



HEG/SECTT/2023

31st July, 2023

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| BSE Limited P J Towers Dalal Street MUMBAI - 400 001. Scrip Code : 509631 | 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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Sub: Regulation 34 - Notice of 51st Annual General Meeting (AGM) & Annual Report for the Financial Year 2022-23.

Dear Sir/Madam,

This is in continuation to our earlier letter dated 28th July, 2023 with regard to intimation for 51st AGM scheduled to be held on Thursday, the 31st day of August, 2023 at 11:30 a.m. (IST) through Video Conferencing /Other Audio Visual Means ("VC/OAVM") only.

Please find enclosed copy of the Notice of the 51st AGM & Annual Report for the Financial Year 2022-23, which is also being uploaded on the website of the Company at www.hegltd.com

To support Green Initiative and as permitted by MCA and SEBI Circulars, the copy of Notice of AGM and Annual Report 2022-23 are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

Kindly take the same on your record.

Thanking You,

Yours faithfully,
For **HEG Limited**

(Vivek Chaudhary)
Company Secretary
M.No. A-13263
heg.investor@lnjbhilwara.com

CC to:

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| National Securities Depository Limited Trade World, 4 th Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, MUMBAI - 400 013. | Central Depository Services (India) Limited 17 th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001. |
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BEYOND TOMORROW



HEG LIMITED
51st ANNUAL REPORT 2022-23

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**BUSINESSES THRIVE ON
TAKING CALLS ON, BUILDING
SCENARIOS AND COMMITTING
INVESTMENTS FOR A
BRIGHTER TOMORROW.**

**LIKE ALL OTHERS, OUR BUSINESS
APPROACH IS RELATIVELY
SIMILAR. OUR DEFINING
DIFFERENCE IS THAT OUR
TOMORROW IN QUESTION IS A
PERIOD THAT IS WAY**

**BEYOND
TOMORROW.**

**We think ahead. We plan better.
We execute efficiently.**

**We stand to emerge as a first-mover to carve away a
significant share of emerging opportunities.**

SUPPORTING THE GREEN STEEL REVOLUTION.

Our crucial business decision in the recent past was to expand our graphite electrode manufacturing capacity at a time when the prospects of our business space and that of our user sector appeared dismal.

Even as our well-wishers warned us of the ills of our decision, we moved ahead nevertheless.

We were the only ones in the western world to embark upon our capacity augmentation strategy, at a time when some others were shutting their plant operations.

Our vision, assumptions and analysis were spot on.

Recently, our global peers have articulated that as the steel world transitions towards the Electric Arc Furnace route for steel making there will be an annual incremental demand for Graphite Electrode estimated at

200,000mt

Outside of China by 2030.

Interestingly, our additional capacity of

20,000mt

is about to take off. Positioning us perfectly to fully-support the steel world's revolution – from steel to green steel.



POWERING THE E-MOBILITY DRIVE.

The storage energy landscape platformed on lithium chemistries has progressed from a mere concept to a tangible reality.

The storage energy landscape platformed on lithium chemistries has progressed from a mere concept to a tangible reality.

While this seismic technology shift has disrupted the business environment world over, it has created exciting opportunities for the proactive few who have the stomach to embrace change to elevate their position.

Leveraging our expertise in graphite technology, we have broken ground on setting up India's first large scale green energy project that will power India's e-mobility drive and

emerge as an important catalyst towards India's net zero ambition.

In the first phase of our new facility, we will produce

10,000_{mt}

of anode per year to commence operations in 2025, by which time e-mobility and new energy solutions in India would have gained appreciable momentum.

In the second phase, we will double our capacity.

Experts put the global demand of lithium ion batteries at

6,000_{GWh}
by 2030.

India's demand for this niche product is estimated at

260_{GWh}
over the same period.

About HEG Limited.

PART OF THE LNJ BHILWARA GROUP, WE ARE THE MOST MODERN PLAYER IN THE GLOBAL GRAPHITE ELECTRODE INDUSTRY WITH LARGEST GRAPHITE ELECTRODE PLANT.

We are among the most respected players in our business space, not because we have the largest single location manufacturing facility in the world, it is because...

...we have the depth of knowledge in graphite electrodes which reflects in our product quality.

...we have the capability to manage expansive operations which manifests in our ability to service the Top 25 global steel giants

...we have the foresight to analyse and envision sectoral trends effectively.

Headquartered in Noida (NCR Delhi), India we have our integrated manufacturing facility proximate to Bhopal, Madhya Pradesh which manufactures HP (High Power) and UHP (Ultra High Power) electrodes. Our products are marketed to 35+ countries around the globe.

We have power generation assets cumulating 76.5 mw (thermal and hydel) equipped to supply quality power to our manufacturing facility which is managed by a team of 900+ enthusiastic professionals.

Vision

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

Mission

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

BUSINESS IN FY23

80,000

 tpa

Manufacturing capacity as of FY23 (GOING TO 100,000 tpa SOON)

76.5

 mw

Captive power generation capacity

903

Team size

73%

Export percentage of the total Sale

89

Capacity utilisation (%)

2,576

Revenue (₹ crore)

729

EBITDA (₹ crore)

456

Net Profit (₹ crore)

114

Net Cash flow from Operations (₹ crore)

From the Chairman's desk

“I AM EXCITED ABOUT THE FUTURE OF HEG AS WE HAVE TAKEN DEFINITIVE STEPS TO BETTER OUR PROSPECTS BEYOND TOMORROW. I AM CONFIDENT THAT WE WILL ACHIEVE REMARKABLE SUCCESS IN OUR FUTURE ENDEAVOURS.”

Dear Shareholders,

It is a pleasure to connect with you through this statement, for, it provides an opportunity to ink my thoughts.

I am delighted to mention that your Company registered a good performance in the face of strong headwinds which restrained global progress in the past year, evidenced in the de-growth of the steel sector, a critical proxy to economic growth.

Allow me to throw in a few numbers to put our performance into perspective.

The world produced less steel - 1885 mmt in CY 2022 against 1962 mmt in 2021 - a drop of 4%. More pertinently, the steel world, excluding China and Iran, our market place, registered a drop in steel production by 7.5%, resulting in drop in demand for graphite electrodes.





In the face of this dismal global steel landscape, our sales volumes decreased by 13% although revenue from operations grew by 12%. Our capacity utilisation was amongst the highest in the industry at close to 90%.

Furthermore, despite persistent and elevated inflation that prevailed across the globe, our EBITDA went up by 20%, and we reported a Net Profit of ₹456 crore – a jump of 17% over the previous year. We successfully navigated the challenges driven by our commitment to innovation, customer satisfaction and operational efficiency.

Fiscal 2023 holds special significance, as we are on threshold of emerging as the largest graphite electrode facility with a capacity of 100,000 tons under one roof in the Western world. By the end of the fiscal, we were very close to the completion of the project, with four of the five electrode-making processes up and running and the fifth at the final stage of completion. We expect to fully commence operations of our expanded capacity soon. This is a happy milestone for me and the entire HEG team, who have worked tirelessly and with an unwavering dedication to elevating the Company into a new growth orbit despite the gloom and doom period of pandemic all around the Globe

The expansion showcases our passion for technological innovation, placing us at the forefront of the industry with some of the best and latest equipments and technologies we have put under one roof. It positions HEG in the right place at the right time.

Our tomorrow

Our drive to move against the tide continues in the current year as the prevailing geopolitical current casts a bearish shadow on the global steel industry's prospects. Experts of the steel sector feel that the steel demand will remain impacted by the fear of a global recession. Our industry cannot remain untouched but, rest assured, we will continue to strive hard to sustain profitable business growth in the current year too.

Beyond tomorrow

The medium- to long-term growth in our consumer segment - Electric Arc Furnace Steel production, is clearly very promising. My optimism stems from the de-carbonisation narrative that will continue to play out over the foreseeable future.

Climate change and sustainability have become the pivotal factors in long-term business. Embedding sustainability into business

strategies and investment blueprints has become a necessary mandate in each and every country around the Globe - rich or poor.

This is particularly relevant for the global steel sector. World Steel Association studies reveal that the global steel sector alone accounts for between 7% to 9% of global carbon emissions.

But this is changing and changing fast. The Blast furnace (BOF) route for steel making is fast giving way to the Electric Arc furnace (EAF) route in a very rapid way, which the world has not seen in decades owing to significantly less emissions by the latter. As per the World Steel Association, Electric Arc Furnace share of steel production (ex-China) has increased from 44% in 2015 to 49% in 2022, and is likely to reach around 55% in a few years.

Global steelmaking is undergoing a structural shift - with 50 to 60 mmt of Greenfield steelmaking capacity being established using the Electric Arc Furnace at an estimated investment of about US\$ 50 to 60 billion all over the world. Of this, about 25 mmt is expected to come up in the U.S. alone, which already produces 70% of its steel through EAF. Similar new announcements keep coming from European and

other countries large Steel companies all over the world. We have been consistently exporting between 65% to 75% of our production for more than last 10 years. All these will require graphite electrodes for which we are ready with our additional capacity.

From a long-term perspective, we believe that the Electric Arc Furnace route for steelmaking will grow at a 3% CAGR in the next decade - much more than the overall Steel production growth translating into a substantial increase in electrode demand.

While the demand prospects appear promising, barring unforeseen adversities, the supply position appears largely stable. No other Graphite Electrode company has announced any new capacity. Moreover, between 2018 and 2022, due to Covid related slump in demand, about 60,000 tons of graphite electrode capacity around the world has shut down their operations.

Our longstanding presence in international markets coupled with timely expansion of our plant from 80,000 to 100,000 mt per annum strengthens our confidence in HEG's ability to envision opportunities in the electrode industry and to meet future demand all over the world.

We will leverage our extensive global market reach across 35+ countries globally, which we have diligently cultivated over the past 25 years, to capitalise on emerging profitable growth opportunities to create value for our stakeholders.

Building a new opportunity

India is passionate about its e-mobility ambitions as a critical tool in its Net Zero commitment. The Government's encouraging policies have enhanced the positivity around the e-mobility space. This has increased the spotlight on lithium-ion-based energy storage solutions. Currently, cells and battery packs are largely imported into India.

Witnessing the fast-altering mobility ecosystem, we anticipate a huge domestic demand for graphite anode as cell manufacturing shifts to India. We are diversifying into graphite anode for lithium-ion cells, which forms the battery for electric vehicles and energy storage systems.

Given that it's the first such plant coming into our country, we see a huge opportunity here in the long term.

We have incorporated a wholly-owned subsidiary of HEG in the name of TACC Limited for this

new business. Our Board has approved a budget of ₹1,000 crore for setting up a manufacturing facility of 10,000 tons of anodes per annum in Phase 1.

Our new project is progressing well. We are about to start our pilot plant, which will facilitate trials and tweaks as necessary. The location has been decided. The land acquisition is under process, and we expect to complete the project's first phase by mid-2025.

I am excited about the future of HEG as we have taken definitive steps to better our prospects beyond tomorrow. I am confident that we will achieve good success in our future endeavours. With the support of our experienced leadership team, I am certain that we will maintain our longstanding track record of superior performance, ultimately creating value for all our stakeholders.

In conclusion, I express my sincerest gratitude to every stakeholder for their contribution to our journey so far. Without them, we would not have reached where we are today.

Warm regards,

Ravi Jhunjhunwala
Chairman, Managing Director & CEO

KEY PERFORMANCE INDICATORS



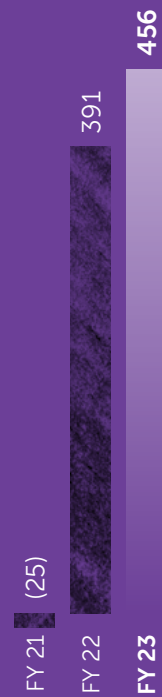
Revenue from Operations
(₹ crore)



EBITDA
(₹ crore)



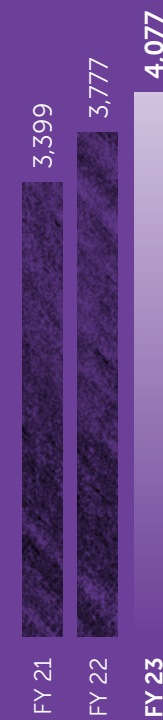
Net Profit
(₹ crore)



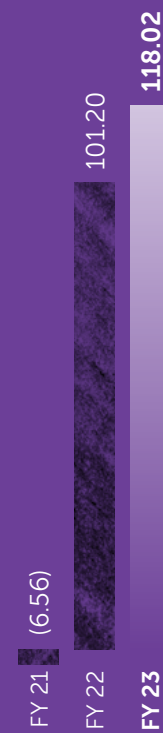
Net Cash from Operations
(₹ crore)



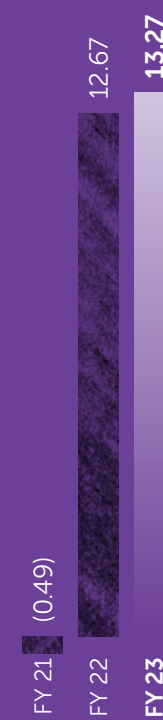
Net Worth
(₹ crore)



Earnings per share
(₹)



Return on capital employed
(%)

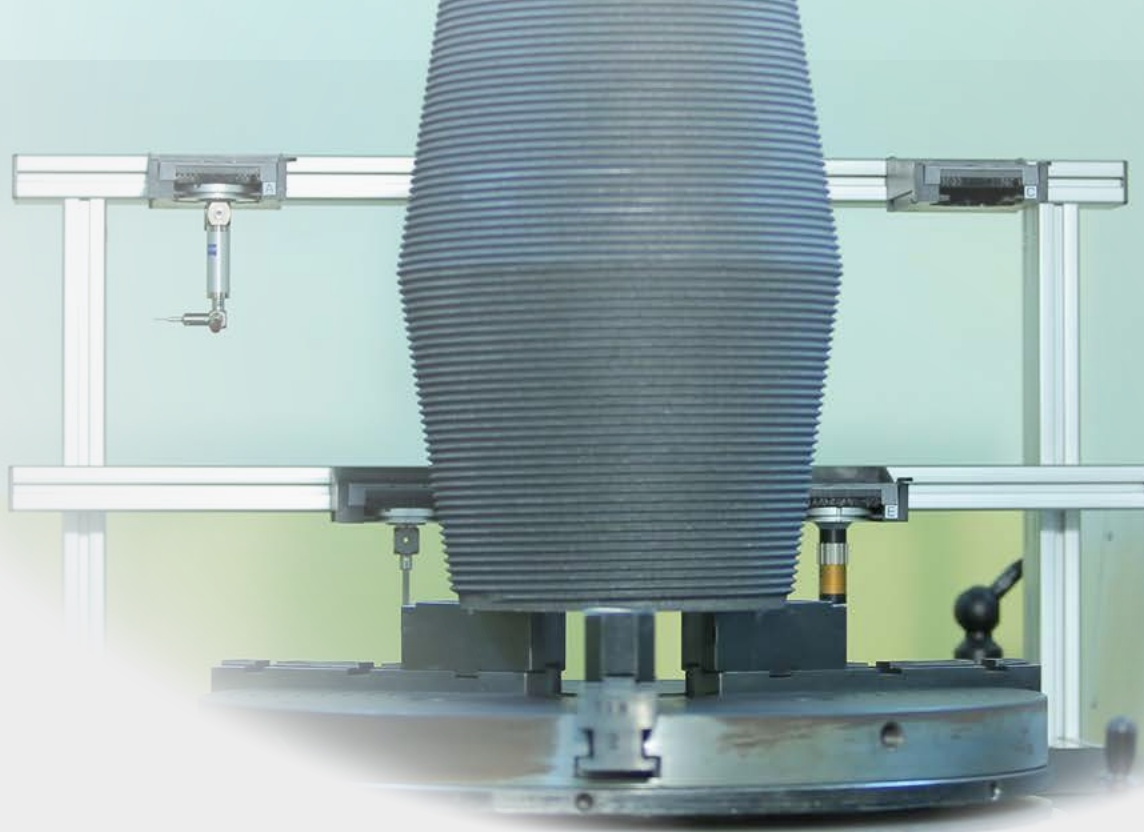


Dividend payout
(₹ crore)

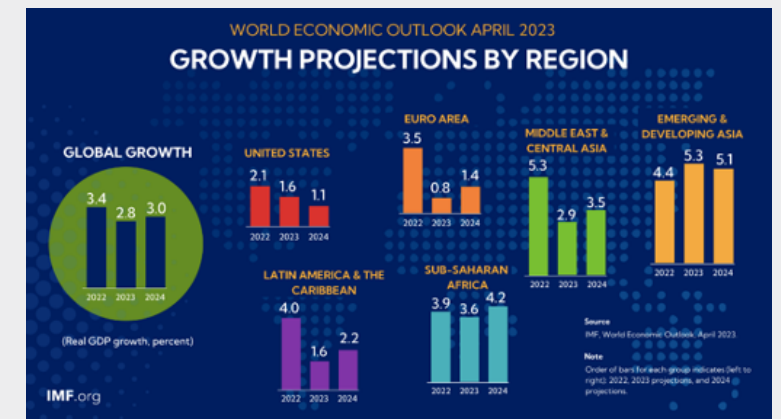


MANAGEMENT DISCUSSION AND ANALYSIS





2022 saw the global economy surpass US\$100 trillion for the first time, reaching US\$101.6 trillion. According to the source, the top five countries account for 51% of global GDP. In the same year, India overtook the United Kingdom to become the world's fifth-largest economy.



THE ECONOMIC OVERVIEW



World Economy: The global economy demonstrated exemplary resilience reporting a GDP growth of 3.4% (reported by IMF) despite extreme volatility and uncertainty across the World.

The global fight against inflation, Russia/Ukraine war, a resurgence of COVID-19 in China, and recessionary headwinds prevailing in the US and Europe in the first half of 2022 altogether affected global economic activity detrimentally.

The surprisingly strong trend reversal in the global economy in the third quarter of 2022 played a decisive role in rebounding the global economy. The sources of these surprises were, in many cases, domestic: stronger-than-expected private consumption and investment, and greater-than-anticipated fiscal support. Households spent more. Business investments increased.

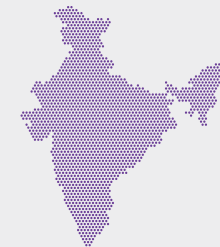
On the supply side, easing bottlenecks and declining transportation costs reduced pressures on input prices and enabled a rebound in previously constrained sectors; energy markets adjusted faster than expected to the shock from Russia's invasion of Ukraine.

Commodity prices remained volatile throughout the year. Despite the instability, global trade in goods remained high owing to a strong rebound in household consumption.

Outlook: Russia/Ukraine war overshadows the world economy. Despite recent signs of improvement, recovery over the next two years is expected only to be moderate. The outlook remains fragile, and downside risks predominate. Trade tensions are high and

could further worsen. Concerns about financial vulnerabilities have risen, including in financial institutions, housing markets, and low-income countries. While headline inflation has started declining, it remains elevated and could persist longer.

Emerging economies are likely to perform better in CY23 compared to their advanced counterparts. New trade agreements are anticipated to fuel global trade in 2023. And the overall shift manufacturing trends would be shifting towards green energy, investment in digital tools, and better integration with suppliers.



Indian Economy: In the financial year 2022-23, in the aftermath of Covid, India stood out as one of the finest examples of hope and optimism while the world was tipping toward recession. After a spectacular rebound in FY22 from a lower base, the Indian economy again registered a healthy 7.2% growth in the GDP. Growth was underpinned by investment activity led by the Government's strong capital expenditure thrust, subsequent capital formation, and return on private consumption. However, inflation remained high all year-round year round.

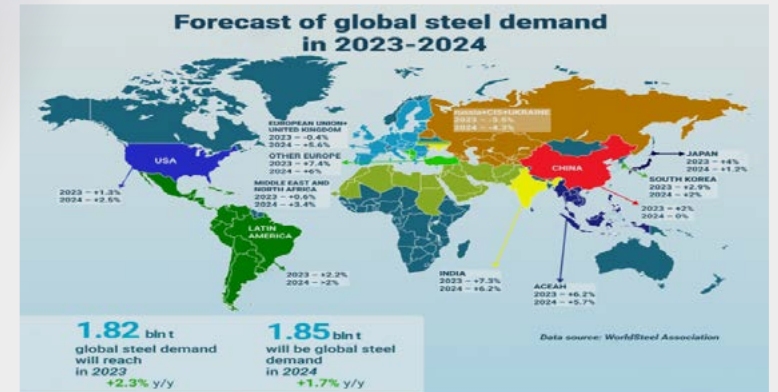
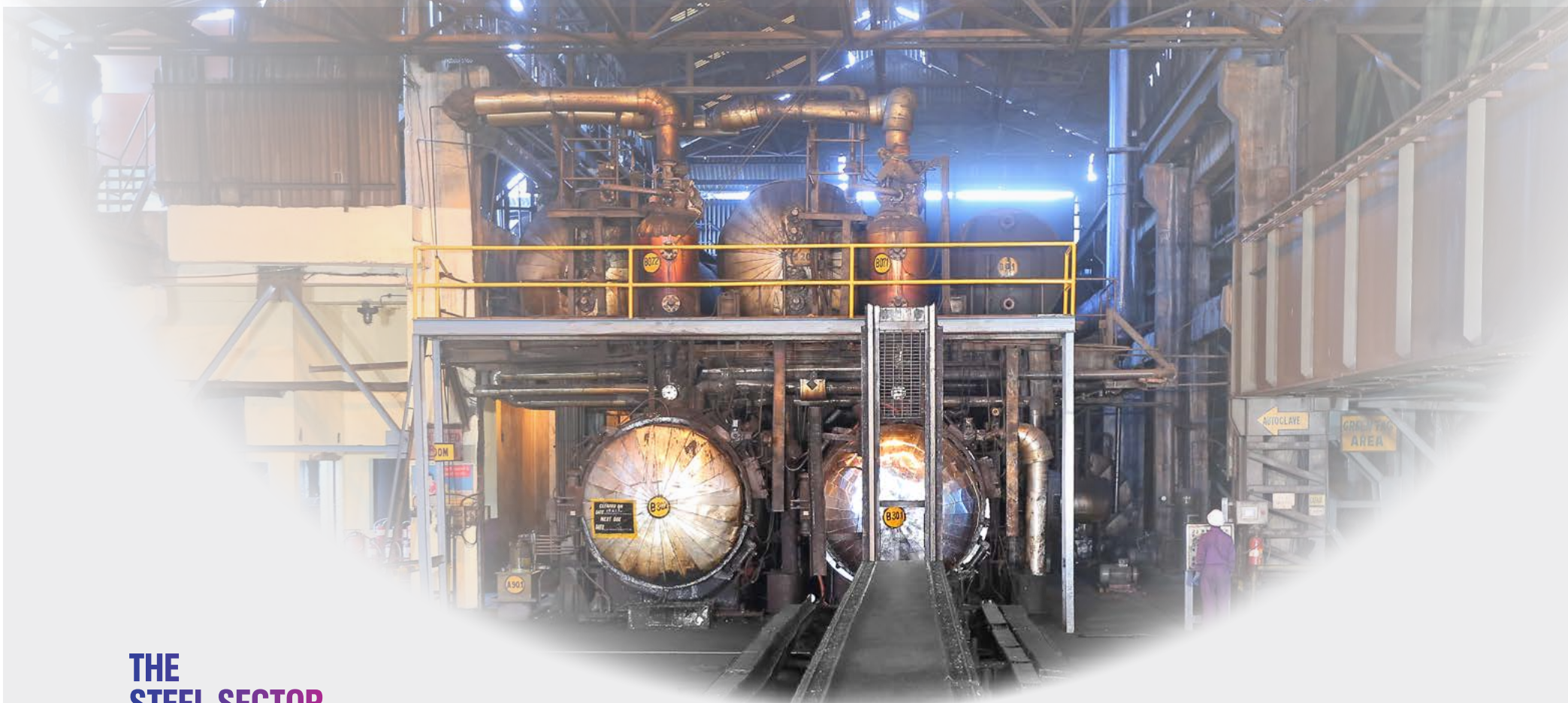
Inflation: CPI (Consumer Price Index), which measures the retail inflation of goods and services across 260 commodities, hit the highest 7.79% in April 2022. Subsequent

monetary policy tightening by the RBI throughout the financial year comforted/assured consumers. By the end of March 2023, the headline inflation declined to 5.66%, within RBI's upper ceiling.

Exports & the rupee: Overall exports (merchandise and service) were US\$ 770.18 billion worth during FY23 growing at 13.84% over the previous financial year. Supported by the gains from high services exports, the moderation in oil prices, and the recent fall in import-intensive consumption demand, India's current account deficit is estimated to fall in FY23 and FY24, providing a buffer to the rupee in uncertain times. This will provide a much-needed cushion to India's external sector at a time when the Fed is likely to raise rates further.

Manufacturing: IIP data shows manufacturing and electricity witnessed strong traction in the first 11 months of FY23, registering an overall growth of 5.5%. In that same period, mining, manufacturing, and electricity, three principal components of the IIP, grew by 5.7%, 4.9%, and 10.0%, respectively. Despite elevated input prices, new investments announced in the manufacturing sector during April-December 2022 were five times that of FY20.

Outlook: India will remain one of the fastest-growing major economies, notwithstanding the growth slowdown in advanced economies. Despite sluggish exports, industrial output should remain healthy due to robust domestic demand. GDP estimates for FY24 by international and Government agencies are between 6-6.5%.



THE STEEL SECTOR

World Steel: Global crude steel production fell for the first time in seven years in 2022 on the back of China’s strict zero-COVID policy and issues in the real estate sector. Other factors leading to the drop in steel production were the Russia/ Ukraine war, and soaring energy prices leading to widespread plant idling, and production stoppages, especially in Europe.

Demand: A dismal economic landscape, elevated inflation, and supply chain bottlenecks forced a reduction in steel demand worldwide which was more pronounced in all advanced economies. As a result, the Global Steel demand contracted by an estimated 3.2% in 2022. Economic issues and a resurgence of Covid-19 in China impacted steel demand in the nation - it contracted by about 3.5 % in 2022.

Production: According to the World Steel Association, global crude steel output slipped in 2022 to 1,885.4 mmt down 4% from the previous year. While capacity utilisation declined significantly in 2022, global steelmaking capacity is expected to increase in the same year. Among the top 10 crude steel-producing countries, India and Iran were the only nations to register positive growth in steel production in 2022.

Prices: Steel prices also went through a long-term decline in 2022. After a healthy rise in the first quarter of the year, steel prices dipped every month, resulting in a volatile demand-supply equation. Factors such as China’s COVID control efforts, slowing down of Ukraine’s production due to war, and sanctions against Russian goods, and the subsequent global downturn impacted steel prices during the year.

Outlook: Worldsteel forecasts a revival in the steel sector in 2023 as demand will see a 2.3% rebound to reach 1,822.3 mmt. The improved demand estimate is owing to high infrastructure demand in major economies. For instance, in the US, the new infrastructure law is expected to boost the sector’s investment despite the depressing economic environment.

Global steel demand will also be supported by the healthy uptick predicted in the automobile industry. After a strong showing in 2022, automobile production will continue to witness robust growth in 2023 due to improvements in the availability of semiconductors.

India Steel: The steel industry is the backbone of the industrial sector and the Indian economy. In FY22, India became 2nd largest consumer of finished steel.

The financial year 2022-23 was a difficult one for steel companies with a slew of headwinds, such as the government imposing an export duty on the metal, and elevated input costs. While the export duty levy was rolled back in November, the weak global demand environment did not help elevate the industry’s fortunes.

India’s crude steel production rose by 4.18% to 125.32 mmt in FY23 against 120.29 mmt in the previous fiscal. The finished steel production was 121.29 mmt, up 6.77% from 113.60 mmt a year ago.

Domestic steel consumption rose by 12.69% to 119.17 mmt against 105.75 mmt in 2021-22. This jump is attributed to increasing infrastructure activities across the nation.

India’s steel exports slumped to one of their lowest since FY19, with the country exporting only 6.72 mmt in FY23, halving on a year-on-year basis, according to the provisional data from the Steel Ministry. The fall comes on the back of an export duty imposed for six months of the fiscal and weakening demand in key markets due to economic and geopolitical headwinds.

Imports surged about 29% to 6.02 mmt in FY23 from 4.67 mmt in FY22. The saving grace was that India continued to retain its position as a net exporter of finished steel for the fiscal gone by, with exports exceeding imports by 0.7 mmt.

Outlook: The prospects for the domestic steel sector appear promising in the short- and long-term horizons.

Short-term outlook: Despite the prevailing geopolitical turmoil and financial instability, the Indian economy is firmly placed on a growth track underpinned by strong urban consumption and infrastructure spending by the Government.

The recent Union Budget has sharpened the Government’s focus on infrastructure creation with the highest-ever allocation to infrastructure development across the nation. This is expected to spur the demand and consumption of steel significantly over the next couple of years.

Also, the private sector’s capacity augmentation plans should support the growth of the steel sector.

Additionally, the strong uptick in the real estate (residential and commercial), automotive, and consumer goods sectors will add to steel demand.

Long-term potential: As per a recent estimate, the World’s per capita steel consumption stands at 233 kg, whereas a person in India consumes, on average, only about 77.2 kg. A slight uptick in India’s per capita consumption creates an enormous opportunity for steel producers in India. According to the National Steel Policy, 2017, the Government has targeted a 160 kg per person consumption by 2030-31, where government schemes like Atmanirbhar Bharat, Make in India, PMGatiShakti Plan, PMAY, multiple PLI schemes, etc. will provide impetus to the sustained growth of the steel sector.

THE EAF STEEL SECTOR

After holding between 25 – 28 % of global steelmaking production for about a decade through 2012, the migration to electric arc furnace (EAF) steelmaking accelerated during the past decade. This has been primarily fuelled by adopting the EAF route as the preferred steelmaking route for reducing the carbon footprint of the steel sector. According to the World Steel Association, the share of steel manufactured through the electric arc furnace route in the world (excluding China) has increased from 44% in 2015 to 50% in 2022.

The electric-arc route for steelmaking uses high-current electric arcs to melt steel scrap and convert it into liquid steel. The primary charge material for EAF is scrap steel, and its quality and availability at low cost are essential.

EAF plants are less expensive than traditional integrated steelmaking plants. It is also very cost-effective in terms of low production rates. Another significant advantage of EAF is its improved efficiency over blast furnaces. The EAF is also a self-contained system that operates on a much smaller footprint that does not require a secondary heating source.

New-age steel industries are adopting EAF technology due to the growing demand for recycling and reducing greenhouse gas emissions. Therefore, increasing the share of EAF-based steel production will play a key role in de-carbonising the steel industry.

Key to carbon neutrality:

Over the next decade, EAF steelmaking production will be a big winner in the race to produce “green,” “carbon neutral” steel.

The US: EAF-based steelmaking production in the U.S. accounts for about 70% of the total steel production. But the nation faces the challenge of identifying appropriate feedstock for its EAF units.

Europe: European steel producers have worked diligently over the past two decades to reduce the carbon footprint of the steel produced through traditional integrated steelmaking, having accomplished the lowest levels possible from a scientific perspective. The only path available to them to further reduce their carbon emissions is to shift to EAF production using alternative metallics, and divert significant capital investments that would have been used to sustain their blast furnace/basic oxygen furnace (BF/BOF) production with EAFs.

China: No discussion about global steel is complete without a discussion on China, owing to its unquestioned dominance in the sector. It produces about 50% of the global steel production.

China has been late in adopting the EAF route. A little more than 10% of its steel is produced through this route. According to the Ministry of Industry & Information Technology, crude steel produced via electric-arc furnaces will exceed 15% by 2025 and 20% by 2030 to aid China’s goal of de-carbonising the steel industry.

Realising the challenge of the US and Europe in securing sustained supplies of scrap for their large and growing EAF capacities, China is proactively working on building its scrap reservoir.

The country’s industrial production started in earnest in 2003. Steel has a useful life ranging from 25 to 40 years, indicating that China’s scrap reservoir will begin to build in earnest over the next decade. It is believed that the Government will take steps to keep that scrap at home, somewhat similar to what the Russians are currently doing.

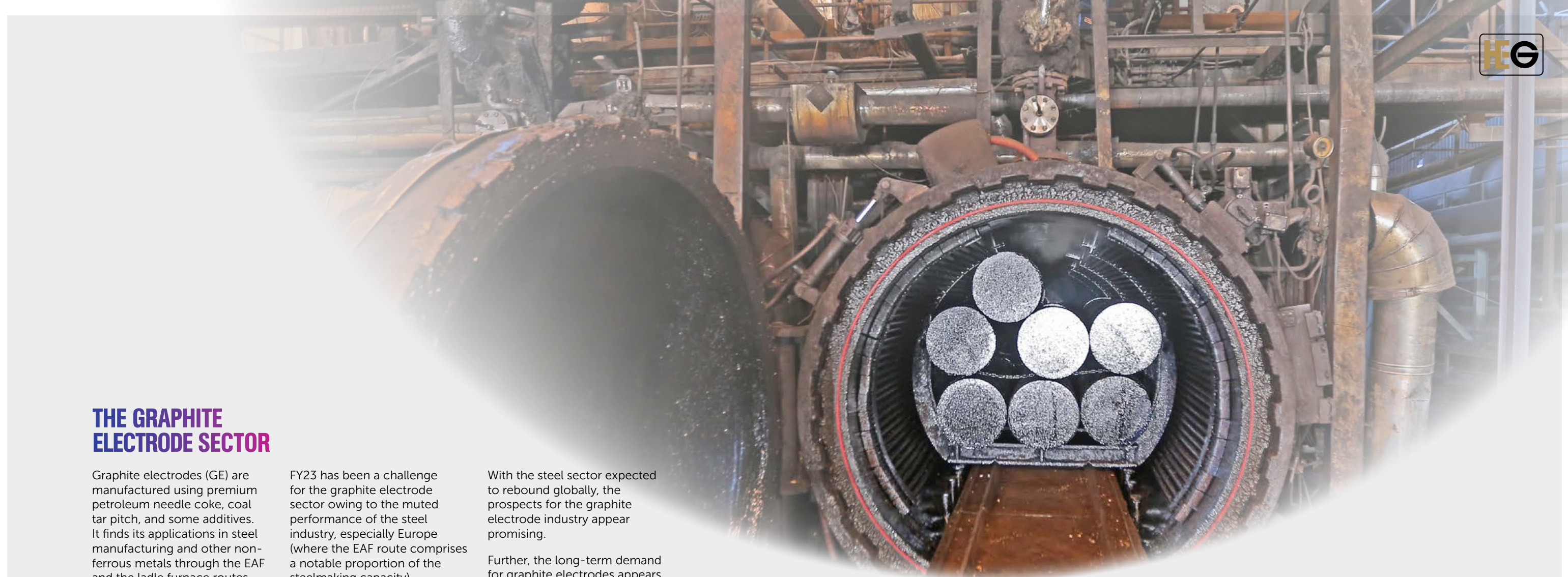
With scrap becoming increasingly available at home and a cost-competitive price



compared with offshore-sourced iron ore and coal, China’s EAF-based steelmaking will further strengthen its competitive edge in the global steel world.

Other regions: Asia Pacific is expected to be the largest market for EAF plants, with the highest growth rate in the coming years owing to increased investments in capacity expansion. Similarly, the Middle East, Africa, and Latin America are some of the

hotspots for the growth of the EAF industry. Here, the presence of capital-intensive companies, low cost of labor and rapid industrial developments in the last few years hold the key.



THE GRAPHITE ELECTRODE SECTOR

Graphite electrodes (GE) are manufactured using premium petroleum needle coke, coal tar pitch, and some additives. It finds its applications in steel manufacturing and other non-ferrous metals through the EAF and the ladle furnace routes. Graphite is the only material that can withstand extremely high temperatures while transmitting electrical power to create the arc. Hence, the EAF steel route is graphite electrodes' most significant consumer and business driver.

FY23 has been a challenge for the graphite electrode sector owing to the muted performance of the steel industry, especially Europe (where the EAF route comprises a notable proportion of the steelmaking capacity).

The surge in energy prices across Europe, owing to the Russia - Ukraine war further dented the performance of graphite electrode players operating in Europe.

With the steel sector expected to rebound globally, the prospects for the graphite electrode industry appear promising.

Further, the long-term demand for graphite electrodes appears to be healthy, with almost all the steel-producing nations endeavoring towards carbon neutrality and gradually shifting towards the EAF route for steel making.

SWOT Analysis

| Strengths | Weaknesses |
|---|---|
| <p>Established technology that is closely guarded.</p> <p>The uncluttered industry with select players of a global scale.</p> <p>No new capacity has been announced for graphite electrodes in the western world.</p> | <p>The industry's fortunes are closely linked to steel demand.</p> |
| Opportunities | Threats |
| <p>Decarbonisation measures in the steel sector will increase the share of EAF-based steel production and respective demand for graphite electrodes.</p> | <p>Diverting key inputs for other products like EV batteries which are high in demand globally.</p> |

BUSINESS PERFORMANCE

Graphite Electrodes

Economic and sectoral volatility impacted business operations during FY23. Our capacity utilisation for the year was 89% as against 90% in the previous year but our sales volumes were muted due to global conditions and slowdown of steel production.

While the marketing team focused on securing business volumes despite the multiple headwinds prevailing across the globe, the operations team continued its efforts towards sustaining world-class quality of its output and optimising operating costs.

Most of the processes of the expansion project were set up and trials were successfully done. The Company expects to commence commercial production in the second quarter of FY24. The additional capacity would allow the Company to capitalise on emerging growth opportunities effectively.

Power Generation

The Company has a 76.5 mw captive power generating capacity comprising of thermal and hydel power generating assets. The thermal plants remained closed throughout the year due to high coal prices making operations unviable.

However, our hydel plant continued to operate as per plan with a record generation of 7.74 crore units with revenue of ₹47.10 crore.

QUALITY MANAGEMENT

At HEG, Quality Management is not an operational function but an organisational culture steadily woven into the organisation's fabric over the year.

Quality is everyone's job, from the top floor to the shop floor.

At the shopfloor: Institutionalised SOPs and stringent adherence to global standards is the hallmark of HEG's manufacturing unit. Quality is looked upon from both process and product perspectives. Maintaining process quality is a precursor to quality output and helps minimise wastage. In addition, rigorous checks are conducted on the output (across the process and the final product) to ensure that it matches customer requirements. A stringent quality control protocol also applies to the raw materials we use. Continuous quality training across hierarchies helps in embedding the quality culture.

At the top floor: Business process automation across the organisation ensures speed and efficient customer service (internal and external) while minimising human errors. Prudent checks and balances across the organisation's hierarchy helps to raise the process quality. The senior management team and the marketing team continuously interact with key customers at regular intervals. Their feedback on the experience with HEG gets evaluated and absorbed into business processes.

The fallout of the passion for quality is that HEG services the top 25 steel-producing giants worldwide.

INNOVATION

Led by some of the best scientists in their field, HEG's R&D center works tirelessly to improve existing processes and product quality.

They also work on identifying and working on new processes that could make business operations more efficient.

The dedicated team also looks to develop newer carbon materials for energy, thermal and environmental management. They also try to explore new possibilities that could complement the business to boost growth and margin. The R&D team also works with well-known research institutions to find new sustainable ways for future growth.

HUMAN RESOURCE

HEG's talent pool is the vital driving force behind its stellar performance over the years, customer commitment, and global reputation.

For the Company, people's well-being is an important priority which gained considerable prominence during the pandemic days. It is reflected in the path-breaking measures adopted by the Company for its people.

With business back to normal, the Company continues to invest in people growth. The HR team focuses on continuous upskilling of the team on the technical, commercial and behavioral aspects. It also engages team members to participate in team-bonding exercises that reinforce the cohesiveness of the team.

The Company celebrated National events and some festivals to enhance team bonding beyond work. The IT department developed applications from time to time that enhanced transparency in the organisation while improving better connectivity with customers.

INTERNAL CONTROL AND ITS ADEQUACY

The Company has a sound system of internal controls to ensure the achievement of goals, evaluation of risks and reliable reporting of financial and operational information. This efficient internal control procedure is driven by a robust system of checks and balances that ensures the safeguarding of assets, compliance with all regulatory norms, and procedural and systemic improvements periodically.

The Company uses an ERP (Enterprise Resource Planning) package supported by in-built controls. This guarantees timely financial reporting. The audit system periodically reviews the control mechanism as well as 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. The Audit Committee of the Board of Directors further reviews all financial and audit controls.

FINANCIAL PERFORMANCE

HEG reported an excellent performance in the face of a prevailing volatility. Despite a drop in sale volumes, the company reported superior all-round numbers.

The Company's Revenue from Operations stood at ₹2,576 crore in FY23 against ₹2,281 crore in the previous year. Despite persistent inflation, EBITDA

increased from ₹607 crore in FY22 to ₹729 crore in FY23. Net Profit for the year scaled from ₹391 crore in FY22 to ₹456 crore in FY23.

Net Cash Flow from Operations improved from ₹(141) crore in FY22 to ₹114 crore in FY23. The improvement was despite the capital invested during the year in setting up its brownfield

capacity. The commissioning of the new capacity should improve business liquidity going forward.

Net worth increased as business surplus (after paying dividend) was ploughed into the operations – it stood at ₹4,077 crore as on 31st March, 2023 against ₹3,777 crore as on 31st March, 2022. Return on Net worth stood at 11.60% in FY23 against 10.89% in FY22.

Significant changes (i.e., change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios, along with explanation are as under

| Particulars | 2022-23 | 2021-22 | Change (%) | Reason |
|------------------------------|---------|---------|------------|---|
| Operating Profit Margin (%)* | 20.97 | 20.35 | 3% | |
| Return on Net Worth (%) | 11.60 | 10.89 | 7% | |
| Net Profit Margin (%) | 18.70 | 17.97 | 4% | |
| Interest Coverage Ratio | 24.09 | 70.45 | -66% | Increase in average working capital utilisation, reduction in interest subvention scheme and increase in repo rate. |
| Current Ratio | 2.16 | 2.34 | -8% | |
| Debt-Equity Ratio | 0.18 | 0.18 | 3% | |
| Debtors Turnover Ratio | 4.52 | 4.95 | -9% | |
| Inventory Turnover Ratio | 0.76 | 1.06 | -29% | Subdued demand resulting in lower sales volume resulting in increase in inventory. |

* EBIT (before other Income) / revenue from operations.

Transaction of the Company with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company is given below:

There was no transaction of the Company with any person or entity belonging to the promoter/promoter group which holds (s) 10% or more shareholding in the Company.

RISK MANAGEMENT

HEG has put in place a structured Enterprise Risk Management framework ('ERM framework') based on the guiding principles of identifying, assessing and mitigating risk. It is an integral part of decision-making for HEG and is dynamic in nature, undergoing continuous improvement.

The ERM Framework follows an annual process of setting objectives, identifying key risks on an ongoing basis, developing a mitigation and action plan, and monitoring leading indicators and planning gaps.

Business growth risk

Business growth is essential to create shareholder value.

Mitigation measure

Business growth is closely dovetailed to the prospects of the steel industry, particularly the EAF steel sector. This steelmaking segment is expected to witness healthy growth over the medium term, given the sharpened focus on reducing the global carbon footprint.

Demand risk

Muted demand for the Company's products could adversely impact its business growth.

Mitigation measure

The demand for graphite electrodes is expected to remain strong owing to increased demand from the user segment and reduced capacities for graphite electrodes (specific large capacities have been permanently shut in the recent past, and no new capacities other than the HEG on the anvil).

Funding risk

The Company would need adequate funds for its new capital project.

Mitigation measure

De-leveraged financial statements and adequate cash generation from business activities provide significant financial stability to the organisation to secure funds for implementing the project. Further, the increased cash flow consequent to the commissioning of the new graphite electrode capacity promises to strengthen organisational liquidity.

Talent risk

Loss of knowledge capital could impact business operations and performance.

Mitigation measure

HEG maintains an unwavering focus on fostering an energetic and encouraging work environment that motivates its people to up their performance. This has gone a long way in strengthening the employee bond with the corporate. HEG Invests in its people by training them in India and overseas and participating in various conferences and exhibitions to build the knowledge base of people. Each key employee is shown a clear growth path and their aspirations are matched with organisational objectives.

66TH केंद्रीकृत मध्याह्न भोजन रसोई का उद्घाटन Centralized Mid-Day Meal Kitchen Inauguration

BHOPAL, MADHYA PRADESH



CORPORATE SOCIAL RESPONSIBILITY

CARE FOR OUR WORLD AROUND US

Taking forward the mantra of building a better tomorrow through social development and green initiatives, HEG fosters an inclusive business environment by stressing on collaborative efforts involving its stakeholders to create value for itself and others associated with it. The Company is committed to working towards the economic and social upliftment of the community through a variety of initiatives. It emphasises on providing healthcare and education for the disadvantaged cross-section of the society and poverty alleviation.

NO CHILD SHOULD SLEEP HUNGRY

Akshaya patra mega kitchen starts operations in Bhopal

HEG's flagship CSR project of setting up the first Akshaya Patra kitchen in the state of Madhya Pradesh came in to fruition on 25th Jan'23 when honourable Chief Minister of Madhya Pradesh Shri. Shivraj Singh Chouhan inaugurated the kitchen.

The inauguration function was graced by H'ble Minister, MP Govt, Sh Vishwas Sarang besides Principal Secretaries, Collector Bhopal etc.

This kitchen will serve nutritious mid-day meals to almost 50,000 children enrolled in 900 schools in Bhopal and Raisen district.

So far Akshaya Patra had 65 running kitchens in every state and union territory of India with the exception of Madhya Pradesh.

HEG invited Akshaya Patra to set up their mega kitchen in Madhya Pradesh.

The total investment which was completely funded by HEG was ₹12 crore and HEG is committed to spending ₹7.5 crore every year to fund the meals in addition to contribution provided by Central and State government under midday meal scheme.





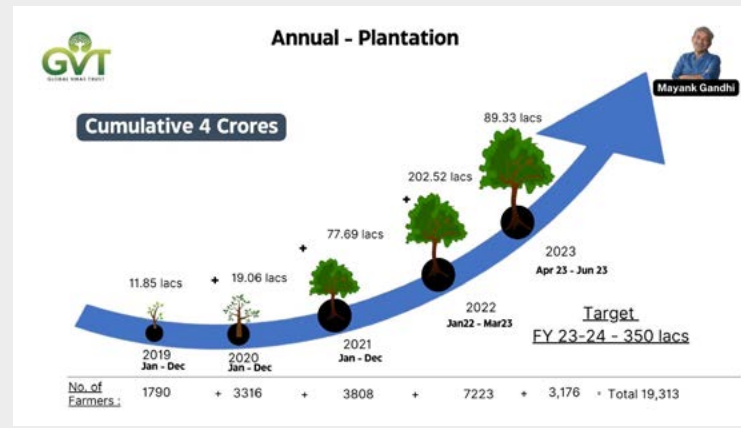
GVT has been successful in multiplying farmer incomes between 4 to 10 times in 3.5 years, from ₹30-40,000 to more than ₹1.5 lacs to 4 lacs per annum.

We believe that the nutrition will increase the attendance in schools and will motivate poor families to send their children who will get educated besides nutrition and will contribute to nation building.

MULTIPLYING FARMER INCOMES FIVEFOLD AND ALLEVIATING POVERTY

HEG is working with Global Vikas Trust which is a not-for-profit organisation with a mission to transform India by multiplying farmer incomes. GVT was established by Mayank Gandhi in 2016 with a specific focus on the rural economy, environment, and 360° development of farmers & their family. In the past few years, GVT has been able to completely transform the lives of more than 19,000 farmers from 29 districts in Maharashtra and Madhya Pradesh. This has been possible by creating a movement of farmers to change their cropping patterns to horticulture crops and training them in modern agricultural practices.

Global Vikas Trust created a proof-of-concept model in Parli, Marathwada, a district that was home to 6 droughts in 8 years, and one of the worst in terms of farmer suicides in the country. By following this model, they revolutionised Parli, with a massive decrease in suicide rates, and no droughts since they began working.



STRENGTHENING INDIA'S FOUNDATION

Ashoka University

The Company supports Ashoka University, India's first liberal arts and sciences university, built on the principles of collective public philanthropy.

Located in Sonapat, Delhi NCR, Ashoka aims to provide the highest-quality, world-class education to deserving students with an emphasis on research and knowledge-creation.

Scholarships are provided to deserving students who cannot afford such an education.





A new school to provide education to children of communities around our plant

The company has been running a CBSE affiliated school (from nursery to 12th standard) with capacity of 1,300 students. As the school is very popular in the area, there was a demand for more capacity considering which the company has made a new and modern school

building near our plant in Mandideep at a cost of ₹22 crore for another 1,400 students capacity to cater to the children of local community which mostly comprises industrial workers and unorganised labor.

The new school building has started from 5th April' 23 with the academic session of 2023-24 taking the total capacity of the school to 2,700 students.

The new school will provide holistic education to children with latest teaching techniques, skill development following CBSE curriculum. We believe that every child has a right to quality education and HEG wants to contribute to educating and empowering the future citizens of the country.

The academic results of the school are exemplary with students among toppers of the district.

मंडीदीप में सीबीएससी स्कूल में एचईजी ग्रेफाइट स्कूल ने लहराया परचम

सीबीएससी हाई सेकेंडरी स्कूल में ग्रेफाइट स्कूल की भूमिका ने 95.2% अंक प्राप्त किए तो हाई स्कूल में पीयूष पटेल ने 96.2% अंक प्राप्त कर माती बाजी

समस्त सख्त, पक्का खत्री
मंडीदीप। शहर में केंद्रीय माध्यमिक शिक्षा मंडल सीबीएससी द्वारा शुक्रवार को 10^{वीं} एवं 12^{वीं} का रिजल्ट घोषित किया गया रिजल्ट घोषित होते ही विद्यार्थियों के चेहरों पर खुशियों की मुस्कान देखने को मिली जिसमें शहर में एच ईजी ग्रेफाइट स्कूल ने दोनों परीक्षाओं में बाजी मारी हाई सेकेंडरी स्कूल में शहर के 5 स्कूल सीबीएससी हैं जिसमें एच ईजी ग्रेफाइट स्कूल, अनंत उत्सव स्कूल, राज हाइट्स स्कूल, कृष्णा वैली स्कूल एवं चावरा स्कूल शामिल है 12^{वीं} में ग्रेफाइट स्कूल की कामर्स संकाय की छात्रा भूमिका मगरानी ने 95.2% अंक प्राप्त कर प्रथम स्थान की बाजी मारी



स्कूल की कामर्स संकाय की छात्रा काजल श्रीवास्तव ने 94% अंक प्राप्त करें एवं तीसरे स्थान पर ग्रेफाइट स्कूल की छात्रा प्रज्ञा वैरागी ने 93.2% अंक प्राप्त कर बाजी मारी वहीं दसवीं में शहर के 6 स्कूल शामिल है एच ईजी ग्रेफाइट स्कूल, अनंत उत्सव स्कूल, राज हाइट्स स्कूल, कृष्णा वैली स्कूल चावरा स्कूल एवं मंगलम स्कूल को शामिल किया गया, जिसमें ग्रेफाइट स्कूल के पीयूष पटेल ने 96.2 प्रतिशत अंक प्राप्त कर प्रथम स्थान पर बाजी मारी जो गरीब परिवार से रहने वाले पिता क्राइस्टन ग्रिप कंपनी में काम करते अपने बच्चों को उत्कृष्ट शिक्षा प्रदान कराने में कोई कसर नहीं छोड़ते थे बिना

कोचिंग के प्रतिदिन 10 से 12 घंटे काही मेहनत लगाने की बदौलत पीयूष ने शहर में प्रथम स्थान पर बाजी मारी जो आईआईटी करके अपने माता-पिता का नाम रोशन करना चाहता है वहीं दूसरे स्थान पर ग्रेफाइट स्कूल के छात्र भरत मेघाढ़ा रहे जिन्होंने 94.4 प्रतिशत अंक प्राप्त किए तीसरे स्थान पर कृष्णा वैली स्कूल की अशिका यादव ने 93.8% अंक प्राप्त कर बाजी मारी रिजल्ट घोषित होते प्रतिभागियों को बाधाई का सिलसिला सोशल मीडिया पर देर रात तक चलता रहा प्रतिभागियों ने इस मुकाम पर पहुंचने का श्रेय माता पिता और स्कूल संचालकों एवं शिक्षकों को दिया है।

A HOME FOR THE HOMELESS

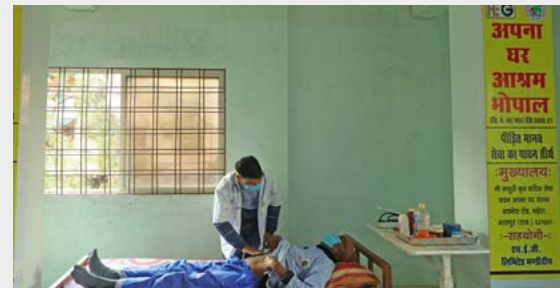
HEG has sponsored an Ashram in Bhopal named APNA Ghar for the destitute and homeless. The ashram rescues neglected, homeless, ill and destitute persons generally found in very harsh and painful conditions

on roadsides, railway stations, bus stands, religious and other public places. The ashram takes care of their stay, food, medical needs and care.

The ashram started with a capacity to accommodate 48 people. We call them Prabhuji.

Due to lot of demand for such a facility, last year the Ashram moved to a bigger premise which can house 125 Prabhujis.

In last three years of operation, the Ashram has rescued 367 prabhujis till date and reunited 98 of them with their families.



PRESERVING OUR RICH HERITAGE

Sabhyata Foundation: HEG partnered with Sabhyata foundation, which is entrusted with the upkeep and facility development of several heritage sites in India including Red Fort, Bhimbetka ancient rock caves etc.

BOARD OF DIRECTORS



Ravi Jhunjunwala
*Chairman, Managing
Director and CEO*
DIN: 00060972



Riju Jhunjunwala
*Vice Chairman,
Non Executive Director*
DIN: 00061060



Manish Gulati
Executive Director
DIN: 08697512



Dr. Kamal Gupta
Independent Director
DIN: 00038490



Vinita Singhania
Non Executive Director
DIN: 00042983



Satish Chand Mehta
Independent Director
DIN: 02460558



Davinder Kumar Chugh
Independent Director
DIN: 09020244



Shekhar Agarwal
Non Executive Director
DIN: 00066113



Jayant Davar
Independent Director
DIN: 00100801



Ramni Nirula
Independent Director
DIN: 00015330

STATUTORY
REPORTS

BOARD'S REPORT



Dear Members

Your Directors have the pleasure of presenting their 51st Annual Report together with Audited Financial Statements for the financial year ended 31st March, 2023.

1. Financial Results

(₹ in crore)

| Particulars | 2022-23 | 2021-22 |
|---|-----------------|-----------------|
| Net sales | 2,435.32 | 2,173.23 |
| Other operating income | 31.92 | 28.38 |
| Total income from operations (Net) | 2,467.24 | 2,201.61 |
| Other income | 109.14 | 79.55 |
| Total income | 2,576.38 | 2,281.16 |
| Profit before finance cost, depreciation and amortization | 728.79 | 606.77 |
| Finance cost | 26.01 | 7.49 |
| Profit before depreciation and amortization | 702.78 | 599.28 |
| Depreciation and amortization | 102.30 | 79.29 |
| Profit/(Loss) before tax | 600.48 | 520.00 |
| Provision for taxation: | | |
| Current tax | 154.25 | 129.56 |
| Deferred tax | (9.29) | (0.14) |
| Net Profit/(Loss) for the period | 455.51 | 390.58 |
| EPS (Basic) ₹ | 118.02 | 101.20 |

Note: No amount transferred to reserves.

2. Overall Performance

The Company recorded net sales of ₹2,435.32 crore during the financial year 2022-23 as compared to ₹2,173.23 crore in the previous financial year. The Net Profit during the financial year 2022-23 was at ₹455.51 crore as compared to a net profit of ₹390.58 crore in financial year 2021-22 translating to Basic Earnings Per Share at ₹118.02 for the financial year 2022-23 as against ₹101.20 in financial year 2021-22.

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.

Electrode Sector

Since the start of 2021, all graphite companies started working at higher capacity utilization levels which continued upto early 2022.

With the start of Russia Ukraine war in Feb'22, the energy and electricity prices soared in the forthcoming months dragging down steel production in several countries.

The world ex China saw steel production fall by 7.7 percent in 2022 compared to 2021.

As electrode is a derived demand from steel production, the electrode demand also fell causing the GE industry capacity utilisation to fall in second half of 2022.

Also due to global uncertainty, steel companies brought down their inventory levels. This continued up till end of 2022.

As electricity and energy prices cooled from their high levels, gradually we saw steel production to start stabilising.

Meanwhile the prices also came under pressure as the capacity utilisations fell to lower levels.

Other cost elements like pitches, LNG metcoke, furnace oil and overseas freight also came down from their record high levels.

As 2023 began we are keeping a cautiously optimistic outlook and expecting the demand to return in by the end of 2023, early 2024.

As the developed world has clearly embarked on the path of decarbonisation, there are lot of new EAF capacities coming up in US in next 3-4 years. At the same time in Europe, the trend is to shift some of Blast furnace production to EAF.

China too remains on the growth path for EAF albeit slower than expected.

All of the above factors bode well for the GE industry and resulting in increase in demand and improving prices and operating margins in the coming years.

Our plant expansion is coming to completion and it should be fully operational in June 2023 well in time to take care of additional demand expected in coming years.

We remain one of the most cost competitive and quality producer of graphite electrodes in the world fully ready to capture any available opportunities.

Power Generation

The Company has captive power generation capacity of 76.5mw (comprising two thermal power plants and a hydroelectric power facility).

Company currently buys its power needs from MP State Electricity Board and excess power generated is sold in the market through IEX and bi-partite power purchase agreement with open access to consumers.

The turnover of the Power Segment marginally increased to ₹47.10 crore in FY 2022-23 (after inter-segmental sales) from ₹25.28 crore in FY 2021-22.

4. Change in Share Capital

During the Financial Year 2022-23, there was no change in the Share Capital of the Company.

5. 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.

6. Change in the Nature of Business

There is no change in the nature of business during the financial year 2022-23.

7. Subsidiary, Associate Companies or Joint Ventures

(i) Subsidiary Company

The Company has 1 (One) Wholly Owned Subsidiary ("Subsidiary or WOS") namely TACC Limited incorporated on 26th December, 2022.

TACC Limited had no business operations during the financial year 2022-23 and Net Loss was ₹125.23 Lakh.

In terms of provisions of Section 136(1) of the Companies Act, 2013, the audited financial statements of TACC Limited, WOS of HEG Limited, have been placed on the website of the Company and are not being annexed in this Annual Report.

The financial statements of the subsidiary 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 to the shareholders free of cost upon their request.

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

(ii) Associate Companies or Joint Ventures

There are two Associates of the Company namely Bhilwara Infotechnology Limited and Bhilwara Energy Limited.

Bhilwara Infotechnology Limited had a turnover (Revenue from Operations) of ₹29.88 crore and Net Profit was ₹2.53 crore in the financial year 2022-23.

Bhilwara Energy Limited had a consolidated turnover (Revenue from Operations) of ₹488.22 crore and Net Profit (attributable to owners of the parent) was ₹157.46 crore as per their audited consolidated financial statements for the financial year.

The Company has no Joint Ventures.

No Company has become/ceased to be an Associate or Joint Venture during the financial year 2022-23.

Performance of Associate Companies & Subsidiary and their contribution to overall performance of the Company has been mentioned in the Notes to Accounts to the consolidated financial statements.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of financial statements of subsidiary and associate companies is annexed in the Form AOC-1 to the consolidated financial statements and hence not repeated here for the sake of brevity.

8. Consolidated Financial Statements

The Consolidated Financial Statements have been prepared by the Company in accordance with applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

9. Dividend

Your Directors are pleased to recommend a final dividend at the rate of ₹42.50 per equity share on 3,85,95,506 equity shares of face value of ₹10 each for the financial year ended 31st March, 2023 subject to the approval of the Shareholders at the ensuing 51st Annual General Meeting (AGM) of the Company. The dividend, if declared by the Shareholders in the AGM will be subject to deduction of tax at source at applicable rates.

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy is attached as **Annexure-IV**, which form part of this report and is also available on the website of the Company.

10. Corporate Governance

A report on Corporate Governance forms part of this Report along with the Auditors' Certificate on Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Auditors' Certificate for the financial year 2022-23 does not contain any qualifications, reservations or adverse remarks.

11. Management Discussion and Analysis

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

12. Business Responsibility & Sustainability Report (BRSR)

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Business Responsibility & Sustainability Report describing the initiatives taken by the Company from an environmental, social and governance perspective is attached as part of the Annual Report.

13. 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 top management. The Company has a well-defined organisational structure, authority levels and internal rules and guidelines for conducting business transactions.

Further, the Internal Financial Control framework 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 operations was observed.

14. 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**.

15. Public Deposits

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

16. 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 2022-23 which would impact the going concern status of the Company and its future operations.

17. 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.

18. Directors and Key Managerial Personnel

i. DIRECTORS

The Shareholders in their 50th Annual General Meeting held on 1st September, 2022 have approved the appointment of Shri Davinder Kumar Chugh as Independent Director for first term of 5 consecutive years .

Shri Ravi Jhunjunwala (DIN: 00060972), whose current terms is expiring on 12th February, 2024 was reappointed upon the recommendation of Nomination and Remuneration Committee as Managing Director in the Board Meeting held on 22nd May, 2023 subject to Shareholders approval for a period of 5 years w.ef. 13th February, 2024 to 12th February, 2029. He will continue to act as Chairman and Chief Executive officer of the Company in accordance with the Articles of Association and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The first term of office of Smt. Ramni Nirula (DIN: 00015330), as Independent Director is expiring on 30th October, 2023. The Board has recommended the re-appointment of Smt. Ramni Nirula as Independent Director upon the recommendation of Nomination and Remuneration Committee, for a second term of five consecutive years w.e.f. 31st October, 2023 upto 30th October, 2028, subject to approval of Shareholders at the ensuing Annual General Meeting.

Shri Riju Jhunjunwala (DIN: 00061060) and Shri Shekhar Agarwal (DIN: 00066113) shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board hereby recommends their re-appointment for approval of shareholders in the ensuing Annual General Meeting.

The Board confirms that independent director appointed during the year possess the desired integrity, expertise and experience.

The Independent Directors of the Company stated that they are in compliance with the Section 150 of the Companies Act, 2013 read with Rule 6 (1) & (2) of the Companies (Appointment & Qualification of Directors) Rules, 2014.

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. They have also complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

In the opinion of Board, Independent Directors fulfil the conditions specified in the Companies Act, 2013 read with schedules and rules thereto as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Independent Directors are independent of management.

The Company has 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.heg ltd.com.

The brief profile, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2, of the Directors eligible for appointment/re-appointment forms part of the Notice of Annual General Meeting and Corporate Governance Report.

ii. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company as on 31st March, 2023:

- a) Shri Ravi Jhunjhunwala, Chairman, Managing Director & CEO
- b) Shri Manish Gulati, Executive Director
- c) Shri Gulshan Kumar Sakhuja, Chief Financial Officer
- d) Shri Vivek Chaudhary, Company Secretary

19. 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, in the manner as enumerated in the Nomination and Remuneration Policy, in accordance with the provisions of the Companies

Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The evaluation 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.

Your Directors express their satisfaction with the evaluation process and inform that the performance of the Board as a whole, its Committees and its member individually were adjudged satisfactory.

20. Nomination and Remuneration Policy

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

21. Meetings of the Board

The Board of Directors met four times in the financial year 2022-2023 through Physical Meeting and Video Conferencing as permitted by relevant MCA circulars & SEBI Circulars read with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014 under provisions of the Companies Act, 2013. The intervening period between any two consecutive Board Meetings was within the maximum time gap prescribed under the Companies Act, 2013, Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-1 issued by ICSI. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

22. Contracts and Arrangements with Related Parties

The Board of Directors of the Company, acting upon the recommendation of its Audit Committee of Directors, has approved the policy and procedures with regard to Related Party Transactions for reviewing, approving and ratifying Related Party transactions and in providing disclosures with respect to the above transactions, as required under the Companies Act, 2013, Listing Agreement [now SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 ("Listing Regulations")] as amended from time to time and other applicable provisions, rules and regulations made thereunder.

All related party contracts/arrangements/ transactions that were entered into during the

financial year were on an arm's length basis and were in the ordinary course of business.

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

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

https://heg ltd.com/wp-content/uploads/2022/05/HEG_RPT-Policy_09.02.2022.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.

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has submitted the half yearly disclosure of related party transactions on a consolidated basis to BSE Ltd. and National Stock Exchange of India Ltd.

Since No material Related Party Transactions were entered during the financial year of the Company, accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

23. Committees of the Board

The Board has following statutory committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

Details of all the committees, along with their charters, composition and meetings held during the year, are provided in the Report on Corporate Governance, as part of this Annual Report.

All the recommendations of the Committees were accepted by the Board during the financial year 2022-23.

24. Auditors

M/s SCV & Co LLP having (Firm Registration No-000235N/N500089), Chartered Accountants, the Statutory Auditors of the Company had been re-appointed as the Statutory Auditors for a second term of 5 consecutive years from the conclusion of 50th Annual General Meeting (AGM) held on 1st September, 2022 till conclusion of 55th AGM of the Company, on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time.

Further, the Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 read with rules made 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.

No fraud has been reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 and the rules made thereunder.

25. Cost Auditors

In terms of sub-section (1) of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to maintain the cost records. Accordingly, such accounts and records have been maintained by the Company.

The Cost Audit for financial year ended March 31, 2022 was conducted by M/s. N.D. Birla & Co. (M. No. 7907). The said Cost Audit Report was filed on 6th September, 2022.

No fraud has been reported by the Cost Auditors under Section 143(12) of the Companies Act, 2013 and the rules made thereunder.

Based on the recommendation of Audit Committee at its meeting held on 22nd May, 2023, the Board has approved the re-appointment of M/s. N.D. Birla & Co. (M. No. 7907), as the Cost Auditors of the Company for the financial year 2023-24 on a remuneration of ₹3 Lakhs plus applicable taxes

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 ensuing Annual General Meeting.

26. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2022-23. The Secretarial Audit Report is annexed herewith as **Annexure-V**.

No fraud has been reported by the Secretarial Auditors under Section 143 (12) of the Companies Act, 2013 and the rules made thereunder.

The Board upon the recommendation of Audit Committee has re-appointed M/s. GSK & Associates, Company Secretaries in practice as Secretarial Auditors of the Company for the financial year 2023-24.

27. Qualification, Reservation or Adverse Remark in the Audit Reports

There is no qualification, reservation or adverse remark made by the Statutory or Cost or Secretarial Auditors in their Audit Reports issued by them.

28. Business Risk Management

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

The Risk Management Policy of the Company is in place. The Company's risk management strategy is integrated with the overall business strategies of the organization and is communicated throughout the organization. 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.

The Company has duly constituted Risk Management Committee inter-alia to oversee Risk Management framework of the Company. The details pertaining to the composition, meetings and terms of reference of the Risk Management Committee are included in the Report on Corporate Governance which forms part of the Annual Report.

29. Corporate Social Responsibility (CSR)

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken CSR projects directly and/or through implementation agencies 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 Company has a policy on CSR and has constituted a CSR Committee for undertaking CSR activities. The Composition of Committees & other details are provided in the Corporate Governance Report which forms part of the Annual Report.

