	412.67
IV. Expenses recognised in Profit & Loss A/c:				
Current Service Cost	63.87	60.14	35.41	37.05
Net Interest on net defined benefit liability / (asset)	5.65	3.55	33.01	28.75
Income recognized in the Income Statement	69.52	63.69	68.43	65.80
V. Recognised in other comprehensive income for the year				
1. Actuarial changes arising from changes in demographic assumptions	-	-	-	-
2. Actuarial changes arising from changes in financial assumptions	(49.04)	64.65	(11.24)	13.65
3. Actuarial changes arising from changes in experience adjustments	163.29	(38.70)	19.30	(38.88)
4. Return on plan assets excluding interest income	14.41	(34.43)	-	-
5. Recognised in other comprehensive income	128.66	(8.48)	8.06	(25.23)
VI. The major categories of plan assets as a percentage of the fair value of total plan assets :				
Insurer Management Fund	100%	100%	100%	100%
VII. Actuarial Assumptions:				
Discount Rate	7.35	8.00	7.35	8.00
Salary escalation	5.50	5.50	5.50	5.50
Retirement age	58/60	60	58/60	58/60
Mortality Rate during employment	100% of ALM (2006-08)	100% of ALM (2006-08)	100% of ALM (2006-08)	100% of ALM (2006-08)
VIII. Withdrawal rates:				
Age:				
Upto 30 years	3.00	3.00	3.00	3.00
From 31 to 44 years	2.00	2.00	2.00	2.00
Above 44 years	1.00	1.00	1.00	1.00

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

IX. Maturity profile of Defined Benefit Obligation

S. no.	Year	Amount (₹ in Lacs) (Gratuity)	Amount (₹ in Lacs) (EL)
a)	April 2017- March 2018	128.78	70.47
b)	April 2018- March 2019	17.58	19.80
c)	April 2019- March 2020	55.19	21.29
d)	April 2020- March 2021	109.60	18.26
e)	April 2021- March 2022	94.70	17.37
f)	April 2022- March 2023	71.14	26.79
g)	April 2023 onwards	657.69	239.43

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note : 41 Leases

The Company had entered into operating leases on premises. These leasing arrangements are cancellable, range between 3 to 5 years and usually renewable by mutual consent on mutually agreeable terms.

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Rent Paid	94.79	94.02	89.83

Note : 42 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 : 43 Corporate Social Responsibility (CSR)

(a) Gross amount required to be spent by the company during the year ₹97.73 Lacs (₹181.14 Lacs)

(b) Amount spent during the year on :

CSR Activities	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any assets	-	-	-
	(156.00)	-	(156.00)
(ii) On purpose other than (i) above	31.40	-	31.40
	(53.72)	-	(53.72)

(Figures in brackets pertain to 2015-16)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Note : 44 Capitalization of Pre-Operative Expenditure** (₹ in Lacs)

The following expenditure has been capitalised / included under Capital work in progress:	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Insurance Expenses	0.51	2.03
Financial Expenses - Interest on term loans	423.80	1,684.12
Administrative Overheads & Other Cost	132.07	524.81
Foreign currency fluctuation	151.10	1,565.39
Total	707.48	9,678.68
The same has been capitalised / is lying under Capital work in progress as under:		
Building		-
Plant & Machinery	707.48	3,004.24
Capital work in progress		772.11
Total	707.48	9,678.68

Note : 45 Details of Loans given, Investments made and Guarantee given covered u/s 186(4) of the companies act, 2013

	Amount Outstanding As at 31 st March, 2017	Amount Outstanding As at 31 st March, 2016
Loan given		
Guarantee given	600 Lacs	600 Lacs
Investment made	14,983.79 Lacs	14,975.88 Lacs

Loan, guarantee and investments made during the Financial Year 2016-17.

The Company has not given any Loan, Guarantee and not made any investments during the financial year 2016-17.

Note : 46 Financial Risk Management and Risk Policies (₹ in Lacs)

The company is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

(A) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The company is exposed to interest rate risk on variable rate long term borrowings.

(i) Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD, EURO.

a) Foreign currency forward contracts outstanding as at the balance sheet date. (₹ in Lacs)

Category	Currency	Nature	As at 31 st March, 2017		As at 31 st March, 2016		As at 31 st March, 2015		Purpose
			(Millions)	(INR)	(Millions)	(INR)	(Millions)	(INR)	
Plain Vanilla Forwards (Sold)	USD/INR	Sold	10.00	6,889.00	2.10	1455.83	5.60	3,630.69	Hedging
Plain Vanilla Forwards (Bought)	USD/INR	Bought	0.70	474.11			3.15	1,992.47	Hedging
Plain Vanilla Forwards (Bought)	USD/INR	Bought	10.56	6,989.17					
Plain Vanilla Forwards	EURO/USD	Sold	4.50	USD 1.0824	1.00	USD 1.11 Mn	1.50	USD 1.85 Mn	Hedging
Cross Currency Forward	EURO/INR	Sold					3.00	2,454.89	Hedging
USD-INR Cross Currency Swap	USD						3.40	1711.9	Hedging

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

b) Particulars of foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

Particulars	Currency	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
		Amount in INR (₹ in Lacs)	Amount in INR (₹ in Lacs)	Amount in INR (₹ in Lacs)
Financial Liabilities				
Secured Loan	USD	2,766.09	23,240.00	39,646.00
	Euro		5,939.26	3,128.52
	GBP			-
Unsecured Loan	USD		3,084.88	8,791.53
	EURO			-
Creditors (Net of Advances)	USD	4,928.66	2,746.73	8,211.67
	Euro	122.39	156.44	130.07
	GBP			
Other payables	USD	551.00	2,851.89	632.84
	Euro	364.02	1,724.40	383.98
Net exposure to foreign currency risk (laibilities)	USD	8,245.75	31,923.51	57,282.04
Net exposure to foreign currency risk (laibilities)	Euro	486.41	7,820.10	3,642.57
Net exposure to foreign currency risk (laibilities)	GBP	-	-	-
Debtors (Net of Advances)	USD	10,577.07	9,722.86	14,746.30
	Euro	4,556.28	4,823.55	6,674.90
	GBP		-	272.75
	CAD	-	3.59	-
Net exposure to foreign currency risk (assets)	USD	10,577.07	9,722.86	14,746.30
Net exposure to foreign currency risk (assets)	Euro	4,556.28	4,823.55	6,674.90
Net exposure to foreign currency risk (assets)	GBP	-	-	272.75
Net exposure to foreign currency risk (assets)	CAD	-	3.59	-

(c) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

The following table demonstrates the sensitivity in the USD and Euro to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

Particulars	Impact on Profit		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
USD Sensitivity			
Increase by 5%	-154.80	-47.74	-409.55
Decrease by 5%	154.80	47.74	409.55
EURO Sensitivity			
Increase by 3.5%	50.19	-71.65	91.28
Decrease by 3.5%	-50.19	71.65	-91.28

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

(a) Interest Risk Exposure:

The exposure of the company's borrowings to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Variable Rate Borrowings	68,378.65	78,162.67	94,078.44
Fixed Rate Borrowings	-	-	-
Total Borrowings	68,378.65	78,162.67	94,078.44

As at the end of the reporting period, the company has the following variable rate borrowings outstanding:

Particulars	As at 31 st March, 2017			As at 31 st March, 2016			As at 1 st April, 2015		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Term loans from banks and other parties	8.19%	27,195.06	39.77	5.90%	26,162.84	33.47	6.12%	34,023.91	36.17
Working Capital Loans from banks	7.79%	41,183.59	60.23	4.88%	51,999.84	66.53	7.27%	60,054.53	63.83
Total	7.95%	68,378.65	100	5.24%	78,162.67	100	6.84%	94,078.44	100

An analysis of the maturities is provided in note - 46(C) below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total

(b) Sensitivity:

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on Profit		
	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Interest Rate - increase by 60 basis points	-251.13	-289.40	-360.71
Interest Rate - decrease by 60 basis points	251.13	289.40	360.71

(iii) Price risk:

The company is not exposed to any price risk as there is no investment in equities outside the group and the company doesn't deal in commodities.