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

<https://hegltd.com/wp-content/uploads/2021/06/amended-csr-policy.pdf>

The various CSR projects inter-alia undertaken will bring qualitative changes in the lives of the community around the plant location. One of the key project is the empowerment of farmers by fruiting cycle under Project Global Raisen (Rural

Economic Transformation) which will result in improvement in their income resulting into their higher familial and societal status. The Company has established first mega kitchen "Akshaya Patra" in Bhopal. The Akshaya Patra Kitchen was inaugurated on 25th January 2023 by Chief Minister of Madhya Pradesh, Shri Shivraj Singh Chouhan. The Kitchen has started serving meals to 842 Schools & Madrasa feeding 48,000 children everyday. The Company also run Graphite school at Mandideep, Bhopal, which is CBSE affiliated and run by the Company for last 21 years. The Company had also started construction of New school building which is going on in full swing and will be fully ready by 30th June 2023. The present capacity of which is approx. 1400 students would be increased to approx. 2700 students.

The Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure-VI**, forming part of this report.

30. Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and based on the recommendation of Audit Committee, the Board has approved the re-appointment of M/s. S.L. Chhajed & Co. LLP, as the Internal Auditors of the Company for the financial year 2023-2024.

31. 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 judgements 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 2022-23 and of the profit of the Company for the year under review;
- iii) They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities;

- iv) They have prepared the annual accounts on a going concern basis;
- v) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; 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.

32. Vigil Mechanism /Whistle Blower Policy

The Company has a vigil mechanism named "Whistle Blower Policy", which is overseen by the Audit Committee. The Policy inter-alia provides safeguards against victimization of the Whistle Blower. Employees and other stakeholders have direct access to the Chairperson of the Audit Committee for lodging concerns if any, for review. The policy is posted on the website of the Company, the web link of which is as under:

<https://hegltd.com/wp-content/uploads/2018/07/Whistle-Blower-Policy-08.05.2018.pdf>

33. 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.

34. Investor Education and Protection Fund (IEPF)

As required under Section 124 of the Companies Act, 2013 the unclaimed dividend amount aggregating to ₹ 15.89 Lakh lying with the Company for a period of seven years pertaining to the financial year ended on 31st March, 2015, was transferred during the Financial Year 2022-23, to the Investor Education and Protection Fund established by the Central Government. The details of same are given in Corporate Governance Report under head Shareholder Information.

35. Insider Trading

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Regulations), your Company has adopted the following-

- i) Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders- The

said Code lays down guidelines, which advise Insiders on the procedures to be followed and disclosures to be made in dealing with the shares of the Company and cautions them on consequences of non-compliances.

- ii) Code of Practices and Procedures of Fair Disclosures of Unpublished Price Sensitive Information- The Code ensures fair disclosure of events and occurrences that could impact price discovery in the market.
- iii) Policy for dealing with Unpublished Price Sensitive Information (UPSI) and Whistle Blower Policy for employees to report any leak or suspected leak of UPSI- The policy aims to enable the employees of the Company to report any leak or suspected leak of UPSI, procedures for inquiry in case of leak of UPSI or suspected leak of UPSI and initiate appropriate action and informing the SEBI promptly of such leaks, inquiries and results of such inquiries.
- iv) Internal Control Mechanism to prevent Insider Trading- The Internal Control Mechanism is adopted to ensure compliances with the requirements given in the regulations and to prevent Insider Trading. The Audit Committee also review compliance with the provision of regulations periodically.

36. Annual Return

In terms of the Section 92 (3) of Companies Act, 2013 as amended, the Annual Return of the Company is placed on the website of the Company <https://hegltd.com/annual-general-meeting/>

37. General Disclosure

- a) The Company has maintained Cost Records in accordance with Section 148(1) of the Companies Act, 2013.
- b) 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 complied with the provisions of above

said act. The Company has undertaken 17 workshops or awareness programmes against sexual harassment of women at the workplace. No complaint of Sexual Harassment was received during the financial year 2022-23.

- c) The Company is in compliance of all applicable secretarial standards issued by The Institute of Company Secretaries of India from time to time.
- d) The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof: Not Applicable.
- e) The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year: Not Applicable.

38. Key Initiatives with respect to Stakeholder relationship, Customer relationship, Environment, Sustainability, Health and Safety

The Company has duly constituted Stakeholders Relationship Committee with broad terms of reference, the details of which is provided in the Corporate Governance Report which forms part of the Annual Report.

As a responsible corporate citizen, the Company supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report etc. to shareholders at their e-mail address registered with the Depository Participants and Registrar & Transfer Agent.

To support the 'Green Initiative' and in compliance of Rule 18 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Members who have not yet registered their email addresses or want to update a fresh email id are requested to register the same with their Depository Participant in case the shares are held by them in electronic form and with Company's Registrar & Transfer Agents (RTA) in case the shares are held by them in physical form for receiving all communications, including Annual

Report, Notices, Circulars, etc., from the Company electronically. The Company has also sent the communication to the concerned shareholders with regard to registration of their email address etc. with the Registrar and Share Transfer Agent/ Depository Participants in connection with service of documents through electronic mode.

Further, as permitted by MCA Circulars and SEBI Circulars issued from time to time, in view of the prevailing Covid-19 Pandemic, the Notice of the 51th AGM and the Annual Report of the Company for the financial year ended 31st March, 2023 including therein the Audited Financial Statements for the year 2022-23, are being sent only by email to the Members.

The Company remained agile to emerging market opportunities by remaining connected with all its customers across the lean period. This effort allowed it to improve its capacity utilisation better than most peers in this space. A higher utilisation helped in better absorption of costs which improved cash flow. The Company stays in contact with its customers on a regular basis. The IT department is developing solutions for increased transparency in business operations and better connectivity with customers.

The Company is committed to protecting the environment. The R&D team works closely with some reputable research institutes to develop environment friendly approaches for sustainable growth which involves identifying alternative/regenerative carbon feedstock.

The Company supports the principles of inclusive growth and equitable development through not just its corporate social responsibility initiatives but through its core business as well. The Company's social upliftment initiatives focus around healthcare, education, removing hunger, working for the benefit of armed forces veterans and martyrs' community development and environmental conservation, which facilitates in bettering lives and improving livelihood, amongst others.

39. 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. The Directors appreciate and value the contribution made by every member of the HEG family.

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN: 00060972

Place: Noida (U.P.)

Date: 22nd May, 2023

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

(₹ in Lakhs)

| Sl. No. | Name of Director/ KMP and Designation | Remuneration of Director / KMP for financial year 2022-23 | % increase in Remuneration in the financial year 2022-23 | Ratio of Remuneration of each Director/ to median Remuneration of employees |
|---------|--|---|--|---|
| 1 | Ravi Jhunjunwala (Chairman, Managing Director & CEO) | 2139.01* | 17.04 | 490.65 |
| 2 | Manish Gulati (Executive Director) | 228.23** | 0.34 | 52.35 |
| 3 | Gulshan Kumar Sakhuja (Chief Financial Officer) | 52.52 | Nil | NA |
| 4 | Vivek Chaudhary (Company Secretary) | 33.81 | Nil | NA |

* includes commission of ₹ 1810.00 Lakhs

** includes commission of ₹ 100 Lakhs

b) Remuneration paid to Non-Executive and Independent Directors

(₹ in Lakhs)

| Sl. No. | Name of Director | Remuneration of non-executive & Independent Director for financial year 2022-23* | % increase in Remuneration in the financial year 2022-23 | Ratio of Remuneration of each Director/ to median Remuneration of employees |
|---------|--|--|--|---|
| 1 | Riju Jhunjunwala (Non-Executive Director) | 6.20 | 72.22 | 1.42 |
| 2 | Shekhar Agarwal (Non-Executive Director) | 6.00 | 0.00 | 1.38 |
| 3 | Kamal Gupta (Non-Executive & Independent Director) | 19.20 | 60.00 | 4.40 |
| 4 | Vinita Singhania (Non-Executive Director) | 2.25 | Nil | 0.52 |
| 5 | Satish Chand Mehta (Non-Executive & Independent Director) | 6.75 | 0.00 | 1.55 |
| 6 | Ramni Nirula (Non-Executive & Independent Director) | 5.45 | Nil | 1.25 |
| 7 | Jayant Davar (Non-Executive & Independent Director) | 9.80 | 83.18 | 2.25 |
| 8 | Davinder Kumar Chugh (Non- Executive & Independent Director) | 11.45 | 143.62 | 2.63 |

* No Commission was paid to Non- Executive Directors including Independent Directors of the Company during the FY 2022-23.

c) The median remuneration of the employees of the Company for the financial year is ₹ 4,35,954 per annum.

d) Percentage increase in the median remuneration of employees in the financial year : 5%

e) Number of permanent employees on payroll of the Company were 903 nos. as on 31st March, 2023.

f) The average increase of employee's salary for the FY 2022-23 (Other than Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO and Shri Manish Gulati, Executive Director) was at a rate of 10% per annum. The percentile increase in remuneration of employees is in accordance with policy of the Company.

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

II. The information of employees receiving salary in excess of the limits as prescribed under the provisions of Section 197 read with Rule 5, sub rule 2 & 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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 is given as under:

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

| Sl. No. | Name of Employee | Designation | Remuneration (₹ in Lakhs) | Qualification | Experience | Age | Date of Commencement of Employment | Last Employment held, Organisation, Designation & Duration |
|---------|------------------------|--|---------------------------|---|------------|-----|------------------------------------|--|
| 1 | Ravi Jhunjunwala | Chairman, Managing Director & CEO | 2139.01* | B.Com (Hons.), MBA | 43 | 67 | 08.09.1979 | - |
| 2 | Manish Gulati | Executive Director | 228.23** | MBA (Marketing & Finance), BE (Electronics) | 30 | 54 | 10.05.1993 | J.N.Marshal Ltd., Pune, Senior Executive, 0.5 Yr. |
| 3 | Atul Laxman Moghe | Vice President – Maintenance & Power | 72.77 | BE (Electronics) | 30 | 53 | 17.05.1999 | MP Iron & Steel Co. Pvt. Ltd., Malanpur, Engineer, 6.3 Yrs. |
| 4 | Jasvinder Singh Khosla | Vice President – Project / E&S / R&D / Specialty | 70.28 | BE (Mech) | 31 | 54 | 25.11.2020 | GIL Nasik, AVP(Works), 3.5 Yrs |
| 5 | Virendra Shrivastava | Vice President - Operations | 64.03 | B.Sc. (PCM), BE-Mechanical | 32 | 56 | 14.05.1991 | Hindustan Enterprises, Telearganj, Allahabad, Production Engineer, 0.6 Yr. |
| 6 | Prashant Kumar Jha | General Manager - Commercial | 58.44 | ICWA, PGDBM | 23 | 50 | 15.07.2011 | M/s. Timex Group Ind. Limited, Noida, Manager, 2.9 Yrs. |
| 7 | Gulshan Kumar Sakhuja | Chief Financial Officer | 52.52 | CA, B.Com (Hons.), Delhi University | 19 | 44 | 14.09.2009 | Caparo Engineering India Pvt Ltd. Senior Manager Finance, 3.10 Yrs |
| 8 | Ravi Kant Tripathi | General Manager - Finance | 47.30 | B.COM (TAXATION), ICWA, LLB | 32 | 53 | 11.07.1994 | Bharat Zinc Ltd. Bhopal, Accountant, 1 Yrs |
| 9 | Rajesh Jetha | General Manager – Information Technology | 46.68 | MCA (COMPUTER APPLICATION) | 27 | 53 | 17.11.1997 | NSMG Pvt Ltd, New Delhi, S/w Engineer, 2 Yrs |
| 10 | Manoj Kumar Gupta | Deputy General Manager – Design | 45.11 | BE(MECH), M. TECH(MECH) | 32 | 54 | 07.02.2011 | Hindalco Industries, Bharuch, Manager Maintenance, 5.6 Yrs |

* includes commission of ₹ 1810.00 Lakhs

** includes commission of ₹ 100 Lakhs

- b) Statement related to employee employed throughout the year and in receipt of remuneration aggregating ₹1.02 crore or more during the FY 2022-23

| Sl. No. | Name of Employee | Designation | Remuneration (₹ in Lakhs) | Qualification | Experience | Age | Date of Commencement of Employment | Last Employment held, Organisation, Designation & Duration |
|---------|------------------|-----------------------------------|---------------------------|---|------------|-----|------------------------------------|--|
| 1 | Ravi Jhunjunwala | Chairman, Managing Director & CEO | 2139.01* | B.Com (Hons.), MBA | 43 | 67 | 08.09.1979 | - |
| 2 | Manish Gulati | Executive Director | 228.23* | MBA (Marketing & Finance), BE (Electronics) | 30 | 54 | 10.05.1993 | J.N.Marshal Ltd., Pune, Senior Executive, 0.5 Yr. |

* includes commission of ₹ 1810.00 Lakhs

** includes commission of ₹ 100 Lakhs

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

| Sl. No. | Name of Employee | Designation | Remuneration (₹ in Lakhs) | Qualification | Experience | Age | Date of Commencement of Employment | Last Employment held, Organisation, Designation & Duration |
|---------|------------------|-------------|---------------------------|---------------|------------|-----|------------------------------------|--|
| - | - | - | - | - | - | - | - | - |

Notes:

- Shri Ravi Jhunjunwala is a relative of Shri Riju Jhunjunwala.
- As per records of the Company, no employee is holding more than 2% of the Paid-Up Share Capital of the Company.
- All appointments are contractual in nature and terminate by notice on either side.
- No employee drew remuneration at a rate in excess of that drawn by the Chairman, Managing Director & CEO.

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

- (i) the steps taken or impact on conservation of energy;
Replacement of conventional lights of ratings – 126 KW with LED lights of ratings – 61 KW with the improvement of illumination level in various locations of plant and decreased/saved - 786 KWh/day by using LED lights and this resulted saving of ₹ 15.00 Lacs/annum.
- (ii) the steps taken by the Company for utilising alternate sources of energy; -
- (iii) the capital investment on energy conservation equipment;
Improvement in power factor, reduced the KVA demand of power and increased utilization of power (load factor) by installation of new 40kV, 1x13810 KVA, Detuned Capacitor Bank at 132 kV substation in the month – January 2023 and monthly energy billed with 7% PF incentive instead of 5% by MPMKVCL resulting a saving of ₹105.00 Lakhs.

(B) TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption; -
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; -
- (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 technology been fully absorbed
(d) If not fully absorbed, areas where absorption has not taken place and the reason thereof; and -
- (iv) the expenditure incurred on Research and Development -

(C) FOREIGN EXCHANGE EARNINGS AND 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 Lakhs)

| | 2022-23 | 2021-22 |
|----------------------------|-------------|-------------|
| i) Foreign Exchange Earned | 1,49,959.19 | 1,26,373.77 |
| ii) Foreign Exchange Uses | 1,13,527.77 | 83,137.42 |

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 in accordance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Key Objectives of the Committee would be:

- a) to advise the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee and review its implementation and compliance.
- c) to recommend to the Board on Remuneration in whatever form payable to the Directors, Key Managerial Personnel and Senior Management.

2. DEFINITIONS

- (a) "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- (b) "Board" means Board of Directors of the Company.
- (c) "Key Managerial Personnel" (KMP) means—
 - (i) Chief Executive Officer or the Managing Director or the Manager;
 - (ii) Company Secretary;
 - (iii) Whole-time director;
 - (iv) Chief Financial Officer;
 - (v) such other officer not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
 - (vi) such other officer as may be prescribed.

- d) Senior management shall mean officers/ personnel of the Company who are members of its core management team excluding Board of Directors. This would also include all members of management one level below chief executive officer/managing director/ whole time director/manager (including CEO/manager, in case they are not part of the Board) and including functional heads and shall specifically include Company Secretary & Chief Financial Officer.

3. ROLE OF COMMITTEE

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

- a) To formulate of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- b) 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;
- c) to recommend to the Board the appointment and removal of Director or KMP or Senior Management Personnel;
- d) Formulate the criteria for effective evaluation of performance of Independent Directors, Board, its Committees and Individual Directors to be carried out either by the Board, by the Committee itself or by an independent external agency and review its implementation and compliance;
- e) to carry out evaluation of Director's performance;
- f) assessing the independence of independent directors;

- g) 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;
- h) making recommendations to the Board on the remuneration, in whatever form/fee payable to the Directors/KMPs/Senior Management so appointed/re-appointed;
- i) 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;
- j) the Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board;
- k) to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- l) to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- m) 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 & Rules thereunder.

4. MEMBERSHIP

- a) The Committee shall consist of a minimum 3 non-executive directors, two third 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) Membership of the Committee shall be disclosed in the Annual Report.
- c) Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRMAN

- a) Chairman/Chairperson of the Committee shall be an Independent Director.
- b) In the absence of the Chairman/Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- c) The Chairman of Nomination and Remuneration Committee shall attend the General Meeting or in his absence any member of the Committee authorized by him in this behalf shall attend the General Meeting of the Company to answer the shareholder's queries.

6. QUORUM

Either two (2) members or one third of the members of the Committee whichever is greater, with at least one independent director shall constitute a quorum for the Committee meeting.

7. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at least once in a year or at such regular intervals as may be required.

8. 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.

9. SECRETARY

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

10. 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.

11. 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.

12. NOMINATION DUTIES

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

- a) For appointment of any Directors/KMPs/ Senior Management, the Committee shall:
 - i) assess the appointee against a range of criteria which includes but not limited to qualifications, skills, experience, integrity, background and other qualities required to operate successfully;
 - ii) the extent to which the appointee is likely to contribute to the overall effectiveness, work constructively and enhance the efficiencies of the Company;
- b) 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;
- c) 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;
- d) Determining the appropriate size and composition of the Board;
- e) Follow a formal and transparent procedure for selecting new Directors for appointment to the Board, Key Managerial Personnel's and Senior Management Personnel;
- f) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- i. use the services of an external agencies, if required;
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. consider the time commitments of the candidates.
- g) Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;
 - h) Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;
 - i) 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;
 - j) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
 - k) Considering any other matters as may be requested by the Board.

13. TERM / TENURE

A. Appointment of Managing Director / Whole-time Director

The terms and conditions of appointment and remuneration payable to a Managing Director and Whole-time Director(s) shall be recommended by the Nomination and Remuneration Committee to the Board for its approval which shall be subject to approval by shareholders of the Company as per the applicable provisions of the Companies Act, 2013 and rules made thereunder and in compliance of the Listing Regulation, 2015 as amended time to time.

B. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for a period upto five years

or such other period as may be stipulated on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

C. Removal/Retirement

Due to any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations. The Directors, KMP and Senior Management shall retire as may be recommended by the NRC and approved by the Board as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

D. Letter of Appointment

Each Independent/KMP/Senior Management, Director is required to sign the duplicate copy of the letter of appointment issued by the Company, which contains the terms and conditions of his/her appointment.

14. REMUNERATION DUTIES

The Committee will recommend the remuneration in whatever form/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.

A. DIRECTOR/ MANAGING DIRECTOR

Besides the above Criteria, the Remuneration/ compensation/commission/fee/incentives 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.

If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without approval of members by way of Special Resolution, where required, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the company.

B. NON EXECUTIVE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

The Non-Executive Directors (including Independent Directors) 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.

A Company has profits in a financial year may pay remuneration to its Non-Executive Directors (including Independent Directors) within the limits as specified under Section 197 of the Companies Act, 2013 & rules thereto.

A company has no profits or its profits are inadequate, a Non-Executive Director (Including Independent Director) may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197, in accordance with the provisions of Schedule V.

Except with the approval of the Company in the general meeting by a special resolution the overall Commission to the Non-Executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013 & rules thereto.

C. 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 and/or in accordance with HR Policy of the Company, wherever applicable.

D. 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.

15(A).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 Committee
- Review of ethical conduct.

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 shall evaluate/assess each of the Independent Directors on the aforesaid parameters which shall also include the following:

- (a) Performance of the Directors; and
- (b) Fulfillment of the independence criteria as specified in LODR Regulations, 2015, as amended from time to time and their independence from the management.

Only the Director being evaluated shall not participate in the said evaluation discussion.

15(B).MANNER FOR EFFECTIVE EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS.

- a) The Performance Evaluation of Directors, the Board as a whole, its Committees be carried out on Annual Basis.
- b) The Performance Evaluation be carried out in the manner as enumerated in the Nomination and Remuneration Policy of the Company.
- c) Nomination and Remuneration Committee should carry out the performance evaluation of all Directors, Key Managerial Personnel and Senior Officers of the Company and report to the Board of Directors for further evaluation.
- d) The Board should carry out the Performance Evaluation of Independent Directors, Board as a whole and its Committees and individual Directors.
- e) Only the Director being evaluated will not participate in evaluation discussions.
- f) Review of implementation and monitoring of the above manner of Performance Evaluation be done as and when required.

16. PERFORMANCE EVALUATION OF KMPs/ SENIOR MANAGEMENT

The performance evaluation of KMPs/ Senior Management is measured with regard to the goals and objectives set for the year and increase in compensation & reward by way of variable bonus is linked to the evaluation of individual's performance. Additionally, industry benchmarks are also used to determine the appropriate level of remuneration, from time to time.

17. DISCLOSURE

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

18. 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.

19. POLICY REVIEW

- a. This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the subject as may be notified from time to time.
- b. Any such amendment shall automatically have the effect of amending this Policy without the need of any approval by the Nomination and Remuneration Committee and/or the Board of Directors.

Annexure-IV to the Board's Report

DIVIDEND DISTRIBUTION POLICY

A. Definitions:

- i) 'Company' shall mean HEG Limited.
- ii) 'Board' shall mean Board of Directors of the Company
- iii) 'Members' shall mean shareholders of the Company who hold shares of the Company.
- iv) 'Policy' shall mean Dividend Distribution Policy

B. Objective:

The objective of this document is to frame a policy for dividend distribution criteria of the Company.

C. Background:

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations"), the Company is required to formulate a Dividend Distribution Policy which shall be disclosed in the annual report and on the Company's website.

D. Policy:

The Board of the Company has approved this Dividend Distribution Policy to comply with these requirements.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

The circumstances under which Members may expect dividend are based on the following factors:

- Current year profits and outlook in line with internal and external environment.

- Operating cash flows.
- Funding growth needs including working capital, capital expenditure, repayment of debt, etc.
- Dividend payout trends (the dividend payout ratio will be calculated as a percentage of dividend (including dividend tax) recommended for the year to the net profit for that year).
- Tax implications if any, on distribution of dividends.
- Providing for unforeseen events and contingencies with financial implications.
- Any other relevant factor that the Board may deem fit to consider.

The Board may declare interim dividend(s) as and when they consider it fit and recommend the final dividend to the Members for their approval in the general meeting of the Company.

In case the Board proposes not to distribute the profit; the fact shall be disclosed in the Annual Report of the Company.

In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.

Annexure-V to the Board's Report

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED 31ST MARCH, 2023

[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, Distt Raisen
Madhya Pradesh-462046**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by HEG LIMITED (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, 2023, 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, 2023 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);

THIS DOCUMENT DOES NOT SOLICIT INVESTMENTS IN THE COMPANY'S SECURITIES. NOR IS IT AN ASSURANCE OF GUARANTEED RETURNS (IN ANY FORM), FOR INVESTMENTS IN THE COMPANY'S EQUITY SHARES.

- f. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period);
- g. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period);
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period); and
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (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
- Entry Tax Act, 1976 (Madhya Pradesh Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhinyam, 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
- The Code on Wages, 2019
- 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
- Goods and Services Tax Act, 2017

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.

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, Mr. Davinder Kumar Chugh was appointed as Additional Director (Independent) of the Company w.e.f. 11th August, 2021, for the first term of 5(five) consecutive years subject to the Shareholder's approval which was obtained at the Annual General Meeting held on 01st September, 2022.

We further report that, M/s. SCV & Co. LLP, Chartered Accountants (Firm Registration No. 000235N/ N500089) was re-appointed as Statutory Auditors of the Company for a second term of 5 (five) consecutive years w.e.f. 01st September, 2022.

Date: 22nd May, 2023

Place: New Delhi

For **GSK & Associates**
(Company Secretaries)
FRN: P2014UP036000

Saket Sharma
Partner
(Membership No.: F4229)
(CP No.: 2565)
UDIN: F004229E000349301
PR No.: 2072/2022

Annexure-VI to the Board's Report

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2022-23 (Pursuant to Annexure II of the Companies (Corporate Social Responsibility Policy) Rules, 2014)

- Brief outline on CSR Policy of the Company:** Refer to Point no. 29 of Board's Report
- Composition of CSR Committee:**

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-------------------------|--------------------------------------|--|--|
| i. | Shri Ravi Jhunjhunwala | Chairman, Managing Director & CEO | 4 | 4 |
| ii. | Shri Satish Chand Mehta | Non-Executive (Independent Director) | 4 | 4 |
| iii. | Smt. Vinita Singhania | Non- Executive Director | 4 | 3 |

- Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company.**

The Web-links are as under:

| | | |
|--|---|---|
| Composition of CSR committee | : | https://hegltd.com/wp-content/uploads/2021/06/Composition-of-CSR-Committee.pdf |
| CSR Policy | : | https://hegltd.com/wp-content/uploads/2021/06/amended-csr-policy.pdf |
| CSR projects approved by the board are disclosed on the website of the company | : | https://hegltd.com/wp-content/uploads/2023/07/CSR-Annual-Action-Plan.pdf |

- Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**

The Company has been conducting internal impact assessments to monitor and evaluate its all CSR programmes. The report on Impact assessment along with executive summary of its applicable CSR projects by Independent Agencies in terms of above rules are available on Company's website at link i.e. <https://hegltd.com/impact-assessment/>

| | | | |
|----|---|---|-----------------|
| 5. | (a) Average net profit of the company as per sub-section (5) of section 135. | : | ₹1,23,48,28,650 |
| | (b) Two percent of average net profit of the company as per sub-section (5) of section 135. | : | ₹ 2,46,96,573 |
| | (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. | : | NIL |
| | (d) Amount required to be set-off for the financial year, if any. | : | NIL |
| | (e) Total CSR obligation for the financial year [(b)+(c)-(d)]. | : | ₹ 2,46,96,573 |
| 6. | (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) # ₹7,00,00,000 was also spent during financial year 2022-23 on ongoing projects which was not included here, since it was spent against the ongoing project of FY 2021-22 from the amount transferred to Un-spent CSR Account for those projects. For details please refer point no. 7 below. | : | ₹ 1,15,11,353# |
| | (b) Amount spent in Administrative overheads. | : | ₹ 22,26,119 |
| | (c) Amount spent on Impact Assessment, if applicable. | : | NIL |
| | (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. | : | ₹ 1,37,37,472 |

(e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|--|------------------------------|--|---------|-------------------|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135. | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135. | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| ₹ 1,37,37,472 | ₹ 1,09,59,101 | 28 th April, 2023 | - | - | - |

(f) Excess amount for set-off, if any: NIL

| Sl No. | Particular | Amount (in ₹) |
|--------|---|-----------------|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | ₹ 2,46,96,573 |
| (ii) | Total amount: | ₹ 2,46,96,573 |
| | Spent for the Financial Year | : ₹ 1,37,37,472 |
| | Transferred to Unspent CSR Account as per Section 135(6) for ongoing projects | : ₹ 1,09,59,101 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | NIL |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | NIL |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | NIL |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
|---------|-----------------------------|---|---|---|--|------------------|---|--------------------|
| | | | | | Amount (in ₹) | Date of Transfer | | |
| 1 | 2021-22 | 15,83,38,160 | 15,83,38,160 | 7,00,00,000 | - | - | 8,83,38,160 | - |
| 2 | 2020-21 | - | - | - | - | - | - | - |
| 3 | 2019-20 | - | - | - | - | - | - | - |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes/No

If Yes, enter the number of Capital assets created/acquired: NA

Furnish the details relating to such assets(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pin code of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/Authority/beneficiary of the registered owner | | |
|----------------|---|--------------------------------------|------------------|----------------------------|---|------|--------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | | |
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| Not Applicable | | | | | | | |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

The Company has identified few CSR Projects undertaken by the Company as an ongoing projects, for which requisite amount have been transferred to Unspent CSR Account as per Section 135(6) of the Companies Act, 2013 read with relevant rules & Schedule VII.

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN: 00060972

Place: Noida (U.P.)

Dated: 22nd May, 2023

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 composition of the Board satisfies the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Section 149 of the Companies Act, 2013, (hereinafter referred to as "the Act").

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 Independent Directors constitute half of the total strength of Board as on 31st March, 2023, the details are as under:

| Category of Directors | No. of Directors | % of total Directors |
|---|------------------|----------------------|
| Independent Directors | 5 | 50 |
| Non Independent Non Executive Directors | 3 | 30 |
| Executive Directors | 2 | 20 |
| Total | 10 | 100 |

As on 31st March, 2023, 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 | Number of Member-ship(s)/Chairmanship(s)** of Board Committees in other Companies as on 31.03.2023 | No. of Board Meetings attended | Whether attended the last AGM (Yes/ No) |
|-----------------------|---|--|--|--------------------------------|---|
| Shri Ravi Jhunjunwala | Chairman, Managing Director & CEO -Promoter Executive | 9 | 5 (including 2 as Chairman) | 4 | Yes |
| Shri Riju Jhunjunwala | Vice-Chairman Promoter Non-Executive | 7 | 1 | 4 | Yes |
| Shri Shekhar Agarwal | Promoter Non-executive | 4 | 3 | 4 | Yes |
| Shri Manish Gulati | Executive Director | 0 | 0 | 4 | Yes |

| Name of Director | Category of Directorship | No. of other Directorships* in Public Ltd. Companies | Number of Membership(s)/Chairmanship(s)** of Board Committees in other Companies as on 31.03.2023 | No. of Board Meetings attended | Whether attended the last AGM (Yes/ No) |
|---------------------------|--------------------------|--|---|--------------------------------|---|
| Dr. Kamal Gupta | Independent | 5 | 7 (including 4 as Chairman) | 4 | Yes |
| Shri Davinder Kumar Chugh | Independent | 1 | 0 | 4 | Yes |
| Shri Satish Chand Mehta | Independent | 0 | 0 | 4 | Yes |
| Smt. Ramni Nirula | Independent | 3 | 2 | 3 | Yes |
| Shri Jayant Davar | Independent | 4 | 2 | 4 | Yes |
| Smt. Vinita Singhania | Non-Executive | 5 | 0 | 3 | Yes |

Notes:

* 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. ("Listing Regulations"). Membership includes Chairmanship.

All Directors are in compliance with the limit on Directorships as prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors are related to each other except Shri Ravi Jhunjunwala and Shri Riju Jhunjunwala, being relatives.

Independent Director means Director as mandated in Listing Regulations and Section 149(6) of the Companies Act, 2013. All the Independent Directors have given the declaration of their independence at the beginning of the financial year.

None of the Directors on the Board:

- is a member of more than 10 Board level committees and Chairman of 5 such committees across all the Public Companies in which he or she is a Director;
- holds directorships in more than ten public Companies;
- serves as Director or as Independent Director (ID) in more than seven listed entities; and
- who are the Executive Directors serves as ID in more than three listed entities.

All the Directors of the Company are appointed/ re-appointed by the Shareholders on the basis of recommendations of the Board and Nomination and Remuneration Committee.

The Board Meetings / Committee Meetings in financial year 2022-23 were held through Video Conferencing/ Physical and information as mentioned in Schedule II Part A of the SEBI Listing Regulations have been placed before the Board for its consideration. The process followed for holding the meeting through Video Conferencing was in compliance with the Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.

The Company also has a Risk Management Policy in place, procedures to inform Members of the Board about the risk assessment and minimization.

ii) Directorship in other listed entities including category of Directorship

| Name of Director | Category of Directorship | Listed Entities |
|---------------------------|--|---|
| Shri Ravi Jhunjunwala | Promoter-Non-Executive Non-Executive Independent Promoter-Non-executive Independent | RSWM Limited Maral Overseas Limited India Glycols Limited BSL Limited JK Lakshmi Cement Limited |
| Shri Shekhar Agarwal | Non-Executive Chairman, Managing Director & CEO-Promoter- Executive Chairman, Managing Director & CEO-Promoter-Executive Promoter-Non-Executive | RSWM Limited Maral Overseas Limited Bhilwara Technical Textiles Limited BSL Limited |
| Dr. Kamal Gupta | Independent Independent | Maral Overseas Limited RSWM Limited |
| Shri Davinder Kumar Chugh | Non-Executive-Nominee Director | Jayaswal Neco Industries Limited |
| Smt. Vinita Singhania | Vice Chairman, Managing Director Non-Executive Non-Executive Non-Executive | JK Lakshmi Cement Limited JK Paper Limited Bengal & Assam Company Limited Udaipur Cement Works Limited |
| Shri Riju Jhunjunwala | Chairman, Managing Director & CEO-Promoter-Executive Promoter-Non-Executive | RSWM Limited Bhilwara Technical Textiles Limited |
| Shri Satish Chand Mehta | - | - |
| Smt. Ramni Nirula | Independent Independent Independent | DCM Shriram Limited Usha Martin Limited Kirkoskar Brothers Limited |
| Shri Jayant Davar | Independent Co-Chairman, Managing Director-Promoter-Executive | Jagran Prakashan Limited Sandhar Technologies Limited |
| Shri Manish Gulati | - | - |

iii) Matrix of Core Skills/ Expertise/ Competencies of Directors in context of business of the Company.

The Matrix setting out the skills, expertise and competencies of Directors as on 31st March 2023, in context of business of the Company is as under:

| Sl. No. | Name of Director | Skills/Expertise/Competence | | | | | |
|---------|-----------------------|---|---|--|----------------------------------|--|--|
| | | Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities, the industry in which the Company operates and advising on domestic market and overseas market. | Behavioral skills – Attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company. | Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making. | Financial and Management skills. | Technical / Professional skills and specialized knowledge in relation to Company's business. | Environment, Health and Safety and Sustainability- Knowledge of working on environment, health and safety and sustainability activities. |
| 1 | Shri Ravi Jhunjunwala | √ | √ | √ | √ | √ | √ |
| 2 | Shri Riju Jhunjunwala | √ | √ | √ | √ | √ | √ |
| 3 | Shri Shekhar Agarwal | √ | √ | √ | √ | | √ |
| 4 | Dr. Kamal Gupta | √ | √ | √ | √ | | √ |

| Skills/Expertise/Competence | | | | | | | |
|-----------------------------|---------------------------|---|---|--|----------------------------------|--|--|
| Sl. No. | Name of Director | Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities, the industry in which the Company operates and advising on domestic market and overseas market. | Behavioral skills – Attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company. | Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making. | Financial and Management skills. | Technical / Professional skills and specialized knowledge in relation to Company's business. | Environment, Health and Safety and Sustainability- Knowledge of working on environment, health and safety and sustainability activities. |
| 5 | Shri Davinder Kumar Chugh | √ | √ | √ | √ | √ | √ |
| 6 | Shri Satish Chand Mehta | √ | √ | √ | √ | | √ |
| 7 | Smt. Ramni Nirula | √ | √ | | √ | | √ |
| 8 | Smt. Vinita Singhania | √ | √ | √ | | | √ |
| 9 | Shri Jayant Davar | √ | √ | √ | √ | | √ |
| 10 | Shri Manish Gulati | √ | √ | √ | √ | √ | √ |

iv) 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 |
|---|---------------------------|
| Dr. Kamal Gupta (Jointly with his wife Mrs. Usha Gupta) | 473 |
| Shri Riju Jhunjhunwala | 1,356 |
| Shri Jayant Davar | 4 |

v) Board Meetings

The Board meets at least once in every quarter to review quarterly results and other items on the agenda. Additional meetings are held when necessary. Four Board Meetings were held during the financial year ended the 31st March, 2023 through Physical mode and/ or Video Conferencing as permitted by relevant SEBI Circulars and MCA Circulars read with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014 under provisions of Companies Act, 2013. These were held on 25th May, 2022, 10th August, 2022, 11th November, 2022, and 14th February, 2023. 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. No resolution was passed by circulation in the Financial Year 2022-2023.

Keeping in view the underlying objective of Green Initiatives, the Company has adopted a practice of making electronic presentation of the Agenda of Board Meeting and other Committee Meetings in the form of a power point presentation, wherever required. Adequate notice was given to all Directors w.r.t. the Board/ Committee Meetings held during the year. Agenda and detailed notes on agenda were sent well in advance so as to enable the Directors to become aware of all the facts on timely basis.

3. Audit Committee

The Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

(i) Broad 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 committee;

Provided that occasionally the Audit Committee may meet without the presence of any of the 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 considered necessary;
- The chairperson of the Audit Committee shall be an Independent Director and shall be present at Annual General Meeting to answer the shareholder's 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 judgement 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 issue 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 a qualifications and

experience and registered as a valuer in such a 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 the Company.

14. Evaluation of internal financial controls and risk management systems;
15. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
16. Reviewing the adequacy of internal audit function, if any, including the structure of 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 thereon;
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 utilised 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 party 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;

30. The Audit Committee shall consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

ii) Composition of the Committee

The composition of the Audit Committee is as under:

| Sl.No. | Name of Director | Designation | Category |
|--------|---------------------------|-------------|---------------------------------|
| 1 | Shri Satish Chand Mehta | Chairman | Independent Director |
| 2 | Shri Shekhar Agarwal | Member | Non-Executive Promoter Director |
| 3 | Dr. Kamal Gupta | Member | Independent Director |
| 4 | Shri Davinder Kumar Chugh | Member | Independent Director |

All these Directors possess knowledge of corporate finance, accounts and corporate laws. The Statutory Auditors, Cost Auditors, Secretarial Auditor, 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 the 31st March, 2023, Four meetings were held through Physical Mode and/ or Video Conferencing as permitted by relevant SEBI Circulars and MCA Circulars read with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014 under provisions of Companies Act, 2013 on 25th May, 2022, 10th August, 2022, 11th November, 2022 and 14th February, 2023. The attendance at the above Meetings was as under:

| Sl. No. | Name of Director | No. of meetings attended |
|---------|---------------------------|--------------------------|
| 1 | Shri Satish Chand Mehta | 4 |
| 2 | Shri Shekhar Agarwal | 4 |
| 3 | Dr. Kamal Gupta | 4 |
| 4 | Shri Davinder Kumar Chugh | 4 |

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

i) Broad Terms of Reference

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

- a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- b) to recommend to the Board the appointment and removal of Director or KMP or Senior Management Personnel;
- c) to carry out evaluation of Director's performance;
- d) assessing the independence of Independent Directors;
- e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

- f) making recommendations to the Board on the remuneration/fee payable to the Directors/ KMPs/ Senior Officials so appointed/re-appointed and remuneration, in whatever form, payable to senior management;
- 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's diversity;
- i) to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- j) Specify the manner of effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by Board, the Nomination and Remuneration Committee or by independent external agency and review its implementation and compliance;
- k) 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 | Dr. Kamal Gupta | Chairman | Independent Director |
| 2 | Smt. Ramni Nirula | Member | Independent Director |
| 3 | Shri Davinder Kumar Chugh | Member | Independent Director |

The Company Secretary acts as Secretary of the Committee.

iii. Meetings and Attendance

During the financial year ended 31st March, 2023, two meetings were held through Physical Mode and/ or Video Conferencing as permitted by relevant SEBI Circulars and MCA Circulars read with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014 under provisions of Companies Act, 2013 on 25th May, 2022, and 14th February, 2023.

The attendance at the above Meetings was as under:

| Sl.No. | Name of Director | No. of meetings attended |
|--------|---------------------------|--------------------------|
| 1 | Dr. Kamal Gupta | 2 |
| 2 | Smt. Ramni Nirula | 2 |
| 3 | Shri Davinder Kumar Chugh | 2 |

5. Stakeholders Relationship Committee

The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178 (5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

i) Broad Terms of Reference

- (1) Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants, annual reports, statutory notices by the shareholders of the Company.

ii) Composition of the Committee

The composition of the Committee is as under:

| Sl. No. | Name of Director | Designation | Category |
|---------|---------------------------|-------------|---------------------------------|
| 1 | Shri Riju Jhunjunwala | Chairman | Non-Executive Promoter Director |
| 2 | Shri Ravi Jhunjunwala | Member | Executive-Promoter Director |
| 3 | Dr. Kamal Gupta | Member | Independent Director |
| 4 | Shri Davinder Kumar Chugh | Member | Independent Director |

Shri Vivek Chaudhary, Company Secretary is the Compliance Officer of the Company.

iii) Meetings and Attendance

During the financial year ended 31st March, 2023, four meetings were held on 21st May, 2022, 12th August, 2022, 17th October, 2022, and 24th January, 2023.

The attendance at the above Meetings was as under:

| Sl. No. | Name of Director | No. of Meetings attended |
|---------|---------------------------|--------------------------|
| 1 | Shri Riju Jhunjunwala | 3 |
| 2 | Shri Ravi Jhunjunwala | 2 |
| 3 | Dr. Kamal Gupta | 4 |
| 4 | Shri Davender Kumar Chugh | 3 |

The Company received 34 complaints from Shareholders during the financial year 2022-23 and all were resolved to the satisfaction of the shareholders.

6. Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Companies Act, 2013.

i) Broad Terms of Reference

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject specified in Schedule VII of the Companies Act, 2013;
- b) Recommend and monitor the amount of expenditure to be incurred on the activities referred to in clause (a),
- c) Monitor the Corporate Social Responsibility Policy of the Company from time to time; and
- d) Any other functions as may deem fit by the CSR Committee/Board or as may be necessitated by any regulatory framework as amended from time to time.

ii. Composition of the Committee

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

| Sl. No. | Name of Director | Designation | Category |
|---------|-------------------------|-------------|-----------------------------|
| 1 | Shri Ravi Jhunjunwala | Chairman | Executive-Promoter Director |
| 2 | Smt. Vinita Singhania | Member | Non-Executive Director |
| 3 | Shri Satish Chand Mehta | Member | Independent Director |

iii. Meetings and Attendance

During the financial year ended 31st March, 2023, four meetings were held through Physical Mode and/ or Video Conferencing as permitted by relevant SEBI Circulars and MCA Circulars read with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014 under provisions of Companies Act, 2013 on 25th May, 2022, 10th August, 2022, 11th November, 2022 and 14th February, 2023.

The attendance at the above Meetings was as under:

| Sl. No. | Name of Director | No. of meetings attended |
|---------|-------------------------|--------------------------|
| 1 | Shri Ravi Jhunjunwala | 4 |
| 2 | Smt. Vinita Singhania | 3 |
| 3 | Shri Satish Chand Mehta | 4 |

7. Risk Management Committee

The Risk Management Committee has been constituted by the Board in compliance with the requirements of Regulation 21 of the Listing Regulations.

i. Broad Terms of Reference

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- (7) Revision/updation/implementation of SOPs relating to Cyber Security;
- (8) Any other functions as may deem fit by the Risk Management Committee/Board or as may be necessitated by any regulatory framework as amended from time to time in connection with the risk management of the Company.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

ii. Composition of the Committee

| Sl.No. | Name of Director | Designation | Category |
|--------|-----------------------|-------------|-----------------------------|
| 1 | Shri Ravi Jhunjunwala | Chairman | Executive-Promoter Director |
| 2 | Dr. Kamal Gupta | Member | Independent Director |
| 3 | Smt. Ramni Nirula | Member | Independent Director |

iii. Meetings and Attendance

During the financial year ended 31st March, 2023, two meetings were held through Physical Mode and/ or Video Conferencing as permitted by relevant SEBI Circulars and MCA Circulars read with Rule 3 of the Companies

(Meetings of Board and its Powers) Rules, 2014 under provisions of Companies Act, 2013 on 25th May, 2022, and 11th November, 2022.

The attendance at the above Meeting was as under:

| Sl.No. | Name of Director | No. of meeting attended |
|--------|-----------------------|-------------------------|
| 1 | Shri Ravi Jhunjunwala | 2 |
| 2 | Dr. Kamal Gupta | 2 |
| 3 | Smt. Ramni Nirula | 2 |

8. Independent Directors' Meeting

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and also as per the Regulation 25 of Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 14th February, 2023 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 & its Committees which is necessary to effectively and reasonably perform and discharge their duties. Further, the Independent Directors have included their names in the databank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

9. Performance Evaluation Criteria of Independent Directors

Pursuant to Regulation 17 of the Listing Regulations, evaluation of Independent Directors was carried out by the entire Board. Only the Independent Director being evaluated did not participate in the said evaluation discussion. All Independent Directors satisfies the independence criteria and are independent of management.

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

10. Familiarisation Programme

Pursuant to the Code of Conduct for Independent Directors specified under the Act and the SEBI Listing Regulations, the Company has in place a familiarization programme for all its Independent Directors. Such familiarization programmes help the Independent Directors to understand the Company's strategy, business model, operations, markets, organization structure, risk management etc. and such other areas as may arise from time to time. The Familiarization Programmes imparted to Independent Directors of the Company has been disclosed on its website and a weblink thereto is as under:

https://hegltd.com/wp-content/uploads/2023/05/Familiarization-programmes-imparted-to-IDs_FY-2022-23.pdf

11. Remuneration of Directors

i. Details of Remuneration paid to the Directors for the financial year ended 31st March, 2023.

(₹ in Lakhs)

| Name of Director | Salary | Benefits | Commission | Bonuses | Stock Option & Pension | Sitting Fee | Total |
|---------------------------|--------|----------|------------|---------|------------------------|-------------|---------|
| Shri Ravi Jhunjunwala | 253.92 | 75.09 | 1810.00 | - | - | - | 2139.01 |
| Shri Shekhar Agarwal | - | - | - | - | - | 6.00 | 6.00 |
| Dr. Kamal Gupta | - | - | - | - | - | 19.20 | 19.20 |
| Smt. Vinita Singhania | - | - | - | - | - | 2.25 | 2.25 |
| Shri Riju Jhunjunwala | - | - | - | - | - | 6.20 | 6.20 |
| Shri Satish Chand Mehta | - | - | - | - | - | 6.75 | 6.75 |
| Smt. Ramni Nirula | - | - | - | - | - | 5.45 | 5.45 |
| Shri Jayant Davar | - | - | - | - | - | 9.80 | 9.80 |
| Shri Manish Gulati | 113.06 | 17.17 | 100.00 | - | - | - | 228.23 |
| Shri Davinder Kumar Chugh | - | - | - | - | - | 11.45 | 11.45 |

During the year under review, the Company had paid the sitting fees and reimbursed out of pocket expenses incurred for attending the meeting of the Board/Committees to the Non-Executive Directors including Independent Directors of the Company.

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.

ii. Criteria of making payments to Non-Executive/ Independent Director(s)

The criteria of making payments to Non-Executive Director/Independent Director(s) is available on the website of the Company and the weblink of the same is as under:

<https://hegltd.com/wp-content/uploads/2018/08/Criteria-of-making-payments-to-Non-Executive-Directors.pdf>

iii. Pecuniary Transactions

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

12. Code of Conduct

The Company has 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 2022-23."

13. Vigil Mechanism/Whistle Blower Policy

The Company is committed to pursue its business objectives in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour and has put in place a mechanism

for reporting unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. The Company has a Vigil Mechanism and Whistle-blower policy under which the employees or any other person are free to report. The Whistle-blower policy is available on the Company's website and a weblink thereto is as under:

<https://hegltd.com/wp-content/uploads/2018/07/Whistle-Blower-Policy-08.05.2018.pdf>

During the year, no personnel has been denied access to the audit committee and no complaints were received.

14. Prevention of Sexual Harassment of Women at Workplace

The protection against sexual harassment and right to work with dignity are universally recognized human rights. To provide safe working environment to women the LNJ Bhilwara Group has in place Policy on Prevention, Prohibition and Redressal against sexual harassment of Women Employees. The purpose of this policy is to communicate that LNJ Bhilwara Group has a "zero tolerance" approach towards sexual harassment to women at workplace. The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, are as under:

- Number of complaints filed during the Year: NIL
- Number of complaints disposed off during the Year : NA
- Number of complaints pending as on end of the Year: NA

15. Disclosures

- There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. The transactions with related parties are in the ordinary course of business and on arm's length basis. Suitable disclosure as required by the applicable Accounting Standards, has been made in the Annual Report. A web link for policy on dealing with related party transactions is as under:
https://hegltd.com/wp-content/uploads/2022/05/HEG_RPT-Policy_09.02.2022.pdf
- No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.
- The Company has complied with the requirements of the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Senior Management Personnel of the Company have confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions entered into with the Company that may have a potential conflict with the interests of the Company at large.
- Commodity Price Risks and Commodity Hedging Activities:**

In the recent times, sale and purchase of Graphite Electrodes have more or less commoditised, with customers preferring price as a key driver. The key raw material for the same is a 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.

The Risk Management Framework includes inter-alia risk identification of raw material availability and cost, the markets for its products, foreign exchange etc. The functional heads / location heads are responsible for managing risk on various parameters and ensure implementation of appropriate and timely risk mitigation measures. Risks affecting the entire Company are discussed at Head Office. Risk perception and mitigation plan is presented to the Board on half yearly basis. With the constitution of the Risk Management Committee, the same would also be discussed at the committee level and then placed before the Board.

There is no hedging mechanism for Company's material inputs as well as finished products in terms of price. The suppliers of Calcined Petroleum Needle coke (which is the key input) usually resort to annual quantity contract which is subject to the pricing to be discussed and mutually agreed on quarterly / half yearly basis. Therefore, it is not practically possible to provide data in the format as prescribed by SEBI circular dated

15th November, 2018. The pricing of electrodes (which is the key finished product) is usually fixed at the time of procuring order. In any case, the market conditions for Calcined Petroleum Needle coke and for finished electrodes are similar, such that changes in the prices of Calcined Petroleum Needle coke tend to remain in tandem (except for short transitional periods) with the price of the relevant finished electrodes. Therefore, there are no hedging arrangements with regard to future prices of Calcined Petroleum Needle coke. In view of the above factors, the price risk exposure is not material.

Company usually has foreign exchange exposure in the form of export receivables and payables for import, foreign currency loans and certain expenditure. The foreign currency risk exposures usually gets balanced with exports and the resultant net asset / liability is not material. The position of unhedged currency wise foreign exchange risk exposure as on 31st March, 2023 is incorporated in note no. 46 to the Standalone Financial Statements.

- f) 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:
<https://hegltd.com/wp-content/uploads/2020/07/Material-subsidary.pdf>
- At present the Company have 1 (One) Wholly Owned Subsidiary Company (i.e. TACC Limited) incorporated on 26th December, 2022.
- g) The Company has complied with all the applicable Accounting Standards.
- h) The Chairman, Managing Director & CEO and Chief Financial Officer have certified to the Board, inter- alia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31st March, 2023. The Annual Certificate given by the Chairman, Managing Director & CEO and the Chief Financial Officer is published in this report.
- i) The Company also strives to adhere and comply with the following discretionary requirements specified under Regulation 27(1) and part E of the schedule II of the SEBI Listing Regulations, to the extent applicable:
- Modified opinion(s) in Audit Report: Company's financial statements have unmodified audit opinions.
 - Reporting of Internal Auditor: Internal auditor of the Company directly reports to the Audit Committee. The Internal Auditor makes presentations and reports to the Audit Committee of the Company on a quarterly basis pertaining to the key internal audit findings and the action plan agreed with the Management.
- j) The Audit Report contains unmodified audit opinion.
- k) The total fees for all services paid by the Company on a consolidated basis to the Statutory Auditors are detailed in the notes to the Financial Statements.
- l) No funds have been raised through preferential allotment or qualified institutions placement.
- m) During the financial year 2022-23, the Board of Directors have accepted all the recommendations of its Committees.
- n) The Company has obtained Directors & Officer insurance (D & O) policy for all the Directors including Independent Directors of the Company and details of same have been placed quarterly in the Audit Committee Meeting.
- o) 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.

16. Certificates

- Certificate from JAIN VINEY & ASSOCIATES, Practicing Company Secretaries has been obtained that none of the Directors on Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI or Ministry of Corporate Affairs or any such authority. The certificate is reproduced as under:

CERTIFICATE UNDER REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

We JAIN VINEY & ASSOCIATES, Practicing Company Secretaries, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HEG Limited (CIN: L23109MP1972PLC008290) having registered office at MANDIDEEP, NEAR BHOPAL, DIST RAISEN, MADHYA PRADESH-462046 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| Sl.No. | Name of Directors | DIN | Date of Appointment |
|--------|----------------------|----------|---------------------|
| 1 | RAMNI NIRULA | 00015330 | 31/10/2018 |
| 2 | KAMAL GUPTA | 00038490 | 10/11/1994 |
| 3 | VINITA SINGHANIA | 00042983 | 31/10/2018 |
| 4 | RAVI JHUNJHUNWALA | 00060972 | 08/09/1979 |
| 5 | RIJU JHUNJHUNWALA | 00061060 | 30/04/2009 |
| 6 | SHEKHAR AGARWAL | 00066113 | 15/07/1996 |
| 7 | JAYANT DAVAR | 00100801 | 14/08/2019 |
| 8 | SATISH CHAND MEHTA | 02460558 | 23/06/2016 |
| 9 | MANISH GULATI | 08697512 | 01/03/2020 |
| 10 | DAVINDER KUMAR CHUGH | 09020244 | 11/08/2021 |

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **JAIN VINEY & ASSOCIATES**
Company Secretaries

Sd/-

Viney Kumar Jain

Company Secretary In Practice

M.No.: F 5376

CP. No.: 4614

PR Cert. No. 1234/2021

UDIN: F005376E000346178

Place: New Delhi

Date: 22nd May, 2023

2. CEO/CFO Certificate Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is reproduced as under:

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, 2023 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
DIN: 00060972

Place: Noida (U.P.)
Date: 22nd May, 2023

Gulshan Kumar Sakhuja
Chief Financial Officer
M.No. 504626

3. Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members
HEG Limited

1. This certificate is issued in accordance with our terms of engagement letter dated 10th May 2023.
2. The accompanying Corporate Governance Report prepared by HEG Limited (hereinafter the "Company"), contains details as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C and D of schedule V of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, as amended from time to time (the "listing regulations") with respect to corporate governance for the year ended March 31, 2023.

Management Responsibility

3. The preparation of the corporate governance report is the responsibility of management of the Company including preparation and maintenance of all the relevant supporting records and documents. The responsibility also includes the design implementation and maintenance of internal control relevant to the preparation and presentation of the corporate governance report.
4. The Management along with Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by Securities and Exchange Board of India.

Auditors Responsibility

5. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
6. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
7. We have carried out an examination of the relevant records of the Company in accordance with the guidance note on certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

9. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para-C and D of Schedule V of the Listing Regulations during the year ended March 31, 2023.

Other Matter and Restriction on Use

10. This report 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.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

FOR **SCV & CO. LLP**
 CHARTERED ACCOUNTANTS
 ICAI FIRM REG. No.: 000235N/N500089

(SANJIV MOHAN)

PARTNER

M. No.:086066

ICAI UDIN: 23086066BGXYKX5397

PLACE: Noida

DATE: 22nd May, 2023

17. 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 was passed |
|----------------------------------|-------------------------|---|-----------------|---|
| 11 th September, 2020 | 2019-2020 | Video conferencing (VC) and/or other audio-visual means (OAVM), without physical presence of members. The venue of the AGM was deemed to be the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462 046, Madhya Pradesh. | 2.30 P.M. | Yes |
| 28 th July, 2021 | 2020-2021 | Video conferencing (VC) and/or other audio-visual means (OAVM), without physical presence of members. The venue of the AGM was deemed to be the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462 046, Madhya Pradesh. | 11:00 A.M. | Yes |
| 1 st September, 2022 | 2021-2022 | Video conferencing (VC) and/or other audio-visual means (OAVM), without physical presence of members. The venue of the AGM was deemed to be the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462 046, Madhya Pradesh. | 11:30 A.M. | Yes |

No Extra-ordinary General Meeting took place during the financial year 2022-23.

18. Postal Ballot

No special resolution was passed through postal ballot during the financial year 2022-23. Further, no Resolution has been proposed to be conducted through postal ballot.

19. 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.

All price sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS), NSE Digital Portal (as per applicability) and BSE Listing Centre, for dissemination on their respective websites. The stock exchange filings are also made available on the investors section of the website of the Company at www.hegltd.com. As advised by the stock exchanges to all listed companies, your Company had Disseminate all disclosures, specified under Regulation 46, under a separate section on the website of the Company for easy reference of Shareholders/Investors.

20. Disclosures Regarding Appointment/Re-Appointment of Directors in the ensuing Annual General Meeting

Re-appointment/Appointment of the following Directors are placed for Shareholders approval in the ensuing Annual General Meeting of the Company.

- Shri Ravi Jhunjunwala (DIN: 00060972), Chairman, Managing Director & CEO of the Company was re-appointed as the Managing Director, not liable to retire by rotation, in the Board Meeting held on 22nd May, 2023 subject to approval of Shareholders, for a period of 5 years i.e. 13th February, 2024 to 12th February, 2029.
- Shri Riju Jhunjunwala (DIN: 00061060), Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

- Shri Shekhar Agarwal (DIN: 00066113), Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.
- The first term of office of Smt. Ramni Nirula (DIN: 00015330), as an Independent Director is expiring on 30th October, 2023, who is eligible for re-appointment for a second term subject to approval of Shareholders. Upon the recommendation of Nomination and Remuneration Committee, the Board has recommended the re-appointment of Smt Ramni Nirula (DIN: 00015330), as Independent Director for second term of 5 (five) consecutive years with effect from 31st October, 2023 upto 30th October, 2028 subject to approval of Shareholders at the ensuing Annual General Meeting.

All the above appointment/re-appointments have been recommended by Nomination and Remuneration Committee.

The Board hereby recommends all the above appointment/re-appointment for approval of shareholders in the ensuing Annual General Meeting.

The requisite disclosures in respect of the above is attached as an Annexure at page no. 90 of this report.

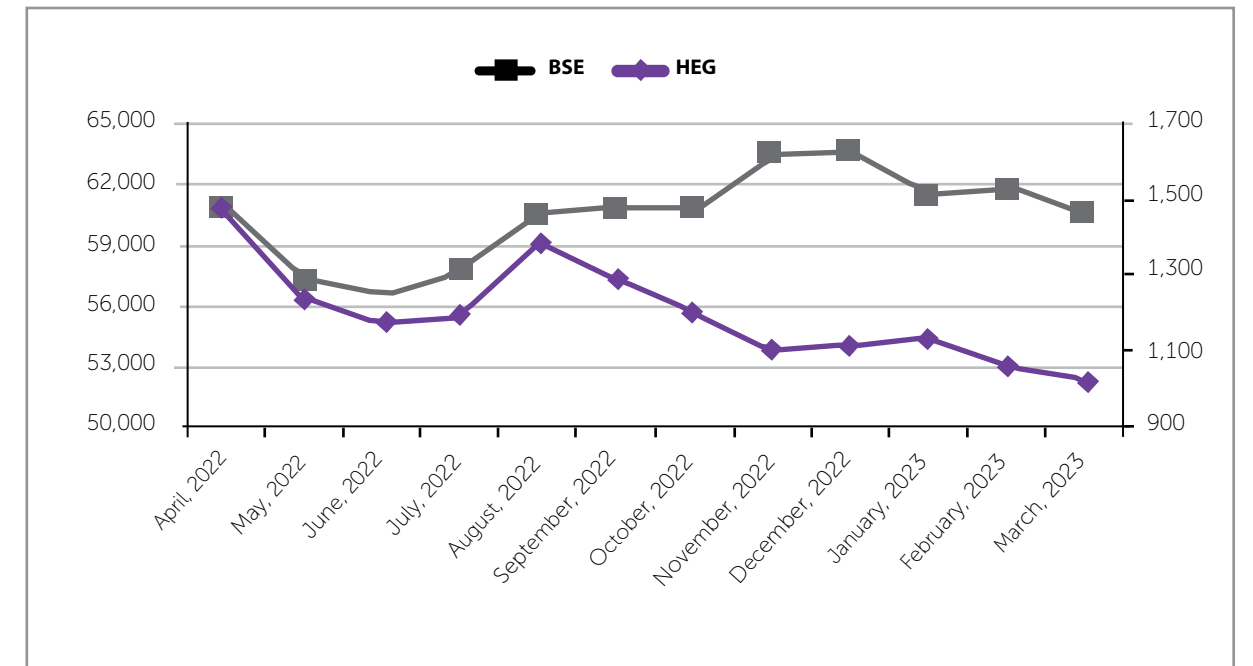
21. Shareholders' Information

| | |
|--|---|
| a) Annual General Meeting (AGM): Date, Time & Venue | Thursday, 31 st August, 2023 at 11:30 am through Video Conferencing / Other Audio Visual Means facility (Deemed Venue for Meeting: Registered Office at Mandideep (Near Bhopal), Distt. Raisen – 462046, Madhya Pradesh). |
| b) Financial Year | Financial Year: 1 st April, 2022 – 31 st March, 2023. |
| c) Date of Book Closure | Friday, 25 th August, 2023 to Thursday, 31 st August, 2023 (both dates inclusive) |
| d) Dividend payment date: | The Final Dividend, if declared will be paid within 30 days from the date of AGM. The same is subject to TDS. You may visit www.heg ltd.com for details. |
| e) Listing of Shares on Stock Exchanges | <p>1. BSE Limited BSE- Corporate Office Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 Phones: (022) 22721233/4, (022) 66545695 (Hunting) Fax: (022) 22721919</p> <p>2. National Stock Exchange of India Limited NSE – Corporate Office Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Phones: (022) 26598100 – 8114 Fax No: (022) 26598120</p> |
| 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) Whether S&P BSE 500 Index | Yes |

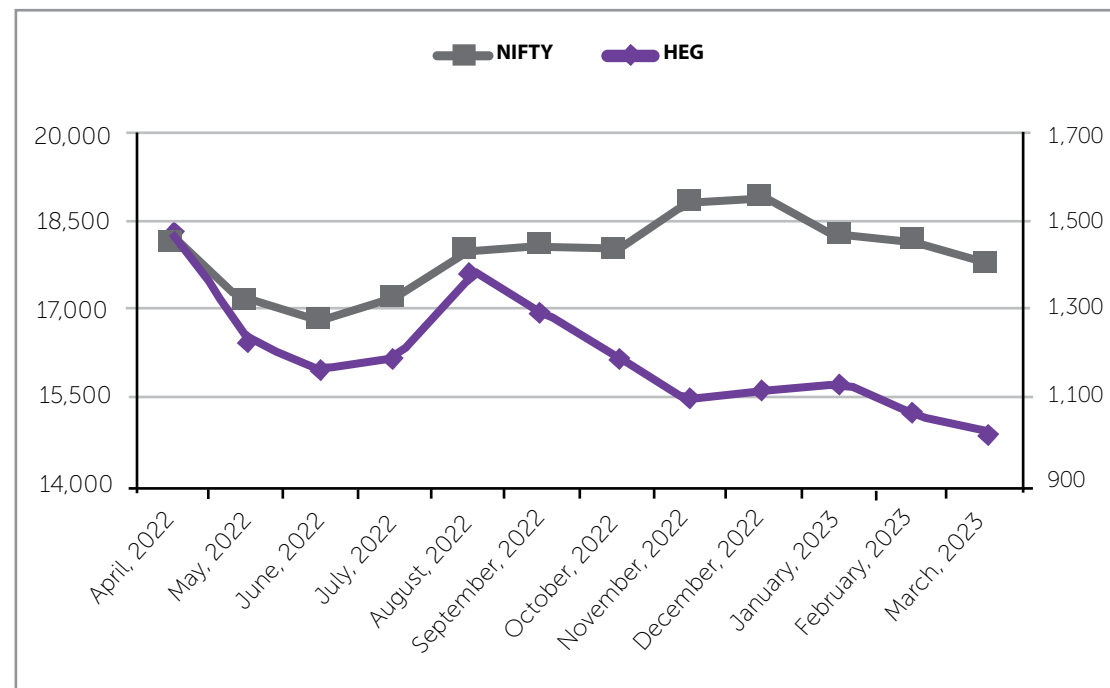
i) (a) Market Price Data: Monthly High-Low values (in ₹) at NSE & BSE and comparison with BSE Sensex and Nifty:

| Month | NSE | | BSE | | BSE SENSEX | | NIFTY | |
|-----------------|----------|----------|----------|----------|------------|-----------|-----------|-----------|
| | High | Low | High | Low | High | Low | High | Low |
| April, 2022 | 1,475.00 | 1,221.60 | 1,474.15 | 1,211.95 | 60,845.10 | 56,009.07 | 18,114.65 | 16,824.70 |
| May, 2022 | 1,223.85 | 991.75 | 1,229.10 | 992.10 | 57,184.21 | 52,632.48 | 17,132.85 | 15,735.75 |
| June, 2022 | 1,168.95 | 890.80 | 1,169.45 | 891.15 | 56,432.65 | 50,921.22 | 16,793.85 | 15,183.40 |
| July, 2022 | 1,188.90 | 963.30 | 1,188.70 | 964.05 | 57,619.27 | 52,094.25 | 17,172.80 | 15,511.05 |
| August, 2022 | 1,378.85 | 1,155.55 | 1,378.00 | 1,156.70 | 60,411.20 | 57,367.47 | 17,992.20 | 17,154.80 |
| September, 2022 | 1,290.90 | 1,034.00 | 1,290.40 | 1,026.20 | 60,676.12 | 56,147.23 | 18,096.15 | 16,747.70 |
| October, 2022 | 1,195.00 | 1,044.20 | 1,195.00 | 1,044.55 | 60,786.70 | 56,683.40 | 18,022.80 | 16,855.55 |
| November, 2022 | 1,099.00 | 956.00 | 1,099.00 | 957.00 | 63,303.01 | 60,425.47 | 18,816.05 | 17,959.20 |
| December, 2022 | 1,112.85 | 932.60 | 1,112.05 | 932.05 | 63,583.07 | 59,754.10 | 18,887.60 | 17,774.25 |
| January, 2023 | 1,133.65 | 991.55 | 1,134.25 | 991.60 | 61,343.96 | 58,699.20 | 18,251.95 | 17,405.55 |
| February, 2023 | 1,060.70 | 955.80 | 1,059.85 | 955.70 | 61,682.25 | 58,795.97 | 18,134.75 | 17,255.20 |
| March, 2023 | 1,021.00 | 918.00 | 1,021.30 | 919.00 | 60,498.48 | 57,084.91 | 17,799.95 | 16,828.35 |

(b) Comparative chart of Company's share price movement vis-a-vis the movement of BSE Sensex during FY 2022-2023:



(c) Comparative chart of Company's share price movement vis-à-vis the movement of Nifty during FY 2022-2023:



j) Registrar and Transfer Agent (RTA)

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

k) Share Transfer System

SEBI had mandated that, effective from 1st April, 2019, securities of listed companies can only be transferred in dematerialized form except where the claim is lodged for transmission or transposition of shares. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Further pursuant to SEBI Circular dated January 25, 2022 on "Issuance of Securities in dematerialized form in case of Investor Service Requests" the Company/RTA had already started issuing 'Letter(s) of Confirmation' in lieu of physical share certificate(s) to the concerned shareholder(s)/ claimant(s). During the year, the Company had obtained, a certificate, from a Company Secretary in practice, as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and filed copy of the same with the Stock Exchanges. The 'Letter of Confirmation' would valid for a period of 120 days from the date of its issuance, within which the securities holder/claimant would have to make a request to the Depository Participant for dematerializing the said securities. In case the securities holder/claimant would fail to submit the demat request within 120 days, Company's RTA / Company would have to credit the securities to the Suspense Escrow Demat Account of the Company in accordance with the SEBI Circulars issued from time to time.

l) Distribution of shareholding as on 31st March, 2023:

| No. of Equity Shares held | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-500 | 1,49,964 | 98.40 | 60,50,177 | 15.68 |
| 501-1,000 | 1,383 | 0.91 | 10,17,862 | 2.64 |
| 1,001-2,000 | 584 | 0.38 | 8,35,554 | 2.16 |
| 2,001-3,000 | 165 | 0.11 | 4,10,132 | 1.06 |
| 3,001-4,000 | 66 | 0.04 | 2,29,486 | 0.59 |
| 4,001-5,000 | 56 | 0.04 | 2,54,237 | 0.66 |
| 5,001-10,000 | 73 | 0.05 | 5,05,580 | 1.31 |
| 10,001 & above | 104 | 0.07 | 2,92,92,478 | 75.90 |
| Total | 1,52,395 | 100.00 | 3,85,95,506 | 100.00 |

m) Category of Shareholders as on 31 March, 2023:

| Category | No. of shares held | % of shareholding |
|---|--------------------|-------------------|
| Promoters and Promoter Group | 2,15,27,974 | 55.78 |
| Mutual Funds | 4,77,867 | 1.24 |
| Financial Institutions / Banks / Central Govt. / State Govt. Institutions | 2,267 | 0.00 |
| Insurance Companies | 18,67,261 | 4.84 |
| Alternate Investment Fund | 69,512 | 0.18 |
| Foreign Portfolio Investors | 24,12,646 | 6.25 |
| Bodies Corporate | 10,83,885 | 2.81 |
| Individuals | 91,08,283 | 23.60 |
| Others: | | |
| I) Trusts | 350 | 0.00 |
| II) IEPF | 2,49,766 | 0.65 |
| III) NRI Individuals | 3,04,555 | 0.79 |
| III) Overseas Corporate Body | 14,85,619 | 3.85 |
| IV) NBFCs' Registered with RBI | 5,521 | 0.01 |
| Total | 3,85,95,506 | 100.00 |

n) Dematerialization of shares and liquidity.

3,82,43,466 equity shares were dematerialized till 31st March, 2023, which was 99.09% of the total paid-up Equity Share Capital of the Company on that date. The Company has sent communication to the shareholders encouraging them to dematerialize their physical holding in the Company. During the year, requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the statutory time limit from the date of receipt of share certificates and related documents. Trading in equity shares of the Company is permitted only in dematerialized form.

Your attention is drawn to recent SEBI Circular no. SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 on the Issuance of Securities in dematerialized form in case of Investor Service Requests, wherein it has been decided by the SEBI vide Gazette Notification no. SEBI/LAD-NRO/GN/2022/66 dated January 24, 2022 that listed companies shall henceforth issue the securities in dematerialized form only while processing the service request relating to issuance of duplicate shares, transmission, endorsement etc. For more details, please refer to Investor Service Request head under Investors Section of website of the Company i.e. www.heg ltd.com.

- o) Commodity price risk or foreign exchange risk and hedging activities** Please refer point no, 15(e) above and the head Risks and its mitigation, which forms part of Management Discussion and Analysis.
- p) Outstanding GDRs/ADRs/warrants or any Convertible instruments, conversion date and likely impact on equity.** There are no such instruments outstanding as on 31st March, 2023.
- q) Plant Locations**
- | |
|---|
| a) Mandideep (Near Bhopal), Distt. Raisen- 462046, Madhya Pradesh. |
| b) Village Ranipur, Tawa Nagar, Distt. Hoshangabad – 461001 Madhya Pradesh. |
- r) 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 |

s) Transfer of Shares to the Investor Education and Protection Fund (IEPF)

Attention to the members is drawn to the provisions of Section 124(6) of the Companies Act, 2013 ('the Act'), read with relevant Rules, the Company is required to transfer the shares for which dividend has not been paid or claimed for 7 consecutive years or more to Investor Education and Protection Fund (IEPF).

The Company had sent individual communication to Members whose shares were liable to be transferred under the Rules at their registered address informing them of the above and for taking appropriate action.

Accordingly, the Company has transferred the equity shares in respect of which dividend upto 2014-15 has not been claimed or paid for a period of seven consecutive years or more to the IEPF.

The details are also available on website at www.heg ltd.com and website of IEPF Authority at www.iepf.gov.in. No claim shall lie against the Company in respect of unclaimed dividend amounts and the corresponding shares transferred to IEPF, pursuant to relevant Rules. Members should note that both the unclaimed dividend and the shares transferred to IEPF can be claimed back by them from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website of the IEPF Authority (www.iepf.gov.in) and sending a duly signed physical copy of the said submitted form and acknowledgement along with requisite documents enumerated in the Form No. IEPF-5 duly completed in all respect, to the Company.

Detail of Nodal Officer

The details of Nodal Officer of the Company is available at the website of the Company i.e. <https://heg ltd.com/> and a weblink thereto is as under: <https://heg ltd.com/management-team/>

The details of unclaimed dividend and shares transferred to IEPF during the financial year 2022-23 are given hereunder:

| Financial Year | Amount of unclaimed dividend transferred (₹ in Lakhs) | Number of shares transferred |
|----------------|---|------------------------------|
| 2014-15 | 15.89 | 19,459 |

Tentative schedule for transfer to IEPF is as under:

| Date of Declaration of Dividend | Financial Year | Tentative Schedule for transfer to IEPF |
|---------------------------------|-------------------|---|
| 08-02-2018 | 2017-18 (Interim) | 12-03-2025 |
| 23-07-2018 | 2017-18 (Final) | 23-08-2025 |
| 31-10-2018 | 2018-19 (Interim) | 05-12-2025 |
| 20-08-2019 | 2018-19 (Final) | 24-09-2026 |
| 11-02-2020 | 2019-20 (Interim) | 18-03-2027 |
| 27-07-2021 | 2020-21 (Final) | 02-09-2028 |
| 01-09-2022 | 2021-22 (Final) | 06-10-2029 |

t) Investor Service Requests - Furnishing of PAN, KYC and Nomination details

Your kind attention is also drawn that Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023 in furtherance of earlier SEBI Circulars No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 and No. SEBI/HO/MIRSD/MARSD_RTAMB/P/CIR/2021/687 dated 14th December, 2021 has made mandatory to furnish PAN, KYC (including postal address, contact details viz. Email address / Mobile no.), Nomination details, Bank Account details and Specimen Signature of all Shareholders holding shares in physical form and compulsory linking of PAN with Aadhar number by all Shareholders. SEBI has also stipulated in the above said latest circular that if the Shareholders holding shares in physical mode do not submit/update the above said information/details/documents with RTA of the Company before 1st October, 2023, then such folios shall be frozen by RTA on and after 1st October, 2023 as per directive issued by the SEBI. Therefore, Shareholders who have yet not updated the above said information/ KYC details are requested to download the necessary Forms from the website of the Company i.e. www.heg ltd.com under head Investors > Investor Service Request > Updation of PAN, KYC, Nomination and Bank Account Details etc. and submit the same duly completed in all respect to our RTA at their address. Your Company/RTA are in process to take the necessary steps as advised in the abovementioned circular.

u) Credit Rating

HEG Limited's Long-Term Issuer Rating is 'IND AA-' issued by India Ratings and Research (Ind-Ra) vide its letter dated 12th July, 2022. The Outlook is Stable. All credit ratings obtained by the Company are disclosed on the website of the Company i.e. www.heg ltd.com. No credit rating has been obtained for any fixed deposit programme during the financial year 2022-23.

v) Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

During the Financial Year 2022-23, the Company has not given any Loans and advances in the nature of loans to firms/companies in which directors are interested.

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN: 00060972

Place: Noida (U.P.)

Dated: 22nd May, 2023

Annexure

Details of Directors eligible for appointment/re-appointment pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2.

| Name of Director | Shri Ravi Jhunjunwala | Shri Riju Jhunjunwala | Shri Shekhar Agarwal | Smt. Ramni Nirula |
|---|---|--|---|--|
| DIN | 00060972 | 00061060 | 00066113 | 00015330 |
| Category of Directorship | Chairman, Managing Director & CEO | Promoter Non-Executive | Promoter Non-Executive | Independent Director |
| Date of Birth | 28.10.1955 | 13.01.1979 | 09.10.1952 | 27.05.1952 |
| Age | 67 | 44 years | 70 Years | 71 Years |
| Date of Appointment on the Board | 08.09.1979 | 30.04.2009 | 15.07.1996 | 31.10.2018 |
| Qualification | B.Com. (Hons), MBA | Graduate in Business Management Studies from University of Bradford, UK | B.Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA | B. Com(H), MBA |
| Experience | Shri Ravi Jhunjunwala, age 67 years, is the Chairman, Managing Director and CEO of HEG Limited, which is one of the entities of LNJ Bhilwara Group. LNJ Bhilwara Group is a diversified conglomerate with interests in Textiles, Graphite Electrodes, Power and IT enabled services. Shri Ravi Jhunjunwala holds a B.Com (Hons.) Degree (1976 batch) from Hindu College and Masters in Business Administration (Corp. Finance) from the Centre D'etudes Industrielles (CEI), Geneva (1980-81). He is Director on Board of various Companies, mostly listed entities. He is also Independent Director on Board of two listed entities outside the group. Shri Ravi Jhunjunwala has been associated with the Company since 1979 when he was inducted in the Board of the Company. Shri Ravi Jhunjunwala became the Managing Director of the Company in 1989 and took over as Chairman of the Company in 1996. He has taken Company to greater heights since his association with the Company. | Shri Riju Jhunjunwala is an Industrialist with diversified business experience in Textile, Power, IT, Skill Development and Graphite Electrodes. He is the Chairman, Managing Director of RSWM Limited and Managing Director of Bhilwara Energy Ltd. He is also active in industry and social associations. He has been the past president of the Entrepreneurs Organization (Delhi Chapter) among some others. He is an avid reader of history and biographies and has a keen interest in general affairs and politics. | Shri Shekhar Agarwal, with nearly 42 years' experience in the textiles industry, is the Chairman and Managing Director of Maral Overseas Ltd. and Bhilwara Technical Textiles Ltd. He is also the Chairman of BMD Pvt. Ltd. Shri Shekhar Agarwal obtained his B.Tech. (Mechanical Engineering) from IIT, Kanpur in 1975 and went on to get his Master of Science Degree in Industrial & Systems Engineering in 1976 from Illinois Institute of Technology, Chicago, USA. He worked as a Senior Industrial & System Engineer with Rego Co., Chicago from December 1976 to May 1980, having trained & practiced MOST, the Maynard Operations Sequencing Technique for manufacturing high quality valves & regulators for the LPG & Compressed gas industries. He is a former Chairman of the Confederation of Indian Textile Industry (CITI) (formerly ICMF), the apex body for the total textile industry in India and former President of Northern India Textile Mills Association (NITMA). | Smt. Ramni Nirula, retired as Senior General Manager of ICICI Bank Limited. She had more than 4 decades of experience in the financial services sector, beginning her career with the erstwhile ICICI Limited in the project appraisal division. Since then she had held various leadership positions in the areas of Project Financing, Strategy, Planning & Resources and Corporate Banking. |

| No. of other Directorships in Public Limited Companies | 1) Malana Power Company Limited 2) RSWM Limited 3) Maral Overseas Limited 4) Bhilwara Energy Limited 5) AD Hydro Power Limited 6) BSL Limited 7) India Glycols Limited 8) JK Laxmi Cement Limited 9) TACC Limited | 1) Bhilwara Energy Limited 2) RSWM Limited 3) Bhilwara Infotechnology Limited 4) Bhilwara Technical Textiles Limited 5) NJC Hydro Power Limited 6) Chango Yangthang Hydro Power Limited 7) TACC Limited | 1) RSWM Limited 2) Maral Overseas Limited 3) BSL Limited 4) Bhilwara Technical Textiles Limited | 1) Kirloskar Brothers Limited 2) Usha Martin Limited 3) DCM Shriram Limited |
|---|---|---|--|---|
| Chairman/Member of the Committees of the Board of Directors of the Companies. # | | | | |
| Audit Committee | Nil | Nil | Member | Nil |
| Stakeholders Relationship Committee | Member | Chairman | Nil | Nil |
| Chairman/Member of the Committees of the Board of Directors of the other Companies. # | | | | |
| Audit Committee | (i) AD Hydro Power Limited- Chairman (ii) India Glycols Limited -Member (iii) JK Laxmi Cement Limited-Member (iv) Bhilwara Energy Limited- Chairman | Nil | (i) BSL Limited- Member | (i) DCM Shriram Limited-Member (ii) Kirloskar Brothers Limited-Member |
| Stakeholders Relationship Committee | (i) BSL Limited- Member | (i) Bhilwara Technical Textiles Limited-Member | (i) RSWM Limited-Member (ii) Maral Overseas Limited- Member | Nil |
| Listed Entities from which the Director has resigned in the past three years | Nil | Nil | Nil | 1. PI Industries Limited 2. CG Power and Industrial Solutions Limited |
| No of Equity Shares held in the Company as on 31 st March, 2023. | 719 | 1356 | Nil | Nil |

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity: L23109MP1972PLC008290
2. Name of the Listed Entity: HEG Limited (HEG or the Company)
3. Year of incorporation: 1972
4. Registered office address: Mandideep, Near Bhopal Dist. Raisen MP- 462046
5. Corporate address: Bhilwara Towers, A-12, Sector-1, Noida - 201301
6. E-mail: heg.brsr@lnjbhilwara.com
7. Telephone: +91-120-4390300 (EPABX)
8. Website: www.hegltd.com
9. Financial year for which reporting is being done: 2022-23
10. Name of the Stock Exchange(s) where shares are listed: 1. BSE Limited 2. National Stock Exchange of India Limited.
11. Paid-up Capital- ₹38.60 crore
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report: Shri Manish Gulati, Executive Director
Tel: 07480-405500, 233524 to 233527, E Mail: Manish.gulati@lnjbhilwara.com
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together): Reporting made on Standalone Basis.

| | | | | |
|---|--|---|--|--|
| Number of Board Meetings attended during the year | 4/4 | 4/4 | 4/4 | 3/4 |
| Terms and conditions of appointment/re-appointment | Chairman, Managing Director & CEO – Not Liable to retire by rotation | Non-Executive Director, liable to retire by rotation. | Non-Executive Director, liable to retire by rotation. | Independent Director, not liable to retire by rotation. |
| Remuneration sought to be paid and the remuneration last drawn | Mentioned in the item no-5 of the Notice of AGM and explanatory Statement therein. | See Note given below | See Note given below | See Note given below |
| Relationship with other Directors, Manager and Key Managerial Personnel | Shri Ravi Jhunjunwala is relative of Shri Riju Jhunjunwala | Shri Riju Jhunjunwala is relative of Shri Ravi Jhunjunwala. | No relationship with other Director, Manager and Key Managerial Personnel. | No relationship with other Director, Manager and Key Managerial Personnel. |
| Justification for choosing the Independent Director | Not Applicable | Not Applicable | Not Applicable | As per Explanatory Statement of Notice of AGM. |
| Skills and capabilities required for the role and the manner in which the proposed person meets such requirements | Refer point no. 2 (iii) of Corporate Governance Report | Refer point no. 2 (iii) of Corporate Governance Report | Refer point no. 2 (iii) of Corporate Governance report | Refer point no. 2 (iii) of Corporate Governance Report |

#Audit Committee and Stakeholders Relationship Committee have been considered.

Note: The Non-Executive Directors (including Independent Directors) are paid sitting fee for attending meetings of Board of Directors, Independent Directors and various Committee of Directors etc. in accordance with Nomination and Remuneration Policy of the Company.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|--------|-------------------------------------|--|-----------------------------|
| 1 | Manufacturing of Graphite Electrode | Other manufacturing including jewellery, musical instruments, medical instruments, sports goods, etc. activities | 95.76% |

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S. No. | Product/Service | NIC Code | % of total Turnover contributed |
|--------|-------------------------------------|-------------|---------------------------------|
| 1 | Manufacturing of Graphite Electrode | 329 (23994) | 95.76% |

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|-------------------|-------|
| National | 2 | 1 | 3 |
| International | 0 | 0 | 0 |

17. Markets served by the entity:

a. Number of locations

| Locations | Number |
|----------------------------------|--------|
| National (No. of States) | 20 |
| International (No. of Countries) | 42 |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Approximately 70%.

c. A brief on types of customers.

HEG Limited is a leading manufacturer and exporter of graphite electrodes in India and operates world's largest single-site integrated graphite electrodes plant. The Company have very renowned customer base. Some of them includes Jindal Steel & Power Limited (JSPL), Steel Authority of India Limited (SAIL), Arcelor Mittal, Qatar Steel, Emirates Steel, Tata Steel, CESLA Group, Jindal Stainless Limited, Acerinox Europa, Nucor Group, Gerdau Group, Posco etc.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------|--------------------------------|-------------|-------------|---------------|-----------|--------------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 410 | 396 | 96.59% | 14 | 3.41% |
| 2. | Other than Permanent (E) | 32 | 32 | 100.00% | 0 | 0.00% |
| 3. | Total employees (D + E) | 442 | 428 | 96.83% | 14 | 3.17% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 493 | 493 | 100.00% | 0 | 0 |
| 5. | Other than Permanent (G)* | 734 | 719 | 97.96% | 15 | 2.04% |
| 6. | Total workers (F + G) | 1227 | 1212 | 98.78% | 15 | 1.22% |

*Includes job-based workers, which are the workers that do not work on fixed number of days, instead they work to finish the specified given task, hired through contractors. Therefore, their number have been considered on

monthly average basis (monthly average = sum of manpower at the last day of each month divided by number of months).

b. Differently abled Employees and workers:

| S. No | Particulars | Total (A) | Male | | Female | |
|------------------------------------|--|-----------|----------|-----------|----------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 0 | 0 | 0 | 0 | 0 |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 3. | Total differently abled employees (D + E) | 0 | 0 | 0 | 0 | 0 |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | 0 | 0 | 0 | 0 | 0 |
| 5. | Other than permanent (G) | 0 | 0 | 0 | 0 | 0 |
| 6. | Total differently abled workers (F + G) | 0 | 0 | 0 | 0 | 0 |

19. Participation/Inclusion/Representation of women

| | Total (A) | No. and percentage of Females | |
|---------------------------|-----------|-------------------------------|-----------|
| | | No. (B) | % (B / A) |
| Board of Directors | 10 | 2 | 20% |
| Key Management Personnel* | 4 | 0 | 0% |

*Includes 2 Executive Directors which are also included in the Board of Directors.

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

| | FY 2022-23 (Turnover rate in current FY) | | | FY 2021-22 (Turnover rate in previous FY) | | | FY 2020-21 (Turnover rate in the year prior to the previous FY) | | |
|---------------------|---|--------|-------|--|--------|-------|--|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 9% | 32% | 10% | 15% | 25% | 15% | 10% | 21% | 11% |
| Permanent Workers | 1% | 0% | 1% | 4% | 0% | 4% | 4% | 0% | 4% |

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding/subsidiary/ associate companies/ joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 1. | TACC Limited | Wholly Owned Subsidiary | 100% | No |
| 2. | Bhilwara Infotechnology Limited | Associate | 38.59% | No |
| 3. | Bhilwara Energy Limited. | Associate | 49.01% | No |

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(i) Turnover (in ₹): 2,467.24 crore

(ii) Net worth (in ₹): 4,077.22 crore

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)* | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
|---|--|--|--|--------------------------------------|--|--|--|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | Yes | Nil | Not Applicable | - | Nil | Not Applicable | - |
| Investors (other than shareholders) | Yes | Nil | Not Applicable | - | Nil | Not Applicable | - |
| Shareholders | Yes | 34 | Nil | - | 38 | Nil | - |
| Employees and Workers | Yes | Nil | Not Applicable | - | Nil | Not Applicable | - |
| Customers | Yes | 25 | 20 | Dispatch of new consignment awaited. | 16 | 5 | Action taken, feedback awaited from customer |
| Value chain partners | Yes | Nil | Not Applicable | - | Nil | Not Applicable | - |
| Others (please specify) | Not Applicable | Not Applicable | Not Applicable | - | Not Applicable | Not Applicable | - |

*The Company has a well-defined Business Ethics Policy, Anti-Bribery and Anti-Corruption Policy for all of its employees and stakeholders to report suspected violations of the Company's Code of Conduct, Supplier's Code of Conduct, or any other applicable Laws. In addition to this, the Company also has a separate department namely, "Secretarial Department" to take care the shareholders' grievances and resolve them appropriately on timely basis.

There is a specific email ID (heg.investor@lnjbhilwara.com) for addressing queries by any Investors and Shareholders. The Secretarial Department is responsible to monitor and resolve the queries and concerns raised through this email ID, taking inputs and resolutions from the relevant departments within the Company.

The Company also has detailed HR Policies, covering different aspects related to grievance redressal including but not limited to POSH, Whistle Blower Policy to safeguard the interest of the employees and workers (including females).

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/ opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------------|--|---|---|--|
| 1. | Carbon Reduction | Opportunity | Opportunity to progress towards energy efficiency, renewable energy utilisation, combined heat and power, fuel switching, and more effective material use and recycling while addressing climate change. | Several internal projects are in progress to concentrate on carbon reduction, improve material efficiency, reduce emissions overall, and address climate change. | Positive |
| 2. | Employee well-being | Opportunity | The business' operations and productivity depend on employee well-being, and it is the Company's overall obligation to manage the well-being elements of its important stakeholders. | Initiatives for employee and worker well-being have been started. Executive medical examinations for workers, wellness and mental health ongoing services, and health-related services at Occupational Health centres are some of the main programmes. | Positive |
| 3. | Occupational Health and Safety | Risk | An essential component of running a business is managing safety and health. Businesses must conduct a risk assessment to identify the hazards and dangers present in their workplace(s) and put appropriate management mechanisms in place to guarantee that these risks cannot endanger workers and employees. | To address all facets of managing health and safety, a number of initiatives and programmes have been put in place and are being actively watched for ongoing progress. | Negative |
| 4. | Responsible Sourcing | Risk | When managing their relationships with suppliers, companies should actively manage responsible sourcing across the supply chain and seek voluntary commitment from those parties on sustainability. account of social and environmental considerations, including aspects of child, forced, and bonded labour, as failure to do so can result in noncompliance and reputational risk for the Company. | Has policies and procedures to ensure suppliers follow sustainable practises and to mainstream supply chain sustainability. | Negative |
| 5. | Data Privacy and Cyber Security | Risk | Risk as aspects of noncompliance. Strict compliance with local and international laws regarding data privacy is necessary. | Respecting the rights to personal data privacy is a top priority for the Company. To ensure a standardised and high degree of protection for Personal Data processed by the Company's Group Companies, the Company has embraced global data protection standards. | Negative |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|------------------------------------|--|---|--|--|
| 6. | Operations Environment | Opportunity | Possibility of incorporating cost savings, resource conservation, and minimising the negative effects of noncompliance. | A compliance tool is used to ensure that all environmental requirements are satisfied, and operational changes are made to address critical Key Performance Indicator (KPI) for environmental compliance. | Positive |
| 7. | Diversity and Inclusion | Opportunity | The varied viewpoints, skill sets, and life experiences of the Company's staff serve as its driving force. The organisation examines diversity and based on a core sense of belonging, fairness, and equity in order to fully realise the potential of human variety. This enables employees to bring their "full selves" to work and achieve operational efficiency. | The business prioritises diversity and inclusion and has a workable plan to do so. The Company aims to have a comprehensive diversity and inclusion framework and to increase the proportion of its female employees to the minimum extent possible. | Positive |
| 8. | Human Rights and Labour Management | Risk | Identifying and managing Human Rights risks in its operations and supply chain, as well as mitigating unfavourable risks and consequential damages | Establish a human rights policy, a thorough process, and diligence procedures to assess human rights concerns at all operational levels. | Negative |
| 9. | Ethics | Risk | Being ethical is acting in a way that is consistent with the moral principles and values that the organisation upholds. Due to lack of integrity, issues with organisational relationships, conflicts of interest, and deceptive advertising, non-adherence can have reputational costs. | The Company has an Ethics Policy that is applicable to everyone. The Policy offers a framework for applying business principles with the utmost integrity. Compliance is tracked, and violations are strictly dealt with. | Negative |
| 10. | Stakeholder engagement | Opportunity | Possibility to interact with stakeholders and solicit their advice in order to integrate non-business practises as necessary | Have a process in place for engaging stakeholders that is followed. The business maintains ongoing stakeholder engagement procedures. | Positive |
| 11. | Business Resilience | Risk | Business resilience is an enterprise-wide concept that includes crisis management, business continuity, and the requirement to react to any crises, including disaster-form of risk that an organisation may encounter, including natural disasters, cyber threats, and other risks as well. | The Company has protocols, tools, and procedures in place to confront and manage related elements with serious repercussions. | Negative |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|-----|-----|-----|-----|-----|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| b. Has the policy been approved by the Board?*(Yes/No) * Except for certain operational policies, which have been approved by the Executive Director of the Company, rest of the policies have been approved by the Board. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| c. Web Link of the Policies, if available | <p># Link for Policies</p> <p>Code of Conduct for Directors and Senior Management http://hegltd.com/wp-content/uploads/2017/02/CODE_OF_CONDUCT_HEG_05-02-2015.pdf</p> <p>Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information https://hegltd.com/wp-content/uploads/2019/04/Code-of-Fair-Disclosures-and-Conduct-final1-1.pdf</p> <p>Dividend Distribution Policy http://hegltd.com/wp-content/uploads/2018/04/Dividend-Distribution-Policy.pdf</p> <p>Whistle Blower Policy http://hegltd.com/wp-content/uploads/2018/07/Whistle-Blower-Policy-08.05.2018.pdf</p> <p>Policy on Related Party Transactions https://hegltd.com/wp-content/uploads/2022/05/HEG-RPT-Policy_09.02.2022.pdf</p> <p>Policy On Disclosure On Material Events And Information https://hegltd.com/wp-content/uploads/2022/05/HEG-Determination-Materiality-of-Events_09.02.2022.pdf</p> <p>Quality And Safety Policy http://hegltd.com/quality-safety-policy/</p> <p>Prevention, Prohibition And Redressal Against Sexual Harassment Of Women Employees http://hegltd.com/wp-content/uploads/2020/01/Sexual-Harrassment-Policy_January-2020.pdf</p> <p>Shareholder / Investor Services http://hegltd.com/#</p> <p>Rest of the Policies are available on Company's Intranet, accessible by all employees of the Company.</p> | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | N | N | N | N | N | N | N | N | N |

| | | | | | | | | | |
|---|---|----------------------------------|------------------|----------------|----------------|-------------------------|----------------|----------------|----------------|
| 4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | Not Applicable | Yes, NEMA Standards are followed | Yes, OHSAS 18001 | Not Applicable | Not Applicable | Yes ISO 14001, ISO 9001 | Not Applicable | Not Applicable | Not Applicable |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | Though all the components of environmental, social, and governance (ESG) are already embedded in all the business operations and the culture of the Company; however, off late the Company is more focussed on strategizing various aspects of sustainability in all facets of the organisation. The Company is working on prioritising these initiatives in phased manner. Henceforth, in consultation with the relevant stakeholders, the organisation is crafting the overall roadmap of E, S and G for the years to come. The emphasis of the management besides other areas is more on decarbonisation strategy, water management, waste management and supply chain management. Specific long term and short-term goals around these initiatives will be set and monitored in near future with the defined timelines. | | | | | | | | |
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | As mentioned in point no. 5 above, since, the Company is in process of structuring specific commitments, goals and targets in a better way with defined timelines; therefore, currently specific performance against each of them cannot precisely be determined in the current financial year. | | | | | | | | |

Governance, leadership and oversight

| | |
|---|---|
| 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) | <p>We at HEG Limited are committed to the inclusive growth goals, boosting our efforts to align with the 17 Sustainable Development Goals (SDGs) set forth by the 'United Nations'. HEG's sustainability platform is based on the 3P philosophy – People, Planet and Profit. These aspects have, over the years, emerged as key filter while formulating business strategies at the Company.</p> <p>Businesses continuously face new risks and challenges in an environment that is becoming more complex and dynamic due to factors including climate change, environmental degradation, biodiversity loss, rising inequality, higher expectations of the local communities, and related regulatory changes.</p> <p>As a socially and environmentally conscious corporate citizen, we always work to enhance our performance while keeping a strong corporate Governance as our major priority. Further, the Company's ESG / Sustainability initiatives are supervised closely by all the operational heads under the close monitoring by the Company's Board of Directors.</p> <p>As top league leading players of graphite electrodes, sustainability is somewhat at the centre of all we do. As we constantly offer best-in-class goods that surpass customer expectations, which allows us to forge enduring relationships within the graphite electrodes business, we have our eyes set firmly on assisting in hastening the introduction of the future of mobility to global consumers.</p> <p>In terms of Environment initiatives, our focus is on minimizing climate change, reducing Green House Gas emission, bringing Energy efficiency, reducing Water consumption, recycling the waste products, creating a sustainable supply chain through sustainable sourcing.</p> <p>For Social initiatives, we place a strong emphasis on investing in growing our people by enhancing their skills and capabilities through various knowledge enhancing initiatives, a more positive Company's culture, and a balance between Diversity & Inclusion, Occupational Health & Safety, Human rights and Supplier diversity.</p> <p>In terms of Governance, we work to improve Board diversity, Business integrity, Cyber security, and policy & reporting.</p> <p>While the Company has always made an effort to fit and comply with our initiatives into ESG framework; we have started rebuilding and reworking most of our initiatives/activities to fit inside into particular ESG boundaries. As a result, we would begin more structured reporting from the next year onwards.</p> |
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Shri Manish Gulati, Executive Director responsible for implementation and Tel: 07480-405500, 233524 to 233527 oversight of the Business Responsibility E Mail: Manish.gulati@lnjbhilwara.com |
| 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO and Shri Manish Gulati, Executive Director take decision on sustainability related issues. |

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee* | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) | | | | | | | | |
|---|---|----|----|----|----|----|----|----|----|---|----|----|----|----|----|----|----|----|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against Above policies and follow up action | Y | Y | Y | Y | Y | Y | Y | Y | Y | | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles and, rectification of any non-compliances | Y | Y | Y | Y | Y | Y | Y | Y | Y | Annually | | | | | | | | |
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| | | | | | | | | | | The Company has carried out independent assessment/evaluation of the working of some of its polices, such as policies covered under ISO and Social audit, by an external agency Bureau Veritas. | | | | | | | | |

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

| Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|----------------|----|----|----|----|----|----|----|----|
| The entity does not consider the Principles material to its business (Yes/No) | | | | | | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | | | | | | | | | |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | Not Applicable | | | | | | | | |
| It is planned to be done in the next financial year (Yes/No) | | | | | | | | | |
| Any other reason (please specify) | | | | | | | | | |

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|-----------------------------------|--|--|--|
| Board of Directors | 4 | Topics: Ethics, Transparency, Accountability, Environment Protection, Governance, Social Responsibility. Impact: The Company considers Governance as an integral part of good management. The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operation and its interaction with various stakeholders. | 100% |
| Key Managerial Personnel | 4 | Topics: Ethics, Transparency, Governance and Accountability. Impact: It helps in ensuring highest level of professionalism, transparency etc. | 100% |
| Employees other than BoD and KMPs | 277 | 1. Integrity and Governance Policy 2. Policy for handling Goods & Services and Product Safety 3. Human Rights Policy 4. Environmental Protection Policy 5. Public Care and Regulatory Policy | 76% |
| Workers | 235 | 1. Integrity and Governance Policy 2. Policy for handling Goods & Services and Product Safety 3. Human Rights Policy 4. Environmental Protection Policy 5. Public Care and Regulatory Policy | 51% |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by Directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

Monetary

| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|-----------------|--|---|-----------------|-------------------|--|
| Penalty/ Fine | No fines / penalties /punishment/ award/ compounding fees/ settlement amount were paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions during the current financial year. | | | | |
| Settlement | | | | | |
| Compounding Fee | | | | | |

Non-Monetary

| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|--------------|-----------------|---|-------------------|--|
| Imprisonment | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Punishment | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|----------------|---|
| Not Applicable | |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company has an Anti-Corruption and Bribery Policy, which can be accessed at <https://hegltd.com/Policies/Anti%20Bribery%20anti%20corruption.pdf>

We at HEG Limited are committed to apply the highest standards of ethical conduct and integrity in our business activities. HEG Limited does not stand any form of bribery by, or of, its employees or any persons or companies acting for it or on its behalf.

The Policy is mandatory for all our employees, other Business Partners working on the Company's behalf anywhere in the world.

The Policy sets out what we must all do to help prevent bribery in all its forms.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

| | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|-----------|-------------------------------------|--------------------------------------|
| Directors | NIL | NIL |
| KMPs | NIL | NIL |
| Employees | NIL | NIL |
| Workers | NIL | NIL |

6. Details of complaints with regard to conflict of interest:

| | FY 2022-23 (Current Financial Year) | | FY 2021-22 (Previous Financial Year) | |
|--|-------------------------------------|---------|--------------------------------------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil | - | Nil | - |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | Nil | - | Nil | - |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable, as there were no cases of corruption and conflicts of interest which were reported during the year.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes held | Topics / principles covered under the training | %age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|--|--|
| 61 | 2,5,6,7 | 11.80% |

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same.

Yes, the Company have processes in place to avoid/manage conflict of interests involving members of the Board. HEG Limited has a detailed 'Code of Conduct for its Directors and Senior Management', which contains comprehensive guidelines and mechanism for avoiding the conflict of interest and for reporting any such situations that may trigger a potential conflict. Further, the Company also receives an annual declaration from its members of the Board and KMP regarding the entities they are interested in, and before engaging in business with such entities or people, it makes sure that all necessary approvals are in place as required by law and the Company's policies.

The Code of Conduct is available on the Company's website.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | Current Financial Year | Previous Financial Year | Details of improvements in environmental and social impacts |
|-------|------------------------|-------------------------|---|
| R&D | Not Applicable | Not Applicable | Not Applicable |
| Capex | 11% | 18% | HEG Limited has converted its existing oil-fired conventional baking furnace to natural gas fired ring pit furnace, which has resulted in reduction of its carbon footprint. The other improvements in environmental and social impacts include but not limited to: Safe work at height, safe movement at Roof, safe work practice, safe handling of anode, controlled emission of flue gas composition, maintaining water quality, eliminate pitch fume/dust emission during solid pitch melting, safe work practice with alternate engineering solution, replacement of hazardous asbestos sheet and maintain Electrical safety standard. |

2. a. Does the entity have procedures in place for sustainable sourcing?

Yes, HEG Limited have procedures in place for sustainable sourcing, wherein, the Company assesses the sustainability parameters of its vendors before procurement of the major input material and maintain consistent sourcing from identified sources.

b. If yes, what percentage of inputs were sourced sustainably?

43.30% of the input material was sourced sustainably.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

We have a well-established procedure for the collection, segregation, storage & disposal of wastes, as per the legal requirements, so as to control their adverse impact on environment. For instance:

- 1) Waste oil / used oil are collected and stored in Hazardous waste storage area, from where it is sold only to parties having valid authorization from State Pollution Control Board, as per the frequency mentioned in the internal Standard Operating Procedures (SOP) for waste management.
- 2) All used Lead Acid Batteries are collected and stored in designated room/shed with cemented floor to prevent any possibility of land / water pollution, which are then disposed to supplier of batteries / parties authorized by regulatory bodies.
- 3) E-waste is gathered at the designated location and disposed of by authorised e-waste recyclers.

In the same way, the procedure also defines the way for collection, storage and disposal of all types of waste generated.

4) Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

The Company has recently determined the respective life cycles of various products manufactured by the Company as per the details below:

| Sr. No | Contents in crate | Material | Nature of product | Action -1 | Action -2 |
|--------|--------------------------|---------------------------------|-----------------------------|--|---|
| 1 | Graphite Electrode | Pure Carbon | 100 % Consumable during use | Unpack the Electrodes with Nipple and keep all the packing items well segregated | Re-machine & use if possible / Reuse the broken pieces in process to maintain carbon percentage |
| 2 | Graphite Nipple | Pure Carbon | 100 % Consumable during use | | |
| 3 | Thermocol Cap | Expanded Polysterene | Recyclable | | Handover only to authorised recyclers |
| 4 | Thermocol Plug | Expanded Polysterene | Recyclable | | Handover only to authorised recyclers |
| 5 | Steel Strip | Zinc Coated Steel | Recyclable | | Handover to recyclers/Use as Input to Electric Arc Furnace (EAF) |
| 6 | Steel Clip | Zinc Coated Steel | Recyclable | | Handover to recyclers/Use as Input to EAF |
| 7 | Steel Nails | Zinc Coated Steel | Recyclable | | Handover to recyclers/Use as Input to EAF |
| 8 | Wood / Ply Board | Cellulose composite | Recyclable / Reusable | | Handover to recyclers |
| 9 | Wrap Film | LDPE, Low Density Poly Ethylene | Recyclable | | Handover only to authorised recyclers |
| 10 | Metwrapp (polypropylene) | Corrugated PP, Poly Propylene | Recyclable / Reusable | | Handover only to authorised recyclers |

However, the Company is in the process of doing the life cycle assessment for each of its products (i.e., an analytical procedure that involves assessment of the potential environment or social impacts of a product or service, throughout its life cycle). Therefore, following information is currently not available.

| NIC Code | Name of Product / Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency (Yes/ No) | Results communicated in public domain (Yes/ No) If yes, provide the web-link. |
|----------|---------------------------|---------------------------------|--|--|---|
| - | - | - | - | - | - |

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

| Name of Product | Description of the risk / concern | Action Taken |
|-----------------|---|--------------|
| | As mentioned in point no. 1 above, since the Company is in the process of doing the life cycle assessment for each of its products, therefore, currently this information is not available. | |

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| Indicate input material | Recycled or re-used input material to total material | |
|-------------------------|--|------------------------------------|
| | FY 2022-23 Current Financial Year | FY 2021-22 Previous Financial Year |
| Green Scrap | 10% | 8% |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
|--------------------------------|--------------------------------------|----------|-----------------|---------------------------------------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | - | 332.97 | | - | 343.4 | |
| E-waste | - | 5.19 | | | 5.15 | |
| Hazardous waste | 0.17 | 58.2 | 3.8 | 0.21 | 50.08 | 10.707 |
| Other waste | 2772.046 | 1739.24 | 464.27 | 1366.9 | 1308.97 | 275.37 |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
| None | Nil |

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|------------------|-------------|--------------------|-------------|--------------------|----------------|--------------------|-----------|---------------------|-----------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (D) | % (D / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent employees | | | | | | | | | | | |
| Male | 396 | 396 | 100% | 396 | 100% | - | Not Applicable | - | - | - | - |
| Female | 14 | 14 | 100% | 14 | 100% | 14 | 100% | - | - | - | - |
| Total | 410 | 410 | 100% | 410 | 100% | 14 | 100% | - | - | - | - |
| Other than Permanent employees | | | | | | | | | | | |
| Male | 32 | 32 | 100% | - | - | - | Not Applicable | - | - | - | - |
| Female | 0 | 0 | 0 | - | - | - | - | - | - | - | - |
| Total | 32 | 32 | 100 | - | - | - | - | - | - | - | - |

b. Details of measures for the well-being of workers:

| Category | % of workers covered by | | | | | | | | | | |
|-------------------------------------|-------------------------|------------------|-------------|--------------------|-------------|--------------------|----------------|--------------------|-----------|---------------------|-----------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (D) | % (D / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent workers | | | | | | | | | | | |
| Male | 493 | 493 | 100% | 493 | 100% | - | Not Applicable | - | - | - | - |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - |
| Total | 493 | 493 | 100% | 493 | 100% | 0 | 0 | - | - | - | - |
| Other than Permanent workers | | | | | | | | | | | |
| Male | 719 | 719 | 100% | 719 | 100% | - | Not Applicable | - | - | - | - |
| Female | 15 | 15 | 100% | 15 | 100% | 15 | 100% | - | - | - | - |
| Total | 734 | 734 | 100% | 734 | 100% | 15 | 100% | - | - | - | - |

2. Details of retirement benefits, for Current FY and Previous Financial Year.

| Benefits | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
|-------------------------|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total Workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | 100% | Y | 100% | 100% | Y |
| Gratuity* | 100% | 100% | N.A. | 100% | 100% | N. A. |
| ESI# | 33% | 8% | Y | 23% | 5% | Y |
| Others – please specify | | | | | | |

*Employees who have successfully completed 5 years of tenure are entitled for Gratuity benefits.

Applicable to employees as per the threshold limit prescribed under the Employees State Insurance Act, 1948.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Presently, majority of our premises / offices are accessible to differently abled employees and workers. However, the Company is attempting to make more improvements to the current system.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Company has an equal opportunity policy as per the Rights of Person with Disabilities Act, 2016. The said policy is available on the website of the Company and can be accessed at <https://hegltd.com/wp-content/uploads/2023/05/EqualOpportunityPolicy.pdf>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | | Permanent workers | |
|--------------|---------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 0% | 0% | 0% | 0% |
| Female | 0% | 0% | 0% | 0% |
| Total | 0% | 0% | 0% | 0% |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

| | Yes/No (If Yes, then give details of the mechanism in brief) |
|--------------------------------|--|
| Permanent Workers | Yes, HEG Limited is dedicated to offering a secure and encouraging workplace to its employees and workers, wherein the employees and workers are given access to multiple mechanism through which, they may discuss the grievances (if any), which they are facing at their work, such as: |
| Other than Permanent Workers | |
| Permanent Employees | <ul style="list-style-type: none"> There is a Grievance Register in place. Grievance Boxes are being installed at various common places. |
| Other than Permanent Employees | <ul style="list-style-type: none"> Union and its representative may raise their concerns via several committees. Weekly meetings are being held at Shop Floor. |

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category | FY 2022-23 (Current Financial Year) | | | FY 2021-22 (Previous Financial Year) | | |
|----------------------------------|--|--|-------------|--|--|-------------|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B / A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| Total Permanent Employees | 410 | 0 | 0 | 351 | 0 | 0 |
| - Male | 396 | 0 | 0 | 340 | 0 | 0 |
| - Female | 14 | 0 | 0 | 11 | 0 | 0 |
| Total Permanent Workers | 493 | 493 | 100% | 486 | 486 | 100% |
| - Male | 493 | 493 | 100% | 486 | 486 | 100% |
| - Female | 0 | 0 | 0 | 0 | 0 | 0 |

8. Details of training given to employees and workers:

| Category | FY 2022-23 Current Financial Year | | | | | FY 2021-22 Previous Financial Year | | | | |
|------------------|--------------------------------------|-------------------------------|------------|----------------------|------------|---------------------------------------|-------------------------------|------------|----------------------|------------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B / A) | No. (C) | % (C / A) | | No. (E) | % (E / D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Male | 396 | 216 | 54% | 259 | 65% | 340 | 114 | 34% | 193 | 56% |
| Female | 14 | 6 | 43% | 8 | 57% | 11 | 2 | 18% | 5 | 45% |
| Total | 410 | 222 | 54% | 267 | 65% | 351 | 116 | 33% | 198 | 56% |
| Workers | | | | | | | | | | |
| Male | 493 | 360 | 73% | 117 | 24% | 486 | 51 | 10% | 52 | 11% |
| Female | - | - | - | - | - | - | - | - | - | - |
| Total | 493 | 360 | 73% | 117 | 24% | 486 | 51 | 10% | 52 | 11% |

9. Details of performance and career development reviews of employees and worker:

| Category | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
|------------------|--------------------------------------|------------|-------------|---------------------------------------|------------|-------------|
| | Total (A) | No. (B) | % (B / A) | Total (C) | No. (D) | % (D/C) |
| Employees | | | | | | |
| Male | 396 | 387 | 97% | 340 | 340 | 100% |
| Female | 14 | 14 | 100% | 11 | 11 | 100% |
| Total | 410 | 401 | 98% | 351 | 351 | 100% |
| Workers | | | | | | |
| Male | 493 | 493 | 100% | 486 | 486 | 100% |
| Female | - | - | - | - | - | - |
| Total | 493 | 493 | 100% | 486 | 486 | 100% |

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? **(Yes/ No)**. If yes, the coverage such system?

We at HEG Limited, are committed to being a safe and eco-friendly organisation. We believe that protection of our personnel and the environment is one of our prime responsibilities. Yes, the Entire Plant of HEG Limited is certified Occupational Health and Safety Management Systems as per ISO 45001.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

As per ISO 45001:2018, we have a defined method Hazard Identification & Risk Assessment (HIRA) to identify occupational health and safety hazard & their associated risk of the workers. We also ensure that that the occupational health & safety hazard and risk are reviewed periodically and kept up to date. The main outline of the procedure is as follows:

1. Identification of processes / operation / maintenance/utility/ relevant to the functional area.
2. Define Occupation Involved / Highlight involvement of human.
3. Identify all the occupational Hazards:

Biological, Chemical, Physical, Electrical, Mechanical, Fire, Ergonomically

4. Identify all the Health and Safety risk.
5. Identify the no. of workers expose to the risk.
6. Check for Legal, Emergency Situations.
7. Assessment of Risk: Three Criteria are used For Evaluating Occupational Health & Safety Regulation (OHSR), Legal requirement, Possibility of Emergency & Risk Score.
8. Criteria for Unacceptable: If activity fall in Legal Requirement and not compliance, If activity creates emergency situation and If final risk assessment is 4 or more than 4.
9. Adopting additional Control from Hierarchy of controls.
10. Hazard Identification and risk assessment shall be reviewed once in year or in specific situations that may impact OH&S, as mentioned in the internal SOP.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, the Company has Incident Reporting and Investigation System (IRIS) and Accident Reporting and Investigation System (ARIS) which ensures that all work-related incidents are reported and closed after taking necessary corrective actions.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? **(Yes/ No)**

Yes, the employees/workers of the Company have access to non-occupational medical and healthcare services.

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2022-23 Current Financial Year | FY 2021-22 Previous Financial Year |
|---|-----------|--------------------------------------|---------------------------------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 1 | 0 |
| | Workers | 0 | 0 |
| Total recordable work-related injuries | Employees | 0 | 1 |
| | Workers | 4 | 7 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 0 | 0 |

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We at HEG Limited believe that the protection of our personnel and providing them a safe and healthy environment is one of our prime responsibilities. HEG Limited are taking the following measures to ensure a safe and healthy workplace:

1. Compliance of legal requirements for safety as outlined in the Factories Act, 1948 and maintenance of ISO 45001:2015 Management system
2. Hazard identification and Risk Assessment is performed on a regular basis in accordance with the internal SOP of HIRA.
3. A Detailed Safety Policy is in place.
4. Hierarchy of controls is being adopted to arrest the risks
5. The Safety Committees are in place at various levels to review the adequacy of resources for safety and to provide support for safety management system deployment.
6. Periodic safety audits and inspections across all sites are being conducted to ensure Safe and Healthy system of work.
7. Regular mock drills for fire as well as other emergency conditions
8. Regular training programs on occupational health & safety are being conducted to sensitize our employees on OHS aspects to inculcate a culture of safety

13. Number of Complaints on the following made by employees and workers:

| | FY 2022-23 (Current Financial Year) | | | FY 2021-22 (Previous Financial Year) | | |
|--------------------|--|---------------------------------------|---------|---|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | Nil | Nil | - | Nil | Nil | - |
| Health & Safety | Nil | Nil | - | Nil | Nil | - |

14. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100% of the plants and offices were assessed by third parties. |
| Working Conditions | 100% of the plants and offices were assessed by third parties. |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health safety practices and working conditions.

1. Our Plant is evaluated on a regular basis for Occupational Health & safety practices, by reputable and authorised third party agencies.
2. Significant risks/concerns arising from assessment of Health and Safety Practices are addressed through elimination of manual job by use of Technology, Safety Capability Building, Monitoring and supervision.
3. All safety related accidents are being investigated and learnings from investigation reports are shared across organization for deployment of corrective actions to stop recurrence of such incidents. Effectiveness of Corrective actions deployment being checked during safety Audits.
4. Proper preventive maintenance and periodic inspection as per schedule for Critical equipment's.
5. Safety Policy Displayed at the main Gate to increase awareness level.
6. Installation of Fire detection alarms and Safety alarms at Critical areas.
7. A process for Incident/Accident management exists including incident reporting, investigation, and implementation of appropriate corrective measures. Employees, contractual and staff are all expected to report incidents including near-miss and potential hazards in addition to accidents.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).
 - Yes, at HEG Limited, there is a provision of Death Relief Fund (DRF) in which the Company provides financial assistance of ₹5 Lacs to family of deceased employees and workers .
 - Additionally, there is a provision of Covid Relief Fund (CRF), wherein a compensatory package equivalent to half of the employee's/worker's salary or ₹25000 whichever is higher is being extended for 2 years and ₹5000/- for 3 years for their children education to the employee's or worker's family who lost their lives due to COVID .
2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company conducts Supplier/Customer survey to ensure that the statutory dues are being timely deducted and deposited by them.
3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment | |
|-----------|--|---|---|---|
| | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
| Employees | Nil | Nil | Nil | Nil |
| Workers | Nil | Nil | Nil | Nil |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? **(Yes/ No)**

Yes, the Company provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. Through this program, the Company provides awareness sessions to the eligible candidates and selects them for this program on the basis of merits.

5. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---|
| Health and safety practices | 10% |
| Working Conditions | 10% |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable, as there were no significant risks / concerns which have arisen from assessments of health and safety practices and working conditions of value chain partners.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

HEG Limited is a globally-reputed organisation, which deals with a sizeable number of stakeholder groups each with distinct priorities and diverse interests. The Company has a robust system for identification of key stakeholder groups, which includes understanding their concerns and incorporating their views in its sustainability strategy. The senior and middle management teams actively engage with all stakeholder groups throughout the year. Material matters arising from stakeholder engagements are managed as part of the risk management process.

The Company has mapped its internal and external stakeholders.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/Half yearly/ Quarterly/others- please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---------------------------------|--|---|--|---|
| Employees and Workers | No | Email, Notice Board, Website and one to one. | Daily | Company follows open door policy. |
| Shareholders/ Investors | No | Email, Newspaper advertisement, notice board, website, annual general meeting, intimation to stock exchanges, annual/quarterly financials and investor meeting/ conferences | Frequent and need based | Shareholders services |
| Customer | No | Multiple Channel-Physical and digital | Frequent and need based | Open door policies. |
| Suppliers and Service Providers | No | Multiple Channel-Physical and digital | Frequent and need based | Open door policies. |
| Government/ Regulators | No | Plant Visit, Symposia and Advocacy Platforms | Need based | Discussion w.r.t various regulation and amendments, compliance, corporate governance, ethics etc. |
| Communities and NGO's others | Yes | Directly or through LNJ Bhilwara Lok Nyas trust | Frequent and need based | Supports social responsibility through CSR Policy. |

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Stakeholder consultations are typically undertaken by respective groups, business heads and relevant Company officers on a regular basis. The feedbacks / identified issues of corporate concern are escalated to the Board-level either through direct channels or through various Board Committees like Audit Committee, CSR Committee, Risk Management Committee and Stakeholders Relationship Committee, wherever required. The Company has always maintained that a constant and proactive engagement through con-calls with our key stakeholders enables it to better communicate its strategies and performance. A continuous engagement enables the Company to promote the idea of shared growth and a common prosperous future for the Company and society at large.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation is used to support the identification and management of environmental, social and governance related topics. This is done through various means, including close group meetings, taking suggestions from them and considering to build future strategies around the triple bottom approach (i.e., E,S and G). The instances include strategies around minimising climate change, reducing carbon footprints, bringing energy efficiency, reducing water consumption, waste management, creating a sustainable chain through sustainable sourcing, investing in growing our people by enhancing their skills and capabilities through various knowledge enhancing initiatives, creating a balance between Diversity & Inclusion, Occupational Health & Safety, Human rights and Supplier diversity etc.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Company identifies communities around its manufacturing facilities at Mandideep, Bhopal and Tawa Nagar. The Company offers the marginalized/vulnerable communities the help they need through its CSR initiatives. For further details of engagement with them, refer Annexure VI of Annual Report – 2022-23.

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
|------------------------|--------------------------------------|--------------------------------------|------------|---------------------------------------|--------------------------------------|------------|
| | Total (A) | No. of employees workers covered (B) | % (B / A) | Total (C) | No. of employees workers covered (D) | % (D / C) |
| Employees | | | | | | |
| Permanent | 410 | 182 | 44% | 351 | 88 | 25% |
| Other than permanent | - | - | - | - | - | - |
| Total Employees | 410 | 182 | 44% | 351 | 88 | 25% |
| Workers | | | | | | |
| Permanent | 493 | 32 | 6% | 486 | 7 | 1% |
| Other than permanent | - | - | - | - | - | - |
| Total Workers | 493 | 32 | 6% | 486 | 7 | 1% |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2022-23 Current Financial Year | | | | | FY 2021-22 Previous Financial Year | | | | |
|-----------------------------|--------------------------------------|--------------------------|-------------|---------------------------|-------------|---------------------------------------|--------------------------|-------------|---------------------------|-------------|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | | Total (D) | Equal to Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Permanent | 410 | - | - | 410 | 100% | 351 | - | - | 351 | 100% |
| Male | 396 | - | - | 396 | 100% | 340 | - | - | 340 | 100% |
| Female | 14 | - | - | 14 | 100% | 11 | - | - | 11 | 100% |
| Other than Permanent | 32 | - | - | 32 | 100% | 30 | - | - | 30 | 100% |
| Male | 32 | - | - | 32 | 100% | 30 | - | - | 30 | 100% |
| Female | - | - | - | - | - | - | - | - | - | - |
| Workers | | | | | | | | | | |
| Permanent | 493 | - | - | 493 | 100% | 486 | - | - | 486 | 100% |
| Male | 493 | - | - | 493 | 100% | 486 | - | - | 486 | 100% |
| Female | - | - | - | - | - | - | - | - | - | - |
| Other than Permanent | 734 | 734 | 100% | | | 609 | 609 | 100% | | |
| Male | 719 | 719 | 100% | - | - | 595 | 595 | 100% | - | - |
| Female | 15 | 15 | 100% | - | - | 14 | 14 | 100% | - | - |

3. Details of remuneration/salary/wages, in the following format:

| | Male | | Female | |
|----------------------------------|--------|---|--------|---|
| | Number | Median remuneration/ salary/wages of respective category (In ₹) | Number | Median remuneration/ salary/wages of respective category (In ₹) |
| Board of Directors (BoD) | 8* | 10,62,500 | 2 | 3,85,000 |
| Key Managerial Personnel | 2# | 43,16,387 | 0 | - |
| Employees other than BoD and KMP | 394 | 4,70,688 | 14 | 6,42,660 |
| Workers | 493 | 3,96,678 | 0 | - |

*Includes 2 Executive Directors who are paid compensation including Commission and 6 Non-Executive Directors (including Independent Directors) who are paid only sitting fee. Hence the median is calculated considering the same.

#Only CS & CFO are considered as KMP for this calculation, as the median remuneration of 2 Executive Directors (KMPs) is covered as a part of Board of Directors, therefore not included in the median remuneration paid to KMPs.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? **(Yes/No)**

Yes. As per the clause No 17 of the Code of Conduct Policy, HR Head is responsible for addressing human rights impacts or issues caused or contributed to by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has the following internal mechanisms in place to redress grievances related to human rights issues:

- Code of Conduct for Employees
- POSH Policy
- Grievance Register in place

- Grievances Boxes are installed at various common places.
- Union and its representative may raise their concerns via several committees
- Weekly meetings are being held at Shop Floor.

6. Number of Complaints on the following made by employees and workers:

| | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
|--------------------------------------|--------------------------------------|---|---------|---------------------------------------|---|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | Nil | Nil | - | Nil | Nil | - |
| Discrimination at workplace | Nil | Nil | - | Nil | Nil | - |
| Child Labour | Nil | Nil | - | Nil | Nil | - |
| Forced Labour/ Involuntary Labour | Nil | Nil | - | Nil | Nil | - |
| Wages | Nil | Nil | - | Nil | Nil | - |
| Other human rights related issues | Nil | Nil | - | Nil | Nil | - |

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

We at HEG Limited assures that the complainants in discrimination and harassment cases are fully safeguarded against retaliation, punishments or any other form of action for raising legitimate concerns in good faith. There are specific clauses w.r.t. confidentiality of complainant in the Company's Grievance Redressal Policy, Whistle Blower Policy and Policy on Prevention of Sexual Harassment (POSH), which states that all the reports/ records associated with complaints together with the information exchanged during a particular process/ investigations would be considered as confidential and access of the same would be restricted by the Company as deemed fit.

8. Do human rights requirements form part of your business agreements and contracts? **(Yes/No)**

No, currently, human rights requirements does not form part of our business agreements and contracts; however, the Company is in the process of implementing the same in the coming years.

9. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Child Labour | |
| Forced/involuntary Labour | |
| Sexual harassment | |
| Discrimination at workplace | None |
| Wages | |
| Others – please specify | |

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable

Leadership Indicators

- Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.
Not Applicable
- Details of the scope and coverage of any Human rights due-diligence conducted.
During the current Financial Year, no such Human Rights Due-Diligence was conducted.
- Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?
Presently, majority of our premises / offices are accessible to differently abled visitors. However, the Company is attempting to make more improvements to the current system.
- Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|----------------------------------|---|
| Sexual Harassment | 10% |
| Discrimination at workplace | 10% |
| Child Labour | 10% |
| Forced Labour/Involuntary Labour | 10% |
| Wages | 10% |
| Environment and safety standards | 43.30% |
- Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.
No significant risks/ concerns were identified from assessments of the value chain partners at Question 4 above.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

- Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|--|---|
| Total electricity consumption (A) (in Giga Joules) (From Renewable and Non-Renewable sources) | 13,64,641 | 13,09,932 |
| Total fuel consumption (B) (in Giga Joules) | 6,71,803 | 6,39,766 |
| Energy consumption through other sources © | Nil | Nil |
| Total energy consumption (A+B+C) (in Giga Joules) | 20,36,444 | 19,49, 698 |
| Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) | 8.25*10 ⁻⁵ | 8.85*10 ⁻⁵ |
| Energy intensity (optional) – the relevant metric may be selected by the entity | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

- Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.
Not Applicable

- Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|--|---|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | - | - |
| (ii) Groundwater | 69,470 | 61,170 |
| (iii) Third party water | 3,30,067 | 3,25,586 |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | | |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 3,99,537 | 3,86,756 |
| Total volume of water consumption (in kilolitres) | 3,99,537 | 3,86,756 |
| Water intensity per rupee of turnover (Water consumed / turnover) | 0.00002 | 0.00002 |
| Water intensity (optional) – the relevant metric may be selected by the entity | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

- Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.
Yes. HEG Limited recognises the need of efficient water resource management both within and outside of its operating sites. ETPs have been installed at our manufacturing location for treating 100% waste water/effluent. The treated water is re-used for gardening and other non-potable uses in the plant.
- Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|-------------------------------------|----------------------|--|---|
| NOx | mg / NM ₃ | 18.9 | 20.6 |
| Sox | mg / NM ₃ | 37.1 | 50.7 |
| Particulate matter (PM) | mg / NM ₃ | 29.7 | 33.5 |
| Persistent organic pollutants (POP) | - | Not Applicable | Not Applicable |
| Volatile organic compounds (VOC) | - | Not Applicable | Not Applicable |
| Hazardous air pollutants (HAP) | - | Not Applicable | Not Applicable |
| Others – please Specify | - | Not Applicable | Not Applicable |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

- Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|--|---|--|---|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 48,363 | 48,764 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 72,487 | 68,962 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover | Metric tonnes of CO ₂ equivalent | 0.000005 | 0.000005 |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity | | Not Applicable | Not Applicable |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, the Company has taken up various projects to reduce the Green House Gas emissions, which includes :

- Installation of solar power project of 3 Megawatt,
- Use of LNG in place of furnace oil,
- Switching to LED lights,
- Tree Plantations apart from operation and maintenance of existing plant
- Air and water pollution control devices like Effluent Treatment Plant, Electrostatic Tar Precipitators, Electrostatic Precipitators, Dust Collection units, Foggers, Road Sweeper, Organic waste converter etc.

8. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|--|--|---|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 332.97 | 343.4 |
| E-waste (B) | 5.19 | 5.15 |
| Bio-medical waste (C) | 0.00572 | 0.0074 |
| Construction and demolition waste (D) | 63.58 | 0 |
| Battery waste (E) | 2.82 | 9.82 |
| Radioactive waste (F) | NIL | NIL |
| Other Hazardous waste. Please specify, if any. (G) (Oil waste, oil drums waste, cotton waste & Chemical waste) | 59.34 | 51.17 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Garbage, paper waste, process waste, metallic scrap, electrical waste, old machinery, refractory waste, wood waste, horticulture waste.) | 4911.976 | 2951.24 |
| Total (A+B + C + D + E + F + G + H) | 5375.88 | 3360.79 |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | 2135.6 | 1707.6 |
| (ii) Re-used | 2772.22 | 1367.11 |
| (iii) Other recovery operations | 2.82 | 9.82 |
| Total | 4910.64 | 3084.53 |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| (i) Incineration | 0.00572 | 0.007 |
| (ii) Landfilling | 401.66 | 276.25 |
| (iii) Other disposal operations | 63.58 | 0 |
| Total | 465.24572 | 276.26 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

We at HEG Limited have a detailed Waste Management Policy, which demonstrates our commitment to the implementation of the widely accepted "waste hierarchy" as part of our efforts to achieve our sustainability vision:

- o Preventing waste;
- o Reusing waste;
- o Recycling waste;
- o Disposing of waste responsibly.

We have a well-established procedure for the collection, storage & disposal of wastes, as per the Legal requirement, so as to control their adverse impact on environment.

For instance:

1. Waste oil / used oil are collected and stored in Hazardous waste storage area, from where it is sold only to parties having valid authorization from State Pollution Control Board, as per the frequency mentioned in the internal SOP on Waste Management.
2. All used Lead Acid Batteries are collected & stored in designated room/shed with cemented floor to prevent any possibility of land / water pollution, which are then disposed to supplier of batteries / parties authorized by regulatory bodies

In the same way, we have detailed procedures w.r.t. collection, storage and disposal of all other types of waste generated.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

| S. No. | Location of operations/offices | Type of Operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|---|--------------------------------|--------------------|---|
| Not Applicable, as the Company does not have any operations/offices in/around ecologically sensitive areas. | | | |

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|------|---|--|-------------------|
| Not Applicable | | | | | |

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, HEG Limited has complied with the applicable environmental laws/regulations/guidelines applicable in India.

| S. No. | Specify the law / regulation/guidelines which was not complied with | Provide details of the non- compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|----------------|---|--|---|---------------------------------|
| Not Applicable | | | | |

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|--|--|---|
| From renewable sources | | |
| Total electricity consumption (A) (in Giga Joules) | 15,133 | 14,980 |
| Total fuel consumption (B) | Nil | Nil |
| Energy consumption through other sources (C) (in Giga Joules) | Nil | Nil |
| Total energy consumed from renewable sources (A+B+C) | 15,133 | 14,980 |
| From non-renewable sources | | |
| Total electricity consumption (D) (in Giga Joules) | 13,49,508 | 12,94,952 |
| Total fuel consumption (E) (in Giga Joules) | 6,71,803 | 6,39,766 |
| Energy consumption through other sources (F) | Nil | Nil |
| Total energy consumed from non-renewable sources (D+E+F) (in Giga Joules) | 20,21,311 | 19,34,718 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

2. Provide the following details related to water discharged:

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|--|--|---|
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) To Surface water | | |
| - No treatment | 0 | 0 |
| - With treatment – please specify level of treatment | 0 | 0 |
| (ii) To Groundwater | | |
| - No treatment | 0 | 0 |
| - With treatment – please specify level of treatment | 0 | 0 |
| (iii) To Seawater | | |
| - No treatment | 0 | 0 |
| - With treatment – please specify level of treatment | 0 | 0 |
| (iv) Sent to third-parties | | |
| - No treatment | 0 | 0 |
| - With treatment – please specify level of treatment | 0 | 0 |
| (v) Others | | |
| - No treatment | 0 | 0 |
| - With treatment – please specify level of Treatment | 0 | 0 |
| Total water discharged (in kilolitres) | 0 | 0 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
(ii) Nature of operations
(iii) Water withdrawal, consumption and discharge in the following format:

| Parameter | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|--|---|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | | |
| (ii) Groundwater | | |
| (iii) Third party water | | |
| (iv) Seawater / desalinated water | | |
| (v) Others | | |
| Total volume of water withdrawal (in kilolitres) | | |
| Total volume of water consumption (in kilolitres) | | |
| Water intensity per rupee of turnover (Water consumed / turnover) | | |
| Water intensity (optional) – the relevant metric may be selected by the entity | | |
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) Into Surface water | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (ii) Into Groundwater | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iii) Into Seawater | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iv) Sent to third-parties | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (v) Others | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| Total water discharged (in kilolitres) | | |

Not applicable, as we do not have any operations in areas of water stress.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Not Applicable

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|--|---|
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ Equivalent | | |
| Total Scope 3 emissions per rupee of turnover | | | |
| Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity | | | |

Presently, the Company has not considered the details of Scope-3 emissions & its intensity. However, the Company is in the process of doing the same in the coming years.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Not Applicable

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable, as the Company does not have any operations/offices in/around ecologically sensitive areas.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|--------|---|--|--|
| | We have taken initiatives like solar power project, LNG use, LED lighting, Tree Plantations, to reduce GHG emission. We have installed water pollution control devices like Effluent Treatment Plant, Electrostatic Tar Precipitators, Electrostatic Precipitators | Besides other initiatives, we replaced conventional lights with LEDs. Further, softeners were installed at ETP output to enable ETP out let for plant application. | These initiatives brought significant positive outcomes. Majorly, these reduced energy consumption by 786 kWh/day with better illumination. Furthermore, on an average, 60 Kilo Litres/day water was reused. |

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

We at HEG Limited have a Business Continuity Policy and Onsite Emergency Plan. The purpose of having such Policy and Plan is to make sure that, in the event of an occurrence that might disrupt or endanger the Company, all business operations can be maintained at normal or nearly-normal performance levels.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The Company being into the manufacturing process has multiple layers of upstream and downstream value chain partners ranging from raw material suppliers, service providers, customers etc. Therefore, evidently entire life cycle of the product lines in which the Company deals in would have certain impacts on the environment at various levels. However, since the Company is in the process of doing the life cycle assessment of its products, therefore, disclosing significant adverse impact to the environment, arising from the value chain of the entity currently is not possible.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

HEG Limited has assessed 43.3% of its Value Chain Partners for environmental impacts.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a Number of affiliations with trade and industry chambers/ associations.

4

b List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|---|---|
| 1 | Federation of Indian Export Organisations (FIEO) | National |
| 2 | Chemical and Allied Export Promotion Council (CAPEXIL) | National |
| 3 | PHD Chamber of Commerce and Industry (PHDCCI) | National |
| 4 | Federation of India Chambers of Commerce and Industry (FICCI) | National |

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of authority | Brief of the case | Corrective action taken |
|---|-------------------|-------------------------|
| Not Applicable, as the Company has not received any adverse orders from regulatory authorities. | | |

Leadership Indicators

1. Details of public policy positions advocated by the entity:

| S.No. | Public Policy Advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/Half yearly/Quarterly/Others-please specify) | Web Link, if available |
|-------|-------------------------|-----------------------------------|--|---|------------------------|
|-------|-------------------------|-----------------------------------|--|---|------------------------|

HEG Limited is a member of various industrial and trade bodies and is part of task forces and forums within these bodies, wherein the Company actively participates in these forums to promote and pursue numerous issues that are in the greater interests of its stakeholders, industry as a whole, economy, society and general public.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
|-----------------------------------|----------------------|----------------------|---|--|-------------------|

Not Applicable, as there were no projects that required SIA as per the law in the current year.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

| S.No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In INR) |
|-------|--|-------|----------|---|--------------------------|---|
|-------|--|-------|----------|---|--------------------------|---|

Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

Any complaints can be sent to heg.mbp@lnjbhilwara.com. Community complaints may also be directed to the HR team at any plant location.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2022-23 Current Financial Year | FY 2021-22 Previous Financial Year |
|--|-----------------------------------|------------------------------------|
| Directly sourced from MSMEs/ small producers | 27.8% | 29.9% |
| Sourced directly from within the district and neighbouring districts | 27.9% | 17.3% |

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|--|-------------------------|
| Not Applicable | |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

| S.No. | State | Aspirational District | Amount Spent (In INR) |
|--|-------|-----------------------|-----------------------|
| The Company has not undertaken any CSR projects in designated aspirational districts as identified by government bodies during the current financial year. | | | |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No, as of now the Company does not have a preferential procurement policy where it gives preference to purchase from suppliers comprising marginalized/vulnerable groups.