(B) Credit Risk:

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, unsecured loan to subsidiary company and other financial instruments.

To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

(a) Expected Credit Loss for Financial Assets

For the year ending 31st March 2017

Financial assets to which loss allowance is measured using 12 months Expected credit loss(ECL)	Gross Carrying Amount	Expected Probability of Default	Expected Credit Loss	Carrying amount net of impairment provision
Loans to Employees	183.14	0%	-	183.14
Security Deposits	201.36	0%	-	201.36
Other Financial Assets	134.90	0%	-	134.90

Financial assets to which loss allowance is measured using lifetime Expected credit loss (ECL)	Not Due	Less than 12 months	12 to 15 months	15 to 18 months	18 to 21 months	21 to 24 months	More than 24 months	Total
Trade Receivables-								
Other than ECGC	17,813.36	14,954.59	1,313.97	937.11	407.84	499.28	551.11	36,477.27
Due under ECGC							843.45	843.45
Expected Loss Rate			10%	20%	30%	50%	100%	
Expected Credit Losses	0.00	0.00	131.40	187.42	122.35	249.64	551.11	1,241.92
Carrying amount of Trade receivables	17,813.36	14,954.59	1,182.58	749.69	285.49	249.64	843.45	36,078.79

For the year ending 31st March 2016

Financial assets to which loss allowance is measured using 12 months Expected credit loss (ECL)	Gross Carrying Amount	Expected Probability of Default	Expected Credit Loss	Carrying amount net of impairment provision
Loans to Employees	221.95	0%	-	221.95
Security Deposits	394.79	0%	-	394.79
Other Financial Assets	51.63	0%	-	7.86

Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL)	Not Due	Less than 12 months	12 to 15 months	15 to 18 months	18 to 21 months	21 to 24 months	More than 24 months	Total
Trade Receivables-								-
Other than ECGC	17,733.67	11,429.34	1,671.04	496.59	644.41	580.37	380.31	32,935.74
Due under ECGC	0.00	0.00	0.00	0.00	0.00	0.00	42.99	42.99
Expected Loss Rate			10%	20%	30%	50%	100%	
Expected Credit Losses	0.00	0.00	167.11	99.32	193.32	290.19	380.31	1,130.24
Carrying amount of Trade receivables	17,733.67	11,429.34	1,503.94	397.27	451.09	290.19	42.99	31,848.49

For the year ending 1st April 2015:

Financial assets to which loss allowance is measured using 12 months Expected credit loss(ECL)	Gross Carrying Amount	Expected Probability of Default	Expected Credit Loss	Carrying amount net of impairment provision
Loans to Employees	401.70	0%	-	401.70
Security Deposits	543.40	0%	-	543.40
Other Financial Assets	93.37	0%	-	93.37

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL)	Not Due	Less than 12 months	12 to 15 months	15 to 18 months	18 to 21 months	21 to 24 months	More than 24 months	Total
Trade Receivables-								
Other than ECGC	18,973.46	14,786.04	394.90	280.11	280.09	107.50	273.06	35,095.16
Due under ECGC	-	-	47.44	48.08	334.27	-	-	429.79
Expected Loss Rate			10%	20%	30%	50%	100%	
Expected Credit Losses	-	-	39.49	56.02	84.03	53.75	273.06	506.35
Carrying amount of Trade receivables	18,973.46	14,786.04	402.85	272.17	530.33	53.75	0.00	35,018.60

Provisioning Norms of Debtors

Ageing of debtor on the basis of invoice date	Provision in %
Upto 12 Months	Nil
12 to 15 months	10%
15 to 18 months	20%
18 to 21 months	30%
21 to 24 months	50%
More than 24 months	100%

(b) Reconciliation of loss allowance provision - Trade receivables

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

Particulars	Amount
As at 01-04-2015	506.35
Provided during the year	623.89
Amounts written off	-
Reversal of provisions	-
Unwinding of discounts	-
Transferred on account of demerger	-
As at 31-03-2016	1130.24
Provided during the year	327.49
Amounts written off	-
Reversal of provisions	-
Unwinding of discounts	-
Transferred on account of demerger	-
As at 31-03-2017	1,457.73

(C) Liquidity Risk:

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

As at 31-03-2017	Less than 3 months	3 to 6 months	6-12 months	12 months to 3 years	More than 3 years	Total
Borrowings (Non-Current)				6,841.02	6,723.05	13,564.06
Borrowings (Current)	22,454.56	15,976.79	1,418.01	1,334.23		41,183.59
Trade payables	4,967.99	3,680.57	-	-	-	8,648.56
Other financial liabilities	10,244.57	4,724.56	2,986.59	251.25	117.25	18,324.13
As at 31-03-2016	Less than 3 months	3 to 6 months	6-12 months	12 months to 3 years	More than 3 years	Total
Borrowings (Non-Current)				15,655.33		15,655.33
Borrowings (Current)	34,868.95	15,735.05	1,395.85			51,999.85
Trade payables	2,470.06		2,701.66			5,171.71
Other financial liabilities	8,284.62	1,123.91	5,423.97	154.72	121.64	15,108.85
As at 01-04-2015	Less than 3 months	3 to 6 months	6-12 months	12 months to 3 years	More than 3 years	Total
Borrowings (Non-Current)				25,192.08		25,192.08
Borrowings (Current)	35,491.54	23,574.37	988.60			60,054.51
Trade payables	3,482.41		9,410.15			12,892.56
Other financial liabilities	8,434.83	1,698.88	3,241.88	241.85	147.16	13,764.60

Unused line of credit ₹8,069 Lacs

Note : 47 Capital Management

(a) Risk Management

The Company's objective when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(i) The gearing ratios were as follows:

Particulars	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Net Debt	67,788.34	77,820.21	93,878.79
Total equity	87,179.45	92,099.59	94,609.19
Net Debt to Equity Ratio	0.78	0.84	0.99

(ii) Loan Covenants:

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- Total Outside Liability (TOL) to Tangible Net Worth (TNW) ratio to be more than 3
- Current Ratio to be less than 1.0
- Interest Coverage Ratio to be less than 2.0
- Gross Debt Service Coverage Ratio (DSCR) to be less than 1
- Total Debt to EBITDA less than 5.5

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

The company has complied with TOI/TNW (Total outside Liability to Tangible Net Worth Ratio) throughout the reporting period but was unable to comply with other covenants.

(b) Dividends

Particulars	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Equity Shares			
Dividend for the year 31 st March 2017 - Nil (31 st March 2016 -NIL) per fully paid share	-	-	1,198.77

Note : 48 Financial Instruments Accounting Classification and Fair Value Measurement

Particulars	31 st March 2017			31 st March 2016			1 st April 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Investments									
-Equity instruments	0.01	-	-	0.01	-	-	0.01	-	-
-Mutual Funds	55.34	-	-	47.12	-	-	52.76	-	-
Loans	-	-	384.50	-	-	616.75	-	-	945.10
Others	-	-	-	-	-	51.63	-	-	273.45
Derivative financial assets	243.54	-	-	26.90	-	-	544.08	-	-
Trade Receivables	-	-	36,078.79	-	-	31,848.49	-	-	35,018.60
Cash and Cash Equivalents	-	-	824.96	-	-	511.77	-	-	406.43
Total Financial Assets	298.89	0.00	37,288.25	74.03	0.00	33,028.64	596.85	0.00	36,643.58
Financial Liabilities									
Borrowings	-	-	54,747.65	-	-	67,655.17	-	-	85,246.61
Trade Payables	-	-	8,648.56	-	-	5,171.70	-	-	12,892.56
Other Financial Liabilities	-	-	18,324.14	-	-	15,108.85	-	-	13,764.60
Total Financial Liabilities	-	-	81,720.35	-	-	87,935.72	-	-	1,11,903.77

(i) Fair value hierarchy

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying value largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates evaluated by the Company based on the parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluation, allowances are taken to account the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in the active markets for identical assets or liabilities

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Level 2: Other techniques for which all the inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Particulars	Carrying amount	Fair value		
	As at 01.04.2015	Level 1	Level 2	Level 3
Financial assets at Fair value through profit or loss				
Investments - Mutual Funds	52.76	52.76	-	-
Quoted equity investment	0.01	0.01	-	-
Derivative financial assets	544.08	544.08		
Total	596.85	596.85	-	-
Financial assets at amortised cost				
Loans (non-current)	629.32	-	-	629.32
Loans (current)	315.78	-	-	-
Trade Receivables	35,018.60	-	-	-
Cash and Cash Equivalents	406.43	-	-	-
Others (non -current)	180.08	-	-	180.08
Others (current)	93.37	-	-	-
Total	36,643.58	-	-	809.40
Financial liabilities at amortised cost:				
Borrowings (non-current)	25,192.08	-	-	25,237.17
Borrowings (current)	60,054.53			
Trade Payables	12,892.56	-	-	-
Other Financial Liabilities (non – current)	149.30	-	-	105.11
Other Financial Liabilities (current)	13,615.31	-	-	-
Total	1,11,903.78	-	-	25,342.28

There have been no transfers between Level 1 and Level 2 during the period.

Particulars	Carrying amount	Fair value		
	As at 31.03.2016	Level 1	Level 2	Level 3
Financial assets at Fair value through profit or loss				
Investments-Mutual Funds	47.12	47.12	-	-
Quoted equity investment	0.01	0.01	-	-
Derivative financial assets	26.90			
Total	74.02	47.13	-	-
Financial assets at amortised cost				
Loans (non-current)	450.20	-	-	450.20
Loans (current)	166.55	-	-	-
Trade Receivables	31,848.49	-	-	-
Cash and Cash Equivalents	511.77	-	-	-
Others (non -current)	-	-	-	-
Others (current)	51.63	-	-	-
Total	33,028.64	-	-	450.20

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	Carrying amount	Fair value		
	As at 31.03.2016	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings (non-current)	15,655.33	-	-	15,655.33
Borrowings (current)	51,999.84			
Trade Payables	5,171.70	-	-	-
Other Financial Liabilities (non – current)	124.88	-	-	124.88
Other Financial Liabilities (current)	14,983.96			
Total	87,935.72	-	-	15,780.21

Particulars	Carrying amount	Fair value		
	As at 31.03.2017	Level 1	Level 2	Level 3
Financial assets at Fair value through profit or loss				
Investments-Mutual Funds	55.34	55.34	-	-
Quoted equity investment	0.01	0.01	-	-
Derivative financial assets	243.54	243.54		
Total	298.89	298.89	-	-
Financial assets at amortised cost				
Loans (non-current)	231.48	-	-	231.48
Loans (current)	153.02	-	-	-
Trade Receivables	36,078.79	-	-	-
Cash and Cash Equivalents	824.96	-	-	-
Others (non -current)	238.20	-	-	238.20
Others (current)	134.90	-	-	-
Total	37,661.36	-	-	469.68
Financial liabilities at amortised cost:				
Borrowings (non-current)	13,564.06	-	-	13,564.06
Borrowings (current)	41,183.59			
Trade Payables	8,648.56	-	-	-
Other Financial Liabilities (non – current)	120.85	-	-	120.85
Other Financial Liabilities (current)	1,771.94			
Total	65,289.00	-	-	13,684.91

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair values

- Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March 2016 was assessed to be insignificant.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note : 49 Carrying Amount of Pledged Assets

Particulars	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
First Charge			
Property, Plant & Equipment			
(a) Freehold land	302.88	302.88	316.69
(b) Leasehold Land	678.34	677.61	685.78
(c) Buildings	13,298.85	14,435.46	15,416.20
(d) Plant & Equipment	71,311.70	74,405.07	70,399.81
(e) Railway Sidings	601.97	643.95	686.57
(f) Office Equipment	242.67	289.76	238.85
(g) Electrical Installation	1,482.97	1,693.03	1,896.25
(h) Furniture & Fixtures	139.94	171.42	201.00
(i) Vehicles	290.41	429.87	471.92
Total Property, Plant & Equipment pledged as security	88,349.73	93,049.04	90,313.07
Secondary Charge			
Current Assets			
(A) Current Financial Assets			
(a) Investments	55.34	47.12	52.76
(b) Trade receivables	36,078.79	31,848.49	35,018.60
(c) Cash & cash equivalents	824.96	511.77	406.43
(d) Loans	396.56	193.45	859.85
(e) Others	134.90	51.63	93.37
(B) Current Non-Financial Assets			
(a) Inventories	25,779.76	37,119.27	46,630.41
(b) Other current assets	6,772.35	3,744.42	10,814.26
Total Current assets pledged as security	70,042.66	73,516.15	93,875.69

Note : 50 First Time Adoption of Ind AS

(a) Exemptions and Exceptions as per Ind AS 101

Exemptions:

Ind AS 101 allows first - time adopters certain exemptions from certain requirements under Ind AS. The company has applied the following exemptions:

i. Carrying value as deemed cost in Property, plant and equipment

The company has elected to apply previous GAAP carrying amount of its plant, property and equipment as deemed cost at the date of transition to Ind AS.

ii. Investments in subsidiary and associate

The company has elected to apply previous GAAP carrying amount of its equity investment in associate as deemed cost as on the date of transition to Ind AS.

For investment in subsidiaries, the company has taken fair value on the date of transition to Ind AS as deemed cost.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**iii. Long Term Foreign Currency Monetary Items**

The company has elected to continue the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the transition date to Ind AS, i.e. 01-04-2016.

iv. Business Combination

The company has elected to apply Ind AS 103 prospectively. Accordingly, the business combinations occurring prior to the date of transition have not been restated.

v. Leases

The Company has applied the transition provision in Appendix C of Ind AS 17, "Determining whether an arrangement contains a Lease", and has assessed all arrangement as at the date of transition.