(b) From which marginalized /vulnerable groups do you procure?

Not Applicable.

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

| S. No. | Intellectual Property based on traditional knowledge | Owned Acquired (Yes/No) | Benefit shared (Yes/No) | Basis of calculating benefit share |
|----------------|--|-------------------------|-------------------------|------------------------------------|
| Not Applicable | | | | |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| Not Applicable | | |

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | | % of beneficiaries from vulnerable and marginalized groups |
|--------|--|---|-------------------------------------|---|
| | | Name of the Project | No. of persons benefitted (approx.) | |
| 1 | Refer Annexure VI of the Board's Report (Annual Report on CSR Activities for the Financial Year 2022-23, pursuant to Section 135 of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 as amended) | Apna Ghar Ashram | 200 | The Company's endeavour has always been to make the CSR resources available to the most needy/ deprived/underprivileged people/ group of people. In that process for all the projects undertaken during the year under evaluation, the coverage of the beneficiaries from vulnerable and marginalized groups was more than 60% on an overall basis. |
| | | Akshay Patra Foundation | 25,00,000 | |
| | | Global Vikas Trust | 7,000 | |
| | | Graphite Higher Secondary School | 1,500 | |

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The consumer's complaints are handled in accordance with the established SOP for processing complaints, and each complaint receives a response within 48 hours. In addition to this, the Company collects customer satisfaction feedback on regular basis. To ensure customer grievances are redressed promptly and effectively, the Company has put in place a grievance redressal policy and has a special team, which is responsible for managing customer grievances. The team works closely with the management and provides regular feedback on process, policies and people related complaints. This leads to improvements and ensures complaints are reduced.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | As a percentage of total turnover |
|--|-----------------------------------|
| Environmental and social parameters relevant to the product. | 100% |
| Safe and responsible usage | 100% |
| Recycling and/or safe disposal | 100% |

3. Number of consumer complaints in respect of the following:

| | FY 2022-23 (Current Financial Year) | | Remarks | FY 2021-22 (Previous Financial Year) | | Remarks |
|--------------------------------|-------------------------------------|-----------------------------------|---------|--------------------------------------|-----------------------------------|---------|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| Data privacy | Nil | Nil | - | Nil | Nil | - |
| Advertising | Nil | Nil | - | Nil | Nil | - |
| Cyber-security | Nil | Nil | - | Nil | Nil | - |
| Delivery of essential Services | Nil | Nil | - | Nil | Nil | - |
| Restrictive Trade Practices | Nil | Nil | - | Nil | Nil | - |
| Unfair Trade Practices | Nil | Nil | - | Nil | Nil | - |
| Other: | Nil | Nil | - | Nil | Nil | - |

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | Nil | Not Applicable |
| Forced recalls | Nil | |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? **(Yes/No)** If available, provide a web-link of the policy.

Yes, the Company has a Policy on Cyber Security and risks related to data privacy, which can be accessed at https://hegltd.com/wp-content/uploads/2023/06/Information-Security-Policy-Ver_3.8.pdf

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on products and services of the Company can be accessed at the Company's official website i.e., www.hegltd.com

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The Company takes the following steps to inform and educate consumers about safe and responsible usage of products and/or services:

- Customer Trainings – Company educates its customers on how to utilise its products effectively and about optimum utilisation of energy;
- Material safety data sheet – The material safety data sheet contains the information on how to handle the product safely;
- Product marking – Through product marking, the Company provides the information about the mass, size and location of the products;
- Handling & packing instructions – Through these instructions, the Company offers safe methods for handling the product, packing, and unpacking.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

To deal with any kind of disruption/ discontinuation, the Company has a Business Continuity Plan. Customers are informed through various media channels, in case of disruption/discontinuation of essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable). If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, each and every product is marked with unique identification number for its traceability up to the end use. The product packages are marked with adequate information related to safe handling and usages.

Yes, we carry out surveys to assess consumer satisfaction for our products. The survey enables us to comprehensively understand the customer's expectations and needs and serves as one of the inputs for us to make investment decisions. The survey framework includes a structured questionnaire and customer feedbacks are then analysed. The survey is designed to provide the following insights:

- Product Quality,
- Delivery,
- Container Stuffing,
- Packing, Technical Service (Material & Operation),
- Documentation, Communication Response

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact:

Not Applicable, as no instances of data breaches were identified during the year.

b. Percentage of data breaches involving personally identifiable information of customers:

Not Applicable

INDEPENDENT AUDITORS' REPORT

STANDALONE ACCOUNTS

To the Members of

HEG Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of HEG Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Key Audit Matters

Key Audit Matters are those matters that in our professional judgement were of most significance in our audit of the Standalone Financial Statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

| S. No. | Key audit matter | Auditor's Response |
|--------|---|---|
| 1. | <p>Assessment of Provisions and Contingent liabilities in respect of litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt</p> <p>There is high level of judgement required in estimating the level of provisioning. Accordingly, unexpected adverse outcomes may significantly impact the company's reported profit and state of affairs presented in the Balance Sheet.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgement in interpretation of law. Accordingly, our audit was focussed on analysing the facts of subject matter under consideration and judgements/interpretation of law involved.</p> | <p>Our audit procedures involved the following::</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process of identification of claims, litigations, arbitrations and contingent liabilities, and internal control relevant to the audit in order to design our audit procedures that are appropriate in the circumstances. • Discussing and analysing material legal cases with the Company's legal department. • Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon. • Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of internal tax experts. • Evaluating management's assumptions and estimates relating to the recognition of the provisions for disputes and disclosures of contingent liabilities in the financial statements. • Assessing the adequacy of the disclosures with regard to facts and circumstances of the legal matters. |

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Management Discussion and Analysis, Business Responsibility Report, Director's Report including annexures to the Director's Report and Corporate Governance Report, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of sub section (11) of section 143 of the Act, we give in "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, based on our audit, 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of directors, none of the directors is disqualified as on March 31, 2023 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of the company.
 - (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, as amended, 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 financial statements. Refer Note 38 to the standalone financial statements.
- ii. The company did not have any long term contracts including derivative contracts for which there were any 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.
- iv. (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate

Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (iii) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

V. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For **SCV & Co. LLP**

Chartered Accountants

Firm Reg. No.000235N/N500089

(Sanjiv Mohan)

Partner

M. No. 086066

UDIN: 23086066BGXYKS8797

Place: Noida

Date : May 22 , 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HEG Limited of even date)

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has adopted a policy of physical verification of all the items of Property, Plant and Equipment so to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, Property, Plant and Equipment except Property, Plant and Equipment of Graphite division were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification and have been properly dealt with in the books of accounts.
- (c) Based on our examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the standalone financial statements included under Property, Plant and Equipment and investment properties are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- (e) Based on the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) According to the information and explanations given to us, the inventories have been physically verified by the management during the year, except stocks located outside India, lying with third parties and materials-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 discrepancies of 10% or more in the aggregate for each class of inventory have been noticed on physical verification of inventories when compared with books of account. 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.
- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 Crore, in aggregate, during the year, from banks on the basis of security of current assets and based on our verification, quarterly returns or statements filed by the company with such banks are in agreement with the books of account.
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in subsidiary company incorporated during the year, in respect of which the requisite information is as below:
- According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the investments made are, prima facie, not prejudicial to the interest of the Company
- iv. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not provided any loan, guarantee or security as specified under Sections 185 and 186 of the Act. In respect of the investments made by the Company, in our

opinion, the provisions of Sections 185 and 186 of the Act have been complied with.

- v. According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Rules framed thereunder.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
- (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, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other statutory dues in arrears as at March 31, 2023 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, the details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

| S No. | Name of Statute | Nature of Dues | Amount unpaid (₹ in Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|-------|---|------------------------|----------------------------|---------------------------------------|------------------------------------|
| 1 | Central Excise Act, 1944 | Excise Duty | 248.34 | FY 2002-03, 2004-05, 2005-06, 2006-07 | CESTAT, New Delhi |
| | | Excise duty | 1.42 | FY 2004-05 | Hon'ble High Court, Jabalpur |
| | | Excise duty | 18.04 | FY 2005-06 | Commissioner (Appeals), Bhopal |
| 2 | Income Tax Act, 1961 | Income Tax | 100.00 | AY 2000-01 | CIT (Appeals), Bhopal |
| | | Income Tax | 516.00 | AY 2003-04, 2004-05 | Hon'ble High Court, Jabalpur |
| | | Income Tax | 715.98 | AY 2018-19 | CIT (Appeals), Delhi |
| | | Tax deducted at source | 279.43 | AY 2015-16, 2016-17, 2017-18 | CIT (Appeals), Ahmedabad |
| 3 | Finance Act, 1994 | Service Tax | 104.17 | FY 2012-13, 2013-14 | CESTAT, New Delhi |
| 4 | Central Sales Tax Act, 1956 | Central Sales Tax | 21.30 | FY 2003-04 | Hon'ble High Court, Jabalpur |
| | | Central Sales Tax | 244.16 | FY 2016-17 | Commissioner (Appeals), Bhopal |
| | | Central Sales Tax | 82.14 | FY 2017-18 | Commissioner (Appeals), Bhopal |
| 5 | Madhya Pradesh Parvesh Kar Adhinyam, 1976 | Entry Tax | 2.35 | FY 2014-15 | Commissioner (Appeal), Bhopal |
| | | Entry Tax | 84.21 | FY 2009-10, 2010-11, 2012-13 | Appellate Tribunal, Bhopal |
| | | Entry Tax | 28.98 | FY 1997-98, 2003-04, 2007-08, 2008-09 | Hon'ble High Court, Jabalpur |
| 6 | Chhattisgarh Commercial Tax | VAT | 3.04 | FY 2006-07 | Commissioner (Appeals), Raipur |
| | | VAT | 1.51 | FY 1992-93 | Appellate Tribunal, Raipur |
| | | Entry Tax | 9.79 | FY 2005-06 | Appellate Tribunal, Raipur |
| | | Entry Tax | 12.00 | FY 2007-08 | Commissioner (Appeals), Raipur |
| 7 | Goods and Service tax Act, 2017 | Goods and Service tax | 36.71 | FY 2017-18 | Commissioner (Appeals), Bhopal |

- viii. According to the information and explanations given to us and records of the company examined, there are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) According to the information and explanations given to us and based on our examination of records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us, the Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and accordingly, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) Based on our overall examination of the standalone financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of subsidiary and associates. Further the Company does not hold investment in any joint venture during the year ended March 31, 2023.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary and associate companies. The Company does not hold investment in any joint venture during the year ended March 31, 2023.
- x. (a) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally convertible) during the year and accordingly reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) According to the information and explanations given to us and based on our examination of records, no fraud has been committed by the company during the year. However, the company has reported that a third party has committed a fraud on the company amounting to ₹1.10 crores under cyber-crime during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) The company has not received any whistle blower complaint during the year.
- xii. According to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us and based on our examination of records, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or person connected with them.
- xvi. (a) Based on the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) Based on information and explanation given to us, the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) Based on information and explanation given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, and accordingly reporting under clause 3(xvi)(c) of the Order is not applicable.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR), other than on-going projects, requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act.
- (b) In respect of on-going projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a special account within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.
- xxi. The reporting under clause 3(xxii) of the Order is not applicable in respect of audit of standalone financial Statements. Accordingly, no comment in respect of the said clause has been included in report.

Place: Noida
Date : May 22 , 2023

For **SCV & Co. LLP**
Chartered Accountants
Firm Reg. No.000235N/N500089
(Sanjiv Mohan)
Partner
M. No. 086066
UDIN: 23086066BGXYKS8797

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of HEG Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial control over financial reporting of HEG Limited ("the Company") as of March 31, 2023 in conjunction with our audit of standalone financial statements of 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.

Auditors' 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, prescribed under section 143(10) of the Companies Act, 2013, 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 were 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 Standalone 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 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 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:

- (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 authorizations of management and directors of the company; and
- (3) 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 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, 2023, 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 **SCV & Co. LLP**

Chartered Accountants

Firm Reg. No.000235N/N500089

(Sanjiv Mohan)

Partner

M. No. 086066

UDIN: 23086066BGXYKS8797

Place: Noida

Date : May 22 , 2023

Standalone Balance Sheet

as at 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Note No. | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|----------|---------------------------------------|---------------------------------------|
| ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 1,34,816.60 | 74,840.20 |
| (b) Capital work-in-progress | 5 | 47,200.80 | 69,607.56 |
| (c) Right of use Asset | 6 | 700.00 | 666.70 |
| (d) Investment Property | 7 | 724.80 | 760.65 |
| (e) Other Intangible assets | 8 | 33.54 | 9.98 |
| (f) Financial assets | | | |
| (i) Investments | 9 | 54,060.58 | 36,507.31 |
| (ii) Loans | 11 | 77.31 | 81.90 |
| (iii) Other financial assets | 12 | 3,544.91 | 13,995.80 |
| (g) Income Tax Assets(Net) | 25 | 14,692.15 | 14,665.98 |
| (h) Other non-current assets | 13 | 8,601.69 | 5,262.94 |
| Total Non-current assets | | 2,64,452.38 | 2,16,399.02 |
| 2. Current assets | | | |
| (a) Inventories | 14 | 1,44,011.50 | 97,781.39 |
| (b) Financial assets | | | |
| (i) Investments | 9 | 12,369.50 | 66,886.05 |
| (ii) Trade receivables | 10 | 48,913.99 | 58,917.28 |
| (iii) Cash and Cash equivalents | 15 | 2,445.36 | 4,103.52 |
| (iv) Bank balances other than (iii) above | 16 | 65,704.99 | 56,062.98 |
| (v) Loans | 11 | 60.46 | 72.94 |
| (vi) Other Financial Assets | 12 | 2,336.03 | 1,689.61 |
| (c) Other current assets | 13 | 8,520.81 | 15,189.09 |
| Total Current assets | | 2,84,362.64 | 3,00,702.86 |
| Total Assets | | 5,48,815.02 | 5,17,101.88 |
| EQUITY and LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity Share Capital | 17 | 3,859.59 | 3,859.59 |
| (b) Other Equity | 18 | 4,03,862.65 | 3,73,811.67 |
| Total Equity | | 4,07,722.24 | 3,77,671.26 |
| LIABILITIES | | | |
| 1. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | - | - |
| (ia) Lease Liabilities | 21 A | 138.06 | 78.33 |
| (ii) Other financial liabilities | 21 B | - | - |
| (b) Provisions | 22 | 305.82 | 381.06 |
| (c) Deferred tax liabilities (Net) | 23 | 8,679.66 | 9,629.17 |
| (d) Other non-current liabilities | 24 | 369.60 | 633.52 |
| Total Non-current liabilities | | 9,493.14 | 10,722.08 |
| 2. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 74,090.73 | 66,340.05 |
| (ia) Lease Liabilities | 21 A | 28.19 | 49.61 |
| (ii) Trade payable | | | |
| -Total outstanding dues of micro enterprises and small enterprises | 20 | 2,565.16 | 1,817.35 |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | 20 | 38,629.71 | 42,971.76 |
| (iii) Other financial liabilities | 21 B | 12,372.42 | 13,737.68 |
| (b) Other current liabilities | 24 | 1,963.80 | 2,483.43 |
| (c) Provisions | 22 | 507.03 | 516.32 |
| (d) Current Tax Liabilities (Net) | 25 | 1,442.60 | 792.34 |
| Total Current liabilities | | 1,31,599.64 | 1,28,708.54 |
| Total Liabilities | | 1,41,092.78 | 1,39,430.62 |
| Total Equity and Liabilities | | 5,48,815.02 | 5,17,101.88 |

See accompanying notes to the standalone financial statements
As per our report of even date attached For and on behalf of the Board of Directors

For **SCV & Co. LLP**
Chartered Accountants
Firm Regn. No. 000235N/N500089

Sanjiv Mohan
Partner
Membership No. 086066

Ravi Jhunjhunwala
Chairman, Managing Director & CEO
DIN: 00060972

Shekhar Agarwal
Director
DIN: 00066113

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Riju Jhunjhunwala
Vice Chairman
DIN: 00061060

Satish Chand Mehta
Director
DIN: 02460558

Vivek Chaudhary
Company Secretary
Membership No. A13263

Manish Gulati
Executive Director
DIN: 08697512

Place : Noida (U.P)
Date : 22nd May, 2023

Standalone Statement of Profit & Loss

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Note No. | For the Year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|----------|--|--|
| I. Revenue from Operations | 26 | 2,46,723.73 | 2,20,161.18 |
| II. Other Income | 27 | 10,914.01 | 7,954.57 |
| III. Total Income (I + II) | | 2,57,637.74 | 2,28,115.75 |
| IV. Expenses: | | | |
| Cost of materials consumed | 28 | 1,31,263.60 | 94,042.27 |
| Changes in inventories of finished goods and work-in-progress | 29 | (39,749.16) | (11,140.74) |
| Employee benefits expense | 30 | 9,182.51 | 7,999.98 |
| Finance costs | 31 | 2,600.84 | 748.75 |
| Depreciation and amortization expense | 32 | 10,230.33 | 7,928.76 |
| Other expenses | 33 | 84,062.12 | 76,537.17 |
| Total expenses (IV) | | 1,97,590.24 | 1,76,116.19 |
| V. Profit before tax (III - IV) | | 60,047.50 | 51,999.56 |
| VI. Tax expense: | | | |
| (1) Current tax | 34 | 15,541.51 | 12,995.77 |
| (2) Current tax adjustment related to earlier years | 34 | (116.33) | (40.00) |
| (3) Deferred tax | 34 | (928.71) | (14.43) |
| Total tax expense: (VI) | | 14,496.47 | 12,941.34 |
| VII. Profit for the year (V-VI) | | 45,551.03 | 39,058.22 |
| VIII. Other Comprehensive Income | | | |
| Items that will not be classified to profit or loss | | | |
| (i) Remeasurement of Employee Defined Benefit Plan | 35 | (82.66) | (123.23) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 34 | 20.80 | 31.01 |
| Total Other Comprehensive Income for the year | | (61.86) | (92.22) |
| IX. Total Comprehensive Income for the year (VII+VIII) | | 45,489.17 | 38,966.00 |
| Earnings per equity share: (of ₹ 10/-each) | | | |
| (1) Basic (₹) | 36 | 118.02 | 101.20 |
| (2) Diluted (₹) | 36 | 118.02 | 101.20 |

See accompanying notes to the standalone financial statements
As per our report of even date attached For and on behalf of the Board of Directors

For **SCV & Co. LLP**
Chartered Accountants
Firm Regn. No. 000235N/N500089

Sanjiv Mohan
Partner
Membership No. 086066

Ravi Jhunjhunwala
Chairman, Managing Director & CEO
DIN: 00060972

Shekhar Agarwal
Director
DIN: 00066113

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Riju Jhunjhunwala
Vice Chairman
DIN: 00061060

Satish Chand Mehta
Director
DIN: 02460558

Vivek Chaudhary
Company Secretary
Membership No. A13263

Manish Gulati
Executive Director
DIN: 08697512

Place : Noida (U.P)
Date : 22nd May, 2023

Standalone Statement of Changes in Equity

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | As at | |
|--|------------------------------|------------------------------|
| | 31 st March, 2023 | 31 st March, 2022 |
| Balance at the beginning of reporting period | 3,859.59 | 3,859.59 |
| Changes in equity capital during the year | - | - |
| Balance at the end of reporting period | 3,859.59 | 3,859.59 |

B) Other Equity

| Particulars | Reserves and Surplus | | | Other Items of Other Comprehensive Income | Total Other Equity |
|---|----------------------|----------------------------|--------------------|--|--------------------|
| | Capital reserve | Capital redemption reserve | Retained earnings | Remeasurement of defined benefit obligations | |
| Balance at the beginning of the current reporting period i.e. 1st April, 2022 | 3,138.24 | 2,029.93 | 3,68,643.50 | - | 3,73,811.67 |
| Profit/(loss) for the year | | | 45,551.03 | | 45,551.03 |
| Other Comprehensive Income for the year | | | (61.86) | - | (61.86) |
| Dividend distributed during the year | | | | | |
| -Final dividend for the year ended March 31, 2022 @ ₹40/- per share | | | (15,438.19) | | (15,438.19) |
| Balance at the end of reporting period i.e. 31st March, 2023 | 3,138.24 | 2,029.93 | 3,98,694.48 | - | 4,03,862.65 |

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | Total Other Equity |
|---|----------------------|----------------------------|--------------------|--|--------------------|
| | Capital reserve | Capital redemption reserve | Retained earnings | Remeasurement of defined benefit obligations | |
| Balance at the beginning of the current reporting period i.e. 1st April, 2021 | 3,138.24 | 2,029.93 | 3,30,773.60 | 61.75 | 3,36,003.52 |
| Profit/(loss) for the year | | | 39,058.22 | | 39,058.22 |
| Other Comprehensive Income for the year | | | (92.22) | - | (92.22) |
| Transferred to Retained Earnings | | | 61.75 | (61.75) | - |
| Dividend distributed during the year | | | | | |
| -Final dividend for the year ended March 31, 2021 @ ₹3/- per share | | | (1,157.86) | | (1,157.86) |
| Balance at the end of reporting period i.e. 31st March, 2022 | 3,138.24 | 2,029.93 | 3,68,643.50 | - | 3,73,811.67 |

See accompanying notes to the standalone financial statements
As per our report of even date attached For and on behalf of the Board of Directors

For **SCV & Co. LLP**
Chartered Accountants
Firm Regn. No. 000235N/N500089

Ravi Jhunjhunwala
Chairman, Managing Director & CEO
DIN: 00060972

Riju Jhunjhunwala
Vice Chairman
DIN: 00061060

Manish Gulati
Executive Director
DIN: 08697512

Sanjiv Mohan
Partner
Membership No. 086066

Shekhar Agarwal
Director
DIN: 00066113

Satish Chand Mehta
Director
DIN: 02460558

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Vivek Chaudhary
Company Secretary
Membership No. A13263

Place : Noida (U.P.)
Date : 22nd May, 2023

Standalone Statement of Cash Flows

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | For the Year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|---|---|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Tax | 60,047.50 | 51,999.56 |
| Adjustment for non operating and non cash transactions | | |
| Depreciation and Amortisation expense | 10,230.33 | 7,928.76 |
| Interest expense | 2,600.84 | 748.75 |
| Net(Profit)/loss on property plant and equipment sold / discarded | 34.31 | 281.35 |
| Allowances for Expected Credit Losses | (330.55) | (28.86) |
| Unrealized (Gain)/Loss due to effect of exchange rate changes in assets and liabilities | (33.28) | 159.09 |
| Bad Debts | 155.94 | 58.97 |
| Gain on sale/fair valuation of investments | (2,033.52) | (3,418.34) |
| Dividend income | (197.63) | (114.31) |
| Rent income | (143.15) | (132.21) |
| Interest income | (5,080.58) | (3,245.39) |
| Adjustments for changes in Working Capital | | |
| (Increase)/Decrease in operating assets | | |
| (Increase)/Decrease in Inventories | (46,230.11) | (39,720.44) |
| (Increase)/Decrease in Trade receivables | 10,398.95 | (29,924.93) |
| (Increase)/Decrease in other non-current financial assets | (234.30) | (838.56) |
| (Increase)/Decrease in other current financial assets | (252.05) | (40.11) |
| (Increase)/Decrease in other non-current assets | (5,300.75) | (20.21) |
| (Increase)/Decrease in other current assets | 6,585.61 | (7,001.10) |
| Increase/(Decrease) in operating liabilities | | |
| Increase/(Decrease) in Trade Payables | (3,782.01) | 18,873.74 |
| Increase/(Decrease) in other non-current financial liabilities | - | - |
| Increase/(Decrease) in other current financial liabilities | 681.76 | 1,640.26 |
| Increase/(Decrease) in non-current Provisions | (75.23) | 22.71 |
| Increase/(Decrease) in current Provisions | (9.29) | 31.65 |
| Increase/(Decrease) in other non-current liabilities | (263.93) | 241.60 |
| Increase/(Decrease) in other current liabilities | (519.62) | 1,252.22 |
| Cash from / (used in) operations | 26,249.24 | (1,245.76) |
| Income tax paid (net) | (14,801.10) | (12,815.37) |
| Net Cash from / (used in) operating activities (A) | 11,448.14 | (14,061.16) |

Standalone Statement of Cash Flows (Contd.)

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| PARTICULARS | For the Year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payment for purchase of Property plant and Equipments (including Capital work-in-progress) (after adjustment of advances and creditors for capital expenditure) | (47,973.84) | (35,952.81) |
| Proceeds from sale of Property Plant and Equipments | 89.71 | 88.27 |
| Investment in fixed/term deposits not considered as cash and cash equivalents | (80,306.35) | (63,630.20) |
| Redemption/maturity of fixed/term deposits not considered as cash and cash equivalents | 82,114.21 | 52,011.30 |
| Decrease/(Increase) in other bank balances not considered as cash and cash equivalents | (980.79) | 50.68 |
| Payment for Investments in subsidiary incorporated during the year | (1,000.00) | - |
| Payment for Purchase of Investments (other than subsidiary) | (1,26,380.92) | (70,113.48) |
| Proceeds from sale of Investments | 1,66,472.95 | 96,236.38 |
| Return of Capital from INVIT | 101.79 | 27.28 |
| Rent received | 143.15 | 132.21 |
| Dividend received | 197.63 | 114.31 |
| Interest received | 4,411.59 | 2,700.43 |
| Net Cash from/(used in) investing activities (B) | (3,110.87) | (18,335.63) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceed/(Repayment) of working capital borrowings (on net basis) (also refer note no. 49) | 7,750.68 | 36,633.27 |
| Interest and other financial charges Paid | (2,301.87) | (995.23) |
| Interest paid on lease liabilities | (11.82) | (14.28) |
| Payment of lease liabilities | (48.93) | (52.32) |
| Dividend Paid | (15,383.57) | (1,208.53) |
| Net Cash from/(used in) financing activities (C) | (9,995.51) | 34,362.91 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | (1,658.24) | 1,966.12 |
| Cash and cash equivalents at the beginning of the period | 4,103.52 | 2,137.39 |
| Cash and cash equivalents at the end of the period | 2,445.36 | 4,103.52 |

Refer note 15 of financial statements for components of cash and cash equivalents.

See accompanying notes to the standalone financial statements
As per our report of even date attached For and on behalf of the Board of Directors

For **SCV & Co. LLP**
Chartered Accountants
Firm Regn. No. 000235N/N500089

Sanjiv Mohan
Partner
Membership No. 086066

Place : Noida (U.P.)
Date : 22nd May, 2023

Ravi Jhunjhunwala
Chairman, Managing Director & CEO
DIN: 00060972

Shekhar Agarwal
Director
DIN: 00066113

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Riju Jhunjhunwala
Vice Chairman
DIN: 00061060

Satish Chand Mehta
Director
DIN: 02460558

Vivek Chaudhary
Company Secretary
Membership No. A13263

Manish Gulati
Executive Director
DIN: 08697512

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

1. Company Information

HEG Limited (referred to as 'the Company' hereinafter), 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 capacity of about 76.5 MW.

The Company is a public limited company incorporated and domiciled in India, has its registered office at Mandideep, Bhopal, Madhya Pradesh and is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The standalone Ind AS financial statements are approved for issue by the Company's Board of directors in their meeting held on 22nd May, 2023.

2.1 Statement of Compliance

The Standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

2.2 Basis of Measurement

(i) The standalone financial statements have been prepared on historical cost convention on accrual basis except for certain financial instruments (including derivative instruments) which are measured at fair value at the end of each reporting period as required under Ind AS.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for

measurement and/ or disclosure purposes in these standalone financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(ii) 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.

(iii) The functional and presentation currency of the Company is Indian rupees (INR) and all values are rounded to the nearest lakhs and two decimals thereof, except otherwise stated.

2.3 Significant accounting policies

(i) Revenue Recognition

(a) Sale of products

The Company derives revenue primarily from sale of Graphite Electrodes.

Revenue from the sale of goods is recognized at the point in time when control is transferred to the customer which is usually on dispatch/delivery.

Revenue is measured based on the transaction price (net of variable consideration) which is consideration, adjusted for volume discounts, rebates, scheme allowances,

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Due to short nature of credit period given to customers, there is no financing component in the contract.

(b) Power

Revenue from power generation is recognized on transmission of electricity to State Electricity Board (SEB) or third parties at rate stipulated by SEB's and/or IEX at market rate equivalent.

(c) Interest Income

- (i) Interest Income from customers is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- (ii) Interest Income from financial asset is recognized when it is probable that economic benefits will flow to the company and amount of income can be measured reliably. Interest income is accrued on time basis, by reference to principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of financial asset to that asset's net carrying amount on initial recognition.

(d) Other Income

- (i) Entitlements 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.
- (ii) Dividend income is recognized when the right to receive payment is established and the amount of dividend can be measured reliably.
- (iii) Other income is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

(ii) Inventories

Inventories are valued at cost or net realizable value, whichever is lower except by products which are valued at net realizable value. The raw materials and other supplies held for use in the production are valued at net realisable value only if the finished products in which they are to be incorporated are expected to be sold below cost. The cost in respect of the various items of inventory is computed as under:

- (i) In case of finished goods and work-in-progress, 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.
- (ii) In case of stores, spares and raw material at weighted average cost. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- (iii) Obsolete stocks are identified at each reporting date on the basis of technical evaluation and are charged off to revenue.

Net Realisable Value is the estimated selling price in ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales.

(iii) Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Freehold Land is carried at historical cost. All other items of property, plant and equipment are stated at cost or deemed cost applied on transition to Ind AS, less accumulated depreciation and impairment, if any. Cost includes its purchase price (net of taxes and duty recoverable), 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 are met.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

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

An item of Property, Plant and Equipment and any significant part initially recognized 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 measured 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 derecognized.

Advances paid towards the acquisition of Property Plant and Equipment outstanding at each balance sheet date is classified as Capital advance under Non-current asset and the cost of asset not put to use before balance sheet date are disclosed under Capital work in progress.

(iv) Investment property

Investment Properties comprises freehold land and building (including property under construction) that are held for long-term rental yields or for capital appreciation and both are classified as investment property. Investment properties are measured initially at cost, comprising the purchase price and directly attributable transaction cost. Subsequently investment property is carried at cost model, which is cost less accumulated depreciation and impairment losses if any in similar lines of Ind AS 16.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising on derecognition of investment property are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised

in standalone statement of profit and loss in the period of the retirement or disposal.

(v) Other Intangible Assets

An Intangible asset is recognized 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 are stated at cost or deemed cost applied on transition to Ind AS, less accumulated amortization and impairment, if any. The cost of intangible asset comprises of its purchase price, net of recoverable taxes and any directly attributable cost of preparing the asset for its intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in standalone statement of profit and loss as incurred.

The cost and related accumulated amortization are eliminated from standalone financial statements upon disposal or retirement of the assets and the resulted gain or losses arising from de-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 standalone statement of profit and loss when the asset is derecognized.

(vi) Depreciation

(A) Property, Plant and Equipment

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

The method of depreciation and useful life considered on different assets is as below:

- (i) Depreciation on all the assets at Hydel Power Project at Tawa is provided on Straight Line Method. The useful life of assets determined is as below:

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

| Sr. No. | Description of Asset | Useful Life (Approx) |
|---------|--|----------------------|
| 1 | Factory Building | 33 |
| 2 | Non Factory Building | 33 |
| 3 | Plant and Machinery | |
| | i) Dams, Spillways weirs, canals, reinforced concrete Flumes and symphons | 51 |
| | ii) Hydraulic control valves and other hydraulic works | 30 |
| | iii) Transformers having a rating of 100 KVA and over | 13 |
| 4 | Electrical Installation | |
| | i) Batteries | 3 |
| | ii) Lines on Fabricated steel operating at normal voltages higher than 66 kv | 19 |
| | iii) Residual | 13 |
| 5 | Furniture and Fixtures | 8 |
| 6 | Office Equipment and other assets | 8 |
| 7 | Vehicles | 3 |

(ii) On the assets other than those mentioned at (i) above, depreciation is provided on following basis:

In case of Plant and machinery, depreciation is provided on Straight Line Method and in case of other assets on written Down Method. The useful life of assets determined is as below:

| Description of Asset | 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 |

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

(iv) Depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

(B) Investment property

Investment property is depreciated using written down value method over their estimated useful life. Investment property has a useful life of 58 years as prescribed in Schedule II to the Companies Act, 2013.

(vii) Amortization

Other Intangible Assets

Other Intangible assets are amortized over their respective individual useful lives on a straight line basis from date they are available. The estimated useful life is based on number of factors including effect of obsolescence and other economic factors and is as under:

Description of Asset Useful Life

Computer Software 05 Years

Amortisation method, useful lives and residual value are reviewed at the end of each financial year with the effect of any changes in estimate accounted for on a prospective basis.

(viii) 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 standalone 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.

An impairment loss is reversed in the standalone statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

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.

Impairment is reviewed periodically, including at each financial year end.

No impairment was identified in FY 2022-23 (FY 2021-22: Nil).

(ix) Foreign Currency Translations

Transactions in currencies other than the Company's functional currency 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 re-translated at the rates prevailing at that date. Exchange differences arising on the settlement of monetary items or on re-translated monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in standalone statement of profit and loss in the period in which they arise.

Non-monetary items denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, Non-monetary items that are measured in term of historical cost in foreign currency are not reinstated.

(x) Employee Benefits

(A) Post Employment Benefits

(a) Defined contribution Plan

(i) Provident Fund

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

(ii) Superannuation

The Company makes contribution to Hindustan Electro Graphites Ltd Senior Executive

Superannuation Fund Trust and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(b) Defined Benefit Plan

Gratuity

The Company provides for gratuity, a defined benefit retirement plan "The gratuity plan" covering eligible employees. The gratuity plan provides for lump sum payment to vested employee at retirement, death, incapacitation or termination of employee of an amount based on the respective employees salary and the tenure of employment with the company.

Liability with regard to Gratuity is determined by actuarial valuation, performed by an independent actuary at each Balance sheet date using the project unit credit method.

The company fully contributes all ascertained liabilities to the Hindustan Electro Graphite's Staff Gratuity Fund Trust (The Trust) managed by the trustees. The trustees administer the contributions made to the Trust and contribution are invested in a scheme with Life Corporation of India or any other insurer as permitted by Indian Law.

Re-measurements comprising of actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income which are not reclassified to profit or loss in subsequent periods. All other expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss.

The company recognizes the net obligation in the balance sheet as an asset or liability.

(B) Short term employee benefits

Short term employee benefits including non-accumulated absences are charged to standalone statement of profit and loss on an undiscounted, accrual basis for the period during which services are rendered by the employee.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

(C) Other long term employee benefits- 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.

The expense related to such benefits is recognised in employee benefits expense in the Statement of profit and loss.

(xi) Leases

Company as a lessee

The Company's lease asset classes primarily consist of leases for land and Building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and of low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a systematic basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the lessee's incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease Liability and Right-of-Use Asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Company as a lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on systematic basis over the term of the relevant lease.

(xii) Segment Reporting

Segments are identified based on the manner in which the Company's Chief Operating Decision Maker ('CODM') decides about resource allocation and reviews performance.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

- (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.

(xiii) Income Tax

Income Tax expense comprises of current and deferred tax. Income tax expense is recognised in statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as the case may be.

(1) Current income tax

Current income tax for current and prior period is recognized at the amount expected to be paid to the tax authorities using tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Income tax expense is recognized in the standalone statement of profit and loss except to the extent that it relates to the items recognized directly in equity and other comprehensive income.

(2) Deferred Income Tax

Deferred Income Tax assets and liabilities are recognized using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in financial statement.

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.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that related tax benefits will be realized 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.

Deferred tax assets and deferred tax liabilities have been set off as it relates to income taxes levied by the same taxation authority.

(xiv) Government grants

Government grants are not recognized until there is reasonable assurance that all attached conditions will be complied with and the grant will be received.

When the grants relates to an expense item, it is recognised in the Statement of profit and loss by way of reduction from the related cost, which the grants are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support to the Company with no related costs is recognised in the Statement of profit or loss of the period in which it becomes receivable under 'Other operating income'/'Other income' based on the nature of grant.

Government grants relating to the purchase of property, plant and equipment are deducted from

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

its gross value and are recognised in profit or loss on a systematic over the expected useful lives of the related assets by way of reduced depreciation.

(xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of items of qualifying assets, which are the assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset until such time as the assets are not ready for their intended use. All other borrowing costs are charged to the standalone statement of profit and loss in the period in which they are incurred.

(xvi) 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, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. As the timing of outflow of resources is uncertain, being dependent upon the outcome of the future proceedings, these provisions are not discounted to their present value.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the standalone financial statements since this may result in the recognition of income that may never be realised.

(xvii) Earnings Per Share

Basic earnings per equity share is computed by dividing the profit or loss for the period attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by adjusting the net profit or loss for the period attributable to equity shareholders is divided by the weighted

average number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares if any.

(xviii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Initial recognition

The company recognises the financial assets and financial liabilities when it becomes party to the contractual provision of the instruments. All financial assets and liabilities are recognised at fair value on initial recognition except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets and or issue of financial liabilities that are not recognized at fair value through profit or loss, are added to or reduced from the fair value of the financial assets or financial liabilities, as appropriate.

Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

(ii) Subsequent measurement

For the purposes of subsequent measurement, financial instruments are classified as follows:

A. Non-derivative financial instruments

(a) Financial assets carried at amortized cost

A financial asset 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 instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income for such instruments is recognised in profit or loss using the effective interest rate (EIR) method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

The carrying amounts of financial assets that are subsequently measured at amortised cost are determined based on the effective interest method less any impairment losses.

(b) 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.

Interest income for such instruments is recognised in profit or loss using the effective interest rate (EIR) method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount.

Fair value movements are recognised in the other comprehensive income (OCI) until the financial asset is derecognised. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the profit or loss.

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

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

Dividend and interest income from such instruments is recognized in the statement of profit and loss, when the right to receive the payment is established.

Fair value changes on such assets are recognised in the statement of profit and loss.

(d) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination or is held for trading or it is designated as at FVTPL 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 amount approximates fair value due to the short maturity of these instruments.

All changes in fair value in respect of liabilities measured at fair value through profit and loss are recognised in the statement of profit and loss.

(e) Investment in Subsidiaries, Associates and Joint Ventures

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

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.

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.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are charged to Statement of Profit and Loss.

(iii) Impairment of Financial Assets

Financial assets that are carried at amortised cost and fair value through other comprehensive income (FVOCI) are assessed for possible impairments basis expected credit losses taking into account the past history of recovery, risk

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

of default of the counterparty, existing market conditions etc. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments).

For trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of Ind AS 115 and Ind AS 116, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. The company follows simplified approach does not require the company to track changes in credit risk. Rather it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For other assets, the company uses 12 months ECL to provide for impairment loss where no significant increase in credit risk is. If there is significant increase in credit risk full lifetime ECL is used.

(iv) Derecognition

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

- The contractual right to receive cash flows from the financial assets expire, or
- The company transfers the financial assets or 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.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received/receivable is recognised in the profit or loss.

A financial liability (or, a part of financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

On de-recognition of a financial liability, the difference between the carrying amount of the financial liability de-recognised and the consideration paid/payable is recognised in profit or loss.

(v) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

(vi) Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

C. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received. Incremental costs directly attributable to the issuance of equity instruments and buy back of equity instruments are recognized as a deduction from equity, net of any tax effects.

(xix) Statement of Cash flows

The statement of cash flows is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities whereby profit for the period is adjusted for the

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

effects of transaction of a non-cash nature, and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

(xx) Cash and cash equivalents

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity period of three months or less from the acquisition date, which are subject to an insignificant risk of changes in value.

(xxi) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

2.4 Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described as stated above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the standalone financial statements:

Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors

including the effects of obsolescence, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

Defined benefit plans and other post-employment benefits

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are 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 the discount rate, future, salary increases, mortality rates and future pension increases. 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

Provisions/Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claims/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy. The Company annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary.

Fair Value measurements

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent is available.

Income taxes

Significant judgement is required in determination of provision for current tax and deferred tax e.g. determination of taxability of certain incomes and deductibility of certain expenses etc. The carrying

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

amount of income tax assets/liabilities is reviewed at each reporting date. The factors used in estimates may differ from actual outcome which could lead to signification adjustment to the amounts reported in financial statements

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market driven changes.

2.5 Applicability of new and revised Ind AS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below.

- (i) **Ind AS 12 - Income Taxes** - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.
- (ii) **Ind AS 1 - Presentation of Financial Statements** - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023.
- (iii) **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors** - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023.

3. Current – non-current classification

All assets and liabilities have been classified as current and non-current on the basis of the following criteria:

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or use to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current

Operating cycle

Operating cycle is the time between the acquisition of assets for processing/servicing and their realization in cash or cash equivalents.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 4 Property, plant and equipment

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Carrying amount of | | |
| Freehold land | 317.81 | 317.81 |
| Buildings | 25,685.36 | 11,647.74 |
| Plant and equipment | 1,00,780.76 | 60,825.13 |
| Furniture and fixtures | 110.13 | 98.27 |
| Vehicles | 653.13 | 670.11 |
| Office equipment | 269.68 | 180.06 |
| Electrical Installation | 6,806.89 | 879.03 |
| Railway Sidings | 192.83 | 222.05 |
| Total Property, Plant and Equipment | 1,34,816.60 | 74,840.20 |

The change in the carrying amount of Property, Plant and Equipments during the year are as follows:-

| Particulars | Free-hold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Electrical installation | Railway sidings | Total |
|---|----------------|------------------|---------------------|------------------------|-----------------|------------------|-------------------------|-----------------|--------------------|
| Gross Carrying amount as at 1st April, 2021 | 317.81 | 26,190.60 | 1,36,393.83 | 594.79 | 1,256.75 | 1,150.81 | 3,202.94 | 647.42 | 1,69,754.97 |
| Additions | - | 2,436.11 | 12,377.70 | 3.48 | 267.71 | 19.61 | 44.12 | - | 15,148.72 |
| Disposals/Deletions | - | (406.55) | (828.10) | (1.94) | (141.64) | (210.93) | (7.33) | - | (1,596.48) |
| Amount reclassified to Investment Property (Refer note viii below) | - | (560.48) | - | - | - | - | - | - | (560.48) |
| Gross Carrying amount as at 31st March, 2022 (A) | 317.81 | 27,659.68 | 1,47,943.43 | 596.33 | 1,382.83 | 959.47 | 3,239.73 | 647.42 | 1,82,746.73 |
| Additions | - | 15,333.56 | 48,090.27 | 31.54 | 232.01 | 163.89 | 6,383.46 | - | 70,234.73 |
| Disposals/Deletions | - | - | (611.42) | (3.14) | (194.96) | (179.15) | (81.03) | - | (1,069.70) |
| Gross Carrying amount as at 31st March, 2023 (B) | 317.81 | 42,993.24 | 1,95,422.28 | 624.73 | 1,419.87 | 944.21 | 9,542.17 | 647.42 | 2,51,911.76 |
| Accumulated Depreciation as at 1st April, 2021 | - | 15,400.88 | 81,381.07 | 481.43 | 626.42 | 915.46 | 2,203.01 | 396.16 | 1,01,404.44 |
| Depreciation for the year | - | 933.34 | 6,422.04 | 17.64 | 181.07 | 69.09 | 160.64 | 29.21 | 7,813.04 |
| Disposals/Deletions | - | (238.79) | (684.80) | (1.01) | (94.77) | (205.14) | (2.95) | - | (1,227.46) |
| Amount reclassified to Investment Property (Refer note viii below) | - | (83.49) | - | - | - | - | - | - | (83.49) |
| Accumulated Depreciation as at 31st March, 2022 (C) | - | 16,011.95 | 87,118.30 | 498.06 | 712.72 | 779.41 | 2,360.70 | 425.37 | 1,07,906.53 |
| Depreciation for the year | - | 1,295.93 | 8,085.05 | 18.75 | 196.14 | 66.98 | 442.38 | 29.21 | 10,134.45 |
| Disposals/Deletions | - | - | (561.82) | (2.22) | (142.11) | (171.87) | (67.79) | - | (945.81) |
| Accumulated Depreciation as at 31st March, 2023 (D) | - | 17,307.88 | 94,641.52 | 514.59 | 766.74 | 674.53 | 2,735.29 | 454.59 | 1,17,095.16 |
| Net Carrying amount as at 31st March, 2022 (A)-(C) | 317.81 | 11,647.74 | 60,825.13 | 98.27 | 670.11 | 180.06 | 879.03 | 222.05 | 74,840.20 |
| Net Carrying amount as at 31st March, 2023 (B)-(D) | 317.81 | 25,685.36 | 1,00,780.76 | 110.13 | 653.13 | 269.68 | 6,806.89 | 192.83 | 1,34,816.60 |

Notes:

- (i) One Building situated at Delhi having gross carrying amount of ₹83.13 Lakhs (Previous Year ₹83.13 Lakhs) is own jointly with RSWM Ltd.
- (ii) Refer to note no. 47 for information on Property, Plant and Equipment pledged as security by the company
- (iii) The aggregate depreciation has been included under depreciation and amortisation expense in the statement of Profit and loss.
- (iv) Refer note no. 38 for detail of contractual Commitment towards purchase of Property, Plant and Equipment.
- (v) The Company has not revalued any of its property, plant and equipment during the year.
- (vi) The title deeds of all the immovable properties are held in the name of the Company.
- (vii) Refer note No. 44 for the amount of expenditures recognised in the Property, Plant & Equipment during the year.
- (viii) Flat situated at Mumbai which was occupied by the company for its own use has been leased out for rental income during the year ended 31-03-2023 and therefore has been reclassified as Investment Property in accordance with IND AS-40 "Investment Property"

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 5 Capital Work In Progress

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Building and Plant and Equipment under erection/installation (including project and pre-operative expense) (also refer Note-44) | 47,200.80 | 69,607.56 |

a) Capital work-in-progress ageing schedule is as follows:

| Particulars | Amount in CWIP For a period of | | | | Total |
|--|--------------------------------|-----------------|------------------|-------------------|------------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Capital Work in Progress as at 31-03-2023 | | | | | |
| Projects in progress | 46,034.54 | 1,098.58 | 58.36 | 9.32 | 47,200.80 |
| Project temporarily suspended | - | - | - | - | - |
| Total Capital work in progress | 46,034.54 | 1,098.58 | 58.36 | 9.32 | 47,200.80 |
| Capital Work in Progress as at 31-03-2022 | | | | | |
| Projects in progress | 49,544.05 | 9,099.36 | 10,961.47 | 2.68 | 69,607.56 |
| Project temporarily suspended | - | - | - | - | - |
| Total Capital work in progress | 49,544.05 | 9,099.36 | 10,961.47 | 2.68 | 69,607.56 |

b) For capital-work-in progress, whose completion is overdue, the completion schedule is as follows:

| Particulars | To be completed in | | | | Total |
|--|--------------------|-----------|-----------|-------------------|-----------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Capital Work in Progress as at 31-03-2023 | | | | | |
| Projects in progress | 34,687.62 | - | - | - | 34,687.62 |

Note:

- (a) There is no such project in capital-work-in progress whose completion is overdue compared to its original plan as on 31st March, 2023 and 31st March, 2022.
- (b) There is no such project in capital-work-in progress whose cost has exceeded compared to its original plan as on 31st March, 2023 and 31st March, 2022.
- (i) For details on Capital Commitments refer Note - 38(2)
- (ii) The borrowing cost capitalized during the year is NIL (Previous year NIL)

Note: 6 Right of Use Asset

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---------------------------|---------------------------------------|---------------------------------------|
| Carrying amount of | | |
| Land | 621.21 | 636.72 |
| Building | 78.79 | 29.98 |
| Total | 700.00 | 666.70 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Land | Building | Total |
|---|---------------|---------------|-----------------|
| Gross Carrying amount as at 1st April, 2021 | 840.16 | 179.98 | 1,020.14 |
| Additions | 49.74 | - | 49.74 |
| Adjustments | - | (23.86) | (23.86) |
| Gross Carrying amount as at 31st March, 2022 (A) | 889.90 | 156.12 | 1,046.02 |
| Gross Carrying amount as at 1st April, 2022 | 889.90 | 156.12 | 1,046.02 |
| Additions | - | 87.17 | 87.17 |
| Adjustments | - | (0) | (0.00) |
| Gross Carrying amount as at 31st March, 2023 (B) | 889.90 | 243.29 | 1,133.20 |
| Accumulated Depreciation as at 1st April, 2021 | 237.61 | 73.61 | 311.23 |
| Depreciation for the year | 15.57 | 52.53 | 68.10 |
| Other Adjustments for the year | - | - | - |
| Accumulated Depreciation as at 31st March, 2022 (C) | 253.18 | 126.14 | 379.33 |
| Accumulated Depreciation as at 31st March, 2022 | 253.18 | 126.14 | 379.34 |
| Depreciation for the year | 15.51 | 38.36 | 53.87 |
| Other Adjustments for the year | - | - | - |
| Accumulated Depreciation as at 31st March, 2023 (D) | 268.69 | 164.50 | 433.22 |
| Net Carrying amount as at 31st March, 2022 (A)-(C) | 636.72 | 29.98 | 666.70 |
| Net Carrying amount as at 30th March, 2023 (B)-(D) | 621.21 | 78.79 | 700.00 |

(i) Refer Note 41 for other disclosures related to leases.

(ii) The aggregate depreciation has been included under depreciation and amortisation expense in the statement of Profit and loss.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note:7 INVESTMENT PROPERTY

Carrying amount of Investment Property

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| Building | 724.80 | 760.65 |
| Amount | | |
| Building | | |
| Gross Block | | |
| As at 1st April, 2021 | | 440.83 |
| Additions | | - |
| Amount reclassified from Property, Plant & Equipments (Refer note below) | | 560.48 |
| Disposals | | - |
| As at 31st March, 2022 | (a) | 1,001.31 |
| Additions | | - |
| Amount reclassified from Property, Plant & Equipments (Refer note below) | | - |
| Disposals | | - |
| As at 31st March, 2023 | (b) | 1,001.31 |
| Depreciation | | |
| At 1st April, 2021 | | 119.42 |
| Charge for the year | | 37.75 |
| Disposals | | - |
| Amount reclassified from Property, Plant & Equipments (Refer note below) | | 83.49 |
| As at 31st March, 2022 | (c) | 240.66 |
| Charge for the year | | 35.85 |
| Disposals | | - |
| Amount reclassified from Property, Plant & Equipments (Refer note below) | | - |
| As at 31st March, 2023 | (d) | 276.51 |
| Carrying value | | |
| As at 31 March, 2022 | (a-c) | 760.65 |
| As at 31st March, 2023 | (b-d) | 724.80 |

Note: Flat situated at Mumbai which was occupied by the company for its own use has been leased out for rental income during the year ended 31-03-2022 and therefore has been reclassified as Investment Property in accordance with IND AS-40 "Investment Property".

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

| Particulars | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|--|---|---|
| Rental income | 138.23 | 127.47 |
| Direct operating expenses from property that generated rental income | 4.73 | 4.90 |
| Profit from Investment Properties before depreciation | 133.50 | 122.57 |
| Depreciation | 35.85 | 37.75 |
| Profit from Investment Properties | 97.64 | 84.82 |

(ii) Fair value of Investment property

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| (i) Fair value of Investment property | 5,781.32 | 5,530.30 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

The Company has obtained Independent Valuations of its investment property from independent registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017. The fair value of the investment property have been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

(ii) Fair Value Hierarchy

The fair value measurement for all of the Investment properties has been categorized as level 3 Fair value based on the inputs to the valuations techniques used.

(iii) The aggregate depreciation has been included under depreciation and amortisation expense in the statement of Profit and loss.

Note:8 OTHER INTANGIBLE ASSETS

Carrying amount of Intangible assets

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| Software | 33.54 | 9.98 |
| | 33.54 | 9.98 |
| Computer Software | | |
| Gross carrying amount | | |
| As at 1st April, 2021 | | 503.37 |
| Additions | | 0.27 |
| Disposals | | (25.51) |
| As at 31st March, 2022 (a) | | 478.13 |
| Additions | | 29.84 |
| Disposals | | (18.01) |
| As at 31st March, 2023 (b) | | 489.96 |
| Amortisation | | |
| As at 1st April, 2021 | | 483.19 |
| Charge for the year | | 9.87 |
| Disposals | | (24.91) |
| As at 31 March, 2022 (c) | | 468.15 |
| Charge for the year | | 6.15 |
| Disposals | | (17.88) |
| As at 31st March, 2023 (d) | | 456.42 |
| Carrying value | | |
| As at 31 March, 2022 (a-c) | | 9.98 |
| As at 31st March, 2023 (b-d) | | 33.54 |

(a) The Company has not internally developed computer softwares.

(b) Also refer Note 2.3(v) for option used by the Company to use carrying value of previous GAAP as deemed cost as on April 1, 2015

(c) The amount of amortisation has been included under depreciation and amortisation expense in the statement of Profit and loss.

(d) Computer Softwares are amortized over a period of five years.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note : 9 INVESTMENTS

| No of Units | Face Value | Non - current | | Current | |
|--|------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| A. Investments carried at cost | | | | | |
| Investments in Equity instruments | | | | | |
| (a) Equity Instruments in Associate Companies (Unquoted) | | | | | |
| 8,12,32,560 (Previous year 8,12,32,560) Fully paid up equity shares of Bhilwara Energy Ltd. | 10 | 30,711.50 | 30,711.50 | | |
| 12,62,048 (Previous year 12,62,048) Fully paid up equity shares of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.) | 10 | 419.00 | 419.00 | | |
| (b) Equity Instruments in Subsidiary (Unquoted) | | | | | |
| 1,00,00,000 (Previous year Nil) fully paid up equity shares of TACC Ltd. | 10 | 1,000.00 | 0.00 | | |
| B. Investments carried at Fair value through profit or loss | | | | | |
| (a) Investments in Equity instruments (Quoted) | | | | | |
| 18 (Previous year 18) Equity Shares of ₹ 2/-each of Ballarpur Ind. Ltd. | 2 | 0.01 | 0.01 | | |
| (b) Investments in Mutual Funds (Quoted) | | | | | |
| 89,236.812 (Previous Year-186225.63) Invesco India Overnight Fund | 1000 | - | - | 1,010.85 | 2,000.81 |
| 16,62,530.918 (Previous Year- NIL) Reliance Nippon life Mutual Fund | 1000 | | | 2,001.10 | - |
| NIL (Previous Year-17,85,034.55) AXIS Overnight Mutual Fund | 1000 | | | - | 2,000.83 |
| NIL (Previous Year-34390.98) UTI Overnight Mutual Fund | 1000 | | | - | 1,000.76 |
| NIL (Previous Year-87,912.54) DSP Overnight Mutual Fund | 1000 | | | - | 1,000.78 |
| 41,792.179 (Previous Year-28891.985) SBI Overnight Mutual Fund | 1000 | | | 1,525.10 | 1,000.05 |
| NIL (Previous Year-25297878.79) ICICI Prud. Equity -Arbitrage | 10 | - | - | - | 7,409.88 |
| NIL (Previous Year-25874545.00) Kotak Equity Arbitrage Fund | 10 | - | - | - | 8,194.21 |
| NIL (Previous Year-34108007.08) AXIS Bank Arbitrage Fund | 10 | - | - | - | 5,520.86 |
| NIL (Previous Year-9364289.082) EDELWEISS Arbitrage Fund | 10 | - | - | - | 1,543.56 |
| 70,01,470.40 (Previous Year-NIL) SBI Arbitrage Fund | 10 | | | 2,115.82 | 0.00 |
| (c) Investments in Fixed Maturity Plans Scheme(Quoted) | | | | | |
| NIL (Previous Year-10,00,00,000) ICICI Prudential FMP Series 83 1406 Days Plan D- Direct Growth | 10 | - | - | - | 13,540.10 |
| NIL (Previous Year-15000000) NIPPON INDIA FHF XXXIX SR 2 | 10 | - | - | - | 2,016.74 |
| NIL (Previous Year-10000000) NIPPON INDIA FHF XXXIX SR 6 | 10 | - | - | - | 1,341.93 |
| NIL (Previous Year-15000000) NIPPON INDIA FHF XXXIX SR 15 | 10 | - | - | - | 1,974.98 |
| NIL (Previous Year-10000000) NIPPON INDIA FHF XXXIX SR 9 | 10 | - | - | - | 1,328.87 |
| NIL (Previous Year-2,00,00,000) Aditya Birla Sunlife Fixed Term Plan Series RC (1295 days) | 10 | - | - | - | 2,612.38 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| No of Units | Face Value | Non - current | | Current | |
|--|------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| NIL (Previous Year-3,00,00,000) Aditya Birla Sunlife Fixed Term Plan Series RN (1240 days) | 10 | - | - | - | 3,886.17 |
| NIL (Previous Year-2,00,00,000) ICICI Pru Fixed Maturity Plan-Sr 84 - 1245 days Plan N | 10 | - | - | - | 2,624.04 |
| NIL (Previous Year-1,00,00,000) ICICI Pru Fixed Maturity Plan-Sr 84 - 1288 days Plan O | 10 | - | - | - | 1,312.25 |
| NIL (Previous Year-1,00,00,000) Kotak FMP Series 251-1265 days | 10 | - | - | - | 1,306.91 |
| NIL (Previous Year-1,00,00,000) HDFC FMT 1246D November, 2018 (1) - Series 43 | 10 | - | - | - | 1,306.87 |
| NIL (Previous Year-1,50,00,000) Kotak FMP Series 243 - 1319 days | 10 | - | - | - | 2,013.48 |
| 4,60,34,272.808 (Previous Year- NIL) SBI CPSE BOND PLUS SDL SEP 2026 50:50 INDEX FUND DIRECT | 10 | 4,794.61 | | | |
| 1,37,24,503.583 (Previous Year- NIL) Edelweiss Nifty PSU Bond Plus SDL Apr 2026 50:50 Index Fund - Direct Plan Growth- ISIN : INF754K01MD1 | 10 | 1,519.34 | | | |
| 98,35,831.784 (Previous Year- NIL) KOTAK NIFTY SDL APR 2027 TOP 12 EQUAL WEIGHT INDEX FND DIRECT PLAN GROWTH | 10 | 1,019.76 | | | |
| 99,39,347.719 (Previous Year- NIL) NIPPON INDIA NIFTY AAA CPSE BOND PLUS SDL - APR 2027 MATURITY 60:40 INDEX FUND - (CNAGG) | 10 | 1,023.21 | | | |
| (d) Investments in Bond Funds (Quoted) | | | | | |
| 108109.497 (Previous Year-62230.032) Kotak Corporation Bond Fund # | 10 | 3,541.92 | - | - | 1,949.59 |
| 84,97,123.601 (Previous Year-NIL) BHARAT Bond FOF - April 2023 - Direct Plan Growth | 10 | | | 1,038.37 | |
| 26,18,367.638 (Previous Year-NIL) ABSL CORPORATE BOND FUND - GROWTH-DIRECT | 10 | 2,503.30 | | | |
| 54,30,713.319 (Previous Year-NIL) HDFC CORP.BOND FUND - DIRECT PLAN-GROWTH | 10 | 1,499.93 | | | |
| (e) Investments in Infrastructure Trust (Quoted) | | | | | |
| 44,00,000 (Previous Year-4400000) ORIENTAL INFRA TRUST | 100 | 6,028.00 | 5,376.80 | - | - |
| C. Investments carried at amortized cost | | | | | |
| Investments in Bonds (Unquoted) | | | | | |
| 250 (Previous Year-NIL) 7.2871% HDB FINANCIAL SERVICES LIMITED 2023 | 1000000 | | | 2,627.77 | |
| 200 (Previous Year-NIL) 5.50% KOTAK MAHINDRA PRIME LIMITED 2023 | 1000000 | | | 2,050.47 | |
| Total | | 54,060.58 | 36,507.31 | 12,369.50 | 66,886.05 |
| Aggregate amount of quoted investments | | 21,930.08 | 5,376.81 | 7,691.25 | 66,886.04 |
| Market value of quoted investments | | 21,930.08 | 5,376.81 | 7,691.25 | 66,886.04 |
| Aggregate carrying value of unquoted investments | | 32,130.51 | 31,130.50 | 4,678.25 | 0.01 |
| Aggregate amount for impairment in value of investments | | - | - | - | - |

Note (i): Investments having maturity period of less than 12 months from balance sheet date have been reclassified as current investments, if any.

Note (ii): Refer Note 46B for Classification of Financial Assets

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 10 TRADE RECEIVABLES

| Particulars | Current | |
|---|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 |
| a) Trade Receivable considered good-Secured | - | - |
| b) Trade Receivable considered good-Unsecured | 48,913.99 | 58,891.98 |
| c) Trade Receivable which have significant increase in Credit Risk; and Less: Allowance for expected credit loss | - | 69.89 (44.59) |
| d) Trade Receivable credit impaired Less: Allowance for credit impairment | 89.02 (89.02) | 374.98 (374.98) |
| Total | 48,913.99 | 58,917.28 |

There is no amount due from Directors or other Officer of the company or any of them either severally or jointly with any other person or firms or private company respectively in which any Director is a partner or a Director or a member.

Trade receivables ageing schedule for the year ended as on March 31, 2023 and March 31, 2022:

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|--|--|--------------------|--------------------|-----------|-----------|-------------------|-----------|
| | Not due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31st March, 2023 | | | | | | | |
| (i) Undisputed Trade Receivables – considered good | 32,528.00 | 14,347.04 | 2,036.85 | 2.09 | 0 | 0 | 48,913.99 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | 8.89 | 2.15 | 77.99 | 89.02 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| As at 31st March, 2022 | | | | | | | |
| (i) Undisputed Trade Receivables – considered good | 43,294.47 | 15,472.44 | 125.07 | - | - | - | 58,891.98 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | 69.89 | - | - | 69.89 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | 137.08 | 14.10 | 223.80 | 374.98 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |

Refer Note 46B for Classification of Financial Assets

Refer Note 46C for credit risk and expected credit loss related to Trade Receivables

Refer Note 47 for information of trade receivables pledged as security by the company.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 11 Financial Assets

| Particulars | Non-Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Financial asset at amortised cost | | | | |
| Loans to employees | | | | |
| a) Loans considered good-Secured | - | - | - | - |
| b) Loans considered good-Unsecured | 77.31 | 81.90 | 60.46 | 72.94 |
| c) Loans which have significant increase in Credit Risk; and | - | - | - | - |
| d) Loans credit impaired | - | - | - | - |
| Total | 77.31 | 81.90 | 60.46 | 72.94 |

Refer Note 46B for Classification of Financial Assets

Refer Note 46C for information about credit risk and market risk in respect of financial assets.

Note (i) : The above figure includes loans to whole time director in the capacity of employee amounting to Nil (Previous year ₹71.11 Lakhs) which is repayable in accordance with the Company's policy applicable to all the employees. Such loan outstanding as at the end of the year amounts to Nil (Previous Year 45.93%) of total loans to employees outstanding as on that date. The maximum balance outstanding during the FY 2022-23 was ₹71.11 lakhs (Previous year ₹80.00 Lakhs)

Note (ii) : The above figure includes loans to Chief Financial officer/Company Secretary (KMP) amounting to ₹20.52 Lakhs (Previous year ₹1.78 Lakhs) which is repayable in accordance with the Company's policy applicable to all the employees. Such loan outstanding as at the end of the year amounts to 68.4% (Previous Year 1.15%) of total loans to employees outstanding as on that date. The maximum balance outstanding during the FY 2022-23 was ₹22.00 Lakhs (Previous year ₹4.44 Lakhs)

Note: 12 Other Financial Assets

| Particulars | Non-Current | | Current | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Financial assets at amortised cost | | | | |
| Security deposits | 3,524.91 | 3,286.01 | - | - |
| Interest accrued but not due on fixed deposits | - | 220.70 | 2,059.05 | 1,366.42 |
| Bank deposits having maturity period of more than 12 months from reporting date | 20.00 | 10,489.09 | - | - |
| Interest subvention recoverable (on working capital loans) | - | - | 2.93 | 313.67 |
| Financial assets at Fair Value through Profit or Loss | | | | |
| *Derivative Financial Instruments | - | - | 274.05 | 9.52 |
| Total | 3,544.91 | 13,995.80 | 2,336.03 | 1,689.61 |

*The company enters into derivative financial instruments (usually foreign exchange forward contracts) to manage its exposure to foreign exchange rate risk. For details of derivative financial instruments, Refer note 46C. Refer Note 46B for Classification of Financial Assets

Refer Note 46C for information about credit risk and market risk in respect of other financial assets.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 13 Other Assets

| Particulars | Non-Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Unsecured, considered good unless stated otherwise | | | | |
| Capital Advances | 2,767.08 | 4,729.08 | - | - |
| Other Advances (other than advances to related parties) | - | - | 343.47 | 686.79 |
| Advances to related parties | - | - | 0.11 | 0.11 |
| Prepaid expenses | 269.65 | 63.01 | 1,626.79 | 1,442.30 |
| Balances with statutory authorities | - | - | 2,934.91 | 4,080.21 |
| GST Refunds Receivable | - | - | 1,518.08 | 5,901.50 |
| Payments under protest (excluding direct taxes other than TDS) | 5,564.96 | 470.85 | - | - |
| Export Benefits Receivable (including MEIS Licenses in hand) | - | - | 579.93 | 1,819.45 |
| Other Employee Advances | - | - | 75.73 | 39.20 |
| Gratuity Fund Receivable (also refer note 40) | - | - | 570.47 | 611.81 |
| Others | - | - | 871.32 | 607.72 |
| Total | 8,601.69 | 5,262.94 | 8,520.81 | 15,189.09 |

Detail of payments under protest (excluding direct taxes other than TDS) is as follows:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------|------------------------------------|------------------------------------|
| Entry Tax | 114.29 | 222.84 |
| Central Sales Tax | 126.95 | 105.92 |
| Excise duty/Service Tax | 79.62 | 79.62 |
| MPST/MPCT | 0.46 | 0.46 |
| Tax deducted at source | 62.01 | 62.01 |
| Power Legal Cases | 5,181.63 | - |
| Total | 5,564.96 | 470.85 |

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

Note: (ii) There are no advances to the directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies in which any director is a partner or a director or a member.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 14: INVENTORIES (Valued at lower of cost or Net realizable value)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|------------------------------------|------------------------------------|
| Raw materials [Includes material in transit ₹9252.62 Lakhs ; Previous year: ₹ 13888.24 Lakhs] | 47,555.45 | 41,406.68 |
| Finished goods | 55,986.80 | 24,134.77 |
| Work-in-progress | 35,593.37 | 27,696.24 |
| Stores and Spares | 4,875.88 | 4,543.70 |
| [Includes stores in transit ₹570.41 Lakhs ; Previous year: ₹367.86 Lakhs] | | |
| Total | 1,44,011.50 | 97,781.39 |

(a) The cost of inventories recognised as an expense during the year was ₹1,24,457.77 Lakhs (March 31st, 2022 ₹1,12,091.66 Lakhs)

(b) The cost of inventories recognised as an expense includes ₹592 Lakhs (31st March, 2022 ₹338.09 Lakhs) in respect of write down of inventories on account of slow moving items.

(c) Refer to note no. 47 for information of inventory pledged as security by the company.