Exceptions:

Ind AS 101 allows first - time adopters certain exceptions from the retrospective application of certain requirements under IndAS. The company has applied the following exceptions:

i. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in securities carried at FVTPL;
- Impairment of financial assets based on expected credit loss model.

ii. Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

iii. Classification and measurement of financial assets

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of Balance Sheet as at 01.04.2015, Date of Transition to Ind AS

Particulars	As at 31.03.2015 ₹ in lacs	Re- classification	Re- measurement	As at 01.04.2015 ₹ in lacs
ASSETS				
(1) Non - current assets				
(a) Property, plant and equipment	90,639.99	(15.98)	(67.75)	90,556.26
(b) Capital work - in - progress	10,774.86	(12.93)	-	10,761.93
(c) Investment Property	-	28.91	-	28.91
(d) Other intangible assets	13.84	-	-	13.84
(e) Financial assets				-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	As at 31.03.2015 ₹ in lacs	Re- classification	Re- measurement	As at 01.04.2015 ₹ in lacs
(i) Investments	22,256.76		(1,041.01)	21,215.75
(ii) Trade receivables				-
(iii) Loans	8,194.01	(7,564.69)		629.32
(iv) Bank Balances				-
(v) Others	-	180.08		180.08
(f) Other non - current assets	180.08	2,125.02		2,305.10
(g) Deferred tax assets (net)	-	-	-	-
	1,32,059.54	(5,259.59)	(1,108.76)	1,25,691.19
(2) Current assets				
(a) Inventories	40,190.48	-	6,439.94	46,630.41
(b) Financial assets				
(i) Investments	25.00	-	27.77	52.77
(ii) Trade receivables	40,546.40	2,389.08	(7,916.88)	35,018.60
(iii) Cash and cash equivalents	409.90	-	-	409.90
(iv) Loans	9,336.51	(8,476.65)	-	859.86
(v) Bank Balances	-	-	-	-
(vi) Others	-	93.37	-	93.37
(c) Current tax assets (net)	-	-	-	-
(d) Other current assets	2,055.03	8,457.02	302.21	10,814.26
	92,563.32	2,462.82	(1,146.96)	93,879.19
(e) Non Current assets held for sale	-	-	-	-
	92,563.32	2,462.82	(1,146.96)	93,879.19
Total assets	2,24,622.87	(2,796.77)	(2,255.73)	2,19,570.36
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	3,995.95	-	-	3,995.95
(b) Other equity	97,405.74	-	(502.64)	96,903.10
	1,01,401.69	-	(502.64)	1,00,899.05
LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	25,237.17	-	(45.08)	25,192.09
(ii) Trade payables	-	-	-	-
(iii) Other financial liabilities	-	105.11	44.19	149.30
(b) Deferred Revenue/Income				-
(c) Provisions	300.26	-	-	300.26
(d) Deferred tax liabilities (net)	9,734.27	(5,259.59)	(205.18)	4,269.50
(e) Other non-current liabilities	105.11	(105.11)		-
	35,376.81	(5,259.59)	(206.07)	29,911.15
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	57,591.74	2,462.79	-	60,054.53
(ii) Trade payables	12,892.68	-	-	12,892.68
(iii) Other financial liabilities	-	13,723.83	(108.52)	13,615.31
(b) Other current liabilities	15,742.20	(13,723.81)		2,018.39
(c) Provisions	1,617.74	(63.16)	(1,438.49)	116.08
(d) Current tax liabilities (net)	-	63.18	-	63.18
	87,844.36	2,462.83	(1,547.02)	88,760.17
Total Equity & Liabilities	2,24,622.87	(2,796.77)	(2,255.73)	2,19,570.36

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Reconciliation of Balance Sheet as at 31.03.2016**

Particulars	As per IGAAP As at 31.03.2016 ₹ in lacs	Re- classification	Re- measurement	As per Ind AS As at 31.03.2016 ₹ in lacs
ASSETS				
(1) Non - current assets				
(a) Property, plant and equipment	93,274.48	(15.15)	(20.84)	93,238.49
(b) Capital work - in - progress	2,935.72	(266.11)	-	2,669.61
(c) Investment Property	-	281.29	-	281.29
(d) Other intangible assets	4.64	-	-	4.64
(e) Financial assets				-
(i) Investments	22,348.66		63.38	22,412.04
(ii) Trade receivables				-
(iii) Loans	8,164.01	(7,713.81)		450.20
(iv) Bank Balances				-
(v) Others	-	-		-
(f) Other non - current assets	-	2,745.51		2,745.51
(g) Deferred tax assets (net)	-	-	-	-
	1,26,727.51	(4,968.27)	42.54	1,21,801.78
(2) Current assets				
(a) Inventories	32,219.91	-	4,899.36	37,119.27
(b) Financial assets				
(i) Investments	25.00	-	22.12	47.12
(ii) Trade receivables	32,490.55	4,579.18	(5,221.24)	31,848.49
(iii) Cash and cash equivalents	514.77	-	-	514.77
(iv) Loans	2,858.98	(2,665.54)	-	193.44
(v) Bank Balances				-
(vi) Others	-	51.63	-	51.63
(c) Current tax assets (net)	-	-	-	-
(d) Other current assets	803.63	2,657.68	283.11	3,744.42
	68,912.85	4,622.95	(16.65)	73,519.14
(e) Non Current assets held for sale				
	68,912.85	4,622.95	(16.65)	73,519.14
Total assets	1,95,640.34	(345.33)	25.89	1,95,320.91
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	3,995.95	-	-	3,995.95
(b) Other equity	95,687.96		(98.18)	95,589.78
	99,683.91	-	(98.18)	99,585.73
LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	15,655.33	-	-	15,655.33
(ii) Trade payables	-	-	-	-
(iii) Other financial liabilities	-	81.54	43.34	124.88

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	As per IGAAP As at 31.03.2016 ₹ in lacs	Re- classification	Re- measurement	As per Ind AS As at 31.03.2016 ₹ in lacs
(b) Deferred Revenue/Income	-	-	-	-
(c) Provisions	306.59	-	-	306.59
(d) Deferred tax liabilities (net)	9,915.75	(4,968.29)	172.83	5,120.30
(e) Other non-current liabilities	81.54	(81.54)	-	-
	25,959.21	(4,968.29)	216.18	21,207.09
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	47,376.89	4,622.96	-	51,999.85
(ii) Trade payables	5,171.81	-	-	5,171.81
(iii) Other financial liabilities	-	15,076.06	(92.10)	14,983.96
(b) Other current liabilities	17,271.82	(15,076.06)		2,195.76
(c) Provisions	176.70	-	-	176.70
(d) Current tax liabilities (net)	-	-	-	-
	69,997.22	4,622.96	(92.10)	74,528.08
Total Equity & Liabilities	1,95,640.34	(345.33)	25.89	1,95,320.91

Statement of Profit and Loss for the year ended 31.03.2016

Particulars	Profit as per Ind AS 31 st Mar 2016	Reclassi- fication	Ind AS Adjustments	Profit as per Ind AS 31 st Mar 2016
I Revenue from operations	82,753.92	5,358.26	2,852.88	90,965.05
II Other income	416.70		(6.12)	410.58
III Total income (I + II)	83,170.62	5,358.26	2,846.76	91,375.63
IV Expenses				
Cost of materials consumed	31,880.59	1,343.44		33,224.03
Purchases of stock - in - trade	-	-	-	-
Changes in inventories of finished goods, stock - in - trade and work - in - progress	4,807.66		1,540.58	6,348.24
Employee benefits expenses	6,324.15	-	(66.05)	6,258.10
Finance costs	5,994.46	-	36.84	6,031.30
Depreciation and amortization expenses	7,921.90	-	8.12	7,930.02
Excise	-	4,014.82	-	4,014.82
Other expenses	27,296.32		176.98	27,473.31
Total expenses	84,225.08	5,358.25	1,696.48	91,279.82
V Profit / (loss) before exceptional items and tax (I - IV)	(1,054.47)	0.00	1,150.28	95.82
VI Exceptional items	-	-	-	-
VII Profit / (loss) before tax (V - VI)	(1,054.47)	0.00	1,150.28	95.82
Share of Profit/(Loss) of Associates	91.86		1,104.42	1,196.28
VIII Tax expense				
(1) Current tax	-	-	-	-
(2) Deferred tax	181.48	-	389.69	571.17
(3) Income tax - earlier years	279.61	-	-	279.61
	461.09		389.69	850.78