(d) The method of valuation of inventories has been stated at Note 2.3(ii)

Note:15 Cash and Cash Equivalents

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---------------------------------------|------------------------------------|------------------------------------|
| Balances with banks | | |
| In Current accounts | 1,381.28 | 2,833.94 |
| In Cash Credit accounts | 1,054.68 | 1,262.62 |
| Cheques, drafts in hand | 1.50 | - |
| Cash on hand | 7.90 | 6.96 |
| Total cash and cash equivalent | 2,445.36 | 4,103.52 |

Refer Note 46B for Classification of Financial Assets

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note:16 Other Bank balances

| Particulars | As at | |
|--|------------------------------|------------------------------|
| | 31 st March, 2023 | 31 st March, 2022 |
| I. Earmarked deposits with banks | | |
| a) Deposits as margin money against LC for Raw Material and capital goods and against Bank Gurantees | 3,193.21 | 1,920.72 |
| b) Held for Unpaid dividend/Unclaimed dividend | 554.69 | 500.07 |
| c) Held for Unspent corporate social responsibility expenditure on account of ongoing projects | 926.16 | - |
| II. Other Deposits with banks/financial Institutions | 61,050.93 | 64,131.28 |
| Less: Bank deposits having maturity period after 12 months from the reporting date (refer note 12) | 20.00 | 10,489.09 |
| Total | 65,704.99 | 56,062.98 |

Refer Note 46B for Classification of Financial Assets

Note: 17 Equity Share Capital

| Particulars | As at | |
|---|------------------------------|------------------------------|
| | 31 st March, 2023 | 31 st March, 2022 |
| Authorised | | |
| 5,50,00,000 (Previous year 5,50,00,000) Equity Shares of ₹ 10/- each | 5,500.00 | 5,500.00 |
| 15,00,000 (Previous year 15,00,000) Preference shares of ₹ 100/- each | 1,500.00 | 1,500.00 |
| | 7,000.00 | 7,000.00 |
| Issued, Subscribed and Fully paid-up | | |
| 3,85,95,506 (Previous year 3,85,95,506) Equity Shares of ₹ 10/- each | 3,859.55 | 3,859.55 |
| 1,150 (Previous year 1,150) Forfeited Equity Shares | 0.04 | 0.04 |
| Total | 3,859.59 | 3,859.59 |

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

| Particulars | 2022-23 | | 2021-22 | |
|------------------------------------|---------------|--------------|---------------|--------------|
| | No. of Shares | (₹ in Lakhs) | No. of Shares | (₹ in Lakhs) |
| Equity Shares | | | | |
| At the beginning of the year | 3,85,95,506 | 3,859.55 | 3,85,95,506 | 3,859.55 |
| Change during the year | - | - | - | - |
| Outstanding at the end of the year | 3,85,95,506 | 3,859.55 | 3,85,95,506 | 3,859.55 |

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 except in case of interim dividend.

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.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

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

| Name of the Shareholder | As at 31 st March, 2023 | | As at 31 st March, 2022 | |
|-----------------------------------|------------------------------------|--------------|------------------------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity Shares | | | | |
| NORBURY INVESTMENTS LIMITED | 53,62,991 | 13.90 | 53,62,991 | 13.90 |
| MICROLIGHT INVESTMENTS LIMITED | 46,65,579 | 12.09 | 46,65,579 | 12.09 |
| BHARAT INVESTMENTS GROWTH LIMITED | 27,34,913 | 7.09 | 24,64,913 | 6.39 |
| LICI ASM NON PAR | 14,80,382 | 3.84 | 21,39,276 | 5.54 |

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 except Bharat investments Growth Limited, in which significant beneficial owner is Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO, who is also the promoter of the Company and exercises significant influence over it.

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

| Particulars | Aggregate No. of Shares | | | | |
|---|-------------------------|---------|---------|---------|-----------|
| | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 |
| a) Equity shares allotted as fully paid up pursuant to contract(s) without payment being received in cash | - | - | - | - | - |
| b) Equity shares allotted as fully paid up by way of bonus shares | - | - | - | - | - |
| c) Equity shares bought back by the company. | - | - | - | - | 13,63,636 |

e) Details of shares held by holding company or its ultimate holding company or their subsidiaries or associates

There is no holding company /ultimate holding company of the company.

f) Details of Shareholdings by the Promoters and Promoter's Group of the Company

| Sr. No. | Name | As at 31 st March, 2023 | | As at 31 st March, 2022 | | % change in the year |
|---------|--------------------------------------|------------------------------------|-------------------|------------------------------------|-------------------|----------------------|
| | | No. of Shares | % of Total shares | No. of Shares | % of Total shares | |
| 1 | Ravi Jhunjunwala | 719 | 0.00% | 719 | 0.00% | 0.00% |
| 2 | Riju Jhunjunwala | 1,356 | 0.00% | 1,356 | 0.00% | 0.00% |
| 3 | Rita Jhunjunwala | 1,876 | 0.00% | 1,876 | 0.00% | 0.00% |
| 4 | Rishabh Jhunjunwala | 1,807 | 0.00% | 1,807 | 0.00% | 0.00% |
| 5 | RLJ Family Trusteeship Pvt. Ltd. | 500 | 0.00% | 0 | 0.00% | 0.00% |
| 6 | Bharat Investments Growth Ltd. | 27,34,913 | 7.09% | 27,34,913 | 7.09% | 0.00% |
| 7 | Purvi Vanijya Niyojan Ltd. | 18,68,583 | 4.84% | 18,68,583 | 4.84% | 0.00% |
| 8 | LNJ Financial Services Ltd. | 16,48,323 | 4.27% | 16,48,323 | 4.27% | 0.00% |
| 9 | Raghav Commercial Ltd. | 14,48,163 | 3.75% | 14,48,163 | 3.75% | 0.00% |
| 10 | Jet (India) Pvt Ltd. | 10,05,599 | 2.61% | 10,05,599 | 2.61% | 0.00% |
| 11 | Giltedged Industrial Securities Ltd. | 8,87,689 | 2.30% | 8,87,689 | 2.30% | 0.00% |
| 12 | Shashi Commercial Company Ltd. | 6,75,536 | 1.75% | 6,75,536 | 1.75% | 0.00% |
| 13 | M.L. Finlease Pvt. Ltd. | 3,46,461 | 0.90% | 3,46,461 | 0.90% | 0.00% |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Sr. No. | Name | As at 31 st March, 2023 | | As at 31 st March, 2022 | | % change in the year |
|---------|--------------------------------|------------------------------------|-------------------|------------------------------------|-------------------|----------------------|
| | | No. of Shares | % of Total shares | No. of Shares | % of Total shares | |
| 14 | RSWM Ltd. | 3,18,391 | 0.82% | 3,18,391 | 0.82% | 0.00% |
| 15 | India Textfab Marketing Ltd. | 2,06,718 | 0.54% | 2,06,718 | 0.54% | 0.00% |
| 16 | Nivedan Vanijya Niyojan Ltd. * | 0 | 0.00% | 66,684 | 0.17% | (0.17)% |
| 17 | Investors India Ltd. | 36,254 | 0.09% | 36,254 | 0.09% | 0.00% |
| 18 | Dreamon Commercial Pvt Ltd. * | 3,16,516 | 0.82% | - | - | 0.82% |
| 19 | Norbury Investments Ltd. | 53,62,991 | 13.90% | 53,62,991 | 13.90% | 0.00% |
| 20 | Microlight Investments Ltd. | 46,65,579 | 12.09% | 46,65,579 | 12.09% | 0.00% |
| | Total | 2,15,27,974 | 55.78% | 2,12,77,642 | 55.13% | 0.65% |

| Sr. No. | Name | As at 31 st March, 2022 | | As at 31 st March, 2021 | | % change in the year |
|---------|--------------------------------------|------------------------------------|-------------------|------------------------------------|-------------------|----------------------|
| | | No of Shares | % of Total shares | No of Shares | % of Total shares | |
| 1 | Ravi Jhunjunwala | 719 | 0.00% | 5,98,719 | 1.55% | (1.55)% |
| 2 | Riju Jhunjunwala | 1,356 | 0.00% | 2,20,356 | 0.57% | (0.57)% |
| 3 | Rita Jhunjunwala | 1,876 | 0.00% | 2,11,876 | 0.55% | (0.54)% |
| 4 | Rishabh Jhunjunwala | 1,807 | 0.00% | 1,75,807 | 0.46% | (0.45)% |
| 5 | Bharat Investments Growth Ltd. | 27,34,913 | 7.09% | 24,64,913 | 6.39% | 0.70% |
| 6 | Purvi Vanijya Niyojan Ltd. | 18,68,583 | 4.84% | 16,48,583 | 4.27% | 0.57% |
| 7 | LNJ Financial Services Ltd. | 16,48,323 | 4.27% | 13,48,323 | 3.49% | 0.78% |
| 8 | Raghav Commercial Ltd. | 14,48,163 | 3.75% | 14,48,163 | 3.75% | 0.00% |
| 9 | Jet (India) Pvt Ltd. | 10,05,599 | 2.61% | 10,05,599 | 2.61% | 0.00% |
| 10 | Giltedged Industrial Securities Ltd. | 8,87,689 | 2.30% | 4,76,689 | 1.24% | 1.06% |
| 11 | Shashi Commercial Company Ltd. | 6,75,536 | 1.75% | 6,75,536 | 1.75% | 0.00% |
| 12 | M.L. Finlease Pvt Ltd. | 3,46,461 | 0.90% | 3,46,461 | 0.90% | 0.00% |
| 13 | RSWM Ltd. | 3,18,391 | 0.82% | 3,18,391 | 0.82% | 0.00% |
| 14 | India Textfab Marketing Ltd. | 2,06,718 | 0.54% | 2,06,718 | 0.54% | 0.00% |
| 15 | Nivedan Vanijya Niyojan Ltd. | 66,684 | 0.17% | 66,684 | 0.17% | 0.00% |
| 16 | Investors India Ltd. | 36,254 | 0.09% | 36,254 | 0.09% | 0.00% |
| 17 | Norbury Investments Ltd. | 53,62,991 | 13.90% | 53,62,991 | 13.90% | 0.00% |
| 18 | Microlight Investments Ltd. | 46,65,579 | 12.09% | 46,65,579 | 12.09% | 0.00% |
| 19 | Mekima Corporation# | - | - | 17,32,389 | 4.49% | (4.49)% |
| | Total | 2,12,77,642 | 55.13% | 2,30,10,031 | 59.62% | (4.49)% |

During the financial year ended 31-03-2022, Mekima corporation has been reclassified from "Promoter and Promoter Group" category to "Public category", after taking necessary approvals from stock exchanges in accordance with Regulation 31A of the Listing Regulations.

* Nivedan Vanijya Niyojan Ltd. has been amalgamated with Dreamon Commercial Private Ltd. pursuant to scheme of amalgamation duly approved by NCLT, Kolkata on 12th January 2023.

Note: The disclosure of shareholding of Promoter and Promoter's Group is based on shareholding pattern filed with Stock Exchange under Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 18 Other Equity

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|------------------------------------|------------------------------------|
| A. Capital Reserves | | |
| Balance as at the beginning of the year | 3,138.24 | 3,138.24 |
| Add: Additions during the year | - | - |
| Balance as at the end of the year | 3,138.24 | 3,138.24 |
| B. Capital Redemption Reserve | | |
| Balance as at the beginning of the year | 2,029.93 | 2,029.93 |
| Add: Addition during the year | - | - |
| Balance as at the end of the year | 2,029.93 | 2,029.93 |
| C. Retained Earnings | | |
| Balance as at the beginning of the year | 3,68,643.50 | 3,30,773.60 |
| Add: Amount transferred from Statement of Profit and Loss | | |
| - Profit for the year | 45,551.03 | 39,058.22 |
| - Other comprehensive income for the year (remeasurment of Net Defined Benefit Plan)* | (61.86) | (92.21) |
| Add: Amount transferred from Other Comprehensive Income | - | 61.75 |
| Less: Dividend distributed on equity shares during the year | 15,438.19 | 1,157.86 |
| Balance as at the end of the year | 3,98,694.47 | 3,68,643.50 |
| *Movement in remeasurment of Net Defined Benefit Plan | | |
| D. Items of other comprehensive income (Remeasurement of Defined benefit plans) | | |
| Balance as at the beginning of the year | - | 61.75 |
| Less: Amount transferred to Retained Earnings | - | (61.75) |
| Remeasurement of Defined benefit plans during the year | | |
| Balance as at the end of the year | - | - |
| Total | 4,03,862.65 | 3,73,811.67 |

NATURE AND 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) 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.

3) Retained Earnings

Retained earnings refer to net earnings not paid out as dividend but retained by the company to be reinvested in its core business. The amount is available for distribution of dividend to its equity shareholders. Remeasurements of Net Defined Benefit Plans: Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and are adjusted to retained earnings.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

4) Reserve for other items through Other comprehensive income

The reserve represents cumulative gains and losses on remeasurement of defined benefit plan net of taxes. The balance in Other Comprehensive income can be transferred to Other Components of equity i.e. retained earnings as and when the company decides to do so. The company has transferred the said reserve to the retained earnings during the Previous year.

Note: 19 Borrowings

| Particulars | Non Current | | Current | |
|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Loans repayable on demand from banks | | | | |
| Working Capital loans from banks | - | - | 74,090.73 | 66,340.05 |
| Total | - | - | 74,090.73 | 66,340.05 |

CURRENT BORROWINGS

| Particulars | Maturity date | Terms of Repayment | Interest Rate | As at 31 st March, 2023 | As at 31 st March, 2022 |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------------------|------------------------------------|
| | | | | As at 31 st March, 2023 | As at 31 st March, 2022 |
| LOANS REPAYABLE ON DEMAND | Payable on Demand | Payable on Demand | At negotiated rates | | |
| Secured | | | | | |
| Working Capital from Banks | | | | 69,090.77 | 36,210.12 |
| Unsecured | | | | | |
| Working Capital from Banks | | | | 4,999.96 | 30,129.93 |
| Total | | | | 74,090.73 | 66,340.05 |

- a) Working Capital Borrowings from Banks are secured by first charge against 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) Pari-passu second charge over entire fixed assets (including land & building and plant & machineries) of the Company in respect of Graphite & Thermal Power Unit at Mandideep and Hydel Power unit at Tawa Nagar, Hoshangabad.

Refer Note 46B for Classification of Financial Liabilities

Refer Note 47 for carrying amount of assets pledged as security for borrowings.

Refer note 46C for information about liquidity risk and market risk in respect of borrowings.

c) Working Capital demand loans.

Working capital demand loans are repayable on demand.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 20 Trade Payables

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| Trade Payable | | |
| (A) Total outstanding dues of micro enterprises and small enterprises | 2,565.16 | 1,817.35 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 38,629.71 | 42,971.76 |
| | 41,194.87 | 44,789.11 |

(i) Trade payables ageing schedule for the year ended as on March 31, 2023 and March 31, 2022:

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|--|--|------------------|-----------|-----------|-------------------|-----------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31st March, 2023 | | | | | | |
| (i) MSME | 2,565.16 | - | - | - | - | 2,565.16 |
| (ii) Others | 30,014.34 | 1,385.74 | 2.15 | 1,888.12 | 157.73 | 33,448.08 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | 1,516.03 | - | - | - | 3,665.61 | 5,181.63 |
| As at 31st March, 2022 | | | | | | |
| (i) MSME | 1,776.21 | 41.14 | - | - | - | 1,817.35 |
| (ii) Others | 36,736.23 | 479.79 | 67.61 | 23.72 | 1,998.80 | 39,306.15 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | 3,665.61 | 3,665.61 |

(ii) Refer Note 46B for Classification of Financial Liabilities

(iii) Refer note 46C for information about liquidity risk in respect of trade payables.

(iv) 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. The detail information relating to Micro, Small and Medium Enterprises is as under :-

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| a) The amount remaining unpaid to any supplier at the end of each accounting year. | | |
| a) Principal | 2,565.16 | 1,817.35 |
| b) Interest | - | - |
| 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 has 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 Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

NOTE:21A Lease Liabilities

| Particulars | Non- Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Lease Liabilities - Land (refer Note - 41) | 84.16 | 78.33 | 2.07 | 9.71 |
| Lease Liabilities - Building (refer Note - 41) | 53.90 | - | 26.12 | 39.90 |
| Total | 138.06 | 78.33 | 28.19 | 49.61 |

NOTE:21B Other Financial Liabilities

| Particulars | Non- Current | | Current | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Interest accrued but not due on borrowings | - | - | 35.42 | 59.03 |
| Security Deposits | - | - | 146.73 | 130.49 |
| Unpaid dividends-Unclaimed# | - | - | 554.69 | 500.07 |
| Creditors for Capital purchases | | | | |
| Payable to Micro Enterprises and Small Enterprises | | | 1,797.85 | 3,019.70 |
| Payable to other than micro enterprises and small enterprises | | | 4,946.62 | 5,802.81 |
| Other payables | | | | |
| Employees Related | - | - | 2,851.84 | 2,139.89 |
| Others | - | - | 2,039.27 | 2,085.69 |
| Total | - | - | 12,372.42 | 13,737.68 |

Unpaid dividends do not include any amount which is required to be transferred to the Investor's Education and Protection Fund.

Refer Note 46B for Classification of Financial Liabilities

Refer note 46C for information about liquidity risk in respect of other financial liabilities.

Note: 22 Provisions

| Particulars | Non- Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Provision for employee benefits | | | | |
| Compensated absences | 305.82 | 381.06 | 71.56 | 77.27 |
| Other provisions | | | | |
| Provision against pending litigations | - | - | 435.47 | 439.05 |
| Total | 305.82 | 381.06 | 507.03 | 516.32 |

Movement of provision against indirect taxes (pending litigations)

| Nature of Provisions | Non- Current | | Current | |
|---|--------------|----------|---------------|---------------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Carrying amount at the beginning of the year | - | - | 439.05 | 439.06 |
| Amount provided made during the year | - | - | - | - |
| Amount reversed during the year | - | - | 3.58 | 0.01 |
| Carrying amount at the end of the year | - | - | 435.47 | 439.05 |

Note: Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

The provisions for indirect taxes and legal matters comprises of numerous separate cases that arise in the ordinary course of business. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution. The Company does not expect any reimbursements in respect of the above provisions.

Note: 23 Deferred Income Tax Liabilities (Net)

| Particulars | As at 31 st March, 2023 | 3 As at 1 st March, 2022 |
|--|------------------------------------|-------------------------------------|
| Deferred tax liabilities (A) | | |
| Difference between carrying value of Property plant and equipment as per books of account and Income tax | 8,481.60 | 8,150.00 |
| Fair valuation of Investments | 282.38 | 1,656.64 |
| Deferred tax assets (B) | | |
| Expenses deductible on payment basis under Income tax | 61.91 | 71.87 |
| Allowances for expected credit loss | 22.41 | 105.60 |
| Unabsorbed depreciation and Unused losses | - | - |
| Net Deferred tax Liability (A)-(B) | 8,679.66 | 9,629.17 |

The following is the analysis of the deferred income tax asset/(liability) presented in the standalone balance sheet

Movement in deferred income tax assets and liabilities for the year ended 31st March, 2023

| Particulars | As at 1 st April, 2022 | Recognized in the profit or loss | Recognized in OCI | As at 31 st March, 2023 |
|--|-----------------------------------|----------------------------------|-------------------|------------------------------------|
| Deferred tax liabilities (A) | | | | |
| Difference between carrying value of Property plant and equipment as per books of account and tax base | 8,150.00 | 331.60 | - | 8,481.60 |
| Fair valuation of Investments | 1,656.64 | (1,374.26) | - | 282.38 |
| Deferred tax assets (B) | | | | |
| Expenses deductible on payment basis under Income tax | 71.87 | (30.77) | 20.80 | 61.91 |
| Allowances for expected credit loss | 105.60 | (83.19) | - | 22.41 |
| Unabsorbed depreciation and Unused losses | - | - | - | - |
| Net Deferred tax Liability (A)-(B) | 9,629.17 | (928.71) | (20.80) | 8,679.66 |

Movement in deferred income tax assets and liabilities for the year ended March 31, 2022

| Particulars | As at 1 st April, 2021 | Recognized in the profit or loss | Recognized in OCI | As at 31 st March, 2022 |
|--|-----------------------------------|----------------------------------|-------------------|------------------------------------|
| Deferred tax liabilities (A) | | | | |
| Difference between carrying value of Property plant and equipment as per books of account and tax base | 8,337.35 | (187.35) | - | 8,150.00 |
| Fair valuation of Investments | 2,420.99 | (764.35) | - | 1,656.64 |
| Deferred tax assets (B) | | | | |
| Expenses deductible on payment basis under Income tax | 63.80 | (22.94) | 31.01 | 71.87 |
| Allowances for expected credit loss | 112.86 | (7.26) | - | 105.60 |
| Unabsorbed depreciation and Unused losses | 907.06 | (907.06) | - | - |
| Net Deferred tax Liability (A)-(B) | 9,674.62 | (14.43) | (31.01) | 9,629.17 |

There are no unrecognised deferred tax liabilities as at March 31, 2023 and March 31, 2022. Deferred tax assets and liabilities have been set off as they are governed by the same taxation laws.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 24 Other Liabilities

| Particulars | Non-Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Deposits from employees against various schemes | 369.60 | 393.06 | 122.52 | 88.01 |
| Advance from Customers | - | - | 147.20 | 310.07 |
| Statutory dues payable | - | - | 284.47 | 310.31 |
| Payable against unspent corporate social responsibility expenditure (Refer note below) | - | 240.46 | 1,029.63 | 1,342.92 |
| Others Payable | - | - | 379.98 | 432.12 |
| Total | 369.60 | 633.52 | 1,963.80 | 2,483.43 |

Note: It represents Corporate Social Responsibility (CSR) expense related to ongoing projects. The same has been transferred to a special account within 30 days from end of financial year as per the provisions of the Companies Act. Refer note 43 for more information about Corporate Social Responsibility expense.

Note: 25 Current Tax Asset & Liabilities (Net)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| Income Tax Assets (Net of provision of NIL (previous year NIL)) | 14,692.15 | 14,665.98 |
| Income Tax Liabilities (Net of advance tax of ₹14,673.16 lakhs (previous year ₹12,791.20 lakhs)) | (1,442.60) | (792.34) |
| Total | 13,249.56 | 13,873.64 |

Note: 26 Revenue From Operations

| Particulars | For the Year ended | | For the year ended | |
|--------------------------------------|------------------------------|--------------------|------------------------------|--------------------|
| | 31 st March, 2023 | | 31 st March, 2022 | |
| Sale of Products | | | | |
| Manufactured goods | | | | |
| Graphite Electrodes (Refer note 50) | 2,39,553.20 | | 2,15,268.13 | |
| Power | 3,978.38 | 2,43,531.58 | 2,054.61 | 2,17,322.74 |
| Other Operating Income | | | | |
| REC sales | 731.47 | | 468.62 | |
| Fly Ash Income | - | | 4.52 | |
| Export Incentives | 2,460.68 | | 2,365.30 | |
| | | 3,192.15 | | 2,838.44 |
| | | 2,46,723.73 | | 2,20,161.18 |

Refer note 48 for disclosures as per Ind AS 115 "Revenue from Contracts with Customers"

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 27 Other Income

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|---|---|
| Interest Income from financial assets measured at amortized cost | 4,713.06 | 3,117.07 |
| Interest Income from financial assets measured at fair value through Profit or loss | 367.51 | 128.32 |
| Rental Income | 143.15 | 132.21 |
| Net Gain on sale of investment measured at fair value through Profit or loss | 841.74 | 793.06 |
| Net Gain on fair valuation of Investments measured at fair value through Profit or loss | 1,191.78 | 2,625.28 |
| Liabilities / provisions written back (including allowances for expected credit losses) | 528.84 | 251.66 |
| Net Gain on sale of Property plant and equipment | - | - |
| Dividend income from financial assets measured at fair value through Profit or loss | 197.63 | 114.31 |
| Foreign Currency Fluctuation (Net) | 694.24 | 108.58 |
| Miscellaneous | 2,236.06 | 684.08 |
| Total | 10,914.01 | 7,954.57 |

Note: 28 Cost of Materials Consumed

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--------------------------------------|---|---|
| Raw Material Consumed | | |
| Opening Stock | 27,518.43 | 3,531.70 |
| Add : Purchases | 1,42,047.99 | 1,18,029.00 |
| | 1,69,566.43 | 1,21,560.70 |
| Less: Closing Stock | 38,302.83 | 27,518.43 |
| Cost of raw material consumed | 1,31,263.60 | 94,042.27 |

Note: 29 Changes In Inventories of Finished Goods and Work-In-Progress

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|---|---|
| (1) Inventories at the beginning of the period | | |
| Finished Goods | 24,134.77 | 16,799.35 |
| Work-in-progress | 27,696.24 | 23,890.92 |
| Total | 51,831.01 | 40,690.27 |
| (2) Inventories at the end of the period | | |
| Finished Goods | 55,986.80 | 24,134.77 |
| Work-in-progress | 35,593.37 | 27,696.24 |
| Total | 91,580.17 | 51,831.01 |
| Net (increase)/decrease | (39,749.16) | (11,140.74) |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note : 30 Employee Benefits Expense

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| Salaries and Wages | 8,340.43 | 7,330.49 |
| Contribution to Provident and other Funds | 528.85 | 414.00 |
| Staff Welfare expenses | 313.23 | 255.49 |
| Total | 9,182.51 | 7,999.98 |

Note: 31 Finance Costs

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| (i) Interest on Working Capital Borrowings | 2,539.01 | 688.52 |
| (ii) Foreign Exchange Fluctuation on Foreign Currency Loans to the extent regarded as an adjustment to interest costs | 14.44 | 39.69 |
| (iii) Others | | |
| -Interest on lease liabilities | 11.82 | 14.28 |
| -Interest on Income tax | 23.53 | |
| -Others | 12.04 | 6.26 |
| Total | 2,600.84 | 748.75 |

Note: 32 Depreciation and Amortisation Expenses

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| (1) Depreciation of Property Plant and Equipment (Refer note 4) | 10,134.45 | 7,813.04 |
| (2) Depreciation of Right of use assets (Refer note 6) | 53.87 | 68.10 |
| (3) Depreciation on Investment Property (Refer note 7) | 35.85 | 37.75 |
| (4) Amortisation of Intangible assets (Refer note 8) | 6.15 | 9.87 |
| Total | 10,230.33 | 7,928.76 |

Note: 33 Other Expense

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| Consumption of stores and spare parts (Including Refractory Blocks) | 17,818.86 | 15,622.48 |
| Job/Process Charges | 575.94 | 511.26 |
| Power and fuel | 31,590.28 | 27,110.80 |
| Repairs and maintenance | | |
| Plant and Machinery | 3,015.46 | 2,955.79 |
| Building | 415.53 | 493.92 |
| Others | 850.51 | 741.62 |
| Insurance | 1,363.88 | 1,208.56 |
| Rent (Refer Note 41) | 36.88 | 36.88 |
| Rates and taxes | 116.11 | 88.34 |
| Directors' sitting fees and incidental expenses | 70.28 | 55.76 |
| Freight & forwarding | 18,962.01 | 16,667.18 |
| Packing Expenses (including Packing material consumption) | 1,668.82 | 1,765.76 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 33 Other Expenses (Contd.)

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| Commission | 1,880.45 | 1,751.21 |
| Claims and Rebates | 468.05 | 107.56 |
| Donations | 13.75 | 20.10 |
| Contribution made to Political Parties | - | 10.00 |
| Power generation charges | 467.78 | 236.11 |
| Travelling Expenses | 443.94 | 209.38 |
| Postage and Communication | 66.90 | 45.89 |
| Payment to auditors (Refer details below*) | 41.72 | 33.81 |
| Contribution towards Corporate Social Responsibility (Refer Note 43) | 282.53 | 3,065.47 |
| Legal and Professional | 784.69 | 589.76 |
| Vehicle Running & Maintenance | 75.75 | 67.94 |
| Allowances for Expected Credit Losses | - | - |
| Bad debts | 155.94 | 58.97 |
| Duties and Taxes | 41.47 | 51.10 |
| Net Loss on sale/discard of Property plant and equipments | 34.31 | 281.35 |
| Foreign Currency Fluctuation (Net) | - | - |
| Miscellaneous** | 2,820.28 | 2,750.11 |
| Total | 84,062.12 | 76,537.17 |

*Payments to the statutory auditors (excluding GST)

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| As auditor | | |
| Statutory audit | 30.00 | 30.00 |
| Other Services | | |
| Tax Audit | 2.00 | 2.00 |
| Certification fees | 5.27 | - |
| Reimbursement of out of pocket expense | 4.45 | 1.81 |
| Total | 41.72 | 33.81 |

**Does not include any item of expenditure with a value of more than 1% of the revenue from operations.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 34. Tax expense

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| A) Tax Expense Recognised in the statement of Profit and Loss | | |
| 1) Current Tax | | |
| Income tax | 15,541.51 | 12,995.77 |
| Income tax - adjustment/(credits) related to previous year | (116.33) | (40.00) |
| 2) Deferred tax | (928.71) | (14.43) |
| | 14,496.46 | 12,941.34 |
| B) Tax Expense recognised in Other Comprehensive Income | | |
| 1) Current Tax | - | - |
| 2) Deferred tax | (20.80) | (31.01) |
| | (20.80) | (31.01) |
| C) Tax expense/(Income) relating to items that are charged or credited directly to equity | | |
| 1) Current Tax | - | - |
| 2) Deferred tax | - | - |

(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 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| Accounting profit before tax | 60,047.50 | 51,999.56 |
| At India's statutory income tax rate of 25.168% | 25.168 | 25.168 |
| Tax as per accounting profit (A) | 15,112.76 | 13,087.25 |
| Add/(Less) : | | |
| Effect of expenses that are not deductible in determining taxable profits | 77.54 | 782.54 |
| Effect of expenses that are deductible in determining taxable profits | (23.19) | (21.68) |
| Tax rate differential and other adjustments on Gain on sale /Fair Valuation of Investments | (544.59) | (899.00) |
| Others | (9.74) | 32.24 |
| Effect of brought forward of unused tax losses | - | - |
| Effect of Change in Tax rate | - | - |
| Current tax adjustment/(credits) related to previous year | (116.33) | (40.00) |
| Total (B): | (616.30) | (145.90) |
| Income Tax Expense recognized for the year (A+B) | 14,496.46 | 12,914.34 |

Disclosure in relation to Undisclosed Income

During the year, the Company has not surrendered or undisclosed any income in the tax assessments under the Income Tax Act, 1961. There are no transaction which are not recorded in the books of accounts.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 35 : Other Comprehensive Income

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| (i) Items that will not be reclassified to profit or loss | | |
| -Remeasurement of Defined Benefits Plans | (82.66) | (123.23) |
| Total | (82.66) | (123.23) |

Note 36: Earnings per share

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| Profit attributable to equity shareholders of the company | 45,551.03 | 39,058.22 |
| Weighted average number of equity shares for basic/dilluted earning per share | 3,85,95,506 | 3,85,95,506 |
| Basic / diluted earning per share(₹) | 118.02 | 101.20 |

* There are no potential equity shares

NOTE: 37 SEGMENT INFORMATION

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 (including other carbon products) 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 (including other carbon products)- 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 or 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.

Inter segment transactions are carried out at arm's length price.

Notes to the Financial Standalone Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

1) Segment Revenue and results

| Particulars | Graphite (including other carbon products) | | Power | | Unallocable items/ Others | | Total |
|--|---|---|---|---|---|---|--------------------|
| | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | |
| Segment Revenue | | | | | | | |
| Turnover | 2,42,013.88 | 2,17,633.43 | 4,709.85 | 2,661.75 | - | - | 2,20,295.18 |
| Less: Inter Segment turnover | - | - | - | 134.00 | - | - | 134.00 |
| External Turnover | 2,42,013.88 | 2,17,633.43 | 4,709.85 | 2,527.75 | - | - | 2,20,161.18 |
| Segment Result before Interest & taxes | 55,176.36 | 49,981.04 | 1,391.73 | (1,013.68) | (1,033.84) | (2,882.76) | 46,084.59 |
| Add: Interest Income | | | | | | | 3,245.39 |
| Add: Gain on sale of Investments (Including gain/(loss) on Fair Valuation) | | | | | | | 3,418.34 |
| Less: Finance cost | | | | | | | 748.75 |
| Profit Before Tax | | | | | | | 60,047.51 |
| Less: Income Tax (including Deferred tax) | | | | | | | 14,496.48 |
| Net Profit for the period | | | | | | 73.21 | 45,551.03 |
| Depreciation and amortisation expense | 9,046.60 | 6,729.52 | 1,108.09 | 1,126.02 | 75.64 | | 10,230.33 |
| Non Cash Expenses other than depreciation and amortization | 23.07 | 288.40 | 11.24 | - | 0.00 | | 34.31 |
| | | | | | | | 288.40 |

2) Segment assets, liabilities and other details

| Particulars | Graphite (including other carbon products) | | Power | | Unallocable items/ Others | | Company Total |
|--|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 | |
| Segment Assets | 3,90,035.09 | 3,20,451.03 | 8,309.66 | 9,191.99 | 1,50,470.26 | 1,87,458.85 | 5,48,815.02 |
| Segment Liabilities | 1,28,428.56 | 1,26,601.31 | 286.94 | 265.15 | 12,377.27 | 12,564.15 | 1,41,092.77 |
| Capital Expenditure incurred during the year | 47,489.26 | 47,995.12 | 282.00 | - | 86.54 | 45.08 | 47,857.80 |
| | | | | | | | 1,39,430.60 |
| | | | | | | | 48,040.20 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

3) Details of Unallocated Items

| Assets | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| Property, Plant & Equipments and Investment Property | 960.74 | 509.25 |
| Investments | 66,430.07 | 1,03,393.34 |
| Inventories | 14.68 | 14.68 |
| Cash and Cash Equivalents | 341.30 | 455.29 |
| Bank balances other than Cash & Cash equivalents | 65,650.33 | 66,552.07 |
| Financial Assets-Loans | 65.55 | 93.11 |
| Other financial assets | 2,059.06 | 1,587.79 |
| Other Assets | 256.37 | 187.34 |
| Income Tax Asset | 14,692.15 | 14,665.98 |
| Total | 1,50,470.25 | 1,87,458.85 |

| Liabilities | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-----------------------------|------------------------------------|------------------------------------|
| Deferred Tax Liabilities | 8,679.66 | 9,629.17 |
| Current Tax Liabilities | 1,442.60 | 792.34 |
| Other Financial Liabilities | 1,862.42 | 1,767.08 |
| Other Liabilities | 254.88 | 249.41 |
| Provisions | 137.72 | 126.15 |
| Total | 12,377.27 | 12,564.15 |

4) Geographical Information:

The company operates in two principal geographical areas-India and Outside India.

| Particulars | Within India # | | Outside India | | Total | |
|-----------------|---|---|---|---|---|---|
| | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
| Segment Revenue | 78,299.78 | 80,277.27 | 1,68,423.95 | 1,39,883.91 | 2,46,723.73 | 2,20,161.18 |

5) The Company is domiciled in India. The Company's revenue from operations from external customers by location of the customers is as follows:

| Revenue from External Customers | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---------------------------------|---|---|
| INDIA | 78,299.78 | 81,482.66 |
| UNITED ARAB EMIRATES | 6,169.44 | 2,167.47 |
| JAPAN | 1,000.80 | 1,575.05 |
| EGYPT | 18,141.15 | 10,401.62 |
| KOREA (SOUTH) | 9,872.47 | 8,901.61 |
| SOUTH AFRICA | 3,762.64 | 9,656.21 |
| SPAIN | 12,515.48 | 10,022.58 |
| TURKEY | 11,124.89 | 17,849.76 |
| USA | 41,102.59 | 23,971.08 |
| OTHERS* | 64,734.51 | 54,133.14 |
| Total | 2,46,723.73 | 2,20,161.18 |

*Others includes revenue from countries having less than 5% of total revenue from outside India.

#Export incentives have been included in segment revenues within India

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

- 6) The Company's major sales are export based which is diversified in different countries and no single customer contributes more than 10% of the total company's revenue in 2022-23 and 2021-22
- 7) The company has business operations only in India and does not hold any non current asset outside India.

Note: 38 Contingencies and Commitments

1) Contingent Liabilities

| Particulars | As at | |
|------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2023 | 31 st March, 2022 |
| For Taxation matters | | |
| a) Excise duty | 238.09 | 220.04 |
| b) Service Tax | - | - |
| c) Goods & Service Tax | 36.70 | - |
| d) Income Tax | 6,576.85 | 6,576.85 |
| e) Sales Tax | 473.91 | 737.15 |
| Other than Taxation matters | | |
| a) Power Related | 655.19 | 3,997.25 |
| b) Labour related matters | 29.20 | 36.48 |
| c) Others | 1,052.70 | 970.00 |

- (i) Based on legal advice, discussions with the solicitors, etc., the management believes that there is fair chance of decisions in the company's favor 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.

Further Company has deposited amount to the tax authorities against the cases, which shown as payment under protest in Note 13 of Other assets.

- (ii) The Company has received a letter dated 2nd May 2023 from the office of General Manager (O&M) M.P MKV Co. Ltd, Bhopal in connection with levy of surcharge/interest on the demand already deposited by the Company in respect of power related matter pertaining to the period prior to March 2011 which has not been charged in the power bills of all the years. As mentioned in the letter, the calculation of surcharge is under progress and shall be intimated to the company.

The company has contested such levy and filed petition in the H'ble High Court of Madhya Pradesh on the ground that this demand is time barred in accordance with the provisions of section 56 (2) of the Electricity Act, 2003 which states that no sum due from any customer is recoverable after a period of two years from the date when such sum became first due unless such sum has been showing continuously as recoverable.

2) Commitment Outstanding

| Particulars | As at | |
|---|------------------------------|------------------------------|
| | 31 st March, 2023 | 31 st March, 2022 |
| a) Estimated value of contracts remaining to be executed on capital account and not provided for [(net of advances of ₹2767.082 Lakhs, (previous year ₹4729.08 Lakhs.)] | 10,995.51 | 21,981.64 |
| b) Pending export obligation against EPCG/Advance license | 18159.48 | 10848.61 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note:39 Related Party Disclosure

A) Names of related parties and transactions taken place during the year

| Relationship | Related Parties | |
|--|---|--|
| | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
| I) Subsidiary | (i) TACC Limited | - |
| II) Associates | (i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd. | (i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd. |
| III) Subsidiaries of Associates | (i) BG Wind Power Limited (ii) NJC Hydro Power Limited (iii) Chango Yangthang Hydro Power Ltd.. (iv) Malana Power Company Ltd. (v) AD Hydro Power Ltd. (vi) Indo Canadian Consultancy Services Ltd.. | (i) BG Wind Power Limited (ii) NJC Hydro Power Limited (iii) Chango Yangthang Hydro Power Ltd.. (iv) Malana Power Company Ltd. (v) AD Hydro Power Ltd. (vi) Indo Canadian Consultancy Services Ltd.. |
| IV) Key Management Personnel | Sh. Ravi Jhunjunwala-CMD & CEO Sh. Riju Jhunjunwala-Vice Chairman Sh. Shekhar Agarwal Sh. Satish Chand Mehta Dr. Kamal Gupta - Smt. Vinita Singhania Smt. Ramni Nirula Sh. Jayant Davar Sh. Davinder Kumar Chugh Sh. Manish Gulati - Executive Director Sh. Gulshan Kumar Sakhuja - Chief Financial Officer Sh. Vivek Chaudhary-Company Secretary | Sh. Ravi Jhunjunwala-CMD & CEO Sh. Riju Jhunjunwala-Vice Chairman Sh. Shekhar Agarwal Sh. Satish Chand Mehta Dr. Kamal Gupta Dr. Om Parkash Bahl (till 29.08.2021) Smt. Vinita Singhania Smt. Ramni Nirula Sh. Jayant Davar Sh. Davinder Kumar Chugh (w.e.f.11.08.2021) Sh. Manish Gulati - Executive Director Sh. Gulshan Kumar Sakhuja - Chief Financial Officer Sh. Vivek Chaudhary-Company Secretary |
| V) Close family members of Key Management Personnel | Sh. L.N. Jhunjunwala Smt. Mani Devi Jhunjunwala Sh. Rishabh Jhunjunwala Smt. Rita Jhunjunwala | Sh. L.N. Jhunjunwala Smt. Mani Devi Jhunjunwala Sh. Rishabh Jhunjunwala Smt. Rita Jhunjunwala |
| VI) Post employment benefit plan trust | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| VII) Enterprises in which KMP is able to exercise significant influence and with whom transactions have been taken place during the year | RSWM Ltd. | RSWM Ltd. |
|--|---|---|
| | Giltedged Industrial Securities Ltd. | Giltedged Industrial Securities Ltd. |
| | Purvi Vanijya Niyojan Ltd. | Purvi Vanijya Niyojan Ltd. |
| | Shashi Commercial Co Ltd. | Shashi Commercial Co Ltd. |
| | BSL Ltd. | BSL Ltd. |
| | Maral Overseas Ltd. | Maral Overseas Ltd. |
| | BMD Pvt. Ltd. | BMD Pvt. Ltd. |
| | Bharat Investments Growth Limited | Bharat Investments Growth Limited |
| | Jet (India) Pvt. Ltd. | Jet (India) Pvt. Ltd. |
| | India Texfab Marketing Limited | India Texfab Marketing Limited |
| | Investors India Limited | Investors India Limited |
| | LNJ Financial Services Limited | LNJ Financial Services Limited |
| | Nivedan Vanijya Niyojan Limited | Nivedan Vanijya Niyojan Limited |
| | M.L. Finlease Pvt. Limited | M.L. Finlease Pvt. Limited |
| | Raghav Commercial Limited | Raghav Commercial Limited |
| | Bhilwara Technical Textiles Ltd. | - |
| | Sabhyata Foundation (Section 8 company) | Sabhyata Foundation (Section 8 company) |
| | LNJ Bhilwara -HEG Lok Nyas (Trust) | LNJ Bhilwara -HEG Lok Nyas (Trust) |
| | Graphite Education & Welfare Society | Graphite Education & Welfare Society |

B Transaction during the year with related parties

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|---------------------------------|---|--------------------------------|---|---|
| I) Subsidiary | TACC Limited | Reimbursement received | 102.15 | - |
| | | Investment in Equity Shares | 1,000.00 | - |
| II) Associates | Bhilwara Energy Ltd. | Reimbursement received | 2.83 | 0.17 |
| | | Bhiwara Infotechnology limited | Maintenance Charges Paid | 0.28 |
| III) Subsidiaries of Associates | Malana Power Co.Ltd. | Reimbursement received | 11.04 | 2.40 |
| | AD Hydro Power Ltd. | Reimbursement received | 13.67 | 0.45 |
| | Indo Canadian Consultancy Services Ltd. | Reimbursement received | 4.31 | 1.38 |
| | BG Wind Power Limited | Reimbursement received | 0.22 | - |
| | NJC Hydro Power Limited | Reimbursement received | - | - |
| | Chango Yangthang Hydro Power Ltd. | Reimbursement received | 0.22 | - |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 | |
|---|--|--|---|---|-------|
| IV) Key Management Personnel | Sh. Ravi Jhunjunwala-CMD & CEO | Salary and Allowances (Including perquisites and Contribution in PF and Superannuation)# | 329.01 | 286.58 | |
| | | Commission | 1,810.00 | 1,541.00 | |
| | | Dividend Paid | 0.29 | 0.02 | |
| | | Sh Riju Jhunjunwala-Vice Chairman | Director sitting fee | 6.20 | 3.60 |
| | | | Dividend Paid | 0.54 | 0.04 |
| | | Sh. Shekhar Agarwal | Reimbursement of expenses | 0.27 | 0.21 |
| | | | Director sitting fee | 6.00 | 6.00 |
| | | Sh. Satish Chand Mehta | Reimbursement of expenses | 0.24 | 0.24 |
| | | | Director sitting fee | 6.75 | 6.75 |
| | | Dr. Kamal Gupta | Reimbursement of expenses | 0.39 | 0.39 |
| | | | Director sitting fee | 19.20 | 12.00 |
| | | Dr. Om Parkash Bahl | Reimbursement of expenses | 0.90 | 0.81 |
| | | | Dividend Paid | 0.08 | 0.01 |
| | | Smt. Vinita Singhania | Director sitting fee | - | 4.90 |
| | | | Reimbursement of expenses | - | 0.24 |
| | | Smt. Ramni Nirula | Director sitting fee | 2.25 | 3.00 |
| | | | Reimbursement of expenses | 0.18 | 0.27 |
| | | Sh Jayant Davar | Director sitting fee | 5.45 | 6.40 |
| | | | Reimbursement of expenses | 0.24 | 0.30 |
| | | Sh. Davinder Kumar Chugh | Director sitting fee | 9.80 | 5.35 |
| Reimbursement of expenses | 0.48 | | 0.39 | | |
| Sh. Manish Gulati - Executive Director | Dividend Paid | 0.00 | 0.00 | | |
| | Director sitting fee | 11.45 | 4.70 | | |
| Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Reimbursement of expenses | 0.48 | 0.21 | | |
| | Salary and Allowances (Including perquisites and Contribution in PF and Superannuation)# | 128.23 | 127.46 | | |
| Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Commission | 100.00 | 100.00 | | |
| | Housing Loan given | - | 80.00 | | |
| Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Housing Loan Repayment -Principal | 71.11 | 8.89 | | |
| | Housing Loan Repayment - Interest | 0.44 | 0.79 | | |
| Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Closing Balance as at end of year | - | 71.11 | | |
| | Salary and Allowances (Including perquisites and Contribution in PF and Superannuation)# | 52.52 | 54.13 | | |
| Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Housing Loan given | 15.00 | - | | |
| | Housing Loan Repayment -Principal | 3.03 | 2.67 | | |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|--------------|---|--|---|---|
| | | Housing Loan Repayment - Interest | 0.16 | 0.13 |
| | | Closing Balance as at end of year | 13.75 | 1.78 |
| | Sh. Vivek Chaudhary- Company Secretary | Salary and Allowances (Including perquisites and Contribution in PF and Superannuation)# | 33.81 | 33.83 |
| | | Housing Loan given | 7.00 | - |
| | | Housing Loan Repayment -Principal | 0.23 | - |
| | | Housing Loan Repayment - Interest | 0.06 | - |
| | | Closing Balance as at end of year | 6.77 | - |
| V) | Close family members of Key Management Personnel | | | |
| | Sh. Rishabh Jhunjhunwala | Dividend Paid | 0.72 | 0.05 |
| | Smt. Rita Jhunjhunwala | Dividend Paid | 0.75 | 0.06 |
| | | Rent Paid | - | 4.72 |
| VI) | Post employment benefit Plan Trust | | | |
| | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust | Contribution in Employee Benefit Scheme | - | - |
| | (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust | Contribution in Employee Benefit Scheme | 171.23 | 71.85 |
| VII) | Enterprises in which KMP is able to exercise significant influence. | | | |
| | RSWM Ltd. | Rent Paid | 43.52 | 43.52 |
| | | Reimbursement received | 38.66 | 13.66 |
| | | Reimbursement made | 127.55 | 74.70 |
| | | Dividend Paid | 127.36 | 9.55 |
| | Shashi Commercial Co. Ltd. | Rent Paid | 32.44 | 30.86 |
| | | Dividend Paid | 270.21 | 20.27 |
| | | Reimbursement received | 0.22 | - |
| | Purvi Vanijaya Niyojan Ltd. | Rent Paid | 3.50 | 3.50 |
| | | Reimbursement made | 0.33 | 0.33 |
| | | Reimbursement received | 0.30 | - |
| | | Dividend Paid | 747.43 | 56.06 |
| | Giltedged Industrial Securities Ltd. | Rent Paid | 21.90 | 21.45 |
| | | Dividend Paid | 355.08 | 26.63 |
| | | Reimbursement received | 0.37 | 0.13 |
| | BSL Ltd. | Rent Received | 12.19 | 12.19 |
| | | Purchase of Fabrics | 3.13 | 2.56 |
| | | Reimbursement received | 0.89 | 0.91 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|--------------|--------------------------------------|--|---|---|
| | Maral Overseas Ltd. | Reimbursement received | 18.32 | 4.15 |
| | BMD Pvt. Ltd. | Reimbursement received | 8.94 | - |
| | Bhilwara Technical Textiles Ltd. | Reimbursement received | 0.37 | - |
| | Bharat Investments Growth Ltd. | Reimbursement received | 0.22 | - |
| | | Dividend Paid | 1,093.97 | 82.05 |
| | Jet (India) Pvt. Ltd. | Dividend Paid | 402.24 | 30.17 |
| | India Texfab Marketing Limited | Dividend Paid | 82.69 | 6.20 |
| | Investors India Limited | Dividend Paid | 14.50 | 1.09 |
| | LNJ Financial Services Limited | Dividend Paid | 659.33 | 49.45 |
| | | Reimbursement received | 0.22 | - |
| | Nivedan Vanijya Niyojan Limited | Dividend Paid | 26.67 | 2.00 |
| | | Reimbursement received | 0.22 | - |
| | M.L. Finlease Pvt. Limited | Dividend Paid | 138.58 | 10.39 |
| | Raghav Commercial Limited | Dividend Paid | 579.27 | 43.44 |
| | | Reimbursement received | 0.22 | - |
| | Sabhyata Foundation | Donation under Corporate Social Responsibility (CSR) | 350.00 | 250.00 |
| | LNJ Bhilwara -HEG Lok Nyas | Donation under Corporate Social Responsibility (CSR) | 69.65 | 35.29 |
| | Graphite Education & Welfare Society | Donation under Corporate Social Responsibility (CSR) | 9.61 | - |

Note: Remuneration amount of key Managerial Personnel represents remuneration paid for the whole year irrespective of the period for which the person is key Managerial Personnel.

C) Details of Outstanding Balances as at the end of year

| Sl. No. | Related Party | Name of the Related Party | Particulars | As At 31 st March, 2023 | As At 31 st March, 2022 |
|---------|--------------------------|--|---|------------------------------------|------------------------------------|
| 1 | Subsidiary | TACC Limited | Investments | 1,000.00 | - |
| 2 | Associates | Bhilwara Energy Ltd. | Investments | 30,711.50 | 30,711.50 |
| | | | Loan and Advances given | 0.11 | 0.11 |
| | | Bhilwara Infotechnology Ltd. | Investments | 419.00 | 419.00 |
| 3 | Key Management Personnel | Sh Manish Gulati - Executive Director | Loan Outstanding at the end of the year | - | 71.11 |
| | | Sh Gulshan Kumar Sakhuja - Chief Financial Officer | Loan Outstanding at the end of the year | 13.75 | 1.78 |
| | | Sh. Vivek Chaudhary-Company Secretary | Loan Outstanding at the end of the year | 6.77 | - |

Note: There is no provision for doubtful debts related to amount of outstanding balances due from related parties.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

D) Commitments with the Related Parties

| Particulars | For the year Ended 31 st March, 2023 | For the year Ended 31 st March, 2022 |
|---|--|--|
| The Company has with RSWM Ltd. on joint and several basis provided guarantee in favor of International Finance Corporation (IFC) on behalf of AD Hydro Power Ltd. | 0.00 | 0.00 |

Note: The loan availed against which guarantee was given have been repaid during financial year ended 31 March, 2022 and accordingly there is no guarantee outstanding as on 31st March, 2023.

E) Transactions with Key Managerial Personnel

| Particulars | For the year Ended 31 st March, 2023 | For the year Ended 31 st March, 2022 |
|---|--|--|
| Short term benefits | 2,396.60 | 2,092.82 |
| Post employment benefits [#] | 56.96 | 50.19 |
| Director's Sitting Fee | 67.10 | 52.70 |
| Reimbursement of expenses and Incidental expenses | 3.18 | 3.06 |
| Dividend paid by the Company | 0.91 | 0.07 |
| Housing loan given | 22.00 | 80.00 |
| Housing loan repayment -principle | (74.37) | (11.56) |
| Housing loan repayment -interest | (0.66) | (0.92) |

[#]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.

Note : 40 Indian Accounting Standard-19 Employee Benefits

(A) Defined Contribution Plan

The Company makes Contribution to Provident fund, ESIC and retirement benefits plans for eligible employees under the scheme and recognised as expense and included in the Note no. 30 Employee Benefits under the head "Contribution to provident and other funds". The details are as under:

| Particulars | For the year Ended 31 st March, 2023 | For the year Ended 31 st March, 2022 |
|--|--|--|
| Employer's contribution to Provident Fund (incl. admin and other expenses) | 342.64 | 324.69 |
| Employer's contribution to Superannuation Fund | 171.23 | 71.85 |
| Employer's contribution to ESIC | 14.98 | 17.47 |

(B) Defined Benefit Plan

The Company sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trust is responsible for investment policy with regard to the assets of the trust and the contributions are invested in a scheme with Life Insurance Corporation of India (LIC) as permitted by Law. The management of fund is entrusted with the LIC. The liability for employee gratuity is determined on actuarial valuation using projected unit credit method.

These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment Risk

The probability or likelihood of occurrence of losses related to the expected return on investment. If the actual return on Plan assets is below the expected return, it will create Plan deficit.

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(ii) Interest Risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

(iii) Longevity Risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

(iv) Salary Risk

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The Following table set out the funded status of the gratuity plan and amounts recognised in the balance sheet:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| I. Movement in the present value of defined Benefit Obligation: | | |
| Present Value of Defined benefit obligation at the beginning of the year | 1,157.86 | 1,091.32 |
| Current Service Cost | 72.49 | 67.54 |
| Interest Cost | 84.06 | 73.66 |
| Past Service Cost including curtailment (Gains)/Losses | - | - |
| Benefits paid | (69.91) | (187.68) |
| Actuarial Changes (Gain)/Loss | (2.86) | 113.02 |
| Present Value of Defined benefit obligation at the end of the year | 1,241.64 | 1,157.86 |
| II. Movement in fair value of Plan assets: | | |
| Fair Value of Plan Assets at the beginning of the year: | 1,769.18 | 1,680.85 |
| Interest Income | 128.44 | 113.46 |
| Company's Contribution | - | - |
| Benefits paid | - | (14.92) |
| Remeasurement- Return on plan assets excluding amount included in interest income | (85.52) | (10.21) |
| Fair Value of Plan Assets at the end of the year | 1,812.11 | 1,769.18 |
| III. Net Assets/(liability) recognized in Balance Sheet: | | |
| Present value of defined benefit obligation | 1,241.64 | 1,157.86 |
| Fair Value on Plan Assets | 1,812.11 | 1,769.18 |
| Surplus/(Deficit) | 570.47 | 611.81 |
| Effect of asset ceiling if any | - | - |
| Net Assets/(Liability) recognized in balance sheet | 570.47 | 611.81 |
| IV (a) Amount recognized in Statement of Profit and Loss | | |
| Current Service Cost | 72.49 | 67.54 |
| Net Interest expense on net defined benefit liability / (asset) | (44.38) | (39.79) |
| Net Cost | 28.10 | 27.26 |

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for the year ended 31st March, 2023

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| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| The above amount has been included in Note-30 Employee benefit expenses under the head Salaries and wages in the statement of Profit and loss | | |
| IV (b) Amount recognized in Other Comprehensive Income | | |
| Actuarial Gain/ (Loss) on Obligation | 2.86 | (113.02) |
| Remeasurement- Return on plan assets (excluding amount included in net Interest on net defined benefit liability/(asset)) | (85.52) | (10.21) |
| Net Income/(Expense) for the period Recognised in OCI | (82.66) | (123.23) |
| V. Bifurcation of Actuarial Gain/Loss on obligation. | | |
| 1. Actuarial changes arising from changes in demographic assumptions (Gain/ (Loss)) | - | - |
| 2. Actuarial changes arising from changes in financial assumptions (Gain/ (Loss)) | (18.10) | (49.58) |
| 3. Actuarial changes arising from changes in experience adjustments (Gain/ (Loss)) | 15.24 | 162.60 |
| 4 Actuarial Gain/(loss) arising for the year on Plan Assets | (85.52) | (10.21) |
| VI. The major categories of plan assets as a percentage of the fair value of total plan assets : | | |
| Insurer Management Fund | 100% | 100% |
| VII. The Principal assumptions used for the purpose of actuarial valuation are as follows: | | |
| Discount Rate (per annum) | 7.44% | 7.26% |
| Salary escalation (per annum) | 5.00 | 5.00 |
| Retirement age | 58/60 | 58/60 |
| Mortality Rate during employment | 100% of IALM (2012 - 14) | 100% of IALM (2012 - 14) |
| The cost of the defined benefit plans and other long term benefits are 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 the discount rate, future salary increases and mortality rate. Due to the complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method. | | |
| VIII. Withdrawal rates: | | |
| Age: | | |
| Upto 30 years | 3.00 | 3.00 |
| From 31 to 44 years | 2.00 | 2.00 |
| Above 44 years | 1.00 | 1.00 |
| IX.Sensitivity Analysis of the defined benefit obligation. | | |
| Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity is computed by varying one actuarial assumption used for valuation of defined benefit obligation by 0.50% keeping all other actuarial assumptions constant. There is no change from the previous period in the methods and assumptions used in preparing the sensitivity analysis. | | |
| a) Impact of the change in discount rate | | |
| Impact due to increase of 0.50%-Increase(Decrease) in obligation | (48.09) | 45.33 |
| Impact due to decrease of 0.50 %-Increase(Decrease) in obligation | 51.60 | (48.67) |
| b) Impact of the change in salary increase | | |
| Impact due to increase of 0.50%-Increase(Decrease) in obligation | 44.72 | (44.26) |
| Impact due to decrease of 0.50 %-Increase(Decrease) in obligation | (42.73) | 42.42 |

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| X.The defined benefit obligation shall mature after the year end as follows: | 31 st March, 2023 | 31 st March, 2022 |
|--|---------------------------------|---------------------------------|
| a) 0-1 year | 92.22 | 100.74 |
| b) 1-2 year | 100.48 | 62.35 |
| c) 2-3 year | 67.65 | 102.17 |
| d) 3-4 years | 93.59 | 58.55 |
| e) 4-5 years | 109.26 | 80.99 |
| g) More than 5 years | 778.43 | 753.05 |

XI. The Company expects to make a contribution of ₹41.14 Lakhs (31 March, 2022 ₹32.98 lakhs) to defined benefit plans during the financial year 2023-24.

(C) Other long term employee benefits (Compensated absences)

- Amount recognized towards compensated absences in statement of profit and loss in Note no. 30 Employee Benefit Expense under the head salaries and wages is ₹(66.60) Lakhs (previous year ₹102.61 Lakhs)
- Liability towards compensated absences as at the end of the year is as under:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-----------------------|---------------------------------------|---------------------------------------|
| Current liability | 71.56 | 77.27 |
| Non-current liability | 305.82 | 381.06 |

Note:41 Leases

(i) Company as a lessee

- The depreciation expense on ROU assets of ₹53.94 Lakhs (previous year ₹68.10 Lakhs) is included under depreciation and amortization expense in the statement of Profit and Loss.
- Interest expense on the lease liability amounting to ₹11.82 Lakhs (previous year ₹14.28 Lakhs) has been included a component of finance costs in the statement of Profit and Loss.
- The change in the carrying value of Right of Use asset during the year is as under:

| Particulars | Gross Carrying Value | Depreciation | Net Carrying Value |
|------------------------------|----------------------|--------------|--------------------|
| (i) Land | | | |
| As at April 1, 2021 | 840.16 | 237.61 | 602.55 |
| Addition during the year | 49.74 | - | |
| Depreciation during the year | - | 15.57 | |
| As at March 31, 2022 | 889.90 | 253.18 | 636.72 |
| As at April 1, 2022 | 889.90 | 253.18 | 636.72 |
| Addition during the year | - | - | |
| Depreciation during the year | - | 15.51 | |
| As at March 31, 2023 | 889.90 | 268.69 | 621.20 |
| (ii) Buildings | | | |
| As at April 1, 2021 | 179.98 | 73.61 | 106.37 |
| Addition during the year | - | - | |
| Depreciation during the year | (23.86) | 52.53 | |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Gross Carrying Value | Depreciation | Net Carrying Value |
|------------------------------|----------------------|--------------|--------------------|
| As at March 31, 2022 | 156.12 | 126.14 | 29.98 |
| As at April 1, 2022 | 156.12 | 126.14 | 29.98 |
| Addition during the year | 87.17 | - | |
| Adjustments during the year | (0.00) | - | |
| Depreciation during the year | - | 38.36 | |
| As at March 31, 2023 | 243.29 | 164.50 | 78.79 |

(d) The following is the break-up of current and non-current lease liabilities

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------------|---------------------------------------|---------------------------------------|
| Current lease liabilities | 28.19 | 49.61 |
| Non Current lease liabilities | 138.06 | 78.33 |
| Total | 166.25 | 127.94 |

(e) The following is the movement in lease liabilities

| Particulars | For the Year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| Balance at the beginning of the year | 127.94 | 154.38 |
| Additions during the year | 87.17 | 49.74 |
| Adjustments during the year | - | (23.28) |
| Finance cost accrued during the year | 11.82 | 14.28 |
| Payment of lease liabilities | 60.68 | 67.17 |
| Balance at the end of the year | 166.25 | 127.94 |

(f) The table below provides details regarding the contractual maturities of lease liabilities:

| Particulars | For the Year ended 31 st March, 2023 | | For the year ended 31 st March, 2022 | |
|--|--|------------------------------|--|------------------------------|
| | Minimum Payments | Present value of payments | Minimum Payments | Present value of payments |
| With in one year | 41.60 | 39.47 | 51.59 | 49.61 |
| After one year but not more than 5 years | 97.55 | 79.27 | 40.96 | 29.63 |
| More than 5 years | 324.50 | 47.51 | 338.21 | 48.70 |
| Total Minimum lease payments | 463.64 | 166.25 | 430.76 | 127.94 |
| Less: Amount representing finance charges | 297.39 | | 302.82 | |
| Present value of minimum lease payments | 166.25 | 166.25 | 127.94 | 127.94 |

The Company does not face liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. The discount rate applied to lease liabilities is 7% p.a.

(g) Lease Commitments

The company incurred ₹36.88 Lakhs (previous year ₹36.88 Lakhs) for the year ended March 31, 2023 towards expense relating to short-term leases having tenure of less than 12 months. The amount of lessee's lease commitments for short term leases is as hereunder:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------|---------------------------------------|---------------------------------------|
| Not later than one year | 15.37 | 33.81 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

(ii) Company as a lessor

The Company has given on lease building under operating lease. The Rental income recorded for the year ended March 31, 2023 is ₹143.15 Lakhs (previous year ₹132.21 Lakhs). In accordance with Indian Accounting Standard (Ind AS-116) on 'Leases', disclosure of the future minimum lease income in the aggregate and for each of the following periods is as follows:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| (i) Not later than one year | 134.79 | 134.72 |
| (ii) Later than one year and not later than five years | 287.72 | 411.87 |
| (iii) Later than five years | - | 0.00 |
| Total | 422.51 | 546.59 |

Note:42 Events after the Reporting Period

The Board of directors have recommended the payment of Final dividend of ₹42.5/- per equity share (previous year ₹40/- per equity share) which is subject to the approval of Shareholders in the Annual General meeting.

Note 43 Corporate Social Responsibility(CSR)

The Company meeting the applicable threshold under Section 135 of the Companies Act, 2013 ("Act") read with related rules thereto, is mandatorily required to spent at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The funds were utilized throughout the year on the activities which are specified in Schedule VII of the Companies Act, 2013.

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|--|---|--|
| (i) Amount required to be spent by the company during the year | 282.53 | 3,065.47 |
| (ii) Amount of expenditure incurred: | | |
| a) Construction/ acquisition of any asset | Nil | Nil |
| b) On purposes other than (a) above | 172.94 | 1,482.09 |
| (iii) Shortfall at the end of the year | 109.59 | 1,583.38 |
| (iv) Total of previous years shortfall | 1,583.38 | - |
| (v) Reason for shortfall | Pertains to ongoing projects | Pertains to ongoing projects |
| (vi) Nature of CSR activities | Eradication of hunger and malnutrition, Promoting gender equality, empowering women, setting up homes and hostels for women, old age persons and orphans, promoting education, art and culture, healthcare, environment sustainability, Protection of national heritage, art and culture, and rural development projects. | |
| (vii) Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | Refer note no. 39 of the financial statements | Refer note no. 39 of the financial statements |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 44. Capitalization of Pre-Operative Expenditure

| The following expenditure has been included under Capital work in progress: | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|---|---|
| Bank and LC charges | 168.53 | 229.12 |
| Travelling expenses | 3.15 | 7.83 |
| Power cost | 54.58 | 65.65 |
| Consultancy | 488.48 | - |
| Insurance & Other Charges | 560.48 | 221.16 |
| Borrowing Cost | - | - |
| Total | 1,275.22 | 523.76 |

The amount capitalized during the year is ₹3455.81 Lakhs (Previous year ₹Nil)

The amount pending for capitalization included in Capital Work in Progress as on 31st March 2023 is ₹47,200.80 Lakhs (31st March 2022 ₹69,607.56 Lakhs)

Note: 45 Details of Loans given, Investments made and Guarantee given covered U/S 186(4) of The Companies Act, 2013

| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|---|---|
| I. Guarantee given (for business purpose) | | |
| As at the beginning of the year | - | 600.00 |
| Add: Given during the year | - | - |
| Less: Terminated during the year | - | 600.00 |
| As at the end of the year | - | - |
| II. Investment made (For detail of investments made, refer note no. 9) | | |
| As at the beginning of the year | 31,130.50 | 31,130.50 |
| Add: Investments made during the year | 1,000.00 | - |
| Less: Investments sold during the year | - | - |
| As at the end of the year | 32,130.50 | 31,130.50 |

Note: In line with Circular No 04/2015 issued by Ministry of Corporate Affairs dated 10th March, 2015, loans given to employees (including loan to whole time director in the capacity of employee) as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.

Note : 46 Financial Instruments and Risk Management

46A. Capital 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.

The Company monitors capital using a gearing ratio, which is net debt (net of cash and cash equivalents) divided by total equity.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

The Company is not subject to any externally imposed capital requirements.

(i) The gearing ratios were as follows:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---------------------------------|------------------------------------|------------------------------------|
| a) Debt* | 74,090.73 | 66,340.05 |
| b) Cash & Cash Equivalents | (2,445.36) | (4,103.52) |
| (c) Net Debt (a)+(b) | 71,645.37 | 62,236.52 |
| Total equity | 4,07,722.25 | 3,77,671.26 |
| Net Debt to Equity Ratio | 0.18 | 0.16 |

* Debt is defined as long- term and short-term borrowings (excluding derivative, financial guarantee contracts and contingent consideration), refer note 19 for the details of borrowings.

(ii) Loan Covenants:

The company is long term debt free as on reporting period.