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	Profit as per Ind AS 31 st Mar 2016	Reclassi- fication	Ind AS Adjustments	Profit as per Ind AS 31 st Mar 2016
IX Profit / (loss) from continuing operations (VII - VIII)	(1,423.70)		1,865.01	441.32
X Profit / (loss) from discontinued operations (VII - VIII)				
XI Tax expense of discontinued operations				-
XII Profit / (loss) from discontinued operations (after tax) (X - XI)				-
XIII Profit / (loss) for the period (IX + XII)	(1,423.70)		1,865.01	441.32
XIV Other comprehensive income				
A (i) Items that will not be reclassified to profit or loss			(33.71)	(33.71)
(ii) Income tax relating to items that will not be reclassified to profit or loss			11.67	11.67
B (i) Items that will be reclassified to profit or loss				-
(ii) Income tax relating to items that will be reclassified to profit or loss				-
	-		(22.04)	(22.04)
XV Total comprehensive income for the period (XIII+XIV)	(1,423.70)		1,842.96	419.27
XVI Earnings per equity share (for continuing operations)				
(1) Basic	(3.56)			1.05
(2) Diluted	(3.56)			1.05
XVII Earnings per equity share (for discontinued operations)				
(1) Basic				
(2) Diluted				
XVIII Earnings per equity share (for discontinued & continuing operations)				
(1) Basic	(3.56)			1.05
(2) Diluted	(3.56)			1.05

Profit Reconciliation

(₹ in Lacs)

Particulars	31-03-2016
Profit as IGAAP	(1,423.70)
Adjustment on account of Sales of Products in Graphite Electrodes	2,852.88
Adjustment on account of Revaluation of Investments	(5.65)
Adjustment on account of Depreciation	(8.12)
Adjustment on account of Finance Cost	(4.51)
Adjustment on account of Changes in Inventory	(1,540.58)
Adjustment on account of Other Expenses	(177.46)
Adjustment on account of Deferred Tax	(378.02)
Adjustment on Share in Profit in Associates/Subsidiary	1,104.42
Profit as Ind AS	419.27

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Other Equity Reconciliation

(₹ in Lacs)

Particulars	31-03-2016
Opening Reserves Balance (As per IGAAP)	95,687.96
Adjustments related to Reversal of Sale	9.12
Ind AS adjustments:	
Adjustment on account of Revaluation of Investments	22.12
Adjustment on account of Impairment of Investments	
Adjustment on account of Deferred Tax Liability	(172.84)
Adjustment on account of Depreciation	0.15
Adjustment on account of EIR	(4.51)
Adjustment on account of Remeasurement of Leasehold land	(15.63)
Adjustment on account of Provision	-
Adjustment on account of EIR	
Adjustment on account of Associates	63.38
Reserves closing balance (As per Ind AS)	95,589.78

Note : 51

(₹ in Lacs)

The Company has opted to avail the exemption under para D13AA of Ind AS 101 and elected to continue the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the transition date to Ind AS, i.e. 01-04-2016. The exchange differences on long term foreign currency monetary items are being dealt with in the following manner:

- Foreign exchange difference on acquisition of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- It has transferred the difference 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 2017 would have been up by ₹131.86 lacs (Gain), (Previous year ₹1060.00 lacs (loss)) with a consequential impact on both the Basic and Diluted EPS.

Note : 52

(₹ in Lacs)

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 : 53 Borrowing Cost

There is no general borrowings. Till 31st March, 2017, the amount of interest capitalized is ₹423.80 Lacs (previous year ₹1,684.12 Lacs).

Note : 54 Additional Information

(₹ in Lacs)

	Year Ended 31 st Mar, 2017	Year Ended 31 st March, 2016
Installed capacity (as certified by the Management, being a technical matter relied upon by Auditors)		
Graphite Electrodes & Anodes	80,000	80,000
Thermal Power	63.00	63.00
Hydel Power	13.50	13.50

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017**Note : 55** Details of Specified Bank Note (SBN) held and transaction during the period 08th November, 2016 (₹ in Lacs) to 30th December, 2016 as under

SBNs	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	10,03,000	6,73,378.72	16,76,378.72
(+) Permitted receipts	77,000	12,08,353.39	12,85,353.39
(-) Permitted payments	0	11,36,085.9	11,36,085.9
(-) Amount deposited in Banks	10,80,000	3,00,000	13,80,000
Closing cash in hand as on 30.12.2016	0	4,45,646.21	4,45,646.21

Note : 56 Form No. AOC-1 (₹ in Lacs)**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**Part - A : Subsidiaries** (Amounts in ₹)

- Name of the subsidiary: HEG GRAPHITE PRODUCTS AND SERVICES LIMITED
- Reporting period for the subsidiary concerned, if different from the holding company's reporting period:
01.04.2016 to 31.03.2017
- Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries: N.A.
- Share capital: 5,00,000
- Reserves & surplus (2,44,754)
- Total assets 2,66,747
- Total Liabilities 11,500
- Investments -
- Turnover -
- Profit before taxation (32,573)
- Provision for taxation -
- Profit after taxation (32,573)
- Proposed Dividend -
- % of shareholding 100%

Notes: 1. The aforesaid subsidiary is yet to commence operations.
2. No subsidiary has been liquidated or sold during the financial year.

Part - B : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Amount (₹ in Lacs)

Name of Associates/Joint Ventures	Bhilwara Energy Ltd	Bhilwara Infotechnology Ltd
1. Latest audited Balance Sheet Date	31/03/2017	31/03/2017
2. Shares of Associate/Joint Ventures held by the company on the year end		
No. of Shares	4,88,81,556	12,62,048
Amount of Investment in Associates/ Joint Venture	14,506.88	419.00
Extend of Holding %	29.49	38.59

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Name of Associates/Joint Ventures	Bhilwara Energy Ltd	Bhilwara Infotechnology Ltd
3. Description of how there is significant influence	Due to percentage of share capital	Due to percentage of share capital
4. Reason why the associate/joint venture is not consolidated		
5. Networth attributable to Shareholding as per latest audited Balance Sheet	21,374.89	1,142.86
6. Profit / Loss for the year		
i. Considered in Consolidation (₹ in Lacs)	437.99	152.73
ii. Not Considered in Consolidation		

1. Names of associates or joint ventures which are yet to commence operations: N.A.

2. Names of associates or joint ventures which have been liquidated or sold during the year: N.A.

Note : 57

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

The accompanying notes (1 - 57) form an integral part of these financial statements.

Signed in terms of our report of even date.

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

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

Ravi Jhunjunwala
Chairman & Managing Director
DIN No. 00060972

Shekhar Agarwal
Vice Chairman
DIN No. 00066113

Mukesh Goyal
Partner
Membership No. 081810

Sunil Wahal
Partner
Membership No. 087294

D. N. Davar
Director
DIN No. 00002008

Riju Jhunjunwala
Director
DIN No. 00061060

Place : Noida (U.P.)
Dated : 30th May, 2017

Raju Rustogi
Chief Financial Officer &
Chief Operating Officer

Notes

[illegible]

Notes

Notes

[illegible]

CORPORATE INFORMATION

Chairman-Emeritus

L. N. Jhunjhunwala

Board of Directors

Ravi Jhunjhunwala

Chairman, Managing Director & CEO

Shekhar Agarwal, *Vice-Chairman*

D. N. Davar, *Director*

Kamal Gupta, *Director*

Vinita Singhania, *Director*

S. N. Bhattacharya, *Director*

O. P. Bahl, *Director*

Satish Chand Mehta, *Director#*

Riju Jhunjhunwala, *Director*

D. S. Ravindra Raju, *Executive Director##*

Chief Financial Officer & Chief Operating Officer

Raju Rustogi*

Chief Human Resource Officer

Sudhir Sood

Chief Marketing Officer

Manish Gulati

Company Secretary

Vivek Chaudhary**

Bankers

State Bank of India

Punjab National Bank

HDFC Bank Ltd.