Note 46B. Financial Instruments- Accounting Classification and Fair Value Measurement

(a) Classification of Financial instruments

As at 31st March, 2023

| Particulars | at Amortised cost | Carrying amount | | Total carrying amount | Total Fair Value |
|--|--------------------|-------------------------------------|--------------------------------------|-----------------------|--------------------|
| | | At fair value through OCI | At fair value through profit or loss | | |
| | | Designated upon initial recognition | Designated upon initial recognition | | |
| Financial assets | | | | | |
| Investments (refer note 9) # | | | | | |
| -Equity instruments | - | | 0.01 | 0.01 | 0.01 |
| -Fixed Maturity Plans | | | 8,356.92 | 8,356.92 | 8,356.92 |
| -Mutual Funds | | | 6,652.88 | 6,652.88 | 6,652.88 |
| -Bond funds | | | 8,583.52 | 8,583.52 | 8,583.52 |
| -Infra Trust | | | 6,028.00 | 6,028.00 | 6,028.00 |
| -Bonds | 4,678.25 | | | 4,678.25 | 4,678.25 |
| Trade Receivables (refer note 10) | 48,913.99 | | - | 48,913.99 | 48,913.99 |
| Cash and Cash Equivalents (refer note 15) | 2,445.36 | | - | 2,445.36 | 2,445.36 |
| Other Bank balances (refer note 16) | 65,704.99 | | | 65,704.99 | 65,704.99 |
| Loans (refer note 11) | 137.77 | | - | 137.77 | 137.77 |
| Other financial assets (refer note 12) | 5,606.88 | | | 5,606.88 | 5,606.88 |
| Derivative financial instruments (refer note 12) | - | | 274.05 | 274.05 | 274.05 |
| Total Financial Assets | 1,27,487.22 | - | - | 29,895.38 | 1,57,382.60 |
| Financial Liabilities | | | | | |
| Borrowings (refer note 19) | 74,090.73 | | | 74,090.73 | 74,090.73 |
| Trade Payables (refer note 20) | 41,194.87 | | | 41,194.87 | 41,194.87 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | at Amortised cost | Carrying amount | | | | Total carrying amount | Total Fair Value |
|---|--------------------|-------------------------------------|-----------|--------------------------------------|-----------|-----------------------|--------------------|
| | | At fair value through OCI | | At fair value through profit or loss | | | |
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | |
| Lease liabilities (refer note 21A) | 166.25 | | | | | 166.25 | 166.25 |
| Other Financial Liabilities (refer note 21B) | 12,372.42 | | | | | 12,372.42 | 12,372.42 |
| Derivative financial instruments (refer note 21B) | - | | | | | - | - |
| Total Financial Liabilities | 1,27,824.27 | - | - | - | - | 1,27,824.27 | 1,27,824.27 |

As at 31st March, 2022

| Particulars | at Amortised cost | Carrying amount | | | | Total carrying amount | Total Fair Value |
|---|--------------------|-------------------------------------|-----------|--------------------------------------|--------------------|-----------------------|--------------------|
| | | At fair value through OCI | | At fair value through profit or loss | | | |
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | |
| Financial assets | | | | | | | |
| Investments (refer note 9) # | | | | | | | |
| -Equity instruments | - | | | 0.01 | 0.01 | 0.01 | 0.01 |
| -Fixed Maturity Plans | | | | 35,264.71 | 35,264.71 | 35,264.71 | 35,264.71 |
| -Mutual Funds | | | | 29,671.73 | 29,671.73 | 29,671.73 | 29,671.73 |
| -Bond funds | | | | 1,949.59 | 1,949.59 | 1,949.59 | 1,949.59 |
| -Infra Trust | | | | 5,376.80 | 5,376.80 | 5,376.80 | 5,376.80 |
| Trade Receivables (refer note 10) | 58,917.28 | | | - | 58,917.28 | 58,917.28 | 58,917.28 |
| Cash and Cash Equivalents (refer note 15) | 4,103.52 | | | - | 4,103.52 | 4,103.52 | 4,103.52 |
| Other Bank balances (refer note 16) | 56,062.98 | | | | 56,062.98 | 56,062.98 | 56,062.98 |
| Loans (refer note 11) | 154.83 | | | - | 154.83 | 154.83 | 154.83 |
| Other financial assets (refer note 12) | 15,675.90 | | | | 15,675.90 | 15,675.90 | 15,675.90 |
| Derivative financial instruments (refer note 12) | - | | | - | 9.52 | 9.52 | 9.52 |
| Total Financial Assets | 1,34,914.51 | - | - | - | 72,272.36 | 2,07,186.87 | 2,07,186.87 |
| Financial Liabilities | | | | | | | |
| Borrowings (refer note 19) | 66,340.05 | | | | 66,340.05 | 66,340.05 | 66,340.05 |
| Trade Payables (refer note 20) | 44,789.11 | | | | 44,789.11 | 44,789.11 | 44,789.11 |
| Lease liabilities (refer note 21A) | 127.94 | | | | 127.94 | 127.94 | 127.94 |
| Other Financial Liabilities (refer note 21B) | 13,737.68 | | | | 13,737.68 | 13,737.68 | 13,737.68 |
| Derivative financial instruments (refer note 21B) | - | | | | - | - | - |
| Total Financial Liabilities | 1,24,994.78 | - | - | - | 1,24,994.78 | 1,24,994.78 | 1,24,994.78 |

#Investment value excludes investment in Associates and subsidiary of ₹32,130.50 lakhs (March 31, 2022: ₹31,130.50 lakhs) which are shown at cost in balance sheet.

Notes to the Standalone Financial Statements

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All amounts are in ₹ Lakhs unless otherwise stated

(b) Fair value Measurement

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of inputs used in determining fair values, the company has classified its financial instruments into three levels prescribed under the accounting standards.

Level 1: Quoted prices (unadjusted) in the active markets for identical assets or liabilities

Level 2: Other techniques for which all the inputs 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. Sensitivity of Level 3 Financial Instruments is insignificant

| As at 31 st March, 2023 | | | | |
|--|------------------|-------------|------------------|-----------------|
| Particulars | Carrying amount | Fair value | | |
| | | Level 1 | Level 2 | Level 3 |
| Financial assets measured at Fair value through profit or loss | | | | |
| Investments | | | | |
| -Equity instruments (excluding investment in associates) | 0.01 | 0.01 | | |
| -Fixed Maturity Plans | 8,356.92 | - | 8,356.92 | - |
| -Mutual Funds | 6,652.88 | - | 6,652.88 | - |
| -Bond Funds | 8,583.52 | - | 8,583.52 | - |
| -Infra Trust | 6,028.00 | - | - | 6,028.00 |
| Derivative financial instruments | 274.05 | - | 274.05 | - |
| Total | 29,895.38 | 0.01 | 23,867.36 | 6,028.00 |
| Financial Liabilities measured at Fair value through profit or loss | | | | |
| Derivative financial instruments | - | - | - | - |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

| As at 31 st March, 2022 | | | | |
|---|-----------------|------------|-----------|----------|
| Particulars | Carrying amount | Fair value | | |
| | | Level 1 | Level 2 | Level 3 |
| Financial assets measured at Fair value through profit or loss | | | | |
| Investments | | | | |
| -Equity instruments (excluding investment in associates) | 0.01 | 0.01 | - | - |
| -Fixed Maturity Plans | 35,264.71 | - | 35,264.71 | - |
| -Mutual Funds | 29,671.73 | - | 29,671.73 | - |
| -Bond Funds | 1,949.59 | - | 1,949.59 | - |
| -Infra Trust | 5,376.80 | - | - | 5,376.80 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| | | | | |
|--|------------------|-------------|------------------|-----------------|
| Derivative financial instruments | 9.52 | | 9.52 | |
| Total | 72,272.36 | 0.01 | 66,895.55 | 5,376.80 |
| Financial Liabilities measured at Fair value through profit or loss | | | | |
| Derivative financial instruments | - | - | - | - |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

The following methods and assumptions were used to estimate the fair values:

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Investments in mutual funds/ Fixed Maturity Plans/Bond funds : Fair value is determined by reference to quotes from the financial institutions, i.e. net asset value (NAV) declared by fund house.

Investment in Market Linked Non-convertible debentures: Fair value is determined by reference to valuation provided by CRISIL.

Investment in Infrastructure Trust: Fair value is derived on the basis of valuation certificate by independent professional based on net asset at fair value approach, in this approach the net asset at fair value is used to capture the fair value of these investments.

Derivative contracts: The Company has entered into foreign currency contracts to manage its exposure to fluctuations in foreign exchange rates. These financial exposures are managed in accordance with the Company's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data, i.e., mark to market values determined by the Authorised Dealers Banks.

(c) Reconciliation of Level 3 fair value measurements is given below:

| Particulars | Amount |
|---|-----------------|
| As at April 1, 2021 | 5,253.60 |
| Additions during the year | - |
| Sales during the year | - |
| Gain/(loss) recognised in profit and loss on fair value changes | 123.20 |
| As at March 31, 2022 | 5,376.80 |
| Additions during the year | - |
| Sales during the year | - |
| Gain/(loss) recognised in profit and loss on fair value changes | 651.20 |
| As at March 31, 2023 | 6,028.00 |

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 46C Financial risk management

This note explains the risk which company is exposed to and policies and framework adopted by the company to manage these risks.

The Company's principal financial liabilities comprise borrowings, trade and other payables and the main purpose of these financial liabilities is to manage finances for the day to day operations of the company. The Company's principal financial asset includes trade and other receivables, and cash and bank balances that arise directly from its operations.

The corporate treasury department reports quarterly to the Company's risk management Committee, an independent body who monitors risk and policies implemented to mitigate risk exposures.

The company is exposed to market risk, credit risk and liquidity risk. The Company'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 approves 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: currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks.

(i) Foreign Currency Risk:

Foreign currency risk is the risk that the fair value of 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 and EURO. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to accounts receivable and accounts payable. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

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

| Category | Currency | Nature | As at 31st March, 2023 | | As at 31st March, 2022 | | | |
|---------------------|----------|--------|------------------------|---------------------|------------------------|------------------|---------------------|---------------------|
| | | | No. of contracts | (USD) (in Lakhs) | (INR) (in Lakhs) | No. of contracts | (USD) (in Lakhs) | (INR) (in Lakhs) |
| Against receivables | USD/ INR | Sold | 17 | 315.00 | 25,898.32 | 8 | 95.00 | 7,201.67 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

The line item in the Balance Sheet that includes the above hedging instruments are "other financial assets and other financial liabilities".

b) Particulars of foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period is as follows:

| Particulars | Currency | As at 31 st March, 2023 | | As at 31 st March, 2022 | |
|---|----------|------------------------------------|----------------------------|------------------------------------|----------------------------|
| | | Amount in FC (in Lakhs) | Amount in INR (₹ in Lakhs) | Amount in FC (in Lakhs) | Amount in INR (₹ in Lakhs) |
| I. Financial Liabilities | | | | | |
| Loan (A) | USD | - | - | 38.00 | 2,880.67 |
| | Euro | - | - | 110.00 | 9,312.59 |
| Creditors (B) | USD | 123.02 | 10,114.48 | 385.49 | 29,223.22 |
| | Euro | 11.77 | 1,054.64 | 22.41 | 1,897.00 |
| Other payables (C) | USD | 25.59 | 2,103.96 | 15.73 | 1,192.17 |
| | Euro | 9.99 | 895.14 | 6.66 | 563.57 |
| Total exposure to foreign currency risk (liabilities) (D=A+B+C) | USD | 148.61 | 12,218.45 | 439.22 | 33,296.06 |
| | Euro | 21.76 | 1,949.78 | 139.06 | 11,773.16 |
| II. Financial Assets | | | | | |
| Trade receivables (E) | USD | 326.62 | 26,853.85 | 401.13 | 30,408.24 |
| | Euro | 81.34 | 7,288.33 | 110.42 | 9,347.99 |
| Bank Balances (F) | USD | 10.52 | 865.01 | | |
| | Euro | 0.00 | 0.22 | | |
| Total exposure to foreign currency risk (assets) (G=E+F) | USD | 337.14 | 27,718.86 | 401.13 | 30,408.24 |
| | Euro | 81.34 | 7,288.55 | 110.42 | 9,347.99 |
| Net exposure to foreign currency risk after considering natural hedge- Receivable/ (Payable) (H=G-D) | USD | 188.53 | 15,500.41 | (38.09) | (2,887.82) |
| | Euro | 59.58 | 5,338.77 | (28.65) | (2,425.17) |
| Foreign currency forward contracts outstanding in respect of receivables (I) | USD | 315.00 | 25,898.32 | 95.00 | 7,201.67 |
| | Euro | - | - | - | - |
| Foreign currency forward contracts outstanding in respect of Payables (J) | USD | - | - | - | - |
| | Euro | - | - | - | - |
| Net exposure to foreign currency risk in respect of receivables after considering natural hedge and forward contracts # (G-I) | USD | - | - | - | - |
| | Euro | 59.58 | 5,338.77 | - | - |
| Net exposure to foreign currency risk in respect of Payables after natural hedge and considering forward contracts # (G-I) | USD | - | - | (38.09) | (2,887.82) |
| | Euro | - | - | (28.65) | (2,425.17) |

to the extent of receivable/payable in books of account

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

(c) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments .

The following table demonstrates the sensitivity in the USD and Euro to the Indian Rupee with all other variables held constant and its impact on the Company's profit before tax :

| Particulars | Impact on Profit | |
|---|---|---|
| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
| USD Sensitivity | | |
| Increase in exchange rate by 5% (Previous year 5%) | 0.00 | (144.39) |
| Decrease in exchange rate by 5% (Previous year 5%) | 0.00 | 144.39 |
| EURO Sensitivity | | |
| Increase in exchange rate by 5% (Previous year 5%) | 266.94 | (121.26) |
| Decrease in exchange rate by 5% (Previous year 5%) | (266.94) | 121.26 |

(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 debt obligations with floating interest rates. In order to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of the fixed rate and floating rate financial instruments in its total portfolio.

(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, 2023 | | | As at 31 st March, 2022 | | |
|----------------------------------|------------------------------------|----------------------------------|------------------|------------------------------------|----------------------------------|------------------|
| | Weighted Average Interest Rate | Outstanding Balance (₹ in Lakhs) | % of Total Loans | Weighted Average Interest Rate | Outstanding Balance (₹ in Lakhs) | % of Total Loans |
| Working Capital Loans from banks | | | | | | |
| Variable Rate Borrowings | 3.67% | 74,090.73 | 100 | 2.60% | 66,340.05 | 100 |
| Fixed Rate Borrowings | - | - | - | - | - | - |
| Total Borrowings | 3.67% | 74,090.73 | 100 | 2.60% | 66,340.05 | 100 |

(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 | |
|---|---|---|
| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
| Interest Rate - increase by 50 basis points | (370.45) | (331.70) |
| Interest Rate - decrease by 50 basis points | 370.45 | 331.70 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

(iii) Security Price risk:

(a) Price Risk:

The Company manages the surplus funds majorly through investments in debt based Fixed Maturity Plans, mutual fund schemes, Non-convertible debentures and infrastructure trust. The price of investment in Fixed Maturity Plans, mutual fund schemes is reflected through Net Asset Value (NAV) declared by the Asset Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The price of investment in Non-convertible debentures is reflected through valuation by CRISIL on weekly basis. The price of investment in infrastructure trust is reflected through valuation certificate by the independent professional on quarterly basis where valuation is determined based on fair value of assets of trust as on date of valuation. The Company is exposed to price risk on such Investments.

| Particulars | As At 31 st March, 2023 | As At 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Investments in Fixed Maturity Plans, mutual fund schemes, Non-convertible debentures and Infrastructure trust | 29,621.33 | 72,262.85 |

(b) Sensitivity:

The below is the sensitivity analysis at the end of the year in case NAV has been 1% higher / lower.

| Particulars | Impact on Profit | |
|--------------------|--|--|
| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
| NAV increase by 1% | 296.21 | 722.63 |
| NAV decrease by 1% | (296.21) | (722.63) |

(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, loans to employees and security deposits). Credit risk on cash and cash equivalents, other bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. The Company's credit risk in case of all other financial instruments is negligible.

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.

The Company's major sales are export based which is diversified in different countries and none of the customer contributes 10% or more of the total company's revenue for the financial year 2022-23 and 2021-22

(i) Expected Credit Loss for Financial Assets

| As at 31 st March, 2023 | | | | |
|--|-----------------------|---------------------------------|----------------------|------------------------------|
| 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 ECL) |
| Loans to Employees | 137.77 | 0% | - | 137.77 |
| Security Deposits | 3,524.91 | 0% | - | 3,524.91 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL) | Gross Carrying Amount | Expected Probability of Default | Expected Credit Loss | Carrying amount (net of ECL) |
|---|-----------------------|---------------------------------|----------------------|------------------------------|
| Trade Receivables | 49,003.01 | Refer table below | 89.02 | 48,913.99 |

Expected Probability of Default in case of Trade Receivables

| Period from Invoice date | Expected probability of default |
|--------------------------|---------------------------------|
| Less than 12 months | 0.00% |
| 12 to 15 months | 25.00% |
| 15 to 18 months | 50.00% |
| 18 to 21 months | 75.00% |
| More than 21 months | 100.00% |

For the year ended 31st March, 2022

| 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 | 154.83 | 0% | - | 154.83 |
| Security Deposits | 3,286.01 | 0% | - | 3,286.01 |

| Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL) | Gross Carrying Amount | Expected Probability of Default | Expected Credit Loss | Carrying amount (net of ECL) |
|---|-----------------------|---------------------------------|----------------------|------------------------------|
| Trade Receivables | 59,292.26 | Refer table below | 374.98 | 58,917.28 |

Expected Probability of Default in case of Trade Receivables

| Period from Invoice date | Expected probability of default |
|--------------------------|---------------------------------|
| Less than 12 months | 0.00% |
| 12 to 15 months | 25.00% |
| 15 to 18 months | 50.00% |
| 18 to 21 months | 75.00% |
| More than 21 months | 100.00% |

(ii) Reconciliation of Expected credit loss and allowance for Credit impairment - Trade receivables

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

| Particulars | Year ended 31 st March, 2023 | Year ended 31 st March, 2022 |
|-----------------------------|--|--|
| As at the beginning of year | 419.57 | 448.44 |
| Provided during the year | - | - |
| Reversal during the year | (330.55) | (28.87) |
| As at the end of the year | 89.02 | 419.57 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

(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 financial liabilities of the Company, other than derivatives, include loans and borrowings, trade and other payables. The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. 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.

Prudent liquidity risk management implies maintaining sufficient availability of standby funding through an adequate line up committed credit facilities to meet financial obligations as and when due.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

As at 31st March, 2023

| Particulars | Less than 12 months | 1 year to 3 years | 3 years to 5 years | More than 5 years | Total |
|------------------------------|---------------------|-------------------|--------------------|-------------------|--------------------|
| Financial Liabilities | | | | | |
| Borrowings(Current) | 74,090.73 | | | | 74,090.73 |
| Trade payables | 41,194.87 | - | - | - | 41,194.87 |
| Lease liabilities | 39.47 | 66.48 | 12.79 | 47.51 | 166.25 |
| Other financial liabilities | 12,372.42 | - | - | - | 12,372.42 |
| Total | 1,27,697.49 | 66.48 | 12.79 | 47.51 | 1,27,824.27 |

Financial Assets

| | | | | | |
|---|--------------------|------------------|----------|-----------------|--------------------|
| Investments (other than investment in associates) | 12,369.50 | 21,930.08 | - | - | 34,299.57 |
| Trade receivables | 48,913.99 | | | | 48,913.99 |
| Cash and Cash Equivalents | 2,445.36 | | | | 2,445.36 |
| Other bank balances (other than earmarked balances) | 61,030.93 | | | | 61,030.93 |
| Loans | 60.46 | 77.31 | - | - | 137.77 |
| Others financial assets | 2,336.03 | 20.00 | - | 3,524.91 | 5,880.93 |
| Total | 1,27,156.25 | 22,027.40 | - | 3,524.91 | 1,52,708.54 |

As at 31st March, 2022

| Particulars | Less than 12 months | 1 year to 3 years | 3 years to 5 years | More than 5 years | Total |
|------------------------------|---------------------|-------------------|--------------------|-------------------|--------------------|
| Financial Liabilities | | | | | |
| Borrowings(Current) | 66,340.05 | - | - | - | 66,340.05 |
| Trade payables | 44,789.11 | - | - | - | 44,789.11 |
| Lease liabilities | 49.61 | 16.85 | 12.78 | 48.70 | 127.94 |
| Other financial liabilities | 13,737.68 | - | - | - | 13,737.68 |
| Total | 1,24,916.44 | 16.85 | 12.78 | 48.70 | 1,24,994.78 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

As at 31st March, 2022

| Particulars | Less than 12 months | 1 year to 3 years | 3 years to 5 years | More than 5 years | Total |
|---|---------------------|-------------------|--------------------|-------------------|--------------------|
| Financial Assets | | | | | |
| Investments (other than investment in associates) | 66,886.05 | 5,376.81 | - | - | 72,262.85 |
| Trade receivables | 58,917.28 | | | | 58,917.28 |
| Cash and Cash Equivalents | 4,103.52 | | | | 4,103.52 |
| Other bank balances (other than earmarked balances) | 53,642.20 | | | | 53,642.20 |
| Loans | 72.94 | 81.90 | - | - | 154.83 |
| Others financial assets | 1,689.61 | 10,709.79 | - | 3,286.01 | 15,685.42 |
| Total | 1,85,311.60 | 16,168.50 | - | 3,286.01 | 2,04,766.09 |

Financial arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period.

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|------------------------------------|------------------------------------|
| Expiring within 1 year (Bank overdraft and other fund based facilities) | 209.09 | 286.60 |

Note : Calculated on the basis of sanctioned working capital limit, There is no restriction on the use of these facilities.

NOTE 47. Carrying Amount of pledged Assets

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------------|------------------------------------|------------------------------------|
| First Charge | | |
| Current Assets | | |
| (a) Trade receivables | 48,913.99 | 58,917.28 |
| (b) Inventories | 1,44,011.50 | 97,781.39 |
| Total (A) | 1,92,925.48 | 1,56,698.66 |
| Secondary Charge | | |
| Property, plant and equipment | 1,82,172.80 | 1,44,628.54 |
| Total (B) | 1,82,172.80 | 1,44,628.54 |
| Total (A+B) | 3,75,098.28 | 3,01,327.21 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note No-48 Disclosure under Ind AS 115 " Revenue from Contracts with Customers"

(i) Disaggregation of revenue from contracts with customers

The table below presents disaggregated revenues from contracts with customers offerings and contract-type.

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|------------------------|--|--|
| Type of Product | | |
| - Graphite Electrode | 2,23,411.50 | 2,02,880.92 |
| - Mix Graphite Product | 16,141.70 | 12,387.21 |
| - Power | 3,978.37 | 2,054.61 |
| Total | 2,43,531.56 | 2,17,322.74 |

Total Revenue from Contracts with Customers

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|--|--|--|
| Revenue from Customers based in India | 75,107.61 | 78,644.22 |
| Revenue from Customers based outside India | 1,68,423.95 | 1,38,678.52 |
| Total | 2,43,531.56 | 2,17,322.74 |

Reconciliation of revenue from contract with customer

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| Revenue from contract with customer as per the contract price | 2,43,131.89 | 2,17,251.63 |
| Adjustments made to contract price on account of :- | | |
| a) Discounts / Rebates / Incentives | - | - |
| b) Sales Returns / Credits / Reversals | 399.67 | 71.11 |
| Revenue from contract with customer | 2,43,531.56 | 2,17,322.74 |
| Other Operating revenue | 3,192.16 | 2,838.44 |
| Revenue from operations | 2,46,723.73 | 2,20,161.18 |

Timing of Revenue Recognition

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|--|--|--|
| Revenue from goods transferred to customers at a point in time | 2,43,531.56 | 2,17,322.74 |
| Revenue from goods transferred to customers over time | - | - |
| Total | 2,43,531.56 | 2,17,322.74 |

Export benefits are in the nature of government grants covering following benefits

| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| (a) Refund of Duties and Taxes on Exported Products (RoDTEP)/MEIS | 924.85 | 693.43 |
| (b) Duty drawback benefits | 1,535.84 | 1,671.87 |
| | 2,460.68 | 2,365.30 |

(ii) Trade receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as receivable.

The balances of trade receivables and advance from customers at the beginning and end of the reporting period have been disclosed at note no. 10 and 24 respectively.

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

The revenue recognised during the year ended 31st March, 2023 includes revenue against advances from customers amounting to ₹310.07 Lakhs (Previous Year- ₹142.55 lakhs) at the beginning of the year.

The revenue of ₹Nil has been recognised during the year ended 31st March, 2023 (Previous Year -Nil) against performance obligations satisfied (or partially satisfied) in previous periods.

(iii) Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue.

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|------------------------------------|------------------------------------|
| The aggregate value of performance obligations that are completely or partially unsatisfied | NIL | NIL |

Note 49. Key Financial Ratio

(Changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes)

| Particulars | Numerator | Denominator | Year ended 31 st March 2023 | Year ended 31 st March 2022 | Variance |
|--|--|---|--|--|-----------|
| Current Ratio (in times) | Current assets | Current liabilities | 2.16 | 2.34 | (7.51)% |
| Debt – Equity Ratio (in times) | Total Debt | Shareholder's Equity | 0.18 | 0.18 | 3.45% |
| Debt Service Coverage Ratio (in times) | Earnings available for debt service(1) | Debt Service(2) | 0.76 | 0.72 | 6.21% |
| Return on Equity (ROE) (in %) | Profit after Tax | Average Shareholder's Equity | 11.60% | 10.89% | 6.55% |
| Key Financial Ration Inventory turnover ratio (in times) | Cost of Goods sold | Average inventory | 0.76 | 1.06 | (28.85)%* |
| Trade receivables turnover ratio (in times) | Revenue from sale of goods | Average Trade Receivable | 4.52 | 4.95 | (8.70)% |
| Trade payables turnover ratio (in times) | Purchases of services and other expenses | Average Trade Payables | 5.05 | 5.22 | (3.25)% |
| Net capital turnover ratio (in times) | Revenue from sale of goods | Working Capital | 1.59 | 1.26 | 26.17%# |
| Net profit ratio (in %) | Profit after Tax | Revenue from sale of goods | 18.70% | 17.97% | 4.07% |
| Return on capital employed (ROCE) (in %) | Earning before interest and taxes | Capital Employed(3) | 13.27% | 12.67% | 4.77% |
| Return on Investment (ROI) (in %) | Income generated from investments | Average investments (other than Investment in Associates) | 5.10% | 4.38% | 16.53% |

(1) Earning available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments like loss on sale of Fixed assets etc

(2) Debt service = Interest & Lease Payments + Principal Repayments

(3) Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability

*Subdued demand resulting in lower sales volume resulting in increase in inventory.

#Better working capital management and increase in turnover.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 50. Reconciliation of Cash flow from financing Activities

(Changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes)

| Particulars | For the Year ended 31 st March, 2023 | | For the year ended 31 st March, 2022 | |
|---|--|-----------------------------|--|-----------------------------|
| | Borrowings (Current) | Borrowings (Non-Current) | Borrowings (Current) | Borrowings (Non-Current) |
| Opening Balance of Financial liabilities coming under the financing activities of Cash Flow Statement | 66,340.05 | - | 29,651.42 | - |
| Changes during the year | | | | |
| a) Changes from financing cash flow | 7,750.68 | - | 36,633.27 | - |
| b) the effect of changes in foreign exchanges rates- (Gain)/Loss | - | - | 55.35 | - |
| c) Changes in fair value | - | - | - | - |
| d) Other Changes | - | - | - | - |
| Closing Balance of Financial liabilities coming under the financing activities of Cash Flow Statement | 74,090.73 | - | 66,340.05 | - |

Note: 51 Details of Research & Development Expenditure

| Particulars | For the year ended 31 st March 2023 | For the year ended 31 st March 2022 |
|-------------|---|---|
| a) Capital | - | - |
| b) Revenue | 134.05 | 124.02 |

Note 52: Government Grants

| Particulars | Grants recognised | | Grants recoverable | |
|--|--|--|--|--|
| | For the year ended 31 st March 2023 | For the year ended 31 st March 2022 | For the year ended 31 st March 2023 | For the year ended 31 st March 2022 |
| A. Government grant shown as other operating revenue | | | | |
| Export Incentives | 2,460.68 | 2,365.30 | 493.18 | 1,819.45 |
| B. Government grant deducted from respective expense | | | | |
| Interest subvention on export packing credit loans reduced from finance cost | 1,317.74 | 841.34 | 2.93 | 313.67 |
| Total of Government grants recognised & grants recoverable | 3,778.42 | 3,206.64 | 496.11 | 2,133.12 |

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 53. The company has taken borrowings from banks on the basis of security of current assets. The quarterly returns/statements filed by the company with the banks are in agreement with the books of account.

Note 54. Additional disclosures required as per Schedule III to the Companies Act, 2013

- The Company did not have any transaction with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the financial year.
- No proceeding have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988).
- The company has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- No funds that have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company; or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- No funds have been received by the company from any person(s) or entity(ies), including foreign entities ("funding party") with the understanding, whether recorded in writing or otherwise, that the company shall directly or indirectly lend or invest in other persons or entities in any manner whatsoever by or on behalf of the funding party ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- During the financial year, the Company has not traded or invested in Crypto currency or Virtual Currency.

See accompanying notes to the standalone financial statements

As per our report of even date For and on behalf of the Board of Directors

For **SCV & Co. LLP**

Chartered Accountants
Firm Regn. No. 000235N/N500089

Ravi Jhunjunwala

Chairman, Managing Director & CEO
DIN: 00060972

Riju Jhunjunwala

Vice Chairman
DIN: 00061060

Manish Gulati

Executive Director
DIN: 08697512

Sanjiv Mohan

Partner
Membership No. 086066

Shekhar Agarwal

Director
DIN: 00066113

Satish Chand Mehta

Director
DIN: 02460558

Gulshan Kumar Sakhua

Chief Financial Officer
Membership No. 504626

Vivek Chaudhary

Company Secretary
Membership No. A13263

Place : Noida (U.P)

Date : 22nd May, 2023

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED ACCOUNTS

To the Members of

HEG Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of HEG Limited ('the Holding Company'), its subsidiary (the Holding Company and subsidiary collectively referred to as "the group") and group's share of the profit/(loss) after tax and other comprehensive income /(loss) of the associates, which comprise the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity, the consolidated Statement of Cash Flows for the year then ended and notes to consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the reports of other auditors as referred in the Other Matters paragraph, the consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the group and its share of the profit/(loss) after tax and other comprehensive income /(loss) of the associates as at March 31,

2023, and the consolidated Profit, consolidated total comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key Audit Matters are those matters that in our professional judgement were of most significance in our audit of the Consolidated Financial Statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

| S. No. | Key audit matter | Auditor's Response |
|--------|---|--|
| 1. | <p>Assessment of Provisions and Contingent liabilities of the Holding company in respect of litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt</p> <p>There is high level of judgement required in estimating the level of provisioning. Accordingly, unexpected adverse outcomes may significantly impact the Group's reported profit and state of affairs presented in the Balance Sheet.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgement in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgements/interpretation of law involved.</p> | <p>Our audit procedures involved the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the process of identification of claims, litigations, arbitrations and contingent liabilities, and internal control relevant to the audit in order to design our audit procedures that are appropriate in the circumstances. Discussing and analysing material legal cases with the Holding Company's legal department. Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon. Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of internal tax experts. Evaluating Holding Company's management's assumptions and estimates relating to the recognition of the provisions for disputes and disclosures of contingent liabilities in the financial statements. Assessing the adequacy of the disclosures with regard to facts and circumstances of the legal matters. |

Matters reported in the Auditor's Report on Consolidated financial Statements of Bhilwara Energy Limited, an associate of the Holding Company

(A) Material uncertainty related to going concern of a subsidiary of an associate

We draw attention to the matter related to material uncertainty related to going concern of Chango Yangthang Hydro Power Limited, a subsidiary of Bhilwara Energy Limited, an associate of the Holding Company, reported in the Auditor's Report on Consolidated financial statements of the associate which is being reproduced hereunder:

The Board of Director's decision to surrender the Chango Yangthang HEP (180 MW) project to Directorate of Energy, Government of Himachal Pradesh due to delay and uncertainty in project execution and long delay in Government approvals and licenses lapse, the company has written off Capital Work in progress during the year 2017-18 amounting to ₹27.13 crores. These events or conditions, indicate that there exists material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern since the company was incorporated as a Special Purpose Vehicle for this particular project.

The opinion of the auditor of the said company is not modified in respect of this matter. Also the opinion of the auditor of the associate company is not modified in respect of this matter.

(B) Emphasis of Matter

We draw attention to the Emphasis of matters reported in the Auditor's Review Report on Consolidated financial results of Bhilwara Energy Limited (BEL), an associate of the Holding Company, which are being reproduced hereunder:

(i) In Malana Power Company Limited (MPCL), a subsidiary of the associate

There is uncertainty relating to the effects of outcome of litigation with Himachal Pradesh State Electricity Board (HPSEBL).

We also draw attention to note no. 56(a) of the consolidated financial statements in this regard.

(ii) In BG Wind Power Limited (BGWPL), a subsidiary of the associate

Pending execution of the renewal of PPA expired on March 31, 2019, till previous year, the Company has recognised revenue@ ₹3.14/kwh (previous PPA@₹3.69/kwh) based

on the order issued by RERC vide its third amendment regulation dated 5th March 2019 for execution of the PPA to DISCOM for entire balance project life. The Company also recognized GBI at applicable rate@50 Paise/kwh. The Company has filed writ petition with Rajasthan High Court at Jaipur in this regard, which is still sub-judice.

During the year, effective 1st April'2022, the Company has recognised revenue @2.44/-kwh based on the RRECL letter approving the change of mode of sale of power of the project from REC Mechanism to captive use, which also referred the decision taken by the Co-ordination committee in its meeting held on 31 December 2021 for adjustment of power injected after expiry of PPA till change of mode..

Due to above, the differential amount of ₹4.38 crores from ₹3.14/kwh to ₹2.44/kwh recognised from 01 April 2019 to 31 March 2022 and GBI recognised for the above period has also been reversed during the year and charged to the statement of Profit and Loss.

We also draw attention to note no. 56(b) of the consolidated financial statements in this regard.

(iii) In NJC Hydro Power Limited (NHPL), a subsidiary of the associate

The project of NHPL was on hold for quite some time due to suspension of environment clearance by Hon'ble National Green Tribunal and thereafter Wildlife Institute of India (WII) in its report has mentioned that project could not be undertaken at the project site.

As per directions of Hon'ble Supreme Court, arbitration notice was sent to Government of Arunachal Pradesh (GoAP) and have also indicated the name of arbitrator. Simultaneously, efforts were initiated to settle the issue by mutual negotiations.

As the project is not doable anymore, NHPL has decided not to implement the project and sought the refund of upfront premium of ₹ 25.47 crore from GoAP invoking the clauses of MoA and presently the matter is under litigation with GoAP.

Accordingly, the Board of Directors of NHPL on dated 15th June,2022 decided to write-off Capital Work-in-Progress (CWIP) including pre-operative expenses net of waiver of loan from Holding Company (Bhilwara Energy Limited (BEL)) and charged to the statement of profit & loss during the financial year 2022-23, except the upfront premium paid.

We also draw attention to note no. 56(c) of the consolidated financial statements in this regard.

(iv) In case of Chango Yangthang Hydro Power Limited (CYHPL), a subsidiary of the associate

The company has filed a letter for surrender of Chango Yangthang HEP (180MW) project in Himachal Pradesh and asked for the refund of Upfront premium of ₹37.89 crores and Security Deposit of ₹1.80 crores with interest since the project is not executable purely on account of various social-legal issues neither in the control of the company nor in the control of local administration/authorities.

GoHP has formed a committee to deal with the issues of various projects which includes Chango Yangthang Hydro Power Limited (CYHPL). On the direction of GoHP, a public meeting was conveyed, in which the villagers categorically refused for development of any Hydro Electric project in the Hangrang valley including 180 MW Chango Yangthang HEP and refused to co-operate on the issue of development of any project. During the meeting called for by the committee, CHYPL categorically refused to execute the project in view of severe local issue and lapse of clearances for the project. Committee has noted the same.

In view of this, the company has reiterated its demand for refund of money along with the Interest and the management is confident of recovering the Upfront Fees and Security Deposit paid on account of surrender of project, in full. The upfront fee and security deposit as mentioned above have been grouped under Other Non-Current Assets and Non-Current (Other financial assets)- Security Deposit respectively.

We also draw attention to note no. 56 (d) of the consolidated financial statements in this regard.

The opinion of the auditor of the associate company is not modified in respect of matters stated above.

Further, our opinion is also not modified in respect of these matters.

Other Matters

- (i) The consolidated financial statements include the audited financial statements of a subsidiary whose financial statements reflect total assets of ₹ 884.08 Lakhs as at March 31, 2023, total revenue of Nil, Profit/(loss) after tax of (₹125.33) Lakhs, other comprehensive income/(loss) of Nil and net cash inflow/(outflow) of (₹116.53) Lakhs for the year ended March 31, 2023, as considered in the consolidated financial statements. The financial statements of such subsidiary have been audited by the other auditors whose report has been furnished to us by the management. Our opinion on consolidated financial statements, in so far as it relates to the amounts and disclosures in respect of such subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information, in so far as it relates to such subsidiary, is solely based on the reports of the other auditors.
- (ii) The consolidated financial statements include group's share of profit/(loss) after tax of ₹7,815.02 Lakhs and group's share of other comprehensive income/(loss) of (₹12.77) Lakhs for the year ended March 31, 2023 in respect of two associates, whose financial statements have been audited by the other auditors whose reports have been furnished to us by the management. Our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information, in so far as it relates to these associates, is solely based on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

Information than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in Management Discussion and Analysis, Business Responsibility Report, Director's Report including annexures to the Director's Report and Corporate Governance Report, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Responsibilities of Management

The Holding Company's management and 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 the consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) accounting Standards specified under section 133 of the Act. The respective Management and Board of Directors of companies included in the group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and

maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the group and of its associates are also responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary, associate companies, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of directors.
- Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the companies included in the group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our

audit opinion. Our responsibilities in this regard are further described in section titled "Other Matter" in this audit report.

We communicate with those charged with governance of the Holding company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of sub section (11) of section 143 of the Act, we report that there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of subsidiary and associate companies included in the consolidated financial statements.
2. As required by Section 143(3) of the Act, based on our audit, 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 purposes of our audit of the consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the

consolidated 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 other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of directors of the Holding company and the reports of the statutory auditors of the subsidiary and associate companies, none of the directors of the companies included in the group and its associate companies is disqualified as on March 31, 2023 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 companies included in the group and its associates and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; which is based on the auditor's reports of the companies included in the group and its associates.
- (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, as amended in our opinion and to the best of our information and according to the explanations given to us and reports of the other auditors:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group and its associates. Refer Note 38 to the consolidated financial statements.

- ii. The group and its associates did not have any long term contracts including derivative contracts for which there were any 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 companies included in the group and its associates.
- iv. (i) The respective management of the companies included in the group and its associates have represented to their respective auditors that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the respective company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, subsidiary and its associate companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (ii) The respective management of the companies included in the group and its associates have represented to their respective auditors that, to the best of their knowledge and belief, no funds have been received by the respective Company from any person or entity,

including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company, subsidiary and its associate companies shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (iii) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiary and its associate companies, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
- (v) The dividend declared and paid during the year, if any, by the Holding Company, subsidiary and its associates is in compliance with Section 123 of the Act.

3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid during the year by the Holding Company, subsidiary and its associates to their directors is in accordance with the provisions of section 197 read with schedule V of the Act.

For **SCV & Co. LLP**

Chartered Accountants

Firm Reg. No.000235N/N500089

(Sanjiv Mohan)

Partner

M. No. 086066

UDIN: 23086066BGXYKT2679

Place: Noida

Date : May 22 , 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of HEG Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial control over financial reporting of HEG Limited ('the Holding Company'), its subsidiary (the Holding Company and subsidiary collectively referred to as "the group") and its associates as of March 31, 2023 in conjunction with our audit of consolidated financial statements of Holding company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective management and Board of Directors of the Companies included in the group and its associates, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective 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 ("ICAI"). 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 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 Companies Act, 2013

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 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 controls with reference to consolidated financial statements.

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 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 authorizations of management and directors of the company; and
- (3) 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 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.

Place: Noida

Date : May 22 , 2023

Opinion

In our opinion, to the best of our information and according to the explanation given to us and based on the reports of other auditors as referred in other matters paragraph, the Holding company, subsidiary and its associate companies, have, 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, 2023, based on the internal control over financial reporting criteria established by the respective 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 Matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to separate financial statements of subsidiary and two associate companies, is based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of this matter.

For **SCV & Co. LLP**

Chartered Accountants

Firm Reg. No.000235N/N500089

(Sanjiv Mohan)

Partner

M. No. 086066

Consolidated Balance Sheet

as at 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Note No. | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|----------|---------------------------------------|---------------------------------------|
| ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 1,34,816.60 | 74,840.20 |
| (b) Capital work-in-progress | 5 | 47,200.80 | 69,607.56 |
| (c) Right of use Asset | 6 | 700.00 | 666.70 |
| (d) Investment Property | 7 | 724.80 | 760.65 |
| (e) Other Intangible assets | 8 | 33.54 | 9.98 |
| (f) Financial assets | | | |
| (i) Investments in associates accounted for using the equity method | 9 | 51,627.31 | 44,822.20 |
| (ii) Other Investments | 9 | 21,930.08 | 5,376.81 |
| (iii) Loans | 11 | 77.31 | 81.90 |
| (iv) Other Financial Assets | 12 | 3,545.36 | 13,995.80 |
| (g) Income Tax Assets(Net) | 25 | 14,692.15 | 14,665.98 |
| (h) Other non-current assets | 13 | 8,601.69 | 5,262.94 |
| Total Non-current assets | | 2,83,949.65 | 2,30,090.72 |
| 2. Current assets | | | |
| (a) Inventories | 14 | 1,44,011.50 | 97,781.39 |
| (b) Financial assets | | | |
| (i) Investments | 9 | 12,369.50 | 66,886.05 |
| (ii) Trade Receivables | 10 | 48,913.99 | 58,917.28 |
| (iii) Cash and Cash equivalents | 15 | 3,328.83 | 4,103.52 |
| (iv) Bank balances other than (iii) above | 16 | 65,704.99 | 56,062.98 |
| (v) Loans | 11 | 60.46 | 72.94 |
| (vi) Other Financial Assets | 12 | 2,336.03 | 1,689.61 |
| (c) Other current assets | 13 | 8,520.97 | 15,189.09 |
| Total Current assets | | 2,85,246.27 | 3,00,702.86 |
| Total Assets | | 5,69,195.92 | 5,30,793.59 |
| EQUITY and LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity Share Capital | 17 | 3,859.59 | 3,859.59 |
| (b) Other Equity | 18 | 4,24,234.25 | 3,87,503.38 |
| Total Equity | | 4,28,093.84 | 3,91,362.97 |
| LIABILITIES | | | |
| 1. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | - | - |
| (ia) Lease Liabilities | 21 A | 138.06 | 78.33 |
| (ii) Other financial liabilities | 21 B | - | - |
| (b) Provisions | 22 | 305.82 | 381.06 |
| (c) Deferred tax liabilities (Net) | 23 | 8,679.66 | 9,629.17 |
| (d) Other non-current liabilities | 24 | 369.60 | 633.52 |
| Total Non-current liabilities | | 9,493.14 | 10,722.08 |
| 2. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 74,090.73 | 66,340.05 |
| (ia) Lease Liabilities | 21 A | 28.19 | 49.61 |
| (ii) Trade payable | | | |
| -Total outstanding dues of micro enterprises and small enterprises | 20 | 2,565.16 | 1,817.35 |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | 20 | 38,629.87 | 42,971.76 |
| (iii) Other financial liabilities | 21 B | 12,377.31 | 13,737.68 |
| (b) Other current liabilities | 24 | 1,968.06 | 2,483.43 |
| (c) Provisions | 22 | 507.03 | 516.32 |
| (d) Current Tax Liabilities (Net) | 25 | 1,442.60 | 792.34 |
| Total Current liabilities | | 1,31,608.94 | 1,28,708.54 |
| Total Liabilities | | 1,41,102.08 | 1,39,430.62 |
| Total Equity and Liabilities | | 5,69,195.92 | 5,30,793.59 |

See accompanying notes to the consolidated financial statements
As per our report of even date attached For and on behalf of the Board of Directors

For **SCV & Co. LLP**
Chartered Accountants
Firm Regn. No. 000235N/N500089

Sanjiv Mohan
Partner
Membership No. 086066

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN: 00060972

Shekhar Agarwal
Director
DIN: 00066113

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Riju Jhunjunwala
Vice Chairman
DIN: 00061060

Satish Chand Mehta
Director
DIN: 02460558

Vivek Chaudhary
Company Secretary
Membership No. A13263

Manish Gulati
Executive Director
DIN: 08697512

Place : Noida (U.P)
Date : 22nd May, 2023

Consolidated Statement of Profit & Loss

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Note No. | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|----------|--|--|
| I. Revenue from Operations | 26 | 2,46,723.73 | 2,20,161.18 |
| II. Other Income | 27 | 10,914.01 | 7,954.57 |
| III. Total Income (I + II) | | 2,57,637.74 | 2,28,115.75 |
| IV. Expenses: | | | |
| Cost of materials consumed | 28 | 1,31,263.60 | 94,042.27 |
| Changes in inventories of finished goods and work-in-progress | 29 | (39,749.16) | (11,140.74) |
| Employee benefits expense | 30 | 9,205.30 | 7,999.98 |
| Finance costs | 31 | 2,600.84 | 748.75 |
| Depreciation and amortization expense | 32 | 10,230.33 | 7,928.76 |
| Other expenses | 33 | 84,164.56 | 76,537.17 |
| Total expenses (IV) | | 1,97,715.46 | 1,76,116.19 |
| V. Profit before Tax & Share of profit/loss of Associates (III-IV) | | 59,922.28 | 51,999.56 |
| VI. Share of profit of Associates | | 7,815.02 | 4,046.12 |
| VII. Profit before Tax (V+VI) | | 67,737.30 | 56,045.69 |
| VIII. Tax expense: | | | |
| (1) Current tax | 34 | 15,541.51 | 12,995.77 |
| (2) Current tax adjustment related to earlier years | 34 | (116.33) | (40.00) |
| (3) Deferred tax | 34 | (928.71) | (14.43) |
| Total tax expense: (VI) | | 14,496.47 | 12,941.34 |
| IX. Profit for the year (VII-VIII) | | 53,240.84 | 43,104.35 |
| X. Other Comprehensive Income | | | |
| Items that will not be classified to profit or loss | | | |
| (i) Remeasurement of Employee Defined Benefit Plan | 35 | (82.66) | (123.23) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 34 | 20.80 | 31.01 |
| Total Other Comprehensive Income for the year | | (61.86) | (92.22) |
| XI. Other comprehensive income of Associates | | (12.77) | 1.30 |
| XII. Total Comprehensive Income for the year (IX+X+XI) | | 53,166.20 | 43,013.42 |
| Earnings per equity share: (of ₹ 10/-each) | | | |
| (1) Basic (₹) | 36 | 137.95 | 111.68 |
| (2) Diluted (₹) | 36 | 137.95 | 111.68 |

See accompanying notes to the consolidated financial statements
As per our report of even date attached For and on behalf of the Board of Directors

For **SCV & Co. LLP**
Chartered Accountants
Firm Regn. No. 000235N/N500089

Sanjiv Mohan
Partner
Membership No. 086066

Place : Noida (U.P)
Date : 22nd May, 2023

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN: 00060972

Shekhar Agarwal
Director
DIN: 00066113

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Riju Jhunjunwala
Vice Chairman
DIN: 00061060

Satish Chand Mehta
Director
DIN: 02460558

Vivek Chaudhary
Company Secretary
Membership No. A13263

Manish Gulati
Executive Director
DIN: 08697512

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

A) Equity Share Capital

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Balance at the beginning of reporting period | 3,859.59 | 3,859.59 |
| Changes in equity capital during the year | - | - |
| Balance at the end of reporting period | 3,859.59 | 3,859.59 |

B) Other Equity

| Particulars | Reserves and Surplus | | | Other Items of Other Comprehensive Income | Total Other Equity |
|---|----------------------|----------------------------------|----------------------|--|-----------------------|
| | Capital reserve | Capital redemption reserve | Retained earnings | Remeasurement of defined benefit obligations | |
| Balance at the beginning of the current reporting period i.e. 1st April, 2022 | 10,726.49 | 2,029.93 | 3,74,746.96 | - | 3,87,503.38 |
| Profit/(loss) for the year | | | 53,240.84 | | 53,240.84 |
| Other Comprehensive Income for the year (including share of profit of associates) | | | (74.62) | - | (74.62) |
| Share of direct adjustment in other equity of associates | | | (997.15) | | (997.15) |
| Dividend distributed during the year | | | | | |
| -Final dividend for the year ended March 31, 2022 @ ₹ 40/- per share | | | (15,438.19) | | (15,438.19) |
| Balance at the end of reporting period i.e. 31st March, 2023 | 10,726.49 | 2,029.93 | 4,11,477.84 | - | 4,24,234.25 |

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | Total Other Equity |
|---|----------------------|----------------------------------|----------------------|--|-----------------------|
| | Capital reserve | Capital redemption reserve | Retained earnings | Remeasurement of defined benefit obligations | |
| Balance at the beginning of the current reporting period i.e. 1st April, 2021 | 10,726.49 | 2,029.93 | 3,32,802.13 | 89.25 | 3,45,647.80 |
| Profit/(loss) for the year | | | 43,104.35 | | 43,104.35 |
| Other Comprehensive Income for the year | | | (90.92) | - | (90.92) |
| Transferred to Retained Earnings | | | 89.25 | (89.25) | - |
| Dividend distributed during the year | | | | | |
| -Final dividend for the year ended March 31, 2021 @ ₹ 3/- per share | | | (1,157.86) | | (1,157.86) |
| Balance at the end of reporting period i.e. 31st March, 2022 | 10,726.49 | 2,029.93 | 3,74,746.96 | - | 3,87,503.38 |

See accompanying notes to the consolidated financial statements
As per our report of even date attached For and on behalf of the Board of Directors

For **SCV & Co. LLP**
Chartered Accountants
Firm Regn. No. 000235N/N500089

Ravi Jhunjhunwala
Chairman, Managing Director & CEO
DIN: 00060972

Riju Jhunjhunwala
Vice Chairman
DIN: 00061060

Manish Gulati
Executive Director
DIN: 08697512

Sanjiv Mohan
Partner
Membership No. 086066

Shekhar Agarwal
Director
DIN: 00066113

Satish Chand Mehta
Director
DIN: 02460558

Place : Noida (U.P.)
Date : 22nd May, 2023

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Vivek Chaudhary
Company Secretary
Membership No. A13263

Consolidated Statement of Cash Flows

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | For the Year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Tax | 67,737.30 | 56,045.69 |
| Adjustment for non operating and non cash transactions | | |
| a) Share of profit/(loss) of associate | 7,815.02 | 4,046.12 |
| | 59,922.28 | 51,999.56 |
| b) Others | | |
| Depreciation and Amortisation expense | 10,230.33 | 7,928.76 |
| Interest expense | 2,600.84 | 748.75 |
| Net(Profit)/loss on property plant and equipment sold / discarded | 34.31 | 281.35 |
| Allowances for Expected Credit Losses | (330.55) | (28.86) |
| Unrealized (Gain)/Loss due to effect of exchange rate changes in assets and liabilities | (33.28) | 159.09 |
| Bad Debts | 155.94 | 58.97 |
| Gain on sale/fair valuation of investments | (2,033.52) | (3,418.34) |
| Dividend income | (197.63) | (114.31) |
| Rent income | (143.15) | (132.21) |
| Interest income | (5,080.58) | (3,245.39) |
| Adjustments for changes in Working Capital | | |
| (Increase)/Decrease in Inventories | (46,230.11) | (39,720.44) |
| (Increase)/Decrease in Trade receivables | 10,398.95 | (29,924.93) |
| (Increase)/Decrease in other non-current financial assets | (234.75) | (838.56) |
| (Increase)/Decrease in other current financial assets | (252.05) | (40.11) |
| (Increase)/Decrease in other non-current assets | (5,300.75) | (20.21) |
| (Increase)/Decrease in other current assets | 6,585.46 | (7,001.10) |
| Increase/(Decrease) in operating liabilities | | |
| Increase/(Decrease) in Trade Payables | (3,781.86) | 18,873.74 |
| Increase/(Decrease) in other non-current financial liabilities | - | - |
| Increase/(Decrease) in other current financial liabilities | 686.65 | 1,640.26 |
| Increase/(Decrease) in non-current Provisions | (75.23) | 22.71 |
| Increase/(Decrease) in current Provisions | (9.29) | 31.65 |
| Increase/(Decrease) in other non-current liabilities | (263.93) | 241.60 |
| Increase/(Decrease) in other current liabilities | (515.37) | 1,252.22 |
| Cash from / (used in) operations | 26,132.71 | (1,245.76) |
| Income tax paid (net) | 14,801.10 | 12,815.37 |
| Net Cash from / (used in) operating activities (A) | 11,331.62 | (14,061.16) |

Consolidated Statement of Cash Flows (Contd.)

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| PARTICULARS | For the Year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payment for purchase of Property plant and Equipments (including Capital work-in-progress) (after adjustment of advances and creditors for capital expenditure) | (47,973.84) | (35,952.81) |
| Proceeds from sale of Property Plant and Equipments | 89.71 | 88.27 |
| Investment in fixed/term deposits not considered as cash and cash equivalents | (80,306.35) | (63,630.20) |
| Redemption/maturity of fixed/term deposits not considered as cash and cash equivalents | 82,114.21 | 52,011.30 |
| Decrease/(Increase) in other bank balances not considered as cash and cash equivalents | (980.79) | 50.68 |
| Payment for Purchase of Investments | (1,26,380.92) | (70,113.48) |
| Proceeds from sale of Investments | 1,66,472.95 | 96,236.38 |
| Return of Capital from INVIT | 101.79 | 27.28 |
| Rent received | 143.15 | 132.21 |
| Dividend received | 197.63 | 114.31 |
| Interest received | 4,411.59 | 2,700.43 |
| Net Cash from/(used in) investing activities (B) | (2,110.86) | (18,335.63) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceed/(Repayment) of working capital borrowings (on net basis) (also refer note no. 50) | 7,750.68 | 36,633.27 |
| Interest and other financial charges Paid | (2,301.87) | (995.23) |
| Interest paid on lease liabilities | (11.82) | (14.28) |
| Payment of lease liabilities | (48.93) | (52.32) |
| Dividend Paid | (15,383.57) | (1,208.53) |
| Net Cash from/(used in) financing activities (C) | (9,995.51) | 34,362.91 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | (774.76) | 1,966.12 |
| Cash and cash equivalents at the beginning of the period | 4,103.52 | 2,137.39 |
| Cash and cash equivalents at the end of the period | 3,328.83 | 4,103.52 |

Refer note 15 of financial statements for components of cash and cash equivalents.

See accompanying notes to the consolidated financial statements
As per our report of even date attached For and on behalf of the Board of Directors

For **SCV & Co. LLP**
Chartered Accountants
Firm Regn. No. 000235N/N500089

Ravi Jhunjhunwala
Chairman, Managing Director & CEO
DIN: 00060972

Riju Jhunjhunwala
Vice Chairman
DIN: 00061060

Manish Gulati
Executive Director
DIN: 08697512

Sanjiv Mohan
Partner
Membership No. 086066

Shekhar Agarwal
Director
DIN: 00066113

Satish Chand Mehta
Director
DIN: 02460558

Place : Noida (U.P.)
Date : 22nd May, 2023

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Vivek Chaudhary
Company Secretary
Membership No. A13263

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

1. Group Information

HEG Limited (referred to as "the Holding Company" hereinafter), 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 Holding Company also operates three power generation facilities with a total capacity of about 76.5 MW.

The Holding Company is a public limited company incorporated and domiciled in India, has its registered office at Mandideep, Bhopal, Madhya Pradesh and is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The consolidated Ind AS financial statements are approved for issue by the Holding Company's Board of Directors in their meeting held on 22nd May, 2023.

The subsidiaries and associates considered in these consolidated financial statements are:

a. Subsidiary

| Name of Company | Country of Incorporation | Principal activities | Proportion (%) of equity interest | |
|-----------------|--------------------------|--|-----------------------------------|-----------------------|
| | | | As at 31st March 2023 | As at 31st March 2022 |
| TACC Limited | India | Anode manufacturing for Lithium ion batteries. | 100% | - |

The Holding Company and the subsidiary jointly referred to as "the Group" hereinafter.

b. Associates

| Name of Company | Country of Incorporation | Principal activities | Proportion (%) of equity interest | |
|---------------------------------|--------------------------|--|-----------------------------------|-----------------------|
| | | | As at 31st March 2023 | As at 31st March 2022 |
| Bhilwara Infotechnology Limited | India | IT enabled services | 38.59% | 38.59% |
| Bhilwara Energy Limited | India | Power Generation and Power Consultancy | 49.01% | 49.01% |

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

2.2 Basis of Measurement

- (i) The consolidated financial statements have been prepared on historical cost convention on accrual basis except for certain financial instruments (including derivative instruments) are measured at fair value at the end of each reporting period as required under Ind AS.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
 - Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
 - Level 3 inputs are unobservable inputs for the asset or liability.
- (ii) 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.
- (iii) The functional and presentation currency of the group is Indian rupees (INR) and all values are rounded to the nearest lakhs and two decimals thereof, except otherwise stated.

2.3 Principles of consolidation

(i) Subsidiaries

Subsidiaries are entities where the group exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The financial statements of the Holding Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group

transactions and the unrealised profits/losses, unless cost/revenue cannot be recovered. The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements. Non-controlling interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. The profit/loss and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the consolidated statement of profit and loss and Consolidated Statement of Changes in Equity.

Non-controlling interest in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- (b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

(ii) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Interest in associates is consolidated using equity method as per IND AS 28 – 'Investment in Associates and Joint Ventures'. Under the equity method, an investment in an associate is initially recognized in the consolidated financial statements at cost and adjusted thereafter to recognize Group's share of profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of interest in the associate.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

- (iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.4 Significant accounting policies

(i) Revenue Recognition

(a) Sale of products

The Group derives revenue primarily from sale of Graphite Electrodes.

Revenue from the sale of goods is recognized at the point in time when control is transferred to the customer which is usually on dispatch/ delivery.

Revenue is measured based on the transaction price (net of variable consideration) which is consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Due to short nature of credit period given to customers, there is no financing component in the contract.

(b) Power

Revenue from power generation is recognized on transmission of electricity to State Electricity Board (SEB) or third parties at rate stipulated by SEB's and/ or IEX at market rate equivalent.

(c) Interest Income

- Interest Income from customers is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

- Interest Income from financial asset is recognized when it is probable that economic benefits will flow to the company and amount of income can be measured reliably. Interest income is accrued on time basis, by reference to principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of financial asset to that asset's net carrying amount on initial recognition.

(d) Other Income

- (i) Entitlements 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.
- (ii) Interest income from customers is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.
- (iii) Dividend income is recognized when the right to receive payment is established and the amount of dividend can be measured reliably.
- (iv) Other income is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

(ii) Inventories

Inventories are valued at cost or net realizable value, whichever is lower except by products which are valued at net realizable value. The raw materials and other supplies held for use in the production are valued at net realisable value only if the finished products in which they are to be incorporated are expected to be sold below cost. The cost in respect of the various items of inventory is computed as under:

- (i) In case of finished goods and work-in-progress, 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.
- (ii) In case of stores, spares and raw material at weighted average cost. The cost includes cost of purchase and other costs incurred

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

in bringing the inventories to their present location and condition.

- (iii) Obsolete stocks are identified at each reporting date on the basis of technical evaluation and are charged off to revenue.

Net Realisable Value is the estimated selling price in ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales.

(iii) Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Freehold Land is carried at historical cost. All other items of property, plant and equipment are stated at cost or deemed cost applied on transition to Ind AS, less accumulated depreciation and impairment, if any. Cost includes its purchase price (net of taxes and duty recoverable), 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 are met.

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

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

An item of Property, Plant and Equipment and any significant part initially recognized 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 measured 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 derecognized.

Advances paid towards the acquisition of Property Plant and Equipment outstanding at each balance sheet date is classified as Capital advance under Non-current asset and the cost of asset not put to use before balance sheet date are disclosed under Capital work in progress.

(iv) Investment property

Investment Properties comprises freehold land and building (including property under construction) that are held for long-term rental yields or for capital appreciation and both are classified as investment property. Investment properties are measured initially at cost, comprising the purchase price and directly attributable transaction cost. Subsequently investment property is carried at cost model, which is cost less accumulated depreciation and impairment losses if any in similar lines of Ind AS 16.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising on derecognition of investment property are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in consolidated statement of profit and loss in the period of the retirement or disposal.

(v) Other Intangible Assets

An Intangible asset is recognized 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 are stated at cost or deemed cost applied on transition to Ind AS, less accumulated amortization and impairment, if any. The cost of intangible asset comprises of its purchase price, net of recoverable taxes and any directly attributable cost of preparing the asset for its intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in consolidated statement of profit and loss as incurred.

The cost and related accumulated amortization are eliminated from consolidated financial statements

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

upon disposal or retirement of the assets and the resulted gain or losses arising from de-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 consolidated statement of profit and loss when the asset is derecognized.

(vi) Depreciation

(A) Property, Plant and Equipment

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

The method of depreciation and useful life considered on different assets is as below:

- (i) Depreciation on all the assets at Hydel Power Project at Tawa is provided on Straight Line Method. The useful life of assets determined is as below:

| Sr. No. | Description of Asset | Useful Life (Approx) |
|---------|--|----------------------|
| 1 | Factory Building | 33 |
| 2 | Non Factory Building | 33 |
| 3 | Plant and Machinery | |
| | i) Dams, Spillways weirs, canals, reinforced concrete Flumes and symphons | 51 |
| | ii) Hydraulic control valves and other hydraulic works | 30 |
| | iii) Transformers having a rating of 100 KVA and over | 13 |
| 4 | Electrical Installation | |
| | i) Batteries | 3 |
| | ii) Lines on Fabricated steel operating at normal voltages higher than 66 kv | 19 |
| | iii) Residual | 13 |
| 5 | Furniture and Fixtures | 8 |
| 6 | Office Equipment and other assets | 8 |
| 7 | Vehicles | 3 |

- (ii) On the assets other than those mentioned at (i) above, depreciation is provided on following basis:

In case of Plant and machinery, depreciation is provided on Straight Line Method and in case of other assets on written Down Method. The useful life of assets determined is as below:

| Description of Asset | 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 |

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

- (iv) Depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

(B) Investment property

Investment property is depreciated using written down value method over their estimated useful life. Investment property has a useful life of 58 years as prescribed in Schedule II to the Companies Act, 2013.

(vii) Amortization

Other Intangible Assets

Other Intangible assets are amortized over their respective individual useful lives on a straight line basis from date they are available. The estimated useful life is based on number of factors including effect of obsolescence and other economic factors and is as under:

| Description of Asset | Useful Life |
|----------------------|-------------|
| Computer Software | 05 Years |

Amortisation method, useful lives and residual value are reviewed at the end of each financial year with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

(viii) 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 consolidated 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.

An impairment loss is reversed in the consolidated 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.

Impairment is reviewed periodically, including at each financial year end.

No impairment was identified in FY 2022-23 (FY 2021-22: Nil).

(ix) Foreign Currency Translations

Transactions in currencies other than the Group's functional currency 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 re-translated at the rates prevailing at that date. Exchange differences arising on the settlement of monetary items or on re-translated monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised

in consolidated statement of profit and loss in the period in which they arise.

Non-monetary items denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, Non-monetary items that are measured in term of historical cost in foreign currency are not reinstated.

(x) Employee Benefits

(A) Post Employment Benefits

(a) Defined contribution Plan

(i) Provident Fund

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

(ii) Superannuation

The Group makes contribution to Hindustan Electro Graphites Ltd Senior Executive Superannuation Fund Trust and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(b) Defined Benefit Plan

Gratuity

The Group provides for gratuity, a defined benefit retirement plan "The gratuity plan" covering eligible employees. The gratuity plan provides for lump sum payment to vested employee at retirement, death, incapacitation or termination of employee of an amount based on the respective employees salary and the tenure of employment with the group.

Liability with regard to Gratuity is determined by actuarial valuation, performed by an independent actuary at each Balance sheet date using the project unit credit method.

The group fully contributes all ascertained liabilities to the Hindustan Electro Graphite's Staff Gratuity Fund Trust (The Trust) managed by the trustees. The trustees administers the contributions made to the Trust and contribution are invested in a scheme with Life Corporation of India or any other insurer as permitted by Indian Law.

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for the year ended 31st March, 2023

Re-measurements comprising of actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income which are not reclassified to profit or loss in subsequent periods. All other expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss.

The group recognizes the net obligation in the balance sheet as an asset or liability.

(B) Short term employee benefits

Short term employee benefits including non-accumulated absences are charged to consolidated statement of profit and loss on an undiscounted, accrual basis for the period during which services are rendered by the employee.

(C) Other long term employee benefits-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.

The expense related to other long term employee benefits including re-measurements as a result of past experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

(xi) Leases

Group as a lessee

The Group's lease asset classes primarily consist of leases for land and Building. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and of low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a systematic basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the lessee's incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease Liability and Right-of-Use Asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

Group as a lessor

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on systematic basis over the term of the relevant lease.

(xii) Segment Reporting

Segments are identified based on the manner in which the Group's Chief Operating Decision Maker ('CODM') decides about resource allocation and reviews performance.

- (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 group.
- (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.

(xiii) Income Tax

Income Tax expense comprises of current and deferred income tax. Income tax expense is recognised in statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as the case may be.

(1) Current income tax

Current income tax for current and prior period is recognized at the amount expected to be paid

to the tax authorities using tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Income tax expense is recognized in the consolidated statement of profit and loss except to the extent that it relates to the items recognized directly in equity and other comprehensive income.

(2) Deferred Income Tax

Deferred Income Tax assets and liabilities are recognized using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in financial statement.

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.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that related tax benefits will be realized 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.

Deferred tax assets and deferred tax liabilities have been set off as it relates to income taxes levied by the same taxation authority.

(xiv) Government grants

Government grants are not recognized until there is reasonable assurance that all attached conditions will be complied with and the grant will be received.

When the grants relates to an expense item, it is recognised in the Statement of profit and loss by

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for the year ended 31st March, 2023

way of reduction from the related cost, which the grants are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support to the Group with no related costs is recognised in the Statement of profit or loss of the period in which it becomes receivable under 'Other operating income'/'Other income' based on the nature of grant.

Government grants relating to the purchase of property, plant and equipment are deducted from its gross value and are recognised in profit or loss on a systematic over the expected useful lives of the related assets by way of reduced depreciation.

(xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of items of qualifying assets, which are the assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset until such time as the assets are not ready for their intended use. All other borrowing costs are charged to the consolidated statement of profit and loss in the period in which they are incurred.

(xvi) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. As the timing of outflow of resources is uncertain, being dependent upon the outcome of the future proceedings, these provisions are not discounted to their present value.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the consolidated financial statements

since this may result in the recognition of income that may never be realised.

(xvii) Earnings Per Share

Basic earnings per equity share is computed by dividing the profit or loss for the period attributable to the equity holders of the group by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by adjusting the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares if any.

(xviii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Initial recognition

The group recognises the financial assets and financial liabilities when it becomes party to the contractual provision of the instruments. All financial assets and liabilities are recognised at fair value on initial recognition except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets and or issue of financial liabilities that are not recognized at fair value through profit or loss, are added to or reduced from the fair value of the financial assets or financial liabilities, as appropriate.

Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

(ii) Subsequent measurement

For the purposes of subsequent measurement, financial instruments are classified as follows:

A. Non-derivative financial instruments

(a) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in

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for the year ended 31st March, 2023

order to collect contractual cash flows and the contractual terms of the financial instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income for such instruments is recognised in profit or loss using the effective interest rate (EIR) method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount.

The carrying amounts of financial assets that are subsequently measured at amortised cost are determined based on the effective interest method less any impairment losses.

(b) 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.

Interest income for such instruments is recognised in profit or loss using the effective interest rate (EIR) method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount.

Fair value movements are recognised in the other comprehensive income (OCI) until the financial asset is derecognised. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the profit or loss.

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

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

Dividend and interest income from such instruments is recognized in the statement of profit

and loss, when the right to receive the payment is established.

Fair value changes on such assets are recognised in the statement of profit and loss.

(d) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination or is held for trading or it is designated as at FVTPL 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 amount approximates fair value due to the short maturity of these instruments.

All changes in fair value in respect of liabilities measured at fair value through profit and loss are recognised in the statement of profit and loss.

(e) Investment in Subsidiaries, Associates and Joint Ventures

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

B. Derivative financial instruments

The group 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.

Although the group 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.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting

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for the year ended 31st March, 2023

exchange gains or losses are charged to Statement of Profit and Loss.