IDBI Bank Ltd.

Kotak Mahindra Bank Ltd.

DBS Bank Ltd.

Axis Bank Ltd.

YES Bank

ICICI Bank Ltd.

Aditya Birla Finance Ltd.

Auditors

Doogar & Associates

S. S. Kothari Mehta & Co.

Registrar & Share Transfer Agent

M/s. MCS Share Transfer Agent Ltd.,

F-65, First Floor,

Okhla Industrial Area, Phase-I

New Delhi - 110020

Phone : 011-41406149-52

Fax : 011-41709881

E-mail:helpdeskdelhi@mcsregistrars.com

Stock Exchanges where the Company's

Shares are listed:

BSE Ltd.

Natioinal Stock Exchange of India Ltd.

Corporate Office

Bhilwara Towers, A-12, Sector-1

Noida - 201301, U.P. India

Phone : +91 (0120) 4390300

Fax : +91 (0120) 4277841

Website : www.hegltd.com

E-mail : heg.investor@lnjbhilwara.com

Registered Office

Mandideep (Near Bhopal)

Dist. Raisen - 462046

Madhya Pradesh, India

Phone : +91 (07480) 233524 to 233527

Fax : +91 (07480) 233522

CIN No. : L23109MP1972PLC008290

Works

Graphite Electrode &

Thermal Power Plants

Mandideep (Near Bhopal)

Distt. Raisen - 462046

Madhya Pradesh, India

Phone : + 91 (07480) 233524 to 233527

Fax : +91 (07480) 233522

Hydro Electric Power

Village Ranipur, Tawa Nagar

Distt. Hoshangabad - 461001

Madhya Pradesh, India

Phone : +91 (07572) 272810, 272859

Fax : +91 (07572) 272849

#Appointed w.e.f. 23rd June, 2016

##Resigned w.e.f. 31st August, 2016

*Also appointed as Chief Operating Officer w.e.f. 1st September, 2016

**Appointed w.e.f. 30th May, 2017

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 METERIAL DIFFERENCE BETWEEN ACTUAL RESULTS AND THOSE EXPRESSED HEREIN. THE RISKS, UNCERTAINTIES AND IMPORTANT FACTORS THAT COULD INFLUENCE THE COMPANY'S OPERATIONS AND BUSINESS ARE THE GLOBAL AND DOMESTIC ECONOMIC CONDITIONS. THE MARKET DEMAND AND SUPPLY FOR PRODUCTS, PRICE FLUCTUATIONS, CURRENCY AND MARKET FLUCTUATIONS, CHANGES IN THE GOVERNMENT'S REGULATIONS, STATUTES AND TAX REGIMES, AND OTHER FACTORS NOT SPECIFICALLY MENTIONED HEREIN BUT THOSE THAT ARE COMMON TO THE INDUSTRY.



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL



HEG LIMITED

Registered Office:

Mandideep (Near Bhopal)

Distt. Raisen - 462046, Madhya Pradesh, India

Website: www.heg ltd.com/www.injbhilwara.com

E-mail: heg.investor@injbhilwara.com

CIN No. L23109MP1972PLC008290



HEG LIMITED

CIN L23109MP1972PLC008290

Registered Office: Mandideep (Near Bhopal), Distt. Raissen - 462 046, (M.P.), Phone: 07480-233524, 233525, Fax: 07480-233522

Corporate Office: Bhilwara Towers, A-12, Sector - 1, Noida - 201 301 (U.P.), Phone: 0120-4390300 (EPABX), Fax: 0120-4277841

E-mail: heg.investor@lnjbhilwara.com; **Website:** www.hegltd.com

NOTICE

NOTICE is hereby given that the 45th Annual General Meeting of HEG LIMITED will be held on Friday, the 22nd September, 2017 at 11.30 A.M. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raissen - 462046, Madhya Pradesh to transact the following business: -

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017, the Reports of the Board of Directors and Auditors thereon and Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2017 and the Report of Auditors thereon.
2. To appoint a Director in place of Shri Shekhar Agarwal (holding DIN 00066113), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time (including any statutory modification(s) and re-enactment(s) thereof for the time being in force) and also pursuant to the recommendation of the Audit Committee/Board of Directors, M/s. S.C. Vasudeva & Co., Chartered Accountants (Firm Registration No. 000235N), be and is hereby appointed as Statutory Auditors of the Company in place of the retiring auditors M/s Doogar & Associates, Chartered Accountants (Firm Registration No. 000561N) and M/s. S. S. Kothari Mehta & Co., Chartered Accountants (Firm Registration No. 000756N), to hold office for a consecutive period of 5 years from the conclusion of this Annual General Meeting till the conclusion of the 50th Annual General Meeting to be held in the year 2022 (subject to the ratification of their appointment at every subsequent Annual General Meeting of the Company) and that the

Board of Directors/Audit Committee be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2018."

Special Business:

4. To consider and if thought fit, to pass, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and other applicable Regulations, including any amendment, modification, variation or re-enactment thereof and the provisions of the Memorandum and Articles of Association of the Company and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary, consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee of the Board constituted/ to be constituted to exercise its powers, including the powers conferred by this Resolution) for issuing, making offer(s) or invitation(s) to subscribe to Redeemable Non-Convertible Debentures ('NCDs') on private placement basis, in one or more tranches, such that the total amount does not exceed ₹200 Crores during a period of one year from the date of passing of this resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to determine the terms of issue, including the class of investors to whom the NCDs may be issued/ offered, time, type, number of NCDs, tranches, issue/ offer price, tenor, interest rates, premium/discount on redemption, listing and to appoint Debenture Trustees and/or Registrar & Transfer Agents, if necessary, and to do all such acts, deeds and things and deal with all such matters as may be necessary in this regard."

5. To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. N.D. Birla & Co., Cost Accountants (Firm Registration No: 000028), who were appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, be paid the remuneration of ₹2,00,000/- (Rupees Two lakhs only) plus service tax and out of pocket expenses that may be incurred by them during the course of audit."

Place: Noida (U.P.)
Date : 2nd August, 2017

By Order of the Board of Directors
For **HEG Limited**

(Vivek Chaudhary)
Company Secretary
ACS: 13263

Registered Office

Mandideep (Near Bhopal)
Distt.Raisen - 462046, (M.P.)
CIN L23109MP1972PLC008290
Website: www.hegltd.com
E-mail: heg.investor@lnjbhilwara.com
Phone: 07480-233524, 233525, Fax: 07480-233522

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/ authority, as applicable.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the special business to be transacted at the Annual General Meeting is annexed hereto. Further, the additional information with respect to Item No.3 is also annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from the 16th September, 2017 to 22nd September, 2017, both days inclusive.
5. The Company's Registrar and Transfer Agent (RTA) for its Share Registry Work (Physical and Electronic) is M/s. MCS Share Transfer Agent Limited, having their office at F-65, Okhla Industrial Area, Phase-I, New Delhi- 110020.
6. Members are requested to note that under Section 124 of Companies Act, 2013 (erstwhile Section 205A of the Companies Act, 1956) read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government of India. The Company had, accordingly, transferred the unpaid and unclaimed dividend amounting to ₹26,68,731/- for financial year 2008-09 to the IEPF within the stipulated time period.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 28th September, 2016 (date of last Annual General Meeting) on the Company's website <http://hegltd.com/unpaid.aspx> and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in/.

The concerned members are requested to verify the details of their unclaimed amounts, if any, from the said websites and write to the Company's Secretarial department at corporate office/RTA before the same becoming due for transfer to the Investor Education and Protection Fund.

Attention of the members is also drawn to the provisions of Section 124(6) of the Act which require a Company to transfer in the name of IEPF Authority all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more.

In accordance with the aforesaid provision of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already initiated necessary action for transfer of all shares in respect of which dividend declared for the financial year 2009-10 or earlier financial years has not been paid or claimed by the members for 7 (seven) consecutive years or more. Members are advised to visit the weblink http://hegltd.com/pdf/List_of_Equity_Shareholders_whose_shares_are_due_for_transfer_to_IEPF_%20Suspense_Account.pdf to ascertain details of shares liable for transfer in the name of IEPF Authority.
7. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc.,

- to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's RTA to provide efficient and better services.
8. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA for assistance in this regard. Further, members who hold shares in physical mode in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to RTA, for consolidation into a single folio.
 9. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 ('Act'), the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act will also be available for inspection at the meeting.
 10. A member can inspect the proxies lodged at any time during the business hours of the Company from the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, provided he has given to the Company a notice in writing of his intention to inspect not less than 3 (three) days before the commencement of the meeting.
 11. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
 12. Members are requested to:
 - Bring their copy of annual report and attendance slip at the venue of the meeting.
 - Quote their Folio/DP & Client ID No. and Email address in all correspondence with the Company/ RTA.
 - Note that members present in person or through registered proxy shall only be entertained.
 - Note that the attendance slip/proxy form should be signed as per the specimen signature registered with the RTA/ Depository Participant.
 13. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to RTA at their office address mentioned in Note no. 5. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
 14. The Ministry of Corporate Affairs has undertaken a "Green Initiative in Corporate Governance" and allowed Companies to share documents with its members through an electronic mode. Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, permit Companies to send soft copies of the Annual Report to all those members who have registered their e-mail addresses for the said purpose. Members are requested to support this Green Initiative by registering/ updating their e-mail addresses for receiving electronic communications.
 15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding the shares in physical form can submit their PAN details to the Company/RTA.
 16. No gifts, gift coupons, or cash in lieu of gifts shall be distributed at the Meeting.
 17. Members desiring to seek any information on the Annual Accounts are requested to write to the Company so that the query reaches to the Company at least one week in advance of the Annual General Meeting.
 18. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Secretarial Standard- 2 in respect of the Director seeking re-appointment at the 45th Annual General Meeting are annexed hereto as Annexure to this Notice which forms part of the explanatory statement.
 19. All the documents referred to in the Notice and Explanatory statement, unless otherwise specifically stated will be available for inspection by the members at the Registered Office of the Company i.e. Mandideep (Near Bhopal), Distt. Raisen- 462046, (M.P.), between 11.00 A.M. to 3.00 P.M. on all working days from the date hereof upto the date of the Annual General Meeting.
 20. Electronic copy of the Notice of Annual General Meeting and Annual Report for the financial year 2016-17 are being sent to all the members whose E-mail ID's are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hardcopy of the same. Members may also note that the aforesaid documents are also available on the website of the Company i.e. www.heg ltd.com. For members who have not registered their email address, physical copy of aforesaid documents are being sent in the permitted mode.
 21. Non-Resident Indian members are requested to inform RTA/respective DP's, immediately of:

- a) Change in their residential status on return to India for permanent settlement.
- b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

22. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 45th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 19th September, 2017 (9:00 A.M.) and ends on 21st September, 2017 (5:00 P.M.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15th September, 2017, may cast their vote by remote e-voting. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. At the end of the remote e-voting period, the facility shall forthwith be blocked.
- V. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

(i)	Open email and open PDF file viz; "HEG remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
(ii)	Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii)	Click on "Shareholder – Login".
(iv)	Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
(v)	Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
(vi)	Home page of "remote e-voting" opens. Click on remote e-Voting: Active Voting Cycles.
(vii)	Select "EVEN" of HEG Limited.
(viii)	Now you are ready for remote e-voting as "Cast Vote" page opens.
(ix)	Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
(x)	Upon confirmation, the message "Vote cast successfully" will be displayed.
(xi)	Once you have voted on the resolution, you will not be allowed to change /modify your vote.
(xii)	Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to saketfcs@gmail.com with a copy marked to evoting@nsdl.co.in

- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participants(s) or requesting (physical copy)]:

(i)	Initial password is provided in the attached sheet on the 'Process and manner for e-voting'.		
	EVEN (E-voting Event Number)	USER ID	PASSWORD/ PIN
	_____	_____	_____
(ii)	Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.		

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the Downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forgot

User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).

- VIII. Shareholders can update their contact details (mobile number and e-mail address) and these user profile details shall be recorded by the e-voting system.
- IX. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 15th September, 2017. Members are eligible to cast vote only if they are holding shares as on that date.
- X. Members of the Company who acquires shares after the dispatch of the Notice and hold shares as on the cut-off date i.e. 15th September, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or admin@mcsregistrars.com.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mr. Saket Sharma, a Practicing Company Secretary (Membership No. FCS 4229), Partner, M/s. GSK & Associates has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The results shall be declared not later than forty-eight hours from conclusion of the meeting. The results

declared along with the Scrutinizer's Report will be placed on the website of the Company at www.heglttd.com and the website of NSDL: <https://www.evoting.nsdl.com> immediately after the result is declared and will simultaneously be forwarded to BSE Limited and National Stock Exchange of India Limited, where Equity Shares of the Company are listed.

XVI. Route map and details of prominent landmark of the venue of meeting is annexed with this notice.

XVII. Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the Meeting i.e. 22nd September, 2017.

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

Additional Information

Item No. 3

M/s. Doogar & Associates, Chartered Accountants (Firm Registration No.000561N) and M/s. S. S. Kothari Mehta & Co., Chartered Accountants (Firm Registration No. 000756N) will complete their term as Statutory Auditors of the Company and will hold the office till the conclusion of the ensuing Annual General Meeting. The Audit Committee and the Board of Directors has recommended the appointment of M/s. S.C. Vasudeva & Co., Chartered Accountants (Firm Registration No. 000235N) as the Statutory Auditors of the Company for a period of five years from the conclusion of this Annual General Meeting till the conclusion of the 50th Annual General Meeting to be held in the year 2022. The Company has received the consent and declaration from M/s. S.C. Vasudeva & Co., Chartered Accountants (Firm Registration No.000235N) and stating that they are not disqualified from acting as statutory auditors, if they are appointed by the members. The resolution is placed before the members for their approval.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the aforesaid resolution.

Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013

Item No. 4

Members of the Company, at the Forty-fourth Annual General Meeting held on September 28, 2016, had passed a special resolution authorising the Board of Directors of the Company and its Committee to offer or invite subscriptions for redeemable non-convertible debentures ("NCDs"), in one or more tranches, aggregating up to ₹200 Crores on private

placement basis. The said resolution is valid and effective for one year from September 28, 2016. Members may note that the Company has not made any private placement of redeemable non-convertible debentures pursuant to the said authorisation and the validity of above said resolution is also on the verge of expiring in September, 2017.

As per Sections 42 and 71 of the Companies Act, 2013 ("the Act") read with the rules framed thereunder, a Company offering or making an invitation to subscribe to NCDs on private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCDs during the year.