(iii) Impairment of Financial Assets

Financial assets that are carried at amortised cost and fair value through other comprehensive income (FVOCI) are assessed for possible impairments basis expected credit losses taking into account the past history of recovery, risk of default of the counterparty, existing market conditions etc. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments).

For trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of Ind AS 115 and Ind AS 116, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. The company follows simplified approach does not require the company to track changes in credit risk. Rather it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For other assets, the company uses 12 months ECL to provide for impairment loss where no significant increase in credit risk is. If there is significant increase in credit risk full lifetime ECL is used.

(iv) Derecognition

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

- The contractual right to receive cash flows from the financial assets expire, or
- The group transfers the financial assets or 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.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received/receivable is recognised in the profit or loss.

A financial liability (or, a part of financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

On de-recognition of a financial liability, the difference between the carrying amount of the financial liability de-recognised and the consideration paid/payable is recognised in profit or loss.

(v) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

(vi) Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

C. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received. Incremental costs directly attributable to the issuance of equity instruments and buy back of equity instruments are recognized as a deduction from equity, net of any tax effects.

(xix) Statement of Cash flows

The statement of cash flows is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities whereby

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profit for the period is adjusted for the effects of transaction of a non-cash nature, and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

(xx) Cash and cash equivalents

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity period of three months or less from the acquisition date, which are subject to an insignificant risk of changes in value.

(xxi) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the group's Board of Directors.

2.5 Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, which are described as stated above, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, internal

assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

The Group reviews the useful life of property, plant and equipment at the end of each reporting date.

Defined benefit plans and other post-employment benefits

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are 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 the discount rate, future salary increases, mortality rates and future pension increases. 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

Provisions/Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claims/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy. The Group annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary.

Fair Value measurements

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent is available.

Income taxes

Significant judgement is required in determination of provision for current tax and deferred tax e.g. determination of taxability of certain incomes and deductibility of certain expenses etc. The carrying amount of income tax assets/liabilities is reviewed at each reporting date. The factors used in estimates may differ from actual outcome which could lead

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for the year ended 31st March, 2023

to signification adjustment to the amounts reported in financial statements

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market driven changes.

2.6 Applicability of new and revised Ind AS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below.

(i) Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

(ii) Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023.

(iii) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023.

3. Current – non-current classification

All assets and liabilities have been classified as current and non-current on the basis of the following criteria:

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or use to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current

Operating cycle

Operating cycle is the time between the acquisition of assets for processing/servicing and their realization in cash or cash equivalents.

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 4 Property, plant and equipment

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Carrying amount of | | |
| Freehold land | 317.81 | 317.81 |
| Buildings | 25,685.36 | 11,647.74 |
| Plant and equipment | 1,00,780.76 | 60,825.13 |
| Furniture and fixtures | 110.13 | 98.27 |
| Vehicles | 653.13 | 670.11 |
| Office equipment | 269.68 | 180.06 |
| Electrical Installation | 6,806.89 | 879.03 |
| Railway Sidings | 192.83 | 222.05 |
| Total Property, Plant and Equipment | 1,34,816.60 | 74,840.20 |

The change in the carrying amount of Property, Plant and Equipments during the year are as follows:-

| Particulars | Free-hold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Electrical installation | Railway sidings | Total |
|---|----------------|------------------|---------------------|------------------------|-----------------|------------------|-------------------------|-----------------|--------------------|
| Gross Carrying amount as at 1st April, 2021 | 317.81 | 26,190.60 | 1,36,393.83 | 594.79 | 1,256.75 | 1,150.81 | 3,202.94 | 647.42 | 1,69,754.97 |
| Additions | - | 2,436.11 | 12,377.70 | 3.48 | 267.71 | 19.61 | 44.12 | - | 15,148.72 |
| Disposals/Deletions | - | (406.55) | (828.10) | (1.94) | (141.64) | (210.93) | (7.33) | - | (1,596.48) |
| Amount reclassified to Investment Property (Refer note viii below) | - | (560.48) | - | - | - | - | - | - | (560.48) |
| Gross Carrying amount as at 31st March, 2022 (A) | 317.81 | 27,659.68 | 1,47,943.43 | 596.33 | 1,382.83 | 959.47 | 3,239.73 | 647.42 | 1,82,746.73 |
| Additions | - | 15,333.56 | 48,090.27 | 31.54 | 232.01 | 163.89 | 6,383.46 | - | 70,234.73 |
| Disposals/Deletions | - | - | (611.42) | (3.14) | (194.96) | (179.15) | (81.03) | - | (1,069.70) |
| Gross Carrying amount as at 31st March, 2023 (B) | 317.81 | 42,993.24 | 1,95,422.28 | 624.73 | 1,419.87 | 944.21 | 9,542.17 | 647.42 | 2,51,911.76 |
| Accumulated Depreciation as at 1st April, 2021 | - | 15,400.88 | 81,381.07 | 481.43 | 626.42 | 915.46 | 2,203.01 | 396.16 | 1,01,404.44 |
| Depreciation for the year | - | 933.34 | 6,422.04 | 17.64 | 181.07 | 69.09 | 160.64 | 29.21 | 7,813.04 |
| Disposals/Deletions | - | (238.79) | (684.80) | (1.01) | (94.77) | (205.14) | (2.95) | - | (1,227.46) |
| Amount reclassified to Investment Property (Refer note viii below) | - | (83.49) | - | - | - | - | - | - | (83.49) |
| Accumulated Depreciation as at 31st March, 2022 (C) | - | 16,011.94 | 87,118.30 | 498.06 | 712.71 | 779.41 | 2,360.70 | 425.37 | 1,07,906.53 |
| Depreciation for the year | - | 1,295.93 | 8,085.05 | 18.75 | 196.14 | 66.98 | 442.38 | 29.21 | 10,134.45 |
| Disposals/Deletions | - | - | (561.82) | (2.22) | (142.11) | (171.87) | (67.79) | - | (945.81) |
| Accumulated Depreciation as at 31st March, 2023 (D) | - | 17,307.88 | 94,641.52 | 514.59 | 766.74 | 674.53 | 2,735.29 | 454.59 | 1,17,095.16 |
| Net Carrying amount as at 31st March, 2022 (A)-(C) | 317.81 | 11,647.74 | 60,825.13 | 98.27 | 670.11 | 180.06 | 879.03 | 222.05 | 74,840.20 |
| Net Carrying amount as at 31st March, 2023 (B)-(D) | 317.81 | 25,685.36 | 1,00,780.76 | 110.13 | 653.13 | 269.68 | 6,806.89 | 192.83 | 1,34,816.60 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

- One Building situated at Delhi having gross carrying amount of ₹83.13 Lakhs (Previous Year ₹83.13 Lakhs) is owned jointly with RSWM Ltd.
- Refer to note no. 47 for information on Property, Plant and Equipment pledged as security by the company
- The aggregate depreciation has been included under depreciation and amortisation expense in the statement of Profit and loss.
- Refer note no. 38 for detail of contractual Commitment towards purchase of Property, Plant and Equipment.
- The Company has not revalued any of its property, plant and equipment during the year.
- The title deeds of all the immovable properties are held in the name of the Group.
- Refer Note No. 44 for the amount of expenditures recognised in the carrying amount of Property, Plant and Equipment during the year.
- Flat situated at Mumbai which was occupied by the company for its own use has been leased out for rental income during the year ended 31-03-2022 and therefore has been reclassified as Investment Property in accordance with IND AS-40 "Investment Property".

Note: 5 Capital Work In Progress

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Building and Plant and Equipment under erection/installation (including project and pre-operative expense) (also refer Note-44) | 47,200.80 | 69,607.56 |

a) Capital work-in-progress ageing schedule is as follows:

| Particulars | Amount in CWIP For a period of | | | | Total |
|--|--------------------------------|-----------------|--------------|-------------------|------------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Capital Work in Progress as at 31-03-2023 | | | | | |
| Projects in progress | 46,034.54 | 1,098.58 | 58.36 | 9.32 | 47,200.80 |
| Project temporarily suspended | - | - | - | - | - |
| Total Capital work in progress | 46,034.54 | 1,098.58 | 58.36 | 9.32 | 47,200.80 |

Capital Work in Progress as at 31-03-2022

| | | | | | |
|---------------------------------------|------------------|-----------------|------------------|-------------|------------------|
| Projects in progress | 49,544.05 | 9,099.36 | 10,961.47 | 2.68 | 69,607.56 |
| Project temporarily suspended | - | - | - | - | - |
| Total Capital work in progress | 49,544.05 | 9,099.36 | 10,961.47 | 2.68 | 69,607.56 |

b) For capital-work-in progress, whose completion is overdue, the completion schedule is as follows:

| Particulars | To be completed in | | | | Total |
|--|--------------------|-----------|-----------|-------------------|-----------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Capital Work in Progress as at 31-03-2023 | | | | | |
| Projects in progress | 34,687.62 | - | - | - | 34,687.62 |

Note:

- There is no such project in capital-work-in progress whose completion is overdue compared to its original plan as on 31st March, 2023 and 31st March, 2022.
- There is no such project in capital-work-in progress whose cost has exceeded compared to its original plan as on 31st March, 2023 and 31st March, 2022.
 - Refer note no. 38 for detail of contractual Commitment towards purchase of Property, Plant and Equipment.
 - Refer note no. 44 for the amount of expenditures recognised in the carrying amount of Capital work-in-progress (CWIP) in the course of its construction.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 6 Right of Use Asset

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---------------------------|---------------------------------------|---------------------------------------|
| Carrying amount of | | |
| Land | 621.21 | 636.72 |
| Building | 78.79 | 29.98 |
| Total | 700.00 | 666.70 |

| Particulars | Land | Building | Total |
|---|---------------|---------------|-----------------|
| Gross Carrying amount as at 1st April, 2021 | 840.16 | 179.98 | 1,020.14 |
| Additions | 49.74 | - | 49.74 |
| Adjustments | - | (23.86) | (23.86) |
| Gross Carrying amount as at 31st March, 2022 (A) | 889.90 | 156.12 | 1,046.02 |
| Gross Carrying amount as at 1st April, 2022 | 889.90 | 156.12 | 1,046.02 |
| Additions | - | 87.17 | 87.17 |
| Adjustments | - | (0) | (0.00) |
| Gross Carrying amount as at 31st March, 2023 (B) | 889.90 | 243.29 | 1,133.20 |
| Accumulated Depreciation as at 1st April, 2021 | 237.61 | 73.61 | 311.23 |
| Depreciation for the year | 15.57 | 52.53 | 68.10 |
| Other Adjustments for the year | - | - | - |
| Accumulated Depreciation as at 31st March, 2022 (C) | 253.18 | 126.14 | 379.33 |
| Accumulated Depreciation as at 31st March, 2022 | 253.18 | 126.14 | 379.33 |
| Depreciation for the year | 15.51 | 38.36 | 53.87 |
| Other Adjustments for the year | - | - | - |
| Accumulated Depreciation as at 31st March, 2023 (D) | 268.69 | 164.50 | 433.22 |
| Net Carrying amount as at 31st March, 2022(A)-(C) | 636.72 | 29.98 | 666.70 |
| Net Carrying amount as at 30th March, 2023 (B)-(D) | 621.21 | 78.79 | 700.00 |

(i) Refer Note 41 for other disclosures related to leases.

(ii) The aggregate depreciation has been included under depreciation and amortisation expense in the statement of Profit and loss.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note:7 INVESTMENT PROPERTY

Carrying amount of Investment Property

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------|---------------------------------------|---------------------------------------|
| Building | 724.80 | 760.65 |

| | Amount | |
|---|--------|-----------------|
| Building | | |
| Gross Block | | |
| As at 1st April, 2021 | | 440.83 |
| Additions | | - |
| Amount reclassified from Property,Plant & Equipments (Refer note below) | | 560.48 |
| Disposals | | - |
| As at 31st March, 2022 | (a) | 1,001.31 |
| Additions | | - |
| Amount reclassified from Property,Plant & Equipments (Refer note below) | | - |
| Disposals | | - |
| As at 31st March, 2023 | (b) | 1,001.31 |
| Depreciation | | |
| At 1st April, 2021 | | 119.42 |
| Charge for the year | | 37.75 |
| Disposals | | - |
| Amount reclassified from Property,Plant & Equipments (Refer note below) | | 83.49 |
| As at 31st March, 2022 | (c) | 240.66 |
| Charge for the year | | 35.85 |
| Disposals | | - |
| Amount reclassified from Property,Plant & Equipments (Refer note below) | | - |
| As at 31st March, 2023 | (d) | 276.51 |
| Carrying value | | |
| As at 31 March, 2022 | (a-c) | 760.65 |
| As at 31st March, 2023 | (b-d) | 724.80 |

Note: Flat situated at Mumbai which was occupied by the company for its own use has been leased out for rental income during the year ended 31-03-2022 and therefore has been reclassified as Investment Property in accordance with IND AS-40 "Investment Property".

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

| Particulars | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|--|--|--|
| Rental income | 138.23 | 127.47 |
| Direct operating expenses from property that generated rental income | 4.73 | 4.90 |
| Profit from Investment Properties before depreciation | 133.50 | 122.57 |
| Depreciation | 35.85 | 37.75 |
| Profit from Investment Properties | 97.64 | 84.82 |

(ii) Fair value of Investment property

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| (i) Fair value of Investment property | 5,781.32 | 5,530.30 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

The Group has obtained Independent Valuations of its investment property from independent registered valuer as defined under rule 2 of the Companies (Registered Valuers and valuation) Rules, 2017. The fair value of the investment property have been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

(ii) Fair Value Hierarchy

The fair value measurement for all of the Investment Property has been categorised as level 3 fair value based on the inputs to the valuation techniques used.

(iii) The aggregate depreciation has been included under depreciation and amortisation expense in the statement of Profit and loss.

Note:8 OTHER INTANGIBLE ASSETS

Carrying amount of Intangible assets

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Software | 33.54 | 9.98 |
| | 33.54 | 9.98 |
| Computer Software | | |
| (Gross carrying amount) | | |
| As at 1st April, 2021 | | 503.37 |
| Additions | | 0.27 |
| Disposals | | (25.51) |
| As at 31st March, 2022 (a) | | 478.13 |
| Additions | | 29.84 |
| Disposals | | (18.01) |
| As at 31st March, 2023 (b) | | 489.96 |
| Amortisation | | |
| As at 1st April, 2021 | | 483.19 |
| Charge for the year | | 9.87 |
| Disposals | | (24.91) |
| As at 31st March, 2022 (c) | | 468.15 |
| Charge for the year | | 6.15 |
| Disposals | | (17.88) |
| As at 31st March, 2023 (d) | | 456.42 |
| Carrying value | | |
| As at 31st March, 2022 (a-c) | | 9.98 |
| As at 31st March, 2023 (b-d) | | 33.54 |

(a) The Company has not internally developed computer softwares.

(b) Also refer Note 2.3(v) for option used by the Company to use carrying value of previous GAAP as deemed cost as on April 1, 2015

(c) The amount of amortisation has been included under depreciation and amortisation expense in the statement of Profit and loss.

(d) Computer Softwares are amortized over a period of five years.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note : 9 INVESTMENTS

| No of Units | Face Value | Non - current | | Current | |
|--|------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| A. Investments carried at cost | | | | | |
| Investments in Equity instruments | | | | | |
| (a) Equity Instruments in Associate Companies (Unquoted) | | | | | |
| 8,12,32,560 (Previous year 8,12,32,560) Fully paid up equity shares of Bhilwara Energy Ltd. | 10 | 30,711.50 | 30,711.50 | | |
| 12,62,048 (Previous year 12,62,048) Fully paid up equity shares of Bhilwara Infotechnology Ltd (erstwhile Bhilwara Infotech Ltd.) | 10 | 419.00 | 419.00 | | |
| Share of profit in Associates up to reporting date | | 21,493.97 | 13691.71 | | |
| Impact of direct adjustment in reserves of associates | | (997.15) | 0.00 | | |
| | | 51,627.31 | 44,822.20 | | |
| Aggregate carrying value of unquoted investments | | 51,627.31 | 44,822.20 | 0.00 | 0.00 |
| Aggregate amount for impairment in value of investments | | 0.00 | 0.00 | 0.00 | 0.00 |
| B. Investments carried at Fair value through profit or loss | | | | | |
| (a) Investments in Equity instruments (Quoted) | | | | | |
| 18 (Previous year 18) Equity Shares of ₹ 2/-each of Ballarpur Ind. Ltd. | 2 | 0.01 | 0.01 | | |
| (b) Investments in Mutual Funds (Quoted) | | | | | |
| 89,236.812 (Previous Year-186225.63) Invesco India Overnight Fund | 1000 | - | - | 1,010.85 | 2,000.81 |
| 16,62,530.918 (Previous Year- NIL) Reliance Nippon life Mutual Fund | 1000 | | | 2,001.10 | - |
| NIL (Previous Year-17,85,034.55) AXIS Overnight Mutual Fund | 1000 | | | - | 2,000.83 |
| NIL (Previous Year-34390.98) UTI Overnight Mutual Fund | 1000 | | | - | 1,000.76 |
| NIL (Previous Year-87,912.54) DSP Overnight Mutual Fund | 1000 | | | - | 1,000.78 |
| 41,792.179 (Previous Year-28891.99) SBI Overnight Mutual Fund | 1000 | | | 1,525.10 | 1,000.05 |
| NIL (Previous Year-25297878.79) ICICI Prud. Equity -Arbitrage | 10 | - | - | - | 7,409.88 |
| NIL (Previous Year-25874545.00) Kotak Equity Arbitrage Fund | 10 | - | - | - | 8,194.21 |
| NIL (Previous Year-34108007.08) AXIS Bank Arbitrage Fund | 10 | - | - | - | 5,520.86 |
| NIL (Previous Year-9364289.082) EDELWEISS Arbitrage Fund | 10 | - | - | - | 1,543.56 |
| 70,01,470.40 (Previous Year-NIL) SBI Arbitrage Fund | 10 | | | 2,115.82 | 0.00 |
| (c) Investments in Fixed Maturity Plans Scheme(Quoted) | | | | | |
| NIL (Previous Year-10,00,00,000) ICICI Prudential FMP Series 83 1406 Days Plan D- Direct Growth | 10 | - | - | - | 13,540.10 |
| NIL (Previous Year-15000000) NIPPON INDIA FHF XXXIX SR 2 | 10 | - | - | - | 2,016.74 |
| NIL (Previous Year-10000000) NIPPON INDIA FHF XXXIX SR 6 | 10 | - | - | - | 1,341.93 |
| NIL (Previous Year-15000000) NIPPON INDIA FHF XXXIX SR 15 | 10 | - | - | - | 1,974.98 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| No of Units | Face Value | Non - current | | Current | |
|--|------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| NIL (Previous Year-1000000) NIPPON INDIA FHF XXXIX SR 9 | 10 | - | - | - | 1,328.87 |
| NIL (Previous Year-2,00,00,000) Aditya Birla Sunlife Fixed Term Plan Series RC (1295 days) | 10 | - | - | - | 2,612.38 |
| NIL (Previous Year-3,00,00,000) Aditya Birla Sunlife Fixed Term Plan Series RN (1240 days) | 10 | - | - | - | 3,886.17 |
| NIL (Previous Year-2,00,00,000) ICICI Pru Fixed Maturity Plan-Sr 84 - 1245 days Plan N | 10 | - | - | - | 2,624.04 |
| NIL (Previous Year-1,00,00,000) ICICI Pru Fixed Maturity Plan-Sr 84 - 1288 days Plan O | 10 | - | - | - | 1,312.25 |
| NIL (Previous Year-1,00,00,000) Kotak FMP Series 251-1265 days | 10 | - | - | - | 1,306.91 |
| NIL (Previous Year-1,00,00,000) HDFC FMP 1246D November, 2018 (1) - Series 43 | 10 | - | - | - | 1,306.87 |
| NIL (Previous Year-1,50,00,000) Kotak FMP Series 243 - 1319 days | 10 | - | - | - | 2,013.48 |
| 4,60,34,272.808 (Previous Year- NIL) SBI CPSE BOND PLUS SDL SEP 2026 50:50 INDEX FUND DIRECT | 10 | 4,794.61 | - | - | - |
| 1,37,24,503.583 (Previous Year- NIL) Edelweiss Nifty PSU Bond Plus SDL Apr 2026 50:50 Index Fund - Direct Plan Growth- ISIN : INF754K01MD1 | 10 | 1,519.34 | - | - | - |
| 98,35,831.784 (Previous Year- NIL) KOTAK NIFTY SDL APR 2027 TOP 12 EQUAL WEIGHT INDEX FND DIRECT PLAN GROWTH | 10 | 1,019.76 | - | - | - |
| 99,39,347.719 (Previous Year- NIL) NIPPON INDIA NIFTY AAA CPSE BOND PLUS SDL - APR 2027 MATURITY 60:40 INDEX FUND - (CNAGG) | 10 | 1,023.21 | - | - | - |
| (d) Investments in Bond Funds (Quoted) | | | | | |
| 108109.497 (Previous Year-62230.03) Kotak Corporation Bond Fund # | 10 | 3,541.92 | - | - | 1,949.59 |
| 84,97,123.601 (Previous Year-NIL) BHARAT Bond FOF - April 2023 - Direct Plan Growth | 10 | - | - | 1,038.37 | - |
| 26,18,367.638 (Previous Year-NIL) ABSL CORPORATE BOND FUND - GROWTH-DIRECT | 10 | 2,503.30 | - | - | - |
| 54,30,713.319 (Previous Year-NIL) HDFC CORP.BOND FUND - DIRECT PLAN-GROWTH | 10 | 1,499.93 | - | - | - |
| (e) Investments in Infrastructure Trust (Quoted) | | | | | |
| 44,00,000 (Previous Year-4400000) ORIENTAL INFRATRUST | 100 | 6,028.00 | 5,376.80 | - | - |
| C. Investments carried at amortized cost | | | | | |
| Investments in Bonds (Unquoted) | | | | | |
| 250 (Previous Year-NIL) 7.2871%HDB FINANCIAL SERVICES LIMITED 2023 | 1000000 | - | - | 2,627.77 | - |
| 200 (Previous Year-NIL) 5.50% KOTAK MAHINDRA PRIME LIMITED 2023 | 1000000 | - | - | 2,050.47 | - |
| Total | | 21,930.08 | 5,376.81 | 12,369.50 | 66,886.05 |
| Aggregate amount of quoted investments | | 21,930.08 | 5,376.81 | 7,691.25 | 66,886.05 |
| Market value of quoted investments | | 21,930.08 | 5,376.81 | 7,691.25 | 66,886.05 |
| Aggregate carrying value of unquoted investments | | - | - | 4,678.25 | - |
| Aggregate amount for impairment in value of investments | | - | - | - | - |

Note (i): Investments having maturity period of less than 12 months from balance sheet date have been reclassified as current investments, if any.

Note (ii): Refer Note 46B for Classification of Financial Assets

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 10 TRADE RECEIVABLES

| Particulars | Current | |
|---|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 |
| a) Trade Receivable considered good-Secured | - | - |
| b) Trade Receivable considered good-Unsecured | 48,913.99 | 58,891.98 |
| c) Trade Receivable which have significant increase in Credit Risk; and | - | 69.89 |
| Less: Allowance for expected credit loss | - | (44.59) |
| d) Trade Receivable credit impaired | 89.02 | 374.98 |
| Less: Allowance for credit impairment | (89.02) | (374.98) |
| Total | 48,913.99 | 58,917.28 |

There is no amount due from Directors or other Officer of the company or any of them either severally or jointly with any other person or firms or private company respectively in which any Director is a partner or a Director or a member.

Trade receivables ageing schedule for the year ended as on March 31, 2023 and March 31, 2022:

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|--|--|--------------------|--------------------|-----------|-----------|-------------------|-----------|
| | Not due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31st March, 2023 | | | | | | | |
| (i) Undisputed Trade Receivables – considered good | 32,528.00 | 14,347.04 | 2,036.85 | 2.09 | 0 | 0 | 48,913.99 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | 8.89 | 2.15 | 77.99 | 89.02 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| As at 31st March, 2022 | | | | | | | |
| (i) Undisputed Trade Receivables – considered good | 43,294.47 | 15,472.44 | 125.07 | - | - | - | 58,891.98 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | 69.89 | - | - | 69.89 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | 137.08 | 14.10 | 223.80 | 374.98 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |

Refer Note 46B for Classification of Financial Assets

Refer Note 46C for credit risk and expected credit loss related to Trade Receivables

Refer Note 47 for information of trade receivables pledged as security by the company.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 11 Financial Assets

| Particulars | Non-Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Financial asset at amortised cost | | | | |
| Loans to employees | | | | |
| a) Loans considered good-Secured | - | - | - | - |
| b) Loans considered good-Unsecured | 77.31 | 81.90 | 60.46 | 72.94 |
| c) Loans which have significant increase in Credit Risk; and | - | - | - | - |
| d) Loans credit impaired | - | - | - | - |
| Total | 77.31 | 81.90 | 60.46 | 72.94 |

Refer Note 46B for Classification of Financial Assets

Refer Note 46C for information about credit risk and market risk in respect of financial assets.

Note (i) : The above figure includes loans to whole time director in the capacity of employee amounting to Nil (Previous year ₹71.11 Lakhs) which is repayable in accordance with the Company's policy applicable to all the employees. Such loan outstanding as at the end of the year amounts to Nil (Previous Year 45.93%) of total loans to employees outstanding as on that date. The maximum balance outstanding during the FY 22-23 was ₹71.11Lakhs (Previous Year ₹80.00 Lakhs).

Note (ii) : The above figure includes loans to Chief Financial officer/Company Secretary (KMP) amounting to ₹20.52 Lakhs (Previous year ₹1.78 Lakhs) which is repayable in accordance with the Company's policy applicable to all the employees. Such loan outstanding as at the end of the year amounts to 68.4% (Previous Year 1.15%) of total loans to employees outstanding as on that date. The maximum balance outstanding during the FY 22-23 was ₹22.00 Lakhs (Previous Year ₹4.44 Lakhs).

Note: 12 Other Financial Assets

| Particulars | Non-Current | | Current | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Financial assets at amortised cost | | | | |
| Security deposits | 3,525.36 | 3,286.01 | - | - |
| Interest accrued but not due on fixed deposits | - | 220.70 | 2,059.05 | 1,366.42 |
| Bank deposits having maturity period of more than 12 months from reporting date | 20.00 | 10,489.09 | - | - |
| Interest subvention recoverable (on working capital loans) | - | - | 2.93 | 313.67 |
| Financial assets at Fair Value through Profit or Loss | | | | |
| *Derivative Financial Instruments | - | - | 274.05 | 9.52 |
| Total | 3,545.36 | 13,995.80 | 2,336.03 | 1,689.61 |

*The group enters into derivative financial instruments (usually foreign exchange forward contracts) to manage its exposure to foreign exchange rate risk. For details of derivative financial instruments, Refer note 46C.

Refer Note 46B for Classification of financial assets

Refer Note 46C for information about credit risk and market risk in respect of other financial assets.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 13:- Other Assets

| Particulars | Non-Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Unsecured, considered good unless stated otherwise | | | | |
| Capital Advances | 2,767.08 | 4,729.08 | - | - |
| Other Advances (other than advances to related parties) | - | - | 343.62 | 686.79 |
| Advances to related parties | - | - | 0.11 | 0.11 |
| Prepaid expenses | 269.65 | 63.01 | 1,626.79 | 1,442.30 |
| Balances with statutory authorities | - | - | 2,934.91 | 4,080.21 |
| GST Refunds Receivable | - | - | 1,518.08 | 5,901.50 |
| Payments under protest (excluding direct taxes other than TDS) | 5,564.96 | 470.85 | - | - |
| Export Benefits Receivable (including MEIS Licenses in hand) | - | - | 579.93 | 1,819.45 |
| Other Employee Advances | - | - | 75.73 | 39.20 |
| Gratuity Fund Receivable (also refer note 40) | - | - | 570.47 | 611.81 |
| Others | - | - | 871.32 | 607.72 |
| Total | 8,601.69 | 5,262.94 | 8,520.97 | 15,189.09 |

Detail of payments under protest (excluding direct taxes other than TDS) is as follows:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------|------------------------------------|------------------------------------|
| Entry Tax | 114.29 | 222.84 |
| Central Sales Tax | 126.95 | 105.92 |
| Excise duty/Service Tax | 79.62 | 79.62 |
| MPST/MPCT | 0.46 | 0.46 |
| Tax deducted at source | 62.01 | 62.01 |
| Power Legal Cases | 5,181.63 | - |
| Total | 5,564.96 | 470.85 |

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

Note: (ii) There are no advances to the Directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies in which any Director is a partner or a Director or a member.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 14: INVENTORIES (Valued at lower of cost or Net realizable value)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Raw materials [Includes material in transit ₹9,252.62 Lakhs; Previous year: ₹13,888.24 Lakhs] | 47,555.45 | 41,406.68 |
| Finished goods | 55,986.80 | 24,134.77 |
| Work-in-progress | 35,593.37 | 27,696.24 |
| Stores and Spares | 4,875.88 | 4,543.70 |
| [Includes stores in transit ₹570.41 Lakhs ; Previous year: ₹367.86 Lakhs] | | |
| Total | 1,44,011.50 | 97,781.39 |

- (a) The cost of inventories recognised as an expense during the year was ₹1,24,457.77 Lakhs (March 31,2022 ₹1,12,091.66 Lakhs)
- (b) The cost of inventories recognised as an expense includes ₹592 Lakhs (31 March, 2022 ₹338.09 Lakhs) in respect of write down of inventories on account of slow moving items.
- (c) Refer to note no. 47 for information of inventory pledged as security by the company.
- (d) The method of valuation of inventories has been stated at Note 2.3(ii)

Note: 15 Cash and Cash Equivalents

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Balances with banks | | |
| In Current accounts | 2,264.75 | 2,833.94 |
| In Cash Credit accounts | 1,054.68 | 1,262.62 |
| Cheques, drafts in hand | 1.50 | - |
| Cash on hand | 7.90 | 6.96 |
| Total cash and cash equivalent | 3,328.83 | 4,103.52 |

Refer Note 46B for Classification of financial assets

Refer Note 46C for information about credit risk and market risk in respect of financial assets

Note:16 Other Bank balances

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| I. Earmarked deposits with banks | | |
| a) Deposits as margin money against LC for Raw Material and capital goods and against Bank Gurantees | 3,193.21 | 1,920.72 |
| b) Held for Unpaid dividend/Unclaimed dividend | 554.69 | 500.07 |
| c) Held for Unspent corporate social responsibility expenditure on account of ongoing projects | 926.16 | - |
| II. Other Deposits with banks/financial Institutions | 61,050.93 | 64,131.28 |
| Less: Bank deposits having maturity period after 12 months from the reporting date (refer note 12) | 20.00 | 10,489.09 |
| Total | 65,704.99 | 56,062.98 |

Refer Note 46B for Classification of financial assets

Refer Note 46C for information about credit risk and market risk in respect of financial assets

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 17 Equity Share Capital

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Authorised | | |
| 5,50,00,000 (Previous year 5,50,00,000) Equity Shares of ₹ 10/- each | 5,500.00 | 5,500.00 |
| 15,00,000 (Previous year 15,00,000) Preference shares of ₹ 100/- each | 1,500.00 | 1,500.00 |
| | 7,000.00 | 7,000.00 |
| Issued, Subscribed and Fully paid-up | | |
| 3,85,95,506 (Previous year 3,85,95,506) Equity Shares of ₹ 10/- each | 3,859.55 | 3,859.55 |
| 1,150 (Previous year 1,150) Forfeited Equity Shares | 0.04 | 0.04 |
| Total | 3,859.59 | 3,859.59 |

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

| Particulars | 2022-23 | | 2021-22 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | No. of Shares | (₹ in Lakhs) | No. of Shares | (₹ in Lakhs) |
| Equity Shares | | | | |
| At the beginning of the year | 3,85,95,506 | 3,859.55 | 3,85,95,506 | 3,859.55 |
| Change during the year | - | - | - | - |
| Outstanding at the end of the year | 3,85,95,506 | 3,859.55 | 3,85,95,506 | 3,859.55 |

b) Terms/Rights attached to equity shares

The Holding 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 except in case of interim dividend.

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, 2023 | | As at 31 st March, 2022 | |
|-----------------------------------|------------------------------------|--------------|------------------------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity Shares | | | | |
| NORBURY INVESTMENTS LIMITED | 53,62,991 | 13.90 | 53,62,991 | 13.90 |
| MICROLIGHT INVESTMENTS LIMITED | 46,65,579 | 12.09 | 46,65,579 | 12.09 |
| BHARAT INVESTMENTS GROWTH LIMITED | 27,34,913 | 7.09 | 24,64,913 | 6.39 |
| LICI ASM NON PAR | 14,80,382 | 3.84 | 21,39,276 | 5.54 |

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 except Bharat Investment Growth Limited, in which significant beneficial owner is Shri Ravi Jhunjhunwala, Chairman, Managing Director & CEO, who is also the promoter of the Company and exercises significant influence over it.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

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

| Particulars | Aggregate No. of Shares | | | | |
|---|-------------------------|---------|---------|---------|-----------|
| | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 |
| a) Equity shares allotted as fully paid up pursuant to contract(s) without payment being received in cash | - | - | - | - | - |
| b) Equity shares allotted as fully paid up by way of bonus shares | - | - | - | - | - |
| c) Equity shares bought back by the company. | - | - | - | - | 13,63,636 |

e) Details of shares held by holding company or its ultimate holding company or their subsidiaries or associates

There is no holding company /ultimate holding company of the company.

f) Details of Shareholdings by the Promoters and Promoter's Group of the Company

| Sr. No. | Name | As at 31 st March, 2023 | | As at 31 st March, 2022 | | % change in the year |
|--------------|--------------------------------------|------------------------------------|-------------------|------------------------------------|-------------------|----------------------|
| | | No of Shares | % of Total shares | No of Shares | % of Total shares | |
| 1 | Ravi Jhunjunwala | 719 | 0.00% | 719 | 0.00% | 0.00% |
| 2 | Riju Jhunjunwala | 1,356 | 0.00% | 1,356 | 0.00% | 0.00% |
| 3 | Rita Jhunjunwala | 1,876 | 0.00% | 1,876 | 0.00% | 0.00% |
| 4 | Rishabh Jhunjunwala | 1,807 | 0.00% | 1,807 | 0.00% | 0.00% |
| 5 | RLJ Family Trusteeship Pvt Ltd. | 500 | 0.00% | 0 | 0.00% | 0.00% |
| 6 | Bharat Investments Growth Ltd. | 27,34,913 | 7.09% | 27,34,913 | 7.09% | 0.00% |
| 7 | Purvi Vanijya Niyojan Ltd. | 18,68,583 | 4.84% | 18,68,583 | 4.84% | 0.00% |
| 8 | LNJ Financial Services Ltd. | 16,48,323 | 4.27% | 16,48,323 | 4.27% | 0.00% |
| 9 | Raghav Commercial Ltd. | 14,48,163 | 3.75% | 14,48,163 | 3.75% | 0.00% |
| 10 | Jet (India) Pvt Ltd. | 10,05,599 | 2.61% | 10,05,599 | 2.61% | 0.00% |
| 11 | Giltedged Industrial Securities Ltd. | 8,87,689 | 2.30% | 8,87,689 | 2.30% | 0.00% |
| 12 | Shashi Commercial Company Ltd. | 6,75,536 | 1.75% | 6,75,536 | 1.75% | 0.00% |
| 13 | M.L. Finlease Pvt Ltd. | 3,46,461 | 0.90% | 3,46,461 | 0.90% | 0.00% |
| 14 | RSWM Ltd. | 3,18,391 | 0.82% | 3,18,391 | 0.82% | 0.00% |
| 15 | India Texfab Marketing Ltd. | 2,06,718 | 0.54% | 2,06,718 | 0.54% | 0.00% |
| 16 | Nivedan Vanijya Niyojan Ltd. * | 0 | 0.00% | 66,684 | 0.17% | (0.17%) |
| 17 | Investors India Ltd. | 36,254 | 0.09% | 36,254 | 0.09% | 0.00% |
| 18 | Dreamon Commercial Pvt Ltd. * | 3,16,516 | 0.82% | | 0.00% | 0.82% |
| 19 | Norbury Investments Ltd. | 53,62,991 | 13.90% | 53,62,991 | 13.90% | 0.00% |
| 20 | Microlight Investments Ltd. | 46,65,579 | 12.09% | 46,65,579 | 12.09% | 0.00% |
| Total | | 2,15,27,974 | 55.78% | 2,12,77,642 | 55.13% | 0.65% |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Sr. No. | Name | As at 31st March, 2022 | | As at 31st March, 2021 | | % change in the year |
|--------------|--------------------------------------|------------------------|-------------------|------------------------|-------------------|----------------------|
| | | No of Shares | % of Total shares | No of Shares | % of Total shares | |
| 1 | Ravi Jhunjunwala | 719 | 0.00% | 5,98,719 | 1.55% | (1.55)% |
| 2 | Riju Jhunjunwala | 1,356 | 0.00% | 2,20,356 | 0.57% | (0.57)% |
| 3 | Rita Jhunjunwala | 1,876 | 0.00% | 2,11,876 | 0.55% | (0.54)% |
| 4 | Rishabh Jhunjunwala | 1,807 | 0.00% | 1,75,807 | 0.46% | (0.45)% |
| 5 | Bharat Investments Growth Ltd. | 27,34,913 | 7.09% | 24,64,913 | 6.39% | 0.70% |
| 6 | Purvi Vanijya Niyojan Ltd. | 18,68,583 | 4.84% | 16,48,583 | 4.27% | 0.57% |
| 7 | LNJ Financial Services Ltd. | 16,48,323 | 4.27% | 13,48,323 | 3.49% | 0.78% |
| 8 | Raghav Commercial Ltd. | 14,48,163 | 3.75% | 14,48,163 | 3.75% | 0.00% |
| 9 | Jet (India) Pvt Ltd. | 10,05,599 | 2.61% | 10,05,599 | 2.61% | 0.00% |
| 10 | Giltedged Industrial Securities Ltd. | 8,87,689 | 2.30% | 4,76,689 | 1.24% | 1.06% |
| 11 | Shashi Commercial Company Ltd. | 6,75,536 | 1.75% | 6,75,536 | 1.75% | 0.00% |
| 12 | M.L. Finlease Pvt Ltd. | 3,46,461 | 0.90% | 3,46,461 | 0.90% | 0.00% |
| 13 | RSWM Ltd. | 3,18,391 | 0.82% | 3,18,391 | 0.82% | 0.00% |
| 14 | India Texfab Marketing Ltd. | 2,06,718 | 0.54% | 2,06,718 | 0.54% | 0.00% |
| 15 | Nivedan Vanijya Niyojan Ltd. | 66,684 | 0.17% | 66,684 | 0.17% | 0.00% |
| 16 | Investors India Ltd. | 36,254 | 0.09% | 36,254 | 0.09% | 0.00% |
| 17 | Norbury Investments Ltd. | 53,62,991 | 13.90% | 53,62,991 | 13.90% | 0.00% |
| 18 | Microlight Investments Ltd. | 46,65,579 | 12.09% | 46,65,579 | 12.09% | 0.00% |
| 19 | Mekima Corporation# | - | 0.00% | 17,32,389 | 4.49% | (4.49)% |
| Total | | 2,12,77,642 | 55.13% | 2,30,10,031 | 59.62% | (4.49)% |

#During the financial year ended 31-03-2022, Mekima corporation has been reclassified from "Promoter and Promoter Group" category to "Public category", after taking necessary approvals from stock exchanges in accordance with Regulation 31A of the Listing Regulations

*Nivedan Vanijya Niyojan Ltd. has been amalgamated with Dreamon Commercial Private Ltd. pursuant to scheme of amalgamation duly approved by NCLT, Kolkata on 12th January 2023

Note: The disclosure of shareholding of Promoter and Promoter's Group is based on shareholding pattern filed with Stock Exchanges under Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 18 Other Equity

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| A. Capital Reserves | | |
| Balance as at the beginning of the year | 10,726.49 | 10,726.49 |
| Add: Additions during the year | - | - |
| Balance as at the end of the year | 10,726.49 | 10,726.49 |
| B. Capital Redemption Reserve | | |
| Balance as at the beginning of the year | 2,029.93 | 2,029.93 |
| Add: Addition during the year | - | - |
| Balance as at the end of the year | 2,029.93 | 2,029.93 |
| C. Retained Earnings | | |
| Balance as at the beginning of the year | 3,74,746.95 | 3,32,802.13 |
| Add: Amount transferred from Statement of Profit and Loss | | |
| - Profit for the year (including share of profit of associates) | 53,240.84 | 43,104.35 |
| - Other comprehensive income for the year | | |
| -Remeasurment of Net Defined Benefit Plan* | (61.84) | (92.22) |
| -Share of Profit of Associates | (12.77) | 1.30 |
| Add: Amount transferred from Other Comprehensive Income | - | 89.25 |
| Less: Dividend distributed on equity shares during the year | 15,438.19 | 1,157.86 |
| Less: Share of direct adjustment in other equity of associates | 997.15 | - |
| Balance as at the end of the year | 4,11,477.84 | 3,74,746.95 |
| *Movement in remeasurment of Net Defined Benefit Plan | | |
| D. Items of other comprehensive income (Remeasurement of Defined benefit plans) | | |
| Balance as at the beginning of the year | - | 89.25 |
| Less: Amount transferred to Retained Earnings | - | (89.25) |
| Remeasurement of Defined benefit plans during the year | | |
| Balance as at the end of the year | - | - |
| Total | 4,24,234.25 | 3,87,503.38 |

NATURE AND PURPOSE OF RESERVES

1) Capital Reserve:

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

2) Capital Redemption Reserve:

The Holding 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.

3) Retained Earnings

Retained earnings refer to net earnings not paid out as dividend but retained by the company to be reinvested in its core business. The amount is available for distribution of dividend to its equity shareholders. Remeasurements of Net Defined Benefit Plans: Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and are adjusted to retained earnings.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 19 Borrowings

| Particulars | Non Current | | Current | |
|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Loans repayable on demand from banks | | | | |
| Working Capital loans from banks | - | - | 74,090.73 | 66,340.05 |
| Total | - | - | 74,090.73 | 66,340.05 |

CURRENT BORROWINGS

| Particulars | Maturity date | Terms of Repayment | Interest Rate | As at 31 st March, 2023 | As at 31 st March, 2022 |
|----------------------------------|--------------------------|--------------------------|----------------------------|---------------------------------------|---------------------------------------|
| LOANS REPAYABLE ON DEMAND | Payable on Demand | Payable on Demand | At negotiated rates | | |
| Secured | | | | | |
| Working Capital from Banks | | | | 69,090.77 | 36,210.12 |
| Unsecured | | | | | |
| Working Capital from Banks | | | | 4,999.96 | 30,129.93 |
| Total | | | | 74,090.73 | 66,340.05 |

- Working Capital Borrowings from Banks are secured by first charge against 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.
- Pari-passu second charge over entire fixed assets (including land & building and plant & machineries) of the Company in respect of Graphite & Thermal Power Unit at Mandideep and Hydel Power unit at Tawa Nagar, Hoshangabad.

Refer Note 46B for Classification of Financial Liabilities

Refer Note 47 for carrying amount of assets pledged as security for borrowings.

Refer note 46C for information about liquidity risk and market risk in respect of borrowings.
- Working capital demand loans**

working capital demand loans are repayable on demand.

Note: 20 Trade Payables

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Trade Payable | | |
| (A) Total outstanding dues of micro enterprises and small enterprises | 2,565.16 | 1,817.35 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 38,629.87 | 42,971.76 |
| Total | 41,195.03 | 44,789.11 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

(i) Trade payables ageing schedule for the year ended as on March 31, 2023 and March 31, 2022:

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|--|--|------------------|-----------|-----------|-------------------|-----------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31st March, 2023 | | | | | | |
| (i) MSME | 2,565.16 | - | - | - | - | 2,565.16 |
| (ii) Others | 30,014.34 | 1,385.90 | 2.15 | 1,888.12 | 157.73 | 33,448.24 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | 1,516.03 | - | - | - | 3,665.61 | 5,181.63 |
| As at 31st March, 2022 | | | | | | |
| (i) MSME | 1,776.21 | 41.14 | - | - | - | 1,817.35 |
| (ii) Others | 36,736.23 | 479.79 | 67.61 | 23.72 | 1,998.80 | 39,306.15 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | 3,665.61 | 3,665.61 |

(ii) Refer Note 46B for Classification of Financial Liabilities

(iii) Refer note 46C for information about liquidity risk in respect of trade payables.

(iv) Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 :

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| a) The amount remaining unpaid to any supplier at the end of each accounting year. | | |
| a) Principal | 2,565.16 | 1,817.35 |
| b) Interest | - | - |
| 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 has 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: The information has been disclosed to the extent such parties have been identified on the basis of information and records available.

NOTE:21A Lease Liabilities

| Particulars | Non- Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Lease Liabilities - Land (refer Note - 41) | 84.16 | 78.33 | 2.07 | 9.71 |
| Lease Liabilities - Building (refer Note - 41) | 53.90 | - | 26.12 | 39.90 |
| | 138.06 | 78.33 | 28.19 | 49.61 |

Refer Note 46B for Classification of financial liabilities

Refer note 46C for information about liquidity risk and market risk in respect of financial liabilities

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

NOTE:21B Other Financial Liabilities

| Particulars | Non- Current | | Current | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Interest accrued but not due on borrowings | - | - | 35.42 | 59.03 |
| Security Deposits | - | - | 146.73 | 130.49 |
| Unpaid dividends-Unclaimed# | - | - | 554.69 | 500.07 |
| Creditors for Capital purchases | - | - | - | - |
| Payable to Micro Enterprises and Small Enterprises | - | - | 1,797.85 | 3,019.70 |
| Payable to other than micro enterprises and small enterprises | - | - | 4,946.62 | 5,802.81 |
| Other payables | - | - | - | - |
| Employees Related | - | - | 2,856.28 | 2,139.89 |
| Others | - | - | 2,039.72 | 2,085.69 |
| | - | - | 12,377.31 | 13,737.68 |

Unpaid dividends do not include any amount which is required to be transferred to the Investor's Education and Protection Fund.

Refer Note 46B for Classification of financial liabilities

Refer note 46C for information about liquidity risk in respect of other financial liabilities.

Note: 22 Provisions

| Particulars | Non- Current | | Current | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Provision for employee benefits | | | | |
| Compensated absences | 305.82 | 381.06 | 71.56 | 77.27 |
| Other provisions | | | | |
| Provision against pending litigations | - | - | 435.47 | 439.05 |
| Total | 305.82 | 381.06 | 507.03 | 516.32 |

Movement of provision against indirect taxes (pending litigations)

| Nature of Provisions | Non- Current | | Current | |
|---|--------------|---------|---------------|---------------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Carrying amount at the beginning of the year | - | - | 439.05 | 439.06 |
| Amount provided made during the year | - | - | - | - |
| Amount reversed during the year | - | - | 3.58 | 0.01 |
| Carrying amount at the end of the year | - | - | 435.47 | 439.05 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 23 Deferred Income Tax Liabilities (Net)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Deferred tax liabilities (A) | | |
| Difference between carrying value of Property plant and equipment as per books of account and Income tax | 8,481.60 | 8,150.00 |
| Fair valuation of Investments | 282.38 | 1,656.64 |
| Deferred tax assets (B) | | |
| Expenses deductible on payment basis under Income tax | 61.91 | 71.87 |
| Allowances for expected credit loss | 22.41 | 105.60 |
| Unabsorbed depreciation and Unused losses | - | - |
| Net Deferred tax Liability (A)-(B) | 8,679.66 | 9,629.17 |

The following is the analysis of the deferred income tax asset/(liability) presented in the Consolidated balance sheet

Movement in deferred income tax assets and liabilities for the year ended 31st March, 2023

| Particulars | As at 1 st April, 2022 | Recognized in the profit or loss | Recognized in OCI | As at 31 st March, 2023 |
|--|--------------------------------------|--|----------------------|---------------------------------------|
| Deferred tax liabilities (A) | | | | |
| Difference between carrying value of Property plant and equipment as per books of account and tax base | 8,150.00 | 331.60 | - | 8,481.60 |
| Fair valuation of Investments | 1,656.64 | (1,374.26) | - | 282.38 |
| Deferred tax assets (B) | | | | |
| Expenses deductible on payment basis under Income tax | 71.87 | (30.77) | 20.80 | 61.91 |
| Allowances for expected credit loss | 105.60 | (83.19) | - | 22.41 |
| Unabsorbed depreciation and Unused losses | - | - | - | - |
| Net Deferred tax Liability (A)-(B) | 9,629.17 | (928.71) | (20.80) | 8,679.66 |

Movement in deferred income tax assets and liabilities for the year ended March 31, 2022

| Particulars | As at 1 st April, 2021 | Recognized in the profit or loss | Recognized in OCI | As at 31 st March, 2022 |
|--|--------------------------------------|--|----------------------|---------------------------------------|
| Deferred tax liabilities (A) | | | | |
| Difference between carrying value of Property plant and equipment as per books of account and tax base | 8,337.35 | (187.35) | - | 8,150.00 |
| Fair valuation of Investments | 2,420.99 | (764.35) | - | 1,656.64 |
| Deferred tax assets (B) | | | | |
| Expenses deductible on payment basis under Income tax | 63.80 | (22.94) | 31.01 | 71.87 |
| Allowances for expected credit loss | 112.86 | (7.26) | - | 105.60 |
| Unabsorbed depreciation and Unused losses | 907.06 | (907.06) | - | - |
| Net Deferred tax Liability (A)-(B) | 9,674.62 | (14.43) | (31.01) | 9,629.17 |

There are no unrecognised deferred tax liabilities as at March 31, 2023 and March 31, 2022. Deferred tax assets and liabilities have been set off as they are governed by the same taxation laws.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 24 Other Liabilities

| Particulars | Non-Current | | Current | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 |
| Deposits from employees against various schemes | 369.60 | 393.06 | 122.52 | 88.01 |
| Advance from Customers | - | - | 147.20 | 310.07 |
| Statutory dues payable | - | - | 288.73 | 310.31 |
| Payable against unspent corporate social responsibility expenditure (Refer note below) | - | 240.46 | 1,029.63 | 1,342.92 |
| Others Payable | - | - | 379.98 | 432.12 |
| Total | 369.60 | 633.52 | 1,968.06 | 2,483.43 |

Note: It represents Corporate Social Responsibility (CSR) expense related to ongoing projects. The same has been transferred to a special account within 30 days from end of financial year as per the provisions of the Companies act. Refer note 43 for more information about Corporate Social Responsibility expense.

Note: 25 Current Tax Asset & Liabilities (Net)

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| Income Tax Assets (Net of Provision of ₹ NIL Lakhs (Previous Year ₹ NIL Lakhs)) | 14,692.15 | 14,665.98 |
| Income Tax Liabilities (Net of Advance Tax of ₹14,673.16 Lakhs (Previous Year ₹12,791.20Lakhs)) | (1,442.60) | (792.34) |
| Total | 13,249.56 | 13,873.64 |

Note: 26 Revenue From Operations

| Particulars | For the Year ended | |
|-------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2023 | 31 st March, 2022 |
| Sale of Products | | |
| Manufactured goods | | |
| Graphite Electrodes (Refer note 50) | 2,39,553.20 | 2,15,268.13 |
| Power | 3,978.38 | 2,43,531.58 |
| Other Operating Income | | |
| REC sales | 731.47 | 468.62 |
| Fly Ash Income | - | 4.52 |
| Export Incentives | 2,460.68 | 2,365.30 |
| | 3,192.15 | 2,838.44 |
| | 2,46,723.73 | 2,20,161.18 |

Refer note 48 for disclosures as per Ind AS 115 "Revenue from Contracts with Customers"

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 27 Other Income

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| Interest Income from financial assets measured at amortized cost | 4,713.06 | 3,117.07 |
| Interest Income from financial assets measured at fair value through Profit or loss | 367.51 | 128.32 |
| Rental Income | 143.15 | 132.21 |
| Net Gain on sale of investment measured at fair value through Profit or loss | 841.74 | 793.06 |
| Net Gain on fair valuation of Investments measured at fair value through Profit or loss | 1,191.78 | 2,625.28 |
| Liabilities / provisions written back (including allowances for expected credit losses) | 528.84 | 251.66 |
| Net Gain on sale of Property plant and equipment | - | - |
| Dividend income from financial assets measured at fair value through Profit or loss | 197.63 | 114.31 |
| Foreign Currency Fluctuation (Net) | 694.24 | 108.58 |
| Miscellaneous | 2,236.06 | 684.08 |
| Total | 10,914.01 | 7,954.57 |

Note: 28 Cost of Materials Consumed

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--------------------------------------|--|--|
| Raw Material Consumed | | |
| Opening Stock | 27,518.43 | 3,531.70 |
| Add : Purchases | 1,42,047.99 | 1,18,029.00 |
| | 1,69,566.43 | 1,21,560.70 |
| Less: Closing Stock | 38,302.83 | 27,518.43 |
| Cost of raw material consumed | 1,31,263.60 | 94,042.27 |

Note: 29 Changes In Inventories of Finished Goods and Work-In-Progress

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| (1) Inventories at the beginning of the period | | |
| Finished Goods | 24,134.77 | 16,799.35 |
| Work-in-progress | 27,696.24 | 23,890.92 |
| Total | 51,831.01 | 40,690.27 |
| (2) Inventories at the end of the period | | |
| Finished Goods | 55,986.80 | 24,134.77 |
| Work-in-progress | 35,593.37 | 27,696.24 |
| Total | 91,580.17 | 51,831.01 |
| Net (increase)/decrease | (39,749.16) | (11,140.74) |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note : 30 Employee Benefits Expense

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| Salaries and Wages | 8,363.22 | 7,330.49 |
| Contribution to Provident and other Funds | 528.85 | 414.00 |
| Staff Welfare expenses | 313.23 | 255.49 |
| Total | 9,205.30 | 7,999.98 |

Note: 31 Finance Costs

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| (i) Interest on Working Capital Borrowings | 2,539.01 | 688.52 |
| (ii) Foreign Exchange Fluctuation on Foreign Currency Loans to the extent regarded as an adjustment to interest costs | 14.44 | 39.69 |
| (iii) Others | | |
| -Interest on lease liabilities | 11.82 | 14.28 |
| -Interest on Income tax | 23.53 | |
| -Others | 12.04 | 6.26 |
| Total | 2,600.84 | 748.75 |

Note: 32 Depreciation and Amortisation Expenses

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| (1) Depreciation of Property Plant and Equipment (Refer note 4) | 10,134.45 | 7,813.04 |
| (2) Depreciation of Right of use assets (Refer note 6) | 53.87 | 68.10 |
| (3) Depreciation on Investment Property (Refer note 7) | 35.85 | 37.75 |
| (4) Amortisation of Intangible assets (Refer note 8) | 6.15 | 9.87 |
| Total | 10,230.33 | 7,928.76 |

Note: 33 Other Expense

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| Consumption of stores and spare parts (Including Refractory Blocks) | 17,818.86 | 15,622.48 |
| Job/Process Charges | 575.94 | 511.26 |
| Power and fuel | 31,590.28 | 27,110.80 |
| Repairs and maintenance | | |
| Plant and Machinery | 3,015.46 | 2,955.79 |
| Building | 415.53 | 493.92 |
| Others | 850.51 | 741.62 |
| Insurance | 1,363.88 | 1,208.56 |
| Rent (Refer Note 41) | 36.88 | 36.88 |
| Rates and taxes | 117.11 | 88.34 |
| Directors' sitting fees and incidental expenses | 70.28 | 55.76 |
| Freight & forwarding | 18,962.01 | 16,667.18 |
| Packing Expenses (including Packing material consumption) | 1,668.82 | 1,765.76 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 33 Other Expenses (Contd.)

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---|--|--|
| Commission | 1,880.45 | 1,751.21 |
| Claims and Rebates | 468.05 | 107.56 |
| Donations | 13.75 | 20.10 |
| Contribution made to Political Parties | - | 10.00 |
| Power generation charges | 467.78 | 236.11 |
| Travelling Expenses | 449.54 | 209.38 |
| Postage and Communication | 66.93 | 45.89 |
| Payment to auditors(Refer details below*) | 41.72 | 33.81 |
| Contribution towards Corporate Social Responsibility(Refer Note 43) | 282.53 | 3,065.47 |
| Legal and Professional | 786.46 | 589.76 |
| Vehicle Running & Maintenance | 75.75 | 67.94 |
| Allowances for Expected Credit Losses | - | - |
| Bad debts | 155.94 | 58.97 |
| Duties and Taxes | 41.47 | 51.10 |
| Net Loss on sale/discard of Property plant and equipments | 34.31 | 281.35 |
| Foreign Currency Fluctuation (Net) | - | - |
| Miscellaneous ** | 2,914.32 | 2,750.11 |
| Total | 84,164.56 | 76,537.17 |

*Payments to the statutory auditors (excluding GST)

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| As auditor | | |
| Statutory audit | 30.50 | 30.00 |
| Other Services | | |
| Tax Audit | 2.00 | 2.00 |
| Certification fees | 5.27 | - |
| Reimbursement of out of pocket expense | 3.95 | 1.81 |
| Total | 41.72 | 33.81 |

**Does not include any item of expenditure of more than 1% of the revenue from operations.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 34. Tax expense

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| A) Tax Expense Recognised in the statement of Profit and Loss | | |
| 1) Current Tax | | |
| Income tax | 15,541.51 | 12,995.77 |
| Income tax - adjustment/(credits) related to previous year | (116.33) | (40.00) |
| 2) Deferred tax | (928.71) | (14.43) |
| | 14,496.46 | 12,941.34 |
| B) Tax Expense recognised in Other Comprehensive Income | | |
| 1) Current Tax | - | - |
| 2) Deferred tax | (20.80) | (31.01) |
| | (20.80) | (31.01) |
| C) Tax expense/(Income) relating to items that are charged or credited directly to equity | | |
| 1) Current Tax | - | - |
| 2) Deferred tax | - | - |

(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 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| Accounting profit before tax | 59,922.28 | 51,999.56 |
| At India's statutory income tax rate of 25.168% | 25.168 | 25.168 |
| Tax as per accounting profit (A) | 15,081.24 | 13,087.25 |
| Add/(Less) : | | |
| Effect of expenses that are not deductible in determining taxable profits | 77.54 | 782.54 |
| Effect of expenses that are deductible in determining taxable profits | (23.19) | (21.68) |
| Tax rate differential and other adjustments on Gain on sale /Fair Valuation of Investments | (544.59) | (899.00) |
| Others | 21.78 | 32.24 |
| Current tax adjustment/(credits) related to previous year | (116.33) | (40.00) |
| Total (B): | (584.78) | (1145.90) |
| Income Tax Expense recognized for the year (A+B) | 14,496.46 | 12,941.34 |

Disclosure in relation to Undisclosed Income

During the year, the Company has not surrendered or undisclosed any income in the tax assessments under the Income Tax Act, 1961. There are no transaction which are not recorded in the books of accounts

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 35 : Other Comprehensive Income

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| (i) Items that will not be reclassified to profit or loss | | |
| -Remeasurement of Defined Benefits Plans | (82.66) | (123.23) |
| Total | (82.66) | (123.23) |

Note 36: Earnings per share

| Particulars | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|--|--|--|
| Profit attributable to equity shareholders of the company | 53,240.84 | 43,104.35 |
| Weighted average number of equity shares for basic/diluted earning per share | 3,85,95,506 | 3,85,95,506 |
| Basic / diluted earning per share(₹) | 137.95 | 111.68 |

* There are no potential equity shares

NOTE: 37 SEGMENT INFORMATION

The Holding 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 (including other carbon products) 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 (including other carbon products)- 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 or 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.

Inter segment transactions are carried out at arm's length price.

Notes to the Consolidate Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

1) Segment Revenue and results

| Particulars | Graphite (including other carbon products) | | Power | | Unallocable items/ Others | | Total |
|--|---|---|---|---|---|---|--------------------|
| | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | |
| Segment Revenue | | | | | | | |
| Turnover | 2,42,013.88 | 2,17,633.43 | 4,709.85 | 2,661.75 | - | 2,46,723.73 | 2,20,295.18 |
| Less: Inter Segment turnover | - | - | - | 134.00 | - | - | 134.00 |
| External Turnover | 2,42,013.88 | 2,17,633.43 | 4,709.85 | 2,527.75 | - | 2,46,723.73 | 2,20,161.18 |
| Segment Result before Interest & taxes | 55,176.36 | 49,981.04 | 1,391.73 | (1,013.68) | (1,159.06) | 55,409.02 | 46,084.59 |
| Add: Interest Income | | | | | | | 3,245.39 |
| Add: Gain on sale of Investments (Including gain/(loss) on Fair Valuation) | | | | | | | 3,418.34 |
| Less: Finance cost | | | | | | | 748.75 |
| Profit before Tax & Share of profit of Associates | | | | | | | 51,992.28 |
| Add: Share of profit of Associates | | | | | | | 4,046.13 |
| Less: Income Tax (including Deferred tax) | | | | | | | 12,941.34 |
| Net Profit for the period | 9,046.60 | 6,729.52 | 1,108.09 | 1,126.02 | 75.64 | 10,230.33 | 43,104.35 |
| Depreciation and amortisation expense | 23.07 | 288.40 | 1.24 | - | 0.00 | 34.31 | 7,928.75 |
| Non Cash Expenses other than depreciation and amortization | | | | | | | 288.40 |

2) Segment assets, liabilities and other details

| Particulars | Graphite (including other carbon products) | | Power | | Unallocable items/ Others | | Company Total |
|--|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------|
| | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 | As at 31 st March, 2023 | As at 31 st March, 2022 | |
| Segment Assets | 3,90,035.09 | 3,20,451.03 | 8,309.66 | 9,191.99 | 1,70,846.77 | 2,01,150.56 | 5,30,793.58 |
| Segment Liabilities | 1,28,428.56 | 1,26,601.31 | 286.94 | 265.15 | 12,386.58 | 12,564.15 | 1,39,430.60 |
| Capital Expenditure incurred during the year | 47,489.26 | 47,995.12 | 282.00 | - | 86.54 | 45.08 | 47,857.80 |
| | | | | | | | 48,040.20 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

3) Details of Unallocated Items

| Assets | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| Property, Plant & Equipments and Investment Property | 960.74 | 509.25 |
| Investments | 85,926.89 | 1,17,085.04 |
| Inventories | 14.68 | 14.68 |
| Cash and Cash Equivalents | 1,225.38 | 455.29 |
| Bank balances other than Cash & Cash equivalents | 65,650.33 | 66,552.07 |
| Financial Assets-Loans | 65.55 | 93.11 |
| Other financial assets | 2,059.06 | 1,587.79 |
| Other Assets | 256.37 | 187.34 |
| Income Tax Asset | 14,692.15 | 14,665.98 |
| Total | 1,70,851.16 | 2,01,150.56 |

| Liabilities | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-----------------------------|---------------------------------------|---------------------------------------|
| Deferred Tax Liabilities | 8,679.66 | 9,629.17 |
| Current Tax Liabilities | 1,442.60 | 792.34 |
| Other Financial Liabilities | 1,867.47 | 1,767.08 |
| Other Liabilities | 259.14 | 249.41 |
| Provisions | 137.72 | 126.15 |
| Total | 12,386.58 | 12,564.15 |

4) Geographical Information:

The company operates in two principal geographical areas-India and Outside India.

| Particulars | Within India # | | Outside India | | Total | |
|-----------------|---|---|---|---|---|---|
| | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
| Segment Revenue | 78,299.78 | 80,277.27 | 1,68,423.95 | 1,39,883.91 | 2,46,723.73 | 2,20,161.18 |

5) The Group is domiciled in India. The Company's revenue from operations from external customers by location of the customers is as follows:

| Revenue from External Customers | For the Year ended 31 st March, 2023 | For the Year ended 31 st March, 2022 |
|---------------------------------|--|--|
| INDIA | 78,299.78 | 81,482.66 |
| UNITED ARAB EMIRATES | 6,169.44 | 2,167.47 |
| JAPAN | 1,000.80 | 1,575.05 |
| EGYPT | 18,141.15 | 10,401.62 |
| KOREA (SOUTH) | 9,872.47 | 8,901.61 |
| SOUTH AFRICA | 3,762.64 | 9,656.21 |
| SPAIN | 12,515.48 | 10,022.58 |
| TURKEY | 11,124.89 | 17,849.76 |
| USA | 41,102.59 | 23,971.08 |
| OTHERS* | 64,734.51 | 54,133.14 |
| Total | 2,46,723.73 | 2,20,161.18 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

*Others includes revenue from countries having less than 5% of total revenue from outside India.

Export incentives have been included in segment revenues within India

6) The Company's major sales are export based which is diversified in different countries and no single customer contributes more than 10% of the total company's revenue in 2022-23 and 2021-22

7) The company has business operations only in India and does not hold any non current asset outside India.

Note: 38 Contingencies and Commitments

1) Contingent Liabilities

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|------------------------------------|---------------------------------------|---------------------------------------|
| For Taxation matters | | |
| a) Excise duty | 238.09 | 220.04 |
| b) Service Tax | - | - |
| c) Goods & Service Tax | 36.70 | - |
| d) Income Tax | 6,576.85 | 6,576.85 |
| e) Sales Tax | 473.91 | 737.15 |
| Other than Taxation matters | | |
| a) Power Related | 655.19 | 3,997.25 |
| b) Labour related matters | 29.20 | 36.48 |
| c) Others | 1,052.70 | 970.00 |

(i) Based on legal advice, discussions with the solicitors, etc., the management believes that there is fair chance of decisions in the company's favor 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. Further Company has deposited amount to the tax authorities against the cases, which shown as payment under protest in Note 13 of Other assets.