The Board of Directors of the Company at its meeting held on 2nd August, 2017 has approved the issue of NCDs for an amount not exceeding ₹200 Crores, subject to the approval of the Members of the Company. It is also proposed to issue NCDs in one or more tranches within a period of 1 (One) year from the date of passing this Special Resolution.

The funds raised through this issue of NCDs will be utilised for various financing activities including repayment of existing liabilities or loans and towards the business operations including for capital expenditure and augmenting long term working capital requirements and general corporate purposes of the Company, after meeting the expenditures of and related to the issue.

Further, the issue amount of NCDs will be within the overall borrowing limits of the Company, as approved by the Members from time to time.

The Board commends the resolution at Item No. 4 for your approval as a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the aforesaid resolution.

Item No. 5

The Board of Directors ("Board"), on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the members.

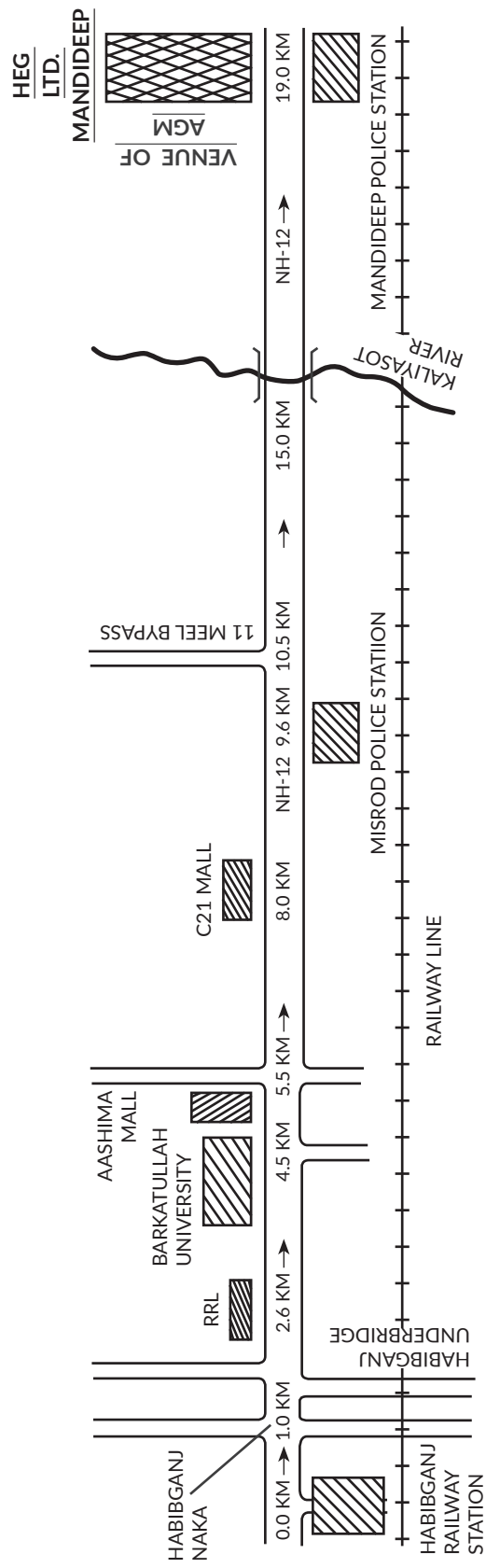
The Board commends the resolution at Item No. 5 for your approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their respective relatives are in any way concerned or interested in the proposed resolution.

ANNEXURE TO THE NOTICE DATED 2ND AUGUST, 2017

Details of Director retiring by rotation and eligible for re-appointment pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are as under:

Name of Director	Shekhar Agarwal
Date of Birth	09.10.1952
Age	64 Years
Date of Appointment on the Board	15.07.1996
Qualification	B. Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA.
Experience & Expertise in specific functional areas	Industrialist with 40 years of rich business experience and well-known name in Textile Industry.
List of other Public Ltd. Companies in which directorships held.	1. Bhilwara Technical Textiles Ltd. 2. BSL Ltd. 3. Essay Marketing Company. Ltd. 4. Maral Overseas Ltd. 5. RSWM Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company.	Audit Committee – Member
Chairman/Member of the Committee of Directors of other Companies.	
a) Audit Committee	BSL Ltd- Member
b) Stakeholders Relationship Committee	1. RSWM Ltd- Member 2. Maral Overseas Ltd- Member
No of Equity Shares held in the Company	-
Number of Board Meetings attended during the year	3/4
Terms and conditions of appointment / re-appointment along with remuneration sought to be paid	N.A. (As sitting fee is paid to Non-Executive Directors of the Company).
The remuneration last drawn	
Relationship with Other Directors, Manager and Key Managerial Personnel	No relationship with other Director, Manager and Key Managerial Personnel.



ROUTE MAP - HABIBGANJ, BHOPAL TO HEG LTD., MANDIDEEP

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HEG LIMITED

CIN L23109MP1972PLC008290

Registered Office: Mandideep (Near Bhopal), Distt. Raisen - 462 046, (M.P.), Phone: 07480-233524, 233525, Fax: 07480-233522

Corporate Office: Bhilwara Towers, A-12, Sector - 1, Noida - 201 301 (U.P.), Phone: 0120-4390300 (EPABX), Fax: 0120-4277841

E-mail: heg.investor@lnjbhilwara.com; **Website:** www.hegltd.com

ATTENDANCE SLIP

Folio No / DP-ID-CLID No. of Shares held

Full name of shareholder

Full name of Proxy / Representative

I/We hereby record my/our presence at the 45th Annual General Meeting of the Company to be held on Friday, the 22nd September, 2017 at 11.30 A.M. at the Registered Office of the Company at Mandideep (Near Bhopal), District Raisen - 462046 (Madhya Pradesh).

Signature of the shareholder / proxy / representative*

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

**Strike out whichever is not applicable*

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HEG LIMITED

CIN L23109MP1972PLC008290

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E-mail: heg.investor@lnjbhilwara.com; **Website:** www.hegltd.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) :

Registered address :

Email Id:

Folio No/DP ID-Client ID:

I/We, being the member (s) of Shares of the above named Company, hereby appoint:

1. Name : Address :

E-mail Id : Signature, or failing him / her

2. Name : Address :

E-mail Id : Signature, or failing him / her

3. Name : Address :

E-mail Id : Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 45th Annual General Meeting of the Company, to be held on Friday, the 22nd September, 2017 at 11.30 A.M. at the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen - 462046, Madhya Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below:

(*Optional)

Resolution No.	Resolution	For	Against
1.	To consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31 st March, 2017, the Reports of the Board of Directors and Auditors thereon and Audited Consolidated Financial Statements of the Company for the Financial Year ended 31 st March, 2017 and the Report of Auditors thereon.		
2.	Re-appointment of Shri Shekhar Agarwal, who retires by rotation and being eligible offers himself for re-appointment.		
3.	Appointment of M/s. S.C. Vasudeva & Co., Chartered Accountants, as Statutory Auditors and fixing their remuneration.		
4.	To consider and approve the issue of Redeemable Non-Convertible Debentures on private placement basis for an amount not exceeding ₹200 crores in one or more tranches.		
5.	Ratification of the remuneration payable to M/s. N.D. Birla & Co., Cost Auditors of the Company for the Financial Year 2017-18.		

Signed this..... day of 2017.

.....
Signature of shareholder

.....
Signature of Proxy holder(s)

Affix
Revenue
Stamp

Notes:

1.This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2.For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 45th Annual General Meeting.

3.*It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.