(ii) The Holding Company has received a letter dated 2nd May 2023 from the office of General Manager (O&M) M.P MKV Co. Ltd , Bhopal in connection with levy of surcharge/interest on the demand already deposited by the Holding Company in respect of power related matter pertaining to the period prior to March 2011 which has not been charged in the power bills of all the years. As mentioned in the letter , the calculation of surcharge is under progress and shall be intimated to the Holding company. The Holding company has contested such levy and filed petition in the H'ble High Court of Madhya Pradesh on the ground that this demand is time barred in accordance with the provisions of section 56 (2) of the Electricity Act, 2003 which states that no sum due from any customer is recoverable after a period of two years from the date when such sum became first due unless such sum has been showing continuously as recoverable.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

2) Commitment Outstanding

| Particulars | As at | As at |
|---|------------------------------|------------------------------|
| | 31 st March, 2023 | 31 st March, 2022 |
| a) Estimated value of contracts remaining to be executed on capital account and not provided for [(net of advances of ₹ 2767.082 Lakhs, (previous year ₹4729.08 Lakhs.))] | 10,995.51 | 21,981.64 |
| b) Pending export obligation against EPCG/Advance license | 18159.48 | 10848.61 |

Note:39 Related Party Disclosure

A) Names of related parties and transactions taken place during the year

| Relationship | Related Parties | |
|---|---|---|
| | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
| I) Associates | (i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd. | (i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd. |
| II) Subsidiaries of Associates | (i) BG Wind Power Limited (ii) NJC Hydro Power Limited (iii) Chango Yangthang Hydro Power Ltd. (iv) Malana Power Company Ltd. (v) AD Hydro Power Ltd. (vi) Indo Canadian Consultancy Services Ltd. | (i) BG Wind Power Limited (ii) NJC Hydro Power Limited (iii) Chango Yangthang Hydro Power Ltd. (iv) Malana Power Company Ltd. (v) AD Hydro Power Ltd. (vi) Indo Canadian Consultancy Services Ltd. |
| III) Key Management Personnel | Sh. Ravi Jhunjunwala-CMD & CEO Sh. Riju Jhunjunwala-Vice Chairman Sh. Shekhar Agarwal Sh. Satish Chand Mehta Dr. Kamal Gupta - Smt. Vinita Singhania Smt. Ramni Nirula Sh. Jayant Davar Sh. Davinder Kumar Chugh Sh. Manish Gulati - Executive Director Sh. Ankur Khaitan-Managing Director and Chief Executive Officer (TACC Limited) Sh. Gulshan Kumar Sakhuja - Chief Financial Officer Sh. Vivek Chaudhary - Company Secretary | Sh. Ravi Jhunjunwala-CMD & CEO Sh. Riju Jhunjunwala-Vice Chairman Sh. Shekhar Agarwal Sh. Satish Chand Mehta Dr. Kamal Gupta Dr. Om Parkash Bahl (till 29.08.2021) Smt. Vinita Singhania Smt. Ramni Nirula Sh. Jayant Davar Sh. Davinder Kumar Chugh (w.e.f.11.08.2021) Sh. Manish Gulati - Executive Director - Sh. Gulshan Kumar Sakhuja - Chief Financial Officer Sh. Vivek Chaudhary - Company Secretary |
| IV) Close family members of Key Management Personnel | Sh. L.N. Jhunjunwala Smt. Mani Devi Jhunjunwala Sh. Rishabh Jhunjunwala Smt. Rita Jhunjunwala | Sh. L.N. Jhunjunwala Smt. Mani Devi Jhunjunwala Sh. Rishabh Jhunjunwala Smt. Rita Jhunjunwala |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| | | |
|--|--|---|
| V) Post employment benefit plan trust | Hindustan Electro Graphites Staff Gratuity Fund Trust Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust | Hindustan Electro Graphites Staff Gratuity Fund Trust Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust |
| VI) Enterprises in which KMP is able to exercise significant influence and with whom transactions have been taken place during the year | RSWM Ltd. Giltedged Industrial Securities Ltd. Purvi Vanijya Niyojan Ltd. Shashi Commercial Co Ltd. BSL Ltd. Maral Overseas Ltd. BMD Pvt. Ltd. Bharat Investments Growth Limited Jet (India) Pvt. Ltd. India Texfab Marketing Limited Investors India Limited LNJ Financial Services Limited Nivedan Vanijya Niyojan Limited M.L. Finlease Pvt. Limited Raghav Commercial Limited Bhilwara Technical Textiles Ltd. Sabhyata Foundation (Section 8 company) LNJ Bhilwara -HEG Lok Nyas (Trust) Graphite Education & Welfare Society | RSWM Ltd. Giltedged Industrial Securities Ltd. Purvi Vanijya Niyojan Ltd. Shashi Commercial Co Ltd. BSL Ltd. Maral Overseas Ltd. BMD Pvt. Ltd. Bharat Investments Growth Limited Jet (India) Pvt. Ltd. India Texfab Marketing Limited Investors India Limited LNJ Financial Services Limited Nivedan Vanijya Niyojan Limited M.L. Finlease Pvt. Limited Raghav Commercial Limited - Sabhyata Foundation (Section 8 company) LNJ Bhilwara -HEG Lok Nyas (Trust) Graphite Education & Welfare Society |

B Transaction during the year with related parties

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|---------------------------------------|---|--------------------------|---|---|
| I) Associates | Bhilwara Energy Ltd. | Reimbursement received | 2.83 | 0.17 |
| | Bhiwara Infotechnology limited | Maintenance Charges Paid | 0.28 | 1.70 |
| II) Subsidiaries of Associates | Malana Power Co.Ltd. | Reimbursement received | 11.04 | 2.40 |
| | AD Hydro Power Ltd. | Reimbursement received | 13.67 | 0.45 |
| | Indo Canadian Consultancy Services Ltd. | Reimbursement received | 4.31 | 1.38 |
| | BG Wind Power Limited | Reimbursement received | 0.22 | - |
| | NJC Hydro Power Limited | Reimbursement received | - | - |
| | Chango Yangthang Hydro Power Ltd. | Reimbursement received | 0.22 | - |

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|---|---|--|---|---|
| III) Key Management Personnel | Sh. Ravi Jhunjhunwala-CMD & CEO | Salary and Allowances (Including perquisites and Contribution in PF and Superannuation)# | 329.01 | 286.58 |
| | | Commission | 1,810.00 | 1,541.00 |
| | | Dividend Paid | 0.29 | 0.02 |
| | Sh Riju Jhunjhunwala - Vice Chairman | Director sitting fee | 6.20 | 3.60 |
| | | Dividend Paid | 0.54 | 0.04 |
| | | Reimbursement of expenses | 0.27 | 0.21 |
| | Sh. Shekhar Agarwal | Director sitting fee | 6.00 | 6.00 |
| | | Reimbursement of expenses | 0.24 | 0.24 |
| | Sh. Satish Chand Mehta | Director sitting fee | 6.75 | 6.75 |
| | | Reimbursement of expenses | 0.39 | 0.39 |
| | Dr. Kamal Gupta | Director sitting fee | 19.20 | 12.00 |
| | | Reimbursement of expenses | 0.90 | 0.81 |
| | | Dividend Paid | 0.08 | 0.01 |
| | Dr. Om Parkash Bahl | Director sitting fee | - | 4.90 |
| | | Reimbursement of expenses | - | 0.24 |
| | Smt. Vinita Singhania | Director sitting fee | 2.25 | 3.00 |
| | | Reimbursement of expenses | 0.18 | 0.27 |
| | Smt. Ramni Nirula | Director sitting fee | 5.45 | 6.40 |
| | | Reimbursement of expenses | 0.24 | 0.30 |
| | Sh Jayant Davar | Director sitting fee | 9.80 | 5.35 |
| | | Reimbursement of expenses | 0.48 | 0.39 |
| | | Dividend Paid | 0.00 | 0.00 |
| | Sh. Davinder Kumar Chugh | Director sitting fee | 11.45 | 4.70 |
| | | Reimbursement of expenses | 0.48 | 0.21 |
| | Sh. Manish Gulati - Executive Director | Salary and Allowances (Including perquisites and Contribution in PF and Superannuation)# | 128.23 | 127.46 |
| | | Commission | 100.00 | 100.00 |
| | | Housing Loan given | - | 80.00 |
| | | Housing Loan Repayment -Principal | 71.11 | 8.89 |
| | | Housing Loan Repayment - Interest | 0.44 | 0.79 |
| | | Closing Balance as at end of year | - | 71.11 |
| | | Remuneration | 22.79 | - |
| Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Salary and Allowances (Including perquisites and Contribution in PF and Superannuation) | 52.52 | 54.13 | |
| | Housing Loan given | 15.00 | - | |

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|--|---|--|---|---|
| | | Housing Loan Repayment -Principal | 3.03 | 2.67 |
| | | Housing Loan Repayment - Interest | 0.16 | 0.13 |
| | | Closing Balance as at end of year | 13.75 | 1.78 |
| | Sh. Vivek Chaudhary - Company Secretary | Salary and Allowances (Including perquisites and Contribution in PF and Superannuation)# | 33.81 | 33.83 |
| | | Housing Loan given | 7.00 | - |
| | | Housing Loan Repayment -Principal | 0.23 | - |
| | | Housing Loan Repayment - Interest | 0.06 | - |
| | | Closing Balance as at end of year | 6.77 | - |
| | | Dividend Paid | 0.72 | 0.05 |
| | | Dividend Paid | 0.75 | 0.06 |
| IV) Close family members of Key Management Personnel | | Rent Paid | - | 4.72 |
| | V) Post employment benefit Plan Trust | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust | - | - |
| | (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust | 171.23 | 71.85 | |
| VI) Enterprises in which KMP is able to exercise significant influence. | RSWM Ltd. | Rent Paid | 43.52 | 43.52 |
| | | Reimbursement received | 38.66 | 13.66 |
| | | Reimbursement made | 127.55 | 74.70 |
| | Shashi Commercial Co. Ltd. | Dividend Paid | 127.36 | 9.55 |
| | | Rent Paid | 32.44 | 30.86 |
| | | Dividend Paid | 270.21 | 20.27 |
| | | Reimbursement received | 0.22 | - |
| | Purvi Vanijaya Niyojan Ltd. | Rent Paid | 3.50 | 3.50 |
| | | Reimbursement made | 0.33 | 0.33 |
| | | Reimbursement received | 0.30 | - |
| | | Dividend Paid | 747.43 | 56.06 |
| | Giltedged Industrial Securities Ltd. | Rent Paid | 21.90 | 21.45 |
| | | Dividend Paid | 355.08 | 26.63 |
| | | Reimbursement received | 0.37 | 0.13 |
| | BSL Ltd. | Rent Received | 12.19 | 12.19 |
| Purchase of Fabrics | | 3.13 | 2.56 | |
| Reimbursement received | | 0.89 | 0.91 | |
| Maral Overseas Ltd. | Reimbursement received | 18.32 | 4.15 | |
| | BMD Pvt. Ltd. | Reimbursement received | 8.94 | - |

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|--------------|--------------------------------------|--|---|---|
| | Bhilwara Technical Textiles Ltd. | Reimbursement received | 0.37 | - |
| | Bharat Investments Growth Ltd. | Reimbursement received | 0.22 | - |
| | | Dividend Paid | 1,093.97 | 82.05 |
| | Jet (India) Pvt. Ltd. | Dividend Paid | 402.24 | 30.17 |
| | India Texfab Marketing Limited | Dividend Paid | 82.69 | 6.20 |
| | Investors India Limited | Dividend Paid | 14.50 | 1.09 |
| | LNJ Financial Services Limited | Dividend Paid | 659.33 | 49.45 |
| | | Reimbursement received | 0.22 | - |
| | Nivedan Vanijya Niyojan Limited | Dividend Paid | 26.67 | 2.00 |
| | | Reimbursement received | 0.22 | - |
| | M.L. Finlease Pvt. Limited | Dividend Paid | 138.58 | 10.39 |
| | Raghav Commercial Limited | Dividend Paid | 579.27 | 43.44 |
| | | Reimbursement received | 0.22 | - |
| | Sabhyata Foundation | Donation under Corporate Social Responsibility (CSR) | 350.00 | 250.00 |
| | LNJ Bhilwara -HEG Lok Nyas | Donation under Corporate Social Responsibility (CSR) | 69.65 | 35.29 |
| | Graphite Education & Welfare Society | Donation under Corporate Social Responsibility (CSR) | 9.61 | - |

C) Details of Outstanding Balances as at the end of year

| Sl. No. | Related Party | Name of the Related Party | Particulars | As At 31 st March, 2023 | As At 31 st March, 2022 |
|---------|--------------------------|---|---|------------------------------------|------------------------------------|
| 1 | Associates | Bhilwara Energy Ltd. | Investments | 30,711.50 | 30,711.50 |
| | | | Loan and Advances given | 0.11 | 0.11 |
| | | Bhilwara Infotechnology Ltd | Investments | 419.00 | 419.00 |
| 2 | Key Management Personnel | Sh Manish Gulati - Executive Director | Loan Outstanding at the end of the year | - | 71.11 |
| | | Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Loan Outstanding at the end of the year | 13.75 | 1.78 |
| | | Sh. Vivek Chaudhary-Company Secretary | Loan Outstanding at the end of the year | 6.77 | - |

Note: There is no provision for doubtful debts related to amount of outstanding balances due from related parties.

D) Commitments with Related Parties

| Particulars | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|---|---|---|
| The Company has with RSWM Ltd. on joint and several basis provided guarantee in favor of International Finance Corporation (IFC) on behalf of AD Hydro Power Ltd. | 0.00 | 0.00 |

Note: The loan availed against which guarantee was given have been repaid during financial year ended 31 March 2022 and accordingly there is no guarantee outstanding as on 31st March 2023

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

E) Transactions with Key Managerial Personnel

| Particulars | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|---|---|---|
| Short term benefits | 2,396.60 | 2,092.82 |
| Post employment benefits# | 56.96 | 50.19 |
| Director's Sitting Fee | 67.10 | 52.70 |
| Reimbursement of expenses and Incidental expenses | 3.18 | 3.06 |
| Dividend paid | 0.91 | 0.07 |
| Housing loan given | 22.00 | 80.00 |
| Housing loan repayment -principle | (74.37) | (11.56) |
| Housing loan repayment -interest | (0.66) | (0.92) |

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.

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of the business and on arm's length basis. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party as at March 31, 2023 and March 31, 2022 .

For the year ended 31st March, 2023, the group has not recorded any impairment in respect of any bad or doubtful debts due from related parties (March 31, 2022: Nil).

Note : 40 Indian Accounting Standard-19 Employee Benefits

(A) Defined Contribution Plan

The group makes Contribution to Provident fund, ESIC and retirement benefits plans for eligible employees under the scheme and recognised as expense and included in the Note no. 30 Employee Benefits under the head "Contribution to Provident and other Funds". The details are as under:

| Particulars | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
|--|---|---|
| Employer's contribution to Provident Fund (incl. admin and other expenses) | 342.64 | 324.69 |
| Employer's contribution to Superannuation Fund | 171.23 | 71.85 |
| Employer's contribution to ESIC | 14.98 | 17.47 |

(B) Defined Benefit Plan

The group sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trust is responsible for investment policy with regard to the assets of the trust and the contributions are invested in a scheme with Life Insurance Corporation of India (LIC) as permitted by Law. The management of fund is entrusted with the LIC. The liability for employee gratuity is determined on actuarial valuation using projected unit credit method.

These plans typically expose the group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment Risk

The probability or likelihood of occurrence of losses related to the expected return on investment. If the actual return on Plan assets is below the expected return, it will create Plan deficit.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

(ii) Interest Risk

The plan exposes the group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

(iii) Longevity Risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

(iv) Salary Risk

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The following table set out the funded status of the gratuity plan and amounts recognised in the balance sheet:

| Particulars | As At 31 st March, 2023 | As At 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| I. Movement in the present value of Defined Benefit Obligation: | | |
| Present Value of Defined benefit obligation at the beginning of the year | 1,157.86 | 1,091.32 |
| Current Service Cost | 72.49 | 67.54 |
| Interest Cost | 84.06 | 73.66 |
| Past Service Cost including curtailment (Gains)/Losses | - | - |
| Benefits paid | (69.91) | (187.68) |
| Actuarial Changes (Gain)/Loss | (2.86) | 113.02 |
| Present Value of Defined benefit obligation at the end of the year | 1,241.64 | 1,157.86 |
| II. Movement in fair value of Plan assets: | | |
| Fair Value of Plan Assets at the beginning of the year: | 1,769.18 | 1,680.85 |
| Interest Income | 128.44 | 113.46 |
| Company's Contribution | - | - |
| Benefits paid | - | (14.92) |
| Remeasurement- Return on plan assets excluding amount included in interest income | (85.52) | (10.21) |
| Fair Value of Plan Assets at the end of the year | 1,812.11 | 1,769.18 |
| III. Net Assets/(liability) recognized in Balance Sheet: | | |
| Present value of defined benefit obligation | 1,241.64 | 1,157.86 |
| Fair Value on Plan Assets | 1,812.11 | 1,769.18 |
| Surplus/(Deficit) | 570.47 | 611.81 |
| Effect of asset ceiling if any | - | - |
| Net Assets/(Liability) recognized in balance sheet | 570.47 | 611.81 |
| IV (a) Amount recognized in Statement of Profit and Loss | | |
| Current Service Cost | 72.49 | 67.54 |
| Net Interest expense on net defined benefit liability / (asset) | (44.38) | (39.79) |
| Net Cost | 28.10 | 27.74 |

The above amount has been included in Note-30 Employee benefit expenses under the head Salaries and wages in the statement of Profit and Loss

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|---------------------------------------|---------------------------------------|
| IV (b) Amount recognized in Other Comprehensive Income | | |
| Actuarial Gain/ (Loss) on Obligation | 2.86 | (113.02) |
| Remeasurement- Return on plan assets (excluding amount included in net Interest on net defined benefit liability/(asset)) | (85.52) | (10.21) |
| Net Income/(Expense) for the period Recognised in OCI | (82.66) | (123.23) |
| V. Bifurcation of Actuarial Gain/Loss on obligation. | | |
| 1. Actuarial changes arising from changes in demographic assumptions (Gain/ (Loss)) | - | - |
| 2. Actuarial changes arising from changes in financial assumptions (Gain/ (Loss)) | (18.10) | (49.58) |
| 3. Actuarial changes arising from changes in experience adjustments (Gain/ (Loss)) | 15.24 | 162.60 |
| 4 Acturial Gain/(loss) arising for the year on Plan Assets | (85.52) | (10.21) |
| VI. The major categories of plan assets as a percentage of the fair value of total plan assets : | | |
| Insurer Management Fund | 100% | 100% |
| VII. The Principal assumptions used for the purpose of actuarial valuation are as follows: | | |
| Discount Rate (per annum) | 7.44% | 7.26% |
| Salary escalation (per annum) | 5.00 | 5.00 |
| Retirement age | 58/60 | 58/60 |
| Mortality Rate during employment | 100% of IALM (2012 - 14) | 100% of IALM (2012 - 14) |
| The cost of the defined benefit plans and other long term benefits are 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 the discount rate, future salary increases and mortality rate. Due to the complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method. | | |
| VIII. Withdrawal rates: | | |
| Age: | | |
| Upto 30 years | 3.00 | 3.00 |
| From 31 to 44 years | 2.00 | 2.00 |
| Above 44 years | 1.00 | 1.00 |
| IX.Sensitivity Analysis of the defined benefit obligation. | | |
| Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity is computed by varying one actuarial assumption used for valuation of defined benefit obligation by 0.50% keeping all other actuarial assumptions constant. There is no change from the previous period in the methods and assumptions used in preparing the sensitivity analysis. | | |
| a) Impact of the change in discount rate | | |
| Impact due to increase of 0.50%-Increase(Decrease) in obligation | (48.09) | 45.33 |
| Impact due to decrease of 0.50 %-Increase(Decrease) in obligation | 51.60 | (48.67) |
| b) Impact of the change in salary increase | | |
| Impact due to increase of 0.50%-Increase(Decrease) in obligation | 44.72 | (44.26) |
| Impact due to decrease of 0.50 %-Increase(Decrease) in obligation | (42.73) | 42.42 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| X.The defined benefit obligation shall mature after the year end as follows: | 31 st March, 2023 | 31 st March, 2022 |
|--|------------------------------|------------------------------|
| a) 0-1 year | 92.22 | 100.74 |
| b) 1-2 year | 100.48 | 62.35 |
| c) 2-3 year | 67.65 | 102.17 |
| d) 3-4 years | 93.59 | 58.55 |
| e) 4-5 years | 109.26 | 80.99 |
| g) More than 5 years | 778.43 | 753.05 |

XI. The Group expects to make a contribution of ₹ 41.14 Lakhs (31st March, 2022 ₹ 32.98 lakhs) to defined benefit plans during the financial year 2023-24.

(C) Other long term employee benefits (Compensated absences)

- (i) Amount recognized towards compensated absences in statement of profit and loss in Note no. 30 Employee Benefit Expense under the head salaries and wages is ₹(66.60) Lakhs (previous year ₹ 102.61 Lakhs)
- (ii) Liability towards compensated absences as at the end of the year is as under:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-----------------------|------------------------------------|------------------------------------|
| Current liability | 71.56 | 77.27 |
| Non-current liability | 305.82 | 381.06 |

Note:41 Leases

(i) Company as a lessee

- (a) The depreciation expense on ROU assets of ₹53.94 Lakhs (previous year ₹68.10 Lakhs) is included under depreciation and amortization expense in the statement of Profit and Loss.
- (b) Interest expense on the lease liability amounting to ₹11.82 Lakhs (previous year ₹14.28 Lakhs) has been included a component of finance costs in the statement of Profit and Loss.
- (c) The change in the carrying value of Right of Use asset during the year is as under:

| Particulars | Gross Carrying Value | Depreciation | Net Carrying Value |
|------------------------------|----------------------|---------------|--------------------|
| (i) Land | | | |
| As at April 1, 2021 | 840.16 | 237.61 | 602.55 |
| Addition during the year | 49.74 | - | |
| Depreciation during the year | - | 15.57 | |
| As at March 31, 2022 | 889.90 | 253.18 | 636.72 |
| As at April 1, 2022 | 889.90 | 253.18 | 636.72 |
| Addition during the year | - | - | |
| Depreciation during the year | - | 15.51 | |
| As at March 31, 2023 | 889.90 | 268.69 | 621.20 |
| (ii) Buildings | | | |
| As at April 1, 2021 | 179.98 | 73.61 | 106.37 |
| Addition during the year | - | - | |
| Adjustments during the year | (23.86) | - | |
| Depreciation during the year | - | 52.53 | |
| As at March 31, 2022 | 156.12 | 126.14 | 29.98 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Gross Carrying Value | Depreciation | Net Carrying Value |
|------------------------------|----------------------|---------------|--------------------|
| As at April 1, 2022 | 156.12 | 126.14 | 29.98 |
| Addition during the year | 87.17 | - | |
| Adjustments during the year | (0.00) | - | |
| Depreciation during the year | - | 38.36 | |
| As at March 31, 2023 | 243.29 | 164.50 | 78.79 |

(d) The following is the break-up of current and non-current lease liabilities

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------------|------------------------------------|------------------------------------|
| Current lease liabilities | 28.19 | 49.61 |
| Non Current lease liabilities | 138.06 | 78.33 |
| Total | 166.25 | 127.94 |

(e) The following is the movement in lease liabilities

| Particulars | For the Year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|---|---|
| Balance at the beginning of the year | 127.94 | 154.38 |
| Additions during the year | 87.17 | 49.74 |
| Adjustments during the year | - | (23.28) |
| Finance cost accrued during the year | 11.82 | 14.28 |
| Payment of lease liabilities | 60.68 | 67.17 |
| Balance at the end of the year | 166.25 | 127.94 |

(f) The table below provides details regarding the contractual maturities of lease liabilities:

| Particulars | For the Year ended 31 st March, 2023 | | For the year ended 31 st March, 2022 | |
|--|---|---------------------------|---|---------------------------|
| | Minimum Payments | Present value of payments | Minimum Payments | Present value of payments |
| With in one year | 41.60 | 39.47 | 51.59 | 49.61 |
| After one year but not more than 5 years | 97.55 | 79.27 | 40.96 | 29.63 |
| More than 5 years | 324.50 | 47.51 | 338.21 | 48.70 |
| Total Minimum lease payments | 463.64 | 166.25 | 430.76 | 127.94 |
| Less: Amount representing finance charges | 297.39 | | 302.82 | |
| Present value of minimum lease payments | 166.25 | 166.25 | 127.94 | 127.94 |

The Group does not face liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. The discount rate applied to lease liabilities is 7% p.a.

(g) Lease Commitments

The group incurred ₹36.88 Lakhs (previous year ₹36.88 Lakhs) for the year ended March 31, 2023 towards expense relating to short-term leases having tenure of less than 12 months. The amount of lessee's lease commitments for short term leases is as hereunder:

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------|---------------------------------------|---------------------------------------|
| Not later than one year | 15.37 | 33.81 |

(ii) As a lessor

The group has given on lease building under operating lease. The Rental income recorded for the year ended March 31, 2023 is ₹ 143.15 Lakhs (previous year ₹132.21 Lakhs). In accordance with Indian Accounting Standard (Ind AS-116) on 'Leases', disclosure of the future minimum lease income in the aggregate and for each of the following periods is as follows:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|---------------------------------------|---------------------------------------|
| (i) Not later than one year | 134.79 | 134.72 |
| (ii) Later than one year and not later than five years | 287.72 | 411.87 |
| (iii) Later than five years | - | 0.00 |
| Total | 422.51 | 546.59 |

Note:42 Events after the Reporting Period

The Board of directors have recommended the payment of Final dividend of ₹42.5/- per equity share (previous year ₹40/- per equity share) which is subject to the approval of Shareholders in the Annual General meeting.

Note 43 Corporate Social Responsibility(CSR)

The Company meeting the applicable threshold under Section 135 of the Companies Act, 2013 ("Act") read with related rules thereto, is mandatorily required to spent at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The funds were utilized throughout the year on the activities which are specified in Schedule VII of the Companies Act, 2013.

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|--|---|--|
| (i) Amount required to be spent by the company during the year | 282.53 | 3,065.47 |
| (ii) Amount of expenditure incurred: | | |
| a) Construction/ acquisition of any asset | Nil | Nil |
| b) On purposes other than (a) above | 172.94 | 1,482.09 |
| (iii) Shortfall at the end of the year | 109.59 | 1,583.38 |
| (iv) Total of previous years shortfall | 1,583.38 | - |
| (v) Reason for shortfall | Pertains to ongoing projects | Pertains to ongoing projects |
| (vi) Nature of CSR activities | Eradication of hunger and malnutrition, Promoting gender equality, empowering women, setting up homes and hostels for women, old age persons and orphans, promoting education, art and culture, healthcare, environment sustainability, Protection of national heritage, art and culture, and rural development projects. | |
| (vii) Details of related party transactions | Refer note no. 39 of the financial statements | Refer note no. 39 of the financial statements |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note: 44 Capitalization of Pre-Operative Expenditure

| The following expenditure has been included under Capital work in progress: | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| Bank and LC charges | 168.53 | 229.12 |
| Travelling expenses | 3.15 | 7.83 |
| Power cost | 54.58 | 65.65 |
| Consultancy | 488.48 | - |
| Insurance & Other Charges | 560.48 | 221.16 |
| Borrowing Costs | - | - |
| Total | 1,275.22 | 523.76 |

The amount capitalized during the year is ₹3455.81 Lakhs (Previous year ₹Nil)

The amount pending for capitalization included in Capital Work in Progress as on 31st March 2023 is ₹47,200.80 Lakhs (31st March 2022 ₹69,607.56 Lakhs)

Note: 45 Details of Loans given, Investments made and Guarantee given covered U/S 186(4) of the Companies Act, 2013

| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| I. Guarantee given | | |
| As at the beginning of the year | - | 600.00 |
| Add: Given during the year | - | - |
| Less: Terminated during the year | - | 600.00 |
| As at the end of the year | - | - |
| II. Investment made (For detail of investments made, refer note no. 9) | | |
| As at the beginning of the year | 31,130.50 | 31,130.50 |
| Add: Investments made during the year | - | - |
| Less: Investments sold during the year | - | - |
| As at the end of the year | 31,130.50 | 31,130.50 |

Note: In line with Circular No 04/2015 issued by Ministry of Corporate Affairs dated 10th March, 2015, loans given to employees (including loan to whole time director in the capacity of employee) as per the respective Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013

Note : 46 Financial Instruments and Risk Management

46A. Capital Management

The group'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.

The group monitors capital using a gearing ratio, which is net debt (net of cash and cash equivalents) divided by total equity.

The group is not subject to any externally imposed capital requirements.

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(i) The gearing ratios were as follows:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---------------------------------|------------------------------------|------------------------------------|
| a) Debt* | 74,090.73 | 66,340.05 |
| b) Cash & Cash Equivalents | (3,328.83) | (4,103.52) |
| (c) Net Debt (a)+(b) | 70,761.90 | 62,236.52 |
| Total equity | 4,28,093.85 | 3,91,362.98 |
| Net Debt to Equity Ratio | 0.17 | 0.16 |

* Debt is defined as long- term and short-term borrowings (excluding derivative, financial guarantee contracts and contingent consideration), refer note 19 for the details of borrowings.

(ii) Loan Covenants:

The group is long term debt free as on reporting period.

Note 46B. Financial Instruments- Accounting Classification and Fair Value Measurement

(a) Classification of Financial instruments

As at 31st March, 2023

| Particulars | Carrying amount | | | | | | Total carrying amount | Total Fair Value |
|--|--------------------|-------------------------------------|-----------|--------------------------------------|------------------|--------------------|-----------------------|------------------|
| | at Amortised cost | At fair value through OCI | | At fair value through profit or loss | | | | |
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | | |
| Financial assets | | | | | | | | |
| Investments (refer note 9) # | | | | | | | | |
| -Equity instruments | - | | | 0.01 | | 0.01 | 0.01 | |
| -Fixed Maturity Plans | | | | 8,356.92 | | 8,356.92 | 8,356.92 | |
| -Mutual Funds | | | | 6,652.88 | | 6,652.88 | 6,652.88 | |
| -Bond funds | | | | 8,583.52 | | 8,583.52 | 8,583.52 | |
| -Infra Trust | | | | 6,028.00 | | 6,028.00 | 6,028.00 | |
| -Bonds | 4,678.25 | | | | | 4,678.25 | 4,678.25 | |
| Trade Receivables (refer note 10) | 48,913.99 | | | - | | 48,913.99 | 48,913.99 | |
| Cash and Cash Equivalents (refer note 15) | 3,328.83 | | | - | | 3,328.83 | 3,328.83 | |
| Other Bank balances (refer note 16) | 65,704.99 | | | | | 65,704.99 | 65,704.99 | |
| Loans (refer note 11) | 137.77 | | | - | | 137.77 | 137.77 | |
| Other financial assets (refer note 12) | 5,607.33 | | | | | 5,607.33 | 5,607.33 | |
| Derivative financial instruments (refer note 12) | - | | | - | 274.05 | 274.05 | 274.05 | |
| Total Financial Assets | 1,28,371.14 | - | - | - | 29,895.38 | 1,58,266.52 | 1,58,266.52 | |
| Financial Liabilities | | | | | | | | |
| Borrowings (refer note 19) | 74,090.73 | | | | | 74,090.73 | 74,090.73 | |
| Trade Payables (refer note 20) | 41,195.03 | | | | | 41,195.03 | 41,195.03 | |
| Lease liabilities (refer note 21A) | 166.25 | | | | | 166.25 | 166.25 | |

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for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Carrying amount | | | | | Total carrying amount | Total Fair Value |
|---|--------------------|-------------------------------------|-----------|--------------------------------------|-----------|-----------------------|--------------------|
| | at Amortised cost | At fair value through OCI | | At fair value through profit or loss | | | |
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | |
| Other Financial Liabilities (refer note 21B) | 12,377.31 | | | | - | 12,377.31 | 12,377.31 |
| Derivative financial instruments (refer note 21B) | - | | | | - | - | - |
| Total Financial Liabilities | 1,27,829.32 | - | - | - | - | 1,27,829.32 | 1,27,829.32 |

As at 31st March, 2022

| Particulars | Carrying amount | | | | | | Total carrying amount | Total Fair Value |
|---|--------------------|-------------------------------------|-----------|--------------------------------------|------------------|--------------------|-----------------------|------------------|
| | at Amortised cost | At fair value through OCI | | At fair value through profit or loss | | | | |
| | | Designated upon initial recognition | Mandatory | Designated upon initial recognition | Mandatory | | | |
| Financial assets | | | | | | | | |
| Investments (refer note 9) # | | | | | | | | |
| -Equity instruments | - | | | 0.01 | | 0.01 | 0.01 | |
| -Fixed Maturity Plans | | | | 35,264.71 | | 35,264.71 | 35,264.71 | |
| -Mutual Funds | | | | 29,671.73 | | 29,671.73 | 29,671.73 | |
| -Bond funds | | | | 1,949.59 | | 1,949.59 | 1,949.59 | |
| -Infra Trust | | | | 5,376.80 | | 5,376.80 | 5,376.80 | |
| Trade Receivables (refer note 10) | 58,917.28 | | | - | | 58,917.28 | 58,917.28 | |
| Cash and Cash Equivalents (refer note 15) | 4,103.52 | | | - | | 4,103.52 | 4,103.52 | |
| Other Bank balances (refer note 16) | 56,062.98 | | | | | 56,062.98 | 56,062.98 | |
| Loans (refer note 11) | 154.83 | | | - | | 154.83 | 154.83 | |
| Other financial assets (refer note 12) | 15,675.90 | | | | | 15,675.90 | 15,675.90 | |
| Derivative financial instruments (refer note 12) | - | | | - | 9.52 | 9.52 | 9.52 | |
| Total Financial Assets | 1,34,914.51 | - | - | - | 72,272.36 | 2,07,186.87 | 2,07,186.87 | |
| Financial Liabilities | | | | | | | | |
| Borrowings (refer note 19) | 66,340.05 | | | | | 66,340.05 | 66,340.05 | |
| Trade Payables (refer note 20) | 44,789.11 | | | | | 44,789.11 | 44,789.11 | |
| Lease liabilities (refer note 21A) | 127.94 | | | | | 127.94 | 127.94 | |
| Other Financial Liabilities (refer note 21B) | 13,737.68 | | | | | 13,737.68 | 13,737.68 | |
| Derivative financial instruments (refer note 21B) | - | | | | | - | - | |
| Total Financial Liabilities | 1,24,994.78 | - | - | - | - | 1,24,994.78 | 1,24,994.78 | |

Investment value excludes investment in Associates of ₹51,627.31 lakhs (March 31st, 2022: ₹44,822.21 lakhs) which are shown in balance sheet using Equity method as per Ind AS 28 "Investment in Associate and Joint Venture".

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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.

(b) Fair value Measurement

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of inputs used in determining fair values, the group has classified its financial instruments into three levels prescribed under the accounting standards.

Level 1: Quoted prices (unadjusted) in the active markets for identical assets or liabilities

Level 2: Other techniques for which all the inputs 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. Sensitivity of Level 3 Financial Instruments is insignificant

| As at 31 st March, 2023 | | | | |
|--|------------------|-------------|------------------|-----------------|
| Particulars | Carrying amount | Fair value | | |
| | | Level 1 | Level 2 | Level 3 |
| Financial assets measured at Fair value through profit or loss | | | | |
| Investments | | | | |
| -Equity instruments (excluding investment in associates) | 0.01 | 0.01 | | |
| -Fixed Maturity Plans | 8,356.92 | - | 8,356.92 | - |
| -Mutual Funds | 6,652.88 | - | 6,652.88 | - |
| -Bond Funds | 8,583.52 | - | 8,583.52 | - |
| -Infra Trust | 6,028.00 | - | - | 6,028.00 |
| Derivative financial instruments | 274.05 | - | 274.05 | - |
| Total | 29,895.38 | 0.01 | 23,867.36 | 6,028.00 |
| Financial Liabilities measured at Fair value through profit or loss | | | | |
| Derivative financial instruments | - | - | - | - |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

| As at 31 st March, 2022 | | | | |
|---|------------------|-------------|------------------|-----------------|
| Particulars | Carrying amount | Fair value | | |
| | | Level 1 | Level 2 | Level 3 |
| Financial assets measured at Fair value through profit or loss | | | | |
| Investments | | | | |
| -Equity instruments (excluding investment in associates) | 0.01 | 0.01 | - | - |
| -Fixed Maturity Plans | 35,264.71 | - | 35,264.71 | - |
| -Mutual Funds | 29,671.73 | - | 29,671.73 | - |
| -Bond Funds | 1,949.59 | - | 1,949.59 | - |
| -Infra Trust | 5,376.80 | - | - | 5,376.80 |
| Derivative financial instruments | 9.52 | - | 9.52 | - |
| Total | 72,272.36 | 0.01 | 66,895.55 | 5,376.80 |

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All amounts are in ₹ Lakhs unless otherwise stated

| Financial Liabilities measured at Fair value through profit or loss | | | | |
|---|----------|----------|----------|----------|
| Derivative financial instruments | - | - | - | - |
| Total | - | - | - | - |

The following methods and assumptions were used to estimate the fair values:

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Investments in mutual funds/ Fixed Maturity Plans/Bond funds : Fair value is determined by reference to quotes from the financial institutions, i.e. net asset value (NAV) declared by fund house.

Investment in Market Linked Non-convertible debentures: Fair value is determined by reference to valuation provided by CRISIL.

Investment in Infrastructure Trust: Fair value is derived on the basis of valuation certificate by independent professional based on net asset at fair value approach, in this approach the net asset at fair value is used to capture the fair value of these investments.

Derivative contracts: The group has entered into foreign currency contracts to manage its exposure to fluctuations in foreign exchange rates . These financial exposures are managed in accordance with the respective Company's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data, i.e., mark to market values determined by the Authorised Dealers Banks.

(c) Reconciliation of Level 3 fair value measurements is given below:

| Particulars | Amount |
|---|-----------------|
| As at April 1, 2021 | 5,253.60 |
| Additions during the year | - |
| Sales during the year | - |
| Gain/(loss) recognised in profit and loss on fair value changes | 123.20 |
| As at March 31, 2022 | 5,376.80 |
| Additions during the year | - |
| Sales during the year | - |
| Gain/(loss) recognised in profit and loss on fair value changes | 651.20 |
| As at March 31, 2023 | 6,028.00 |

Note : 46C Financial Risk Management

This note explains the risk which group is exposed to and policies and framework adopted by the group to manage these risks.

The group's principal financial liabilities comprise borrowings, trade and other payables and the main purpose of these financial liabilities is to manage finances for the day to day operations of the group. The group's principal financial asset includes trade and other receivables, and cash and bank balances that arise directly from its operations.

The corporate treasury department reports quarterly to the respective Company's risk management Committee, an independent body who monitors risk and policies implemented to mitigate risk exposures.

The group is exposed to market risk, credit risk and liquidity risk. The respective company's senior management oversees the management of these risks. It is the group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors of the Holding Company reviews and approves policies for managing each of these risks, which are summarized below.

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(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: currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks.

(i) Foreign Currency Risk:

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD and EURO. The group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to accounts receivable and accounts payable. The use of foreign currency forward contracts is governed by the respective Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the respective Company's Risk Management Policy. The group does not use forward contracts for speculative purposes.

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

| Category | Currency | Nature | As at 31 st March, 2023 | | | As at 31 st March, 2022 | | |
|---------------------|----------|--------|------------------------------------|------------------|---------------|------------------------------------|----------------|---------------|
| | | | No. of contracts | (USD) (in Lakhs) | (INR) (Lakhs) | No. of contracts | (USD) in Lakhs | (INR) (Lakhs) |
| Against receivables | USD/ INR | Sold | 17 | 315.00 | 25,898.32 | 8 | 95.00 | 7,201.67 |

The line item in the Balance Sheet that includes the above hedging instruments are "other financial assets and other financial liabilities".

b) Particulars of foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period is as follows:

| Particulars | Currency | As at 31 st March, 2023 | | As at 31 st March, 2022 | |
|---|----------|------------------------------------|----------------------------|------------------------------------|----------------------------|
| | | Amount in FC (in Lakhs) | Amount in INR (₹ in Lakhs) | Amount in FC (in Lakhs) | Amount in INR (₹ in Lakhs) |
| I. Financial Liabilities | | | | | |
| Loan (A) | USD | - | - | 38.00 | 2,880.67 |
| | Euro | - | - | 110.00 | 9,312.59 |
| Creditors (B) | USD | 123.02 | 10,114.48 | 385.49 | 29,223.22 |
| | Euro | 11.77 | 1,054.64 | 22.41 | 1,897.00 |
| Other payables (C) | USD | 25.59 | 2,103.96 | 15.73 | 1,192.17 |
| | Euro | 9.99 | 895.14 | 6.66 | 563.57 |
| Total exposure to foreign currency risk (liabilities) (D=A+B+C) | USD | 148.61 | 12,218.45 | 439.22 | 33,296.06 |
| | Euro | 21.76 | 1,949.78 | 139.06 | 11,773.16 |
| II. Financial Assets | | | | | |
| Trade receivables (E) | USD | 326.62 | 26,853.85 | 401.13 | 30,408.24 |
| | Euro | 81.34 | 7,288.33 | 110.42 | 9,347.99 |
| Bank Balances (F) | USD | 10.52 | 865.01 | | |
| | Euro | 0.00 | 0.22 | | |

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| Particulars | Currency | As at 31 st March, 2023 | | As at 31 st March, 2022 | |
|---|----------|------------------------------------|----------------------------|------------------------------------|----------------------------|
| | | Amount in FC (in Lakhs) | Amount in INR (₹ in Lakhs) | Amount in FC (in Lakhs) | Amount in INR (₹ in Lakhs) |
| Total exposure to foreign currency risk (assets) (G=E+F) | USD | 337.14 | 27,718.86 | 401.13 | 30,408.24 |
| | Euro | 81.34 | 7,288.55 | 110.42 | 9,347.99 |
| Net exposure to foreign currency risk after considering natural hedge- Receivable/ (Payable) (H=G-D) | USD | 188.53 | 15,500.41 | (38.09) | (2,887.82) |
| | Euro | 59.58 | 5,338.77 | (28.65) | (2,425.17) |
| Foreign currency forward contracts outstanding in respect of receivables (I) | USD | 315.00 | 25,898.32 | 95.00 | 7,201.67 |
| | Euro | - | - | - | - |
| Foreign currency forward contracts outstanding in respect of Payables (J) | USD | - | - | - | - |
| | Euro | - | - | - | - |
| Net exposure to foreign currency risk in respect of receivables after considering natural hedge and forward contracts # (G-I) | USD | - | - | - | - |
| | Euro | 59.58 | 5,338.77 | - | - |
| Net exposure to foreign currency risk in respect of Payables after natural hedge and considering forward contracts # (G-I) | USD | - | - | (38.09) | (2,887.82) |
| | Euro | - | - | (28.65) | (2,425.17) |

to the extent of receivable/payable in books of account

(c) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments .

The following table demonstrates the sensitivity in the USD and Euro to the Indian Rupee with all other variables held constant and its impact on the Group's profit before tax :

| Particulars | Impact on Profit | |
|---|---|---|
| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
| USD Sensitivity | | |
| Increase in exchange rate by 5% (Previous year 5%) | 0.00 | (144.39) |
| Decrease in exchange rate by 5% (Previous year 5%) | 0.00 | 144.39 |
| EURO Sensitivity | | |
| Increase in exchange rate by 5% (Previous year 5%) | 266.94 | (121.26) |
| Decrease in exchange rate by 5% (Previous year 5%) | (266.94) | 121.26 |

(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 Groups exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. In order to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of the fixed rate and floating rate financial instruments in its total portfolio.

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All amounts are in ₹ Lakhs unless otherwise stated

(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, 2023 | | | As At 31 st March, 2022 | | |
|---|------------------------------------|----------------------------------|------------------|------------------------------------|----------------------------------|------------------|
| | Weighted Average Interest Rate | Outstanding Balance (₹ in Lakhs) | % of Total Loans | Weighted Average Interest Rate | Outstanding Balance (₹ in Lakhs) | % of Total Loans |
| Working Capital Loans from banks | | | | | | |
| Variable Rate Borrowings | 3.67% | 74,090.73 | 100 | 2.60% | 66,340.05 | 100 |
| Fixed Rate Borrowings | - | - | | - | - | |
| Total Borrowings | 3.67% | 74,090.73 | 100 | 2.60% | 66,340.05 | 100 |

(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 | |
|---|---|---|
| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
| Interest Rate - increase by 50 basis points | (370.45) | (331.70) |
| Interest Rate - decrease by 50 basis points | 370.45 | 331.70 |

(iii) Security Price risk:

(a) Price Risk:

The Group manages the surplus funds majorly through investments in debt based Fixed Maturity Plans, mutual fund schemes, Non-convertible debentures and infrastructure trust. The price of investment in Fixed Maturity Plans, mutual fund schemes is reflected through Net Asset Value (NAV) declared by the Asset Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The price of investment in Non-convertible debentures is reflected through valuation by CRISIL on weekly basis. The price of investment in infrastructure trust is reflected through valuation certificate by the independent professional on quarterly basis where valuation is determined based on fair value of assets of trust as on date of valuation. The Group is exposed to price risk on such Investments.

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|------------------------------------|------------------------------------|
| Investments in Fixed Maturity Plans, mutual fund schemes, Non-convertible debentures and Infrastructure trust | 29,621.33 | 72,262.85 |

(b) Sensitivity:

The below is the sensitivity analysis at the end of the year in case NAV has been 1% higher / lower.

| Particulars | Impact on Profit | |
|--------------------|---|---|
| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
| NAV increase by 1% | 296.21 | 722.63 |
| NAV decrease by 1% | (296.21) | (722.63) |

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(B) Credit Risk:

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the group. The group is exposed to credit risk from its operating activities (primarily trade receivables, loans to employees and security deposits). Credit risk on cash and cash equivalents, other bank balances is limited as the group generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. The group's credit risk in case of all other financial instruments is negligible.

To manage this, the respective 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 respective 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.

The group's major sales are export based which is diversified in different countries and none of the customer contributes 10% or more of the group's total revenue for the financial year 2022-23 and 2021-22

(i) Expected Credit Loss for Financial Assets

| As at 31 st March, 2023 | | | | |
|--|-----------------------|---------------------------------|----------------------|------------------------------|
| 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 ECL) |
| Loans to Employees | 137.77 | 0% | - | 137.77 |
| Security Deposits | 3,525.36 | 0% | - | 3,525.36 |

| As at 31 st March, 2022 | | | | |
|---|-----------------------|---------------------------------|----------------------|------------------------------|
| Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL) | Gross Carrying Amount | Expected Probability of Default | Expected Credit Loss | Carrying amount (net of ECL) |
| Trade Receivables | 49,003.01 | Refer table below | 89.02 | 48,913.99 |

Expected Probability of Default in case of Trade Receivables

| Period from Invoice date | Expected probability of default |
|--------------------------|---------------------------------|
| Less than 12 months | 0.00% |
| 12 to 15 months | 25.00% |
| 15 to 18 months | 50.00% |
| 18 to 21 months | 75.00% |
| More than 21 months | 100.00% |

For the year ending 31st March, 2022

| 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 | 154.83 | 0% | - | 154.83 |
| Security Deposits | 3,286.01 | 0% | - | 3,286.01 |

| As at 31 st March, 2022 | | | | |
|---|-----------------------|---------------------------------|----------------------|------------------------------|
| Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL) | Gross Carrying Amount | Expected Probability of Default | Expected Credit Loss | Carrying amount (net of ECL) |
| Trade Receivables | 59,292.26 | Refer table below | 374.98 | 58,917.28 |

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All amounts are in ₹ Lakhs unless otherwise stated

Expected Probability of Default in case of Trade Receivables

| Period from Invoice date | Expected probability of default |
|--------------------------|---------------------------------|
| Less than 12 months | 0.00% |
| 12 to 15 months | 25.00% |
| 15 to 18 months | 50.00% |
| 18 to 21 months | 75.00% |
| More than 21 months | 100.00% |

(ii) Reconciliation of Expected credit loss and allowance for Credit impairment - Trade receivables

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

| Particulars | Year ended 31 st March, 2023 | Year ended 31 st March, 2022 |
|------------------------------------|---|---|
| As at the beginning of year | 419.57 | 448.44 |
| Provided during the year | - | - |
| Reversal during the year | (330.55) | (28.87) |
| As at the end of the year | 89.02 | 419.57 |

(C) Liquidity Risk:

Liquidity risk is defined as the risk that group will not be able to settle or meet its obligation on time or at a reasonable price. The financial liabilities of the group, other than derivatives, include loans and borrowings, trade and other payables. The group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The respective 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 respective company's net liquidity position through rolling, forecast on the basis of expected cash flows.

Prudent liquidity risk management implies maintaining sufficient availability of standby funding through an adequate line up committed credit facilities to meet financial obligations as and when due.

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 st March, 2023 | | | | | |
|------------------------------------|---------------------|-------------------|--------------------|-------------------|--------------------|
| Particulars | Less than 12 months | 1 year to 3 years | 3 years to 5 years | More than 5 years | Total |
| Financial Liabilities | | | | | |
| Borrowings(Current) | 74,090.73 | - | - | - | 74,090.73 |
| Trade payables | 41,195.03 | - | - | - | 41,195.03 |
| Lease liabilities | 39.47 | 66.48 | 12.79 | 47.51 | 166.25 |
| Other financial liabilities | 12,377.31 | - | - | - | 12,377.31 |
| Total | 1,27,702.54 | 66.48 | 12.79 | 47.51 | 1,27,829.32 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

As at 31st March, 2023

| Particulars | Less than 12 months | 1 year to 3 years | 3 years to 5 years | More than 5 years | Total |
|---|---------------------|-------------------|--------------------|-------------------|--------------------|
| Financial Assets | | | | | |
| Investments (other than investment in associates) | 12,369.50 | 21,930.08 | - | - | 34,299.57 |
| Trade receivables | 48,913.99 | - | - | - | 48,913.99 |
| Cash and Cash Equivalents | 3,328.83 | - | - | - | 3,328.83 |
| Other bank balances (other than earmarked balances) | 61,030.93 | - | - | - | 61,030.93 |
| Loans | 60.46 | 77.31 | - | - | 137.77 |
| Others financial assets | 2,336.03 | 20.00 | - | 3,525.36 | 5,881.38 |
| Total | 1,28,039.73 | 22,027.40 | - | 3,525.36 | 1,53,592.46 |

As at 31st March, 2022

| Particulars | Less than 12 months | 1 year to 3 years | 3 years to 5 years | More than 5 years | Total |
|---|---------------------|-------------------|--------------------|-------------------|--------------------|
| Financial Liabilities | | | | | |
| Borrowings(Current) | 66,340.05 | - | - | - | 66,340.05 |
| Trade payables | 44,789.11 | - | - | - | 44,789.11 |
| Lease liabilities | 49.61 | 16.85 | 12.78 | 48.70 | 127.94 |
| Other financial liabilities | 13,737.68 | - | - | - | 13,737.68 |
| Total | 1,24,916.44 | 16.85 | 12.78 | 48.70 | 1,24,994.78 |
| Financial Assets | | | | | |
| Investments (other than investment in associates) | 66,886.05 | 5,376.81 | - | - | 72,262.85 |
| Trade receivables | 58,917.28 | - | - | - | 58,917.28 |
| Cash and Cash Equivalents | 4,103.52 | - | - | - | 4,103.52 |
| Other bank balances (other than earmarked balances) | 53,642.20 | - | - | - | 53,642.20 |
| Loans | 72.94 | 81.90 | - | - | 154.83 |
| Others financial assets | 1,689.61 | 10,709.79 | - | 3,286.01 | 15,685.42 |
| Total | 1,85,311.60 | 16,168.50 | - | 3,286.01 | 2,04,766.09 |

Financing arrangements

The group has access to the following undrawn borrowing facilities at the end of reporting period:

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|--|------------------------------------|------------------------------------|
| Expiring within one year (Bank overdraft and other facilities) | 209.09 | 286.60 |

Note: Calculated on the basis of sanctioned working capital limit. There is no restriction on the use of these facilities

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

NOTE 47. Carrying Amount of pledged Assets

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|-------------------------------|---------------------------------------|---------------------------------------|
| First Charge | | |
| Current Assets | | |
| (a) Trade receivables | 48,913.99 | 58,917.28 |
| (b) Inventories | 1,44,011.50 | 97,781.39 |
| Total (A) | 1,92,925.48 | 1,56,698.66 |
| Secondary Charge | | |
| Property, plant and equipment | 1,82,172.80 | 1,44,628.54 |
| Total (B) | 1,82,172.80 | 1,44,628.54 |
| Total (A+B) | 3,75,098.28 | 3,01,327.21 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 48 Disclosure under Ind AS 115 "Revenue from Contracts with Customers"

(i) Disaggregation of revenue from contracts with customers

The table below presents disaggregated revenues from contracts with customers offerings and contract-type.

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|------------------------|--|--|
| Type of Product | | |
| - Graphite Electrode | 2,23,411.50 | 2,02,880.92 |
| - Mix Graphite Product | 16,141.71 | 12,387.21 |
| - Power | 3,978.38 | 2,054.61 |
| Total | 2,43,531.57 | 2,17,322.74 |

Total Revenue from Contracts with Customers

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|--|--|--|
| Revenue from Customers based in India | 75,107.61 | 78,644.22 |
| Revenue from Customers based outside India | 1,68,423.95 | 1,38,678.52 |
| Total | 2,43,531.56 | 2,17,322.74 |

Reconciliation of revenue from contract with customer

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| Revenue from contract with customer as per the contract price | 2,43,131.90 | 2,17,393.85 |
| Adjustments made to contract price on account of :- | | |
| - Discounts / Rebates / Sales Returns | 399.67 | 71.11 |
| Revenue from contract with customer | 2,43,531.57 | 2,17,322.74 |
| Other Operating revenue | 3,192.15 | 2,838.44 |
| Revenue from operations | 2,46,723.73 | 2,20,161.18 |

Timing of Revenue Recognition

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|--|--|--|
| Revenue from goods transferred to customers at a point in time | 2,43,531.56 | 2,17,322.74 |
| Revenue from goods transferred to customers over time | - | - |
| Total | 2,43,531.56 | 2,17,322.74 |

Export benefits are in the nature of government grants covering following benefits

| | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|---|--|--|
| (a) Refund of Duties and Taxes on Exported Products (RoDTEP)/MEIS | 924.85 | 693.43 |
| (b) Duty drawback benefits | 1,535.84 | 1,671.87 |
| | 2,460.68 | 2,365.30 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

(ii) Trade receivables and Contract Balances

The group classifies the right to consideration in exchange for deliverables as receivable.

The balances of trade receivables and advance from customers at the beginning and end of the reporting period have been disclosed at note no. 10 and 24 respectively.

The revenue recognised during the year ended 31st March 2023 includes revenue against advances from customers amounting to ₹310.07 Lakhs (Previous Year- ₹142.55 lakhs) at the beginning of the year.

The revenue of ₹Nil has been recognised during the year ended 31st March 2023 (Previous Year -Nil) against performance obligations satisfied (or partially satisfied) in previous periods.

(iii) Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the group expects to recognize these amounts in revenue.

| Particulars | As at 31 st March, 2023 | As at 31 st March, 2022 |
|---|------------------------------------|------------------------------------|
| The aggregate value of performance obligations that are completely or partially unsatisfied | NIL | NIL |

Note: 49 Key Financial Ratios

| Particulars | Numerator | Denominator | Year ended 31 st March 2023 | Year ended 31 st March 2022 | Variance |
|---|--|---|--|--|-----------|
| Current Ratio (in times) | Current assets | Current liabilities | 2.17 | 2.34 | -7.23% |
| Debt – Equity Ratio (in times) | Total Debt | Shareholder's Equity | 0.17 | 0.17 | 2.10% |
| Debt Service Coverage Ratio (in times) | Earnings available for debt service(1) | Debt Service(2) | 0.86 | 0.78 | 10.85% |
| Return on Equity (ROE) (in %) | Profit after Tax | Average Shareholder's Equity | 12.99% | 11.64% | 11.63% |
| Inventory turnover ratio (in times) | Cost of Goods sold | Average inventory | 0.76 | 1.06 | (28.85%)* |
| Trade receivables turnover ratio (in times) | Revenue from sale of goods | Average Trade Receivable | 4.52 | 4.95 | (8.70)% |
| Trade payables turnover ratio (in times) | Purchases of services and other expenses | Average Trade Payables | 5.05 | 5.22 | (3.25)% |
| Net capital turnover ratio (in times) | Revenue from sale of goods | Working Capital | 1.59 | 1.26 | 25.45%# |
| Net profit ratio (in %) | Profit after Tax | Revenue from sale of goods | 21.86% | 19.83% | 10.21% |
| Return on capital employed (ROCE) (in %) | Earning before interest and taxes | Capital Employed(3) | 12.78% | 12.32% | 3.76% |
| Return on Investment(ROI) (in %) | Income generated from investments | Average investments (other than Investment in Associates) | 5.10% | 4.38% | 16.53% |

(1) Earning available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments like loss on sale of Fixed assets etc

(2) Debt service = Interest & Lease Payments + Principal Repayments

(3) Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability

*Subdued demand resulting in lower sales volume resulting in increase in inventory.

#Better Working Capital Management and increase in turnover.

Notes to the Consolidated Financial Statements

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All amounts are in ₹ Lakhs unless otherwise stated

Note 50. Reconciliation of Cash flow from financing Activities

(Changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes)

| Particulars | For the Year ended 31 st March, 2023 | | For the year ended 31 st March, 2022 | |
|--|---|--------------------------|---|--------------------------|
| | Borrowings (Current) | Borrowings (Non-Current) | Borrowings (Current) | Borrowings (Non-Current) |
| Opening Balance of Financial liabilities coming under the financing activities of Cash Flow Statement | 66,340.05 | - | 29,651.42 | - |
| Changes during the year | | | | |
| a) Changes from financing cash flow | 7,750.68 | - | 36,633.27 | - |
| b) the effect of changes in foreign exchanges rates-(Gain)/Loss | - | - | 55.35 | - |
| c) Changes in fair value | - | - | - | - |
| d) Other Changes | - | - | - | - |
| Closing Balance of Financial liabilities coming under the financing activities of Cash Flow Statement | 74,090.73 | - | 66,340.05 | - |

Note 51: Details of Research and Development expenditure

| Particulars | For the year ended 31 st March, 2023 | For the year ended 31 st March, 2022 |
|-------------|---|---|
| a) Capital | - | - |
| b) Revenue | 134.05 | 124.02 |

Note 52: Government Grants

| Particulars | Grants recognised | | Grants recoverable | |
|--|--|--|--|--|
| | For the year ended 31 st March 2023 | For the year ended 31 st March 2022 | For the year ended 31 st March 2023 | For the year ended 31 st March 2022 |
| A. Government grant shown as other operating revenue | | | | |
| Export Incentives | 2,460.68 | 2,365.30 | 493.18 | 1,819.45 |
| B. Government grant deducted from respective expense | | | | |
| Interest subvention on export packing credit loans reduced from finance cost | 1,317.74 | 841.34 | 2.93 | 313.67 |
| Total of Government grants recognised & grants recoverable | 3,778.42 | 3,206.64 | 496.11 | 2,133.12 |

Note 53. The group has taken borrowings from banks on the basis of security of current assets. The quarterly returns/statements filed by the respective company with the banks are in agreement with the books of account.

Note 54. Additional disclosures required as per Schedule III to the Companies Act, 2013

(i) The group did not have any transaction with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the financial year.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

- (ii) No proceeding have been initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988).
- (iii) The group has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- (iv) No funds that have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the group; or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) No funds have been received by the group from any person(s) or entity(ies), including foreign entities ("funding party") with the understanding, whether recorded in writing or otherwise, that the group shall directly or indirectly lend or invest in other persons or entities in any manner whatsoever by or on behalf of the funding party ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vi) During the financial year, the group has not traded or invested in Crypto currency or Virtual Currency.

NOTE 55 A. Interest in Other Entities

| Name of Company | Country of Incorporation/Principal place of business | Activities | Proportion of Ownership of Interest | |
|---------------------------------|--|---|-------------------------------------|------------------------------|
| | | | 31 st March, 2023 | 31 st March, 2022 |
| A. Subsidiary | | | | |
| TACC Limited | India | Anode manufacturing for lithium ion batteries | 100.00% | 0.00% |
| B. Associates | | | | |
| Bhilwara Infotechnology Limited | India | IT enabled services | 38.59% | 38.59% |
| Bhilwara Energy Limited | India | Power Generation and Power Consultancy | 49.01% | 49.01% |

NOTE 55 B. Summarised Financial Information of Associates

| Particulars | Bhilwara Energy Limited | | Bhilwara Infotechnology Limited | |
|-------------------------------|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| | As at 31 st March, 2023 | # As at 31 st March, 2022 | As at 31 st March, 2023 | # As at 31 st March, 2022 |
| I. Assets | | | | |
| (A) Non Current Assets | 1,54,945.37 | 1,57,845.31 | 2,398.07 | 3,211.22 |
| (B) Current Assets | | | | |
| i) Cash and cash equivalent | 8,630.10 | 2,075.95 | 1,630.24 | 186.87 |
| ii) Others | 19,556.85 | 18,950.36 | 1,617.58 | 1,924.39 |
| Total Current Asset | 28,186.95 | 21,026.31 | 3,247.82 | 2,111.26 |
| Total Asset (A+B) | 1,83,132.32 | 1,78,871.62 | 5,645.89 | 5,322.47 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Bhilwara Energy Limited | | Bhilwara Infotechnology Limited | |
|--|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| | As at 31 st March, 2023 | # As at 31 st March, 2022 | As at 31 st March, 2023 | # As at 31 st March, 2022 |
| II. Liabilities | | | | |
| (A) Non Current Liabilities | | | | |
| i) Financial Liabilities | | | | |
| A. Trade Payables | - | - | - | - |
| B. Other financial liabilities | 6,200.76 | 15,792.63 | 308.20 | 151.27 |
| ii) Non Financial Liabilities | | | | |
| iii) Provisions | 505.71 | 442.77 | 102.41 | 119.55 |
| iv) Deferred Tax Liabilities | 2,741.80 | 1,126.34 | | |
| Total Non Current Liabilities | 9,448.27 | 17,361.74 | 410.61 | 270.82 |
| (B) Current Liabilities | | | | |
| a) Financial Liabilities | | | | |
| (i) Borrowings | 504.13 | 2,390.00 | - | - |
| (ii) Trade Payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | 7.78 | 2.70 | 10.13 | 28.04 |
| - Total outstanding dues of trade payable other than micro enterprises and small enterprises | 3,370.47 | 2,120.80 | 71.10 | 99.30 |
| (ii) Other financial liabilities | 909.77 | 1,094.22 | 118.62 | 145.63 |
| b) Non Financial Liabilities | 236.97 | 321.03 | 75.55 | 76.82 |
| c) Provisions | 335.94 | 230.75 | 27.14 | 29.17 |
| d) Current Tax Liabilities | 242.00 | 785.31 | - | - |
| Total Current Liabilities | 5,607.06 | 6,944.81 | 302.53 | 378.96 |
| Total Liabilities (A+B) | 15,055.33 | 24,306.55 | 713.15 | 649.79 |
| Net Assets (including non controlling interest) (I-II) | 1,68,076.99 | 1,54,565.07 | 4,932.74 | 4,672.69 |

The previous year figures mentioned above are the comparative figures as mentioned in the financial statements of associates for the year ended 31st March 2023.

NOTE 55 C. Summarised Performance of Associates

| Particulars | Bhilwara Energy Limited | | Bhilwara Infotechnology Limited | |
|---|---|---|---|---|
| | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
| I. Summarised performance of Associates | | | | |
| (i) Revenue from operations | 48,822.38 | 38,893.55 | 2,987.92 | 3,508.55 |
| (ii) Profit/(Loss) before Tax | 33,662.03 | 20,836.69 | 297.95 | 285.98 |
| (iii) Profit/(Loss) after Tax (net of non-controlling interest) | 15,746.38 | 8,116.44 | 253.23 | 178.98 |
| (iv) Other comprehensive Income(net of non-controlling interest) | (31.42) | (6.07) | 6.82 | 11.07 |
| (v) Total comprehensive Income(for the purpose of calculation of Group's share) | 15,714.96 | 8,110.37 | 260.05 | 190.05 |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Bhilwara Energy Limited | | Bhilwara Infotechnology Limited | |
|---|--|--|--|--|
| | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 | Year Ended 31 st March, 2023 | Year Ended 31 st March, 2022 |
| II. Group's share in Associate | | | | |
| Proportion of group's ownership in associate | 49.01% | 49.01% | 38.59% | 38.59% |
| (i) Group's share in profit after tax | 7,717.30 | 3,977.06 | 97.72 | 69.07 |
| (ii) Group's share in other comprehensive income | (15.40) | (2.97) | 2.63 | 4.27 |
| (iii) Group's share in total comprehensive income | 7,701.90 | 3,974.08 | 100.35 | 73.34 |
| III. Other information | | | | |
| (i) Depreciation & amortisation expense | 5,367.87 | 6,533.33 | 83.44 | 89.02 |
| (ii) Interest income | 945.02 | 462.00 | 168.87 | 147.91 |
| (iii) Interest expense | 851.00 | 3,506.28 | 16.97 | 20.13 |
| (iv) Tax expense | 4,037.17 | 2,675.60 | 44.72 | 107.00 |

NOTE 55 D. Movement of Investment in Associates using equity method

| Particulars | As at | As at |
|---|------------------------------|------------------------------|
| | 31 st March, 2023 | 31 st March, 2022 |
| Investment at cost - at the beginning of the Period | 31,130.50 | 31,130.50 |
| Add: Cost of investment acquired during the year (including goodwill) | - | - |
| Investment at cost -at the end of the reporting year | 31,130.50 | 31,130.50 |
| Profit till date at the beginning of the year | 13,691.70 | 9,644.28 |
| Add: Share of profit for the period | 7,815.02 | 4,046.12 |
| Add: Share of OCI for the period | -12.77 | 1.30 |
| Add: Impact of direct adjustment in reserves of associates | -997.15 | - |
| Profit till date at the end of the reporting year | 20,496.80 | 13,691.70 |
| Investment at equity method - at the beginning of the year | 44,822.21 | 40,774.78 |
| Investment at equity method - at the end of the year | 51,627.31 | 44,822.21 |

Notes to the Financial Consolidated Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

NOTE 55 E. Other Details mandated by Schedule III of Companies Act 2013, by way of additional information:

| As at 31 st March 2023 | | | | | | | | | |
|--|--|--------------------|-------------------------------------|------------------|---|----------------|---|------------------|--------|
| Name of entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | | Amount |
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | | |
| Holding Company | 95.24% | 4,07,722.24 | 85.56% | 45,551.03 | 82.89% | (61.86) | 85.56% | 45,489.17 | |
| Subsidiary | | | | | | | | | |
| Indian | -0.03% | (125.23) | -0.24% | (125.23) | 0.00% | 0.00 | -0.24% | (125.23) | |
| Associates (Investment as per the equity method) | | | | | | | | | |
| Indian | 4.79% | 20,496.82 | 14.68% | 7,815.02 | 17.11% | (12.77) | 14.68% | 7,802.26 | |
| Total | 100.00% | 4,28,093.84 | 100.00% | 53,240.84 | 100.00% | (74.62) | 100.00% | 53,166.20 | |
| As at 31 st March 2022 | | | | | | | | | |
| Name of entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | | Amount |
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | | |
| Company | 96.50% | 3,77,671.26 | 90.61% | 39,058.22 | 101.43% | (92.22) | 90.59% | 38,966.00 | |
| Associates (Investment as per the equity method) | | | | | | | | | |
| Indian | 3.50% | 13,691.71 | 9.39% | 4,046.90 | -1.43% | 1.30 | 9.41% | 4,047.42 | |
| Total | 100.00% | 3,91,362.96 | 100.00% | 43,105.12 | 100.00% | (90.92) | 100.00% | 43,013.42 | |

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

Note 56. The notes disclosed in the consolidated financial Statements of Bhilwara Energy Limited, one of the associate companies, referred in the Auditor's Report of Associate under 'Emphasis of matter' paragraph are being reproduced hereunder:

- (a) In case of Malana Power Company Ltd (MPCL): On April 27, 2019, the MPCL received a provisional net demand of ₹80.69 crore (Previous year ₹80.69 crore) in relation to wheeling charges for the period April 01, 2008 to March 31, 2019 from Himachal Pradesh State Electricity Board Limited (HPSEBL) based on an order passed by the Himachal Pradesh Electricity Regulatory Commission (HPERC). In this regard, the MPCL has paid under protest an amount of ₹28.17 crore (Previous year ₹28.17 crore). The MPCL had filed an appeal before Appellate Tribunal for Electricity (APTEL) on April 24, 2019, at New Delhi, which is pending adjudication with APTEL. During the current year, HPERC vide Order dated 30th November 2022 determined the voltage wise wheeling charges for the period July 01, 2019 to October 31, 2022. Based on the legal opinion obtained, the MPCL is of the view that APTEL will adopt the same analogy for determination of wheeling charges for the period April 1, 2008 to March 31, 2019, considering the same, there might be high likelihood of final orders with wheeling charges at least in the range of tariff rates announced for the period July 01, 2019 to October 31, 2022, the MPCL has created additional provision amounting ₹3.77 crore (Previous year ₹Nil) during the year related to wheeling charges on or before June 30, 2019. Based upon the legal opinion, the MPCL is of the view that the demand for the period April 01, 2008 to March 31, 2019 is not legally tenable and would not result in any further material liability on the MPCL.
- (b) In case of BG Wind Power Limited (BGWPL) : Pending execution of the renewal of PPA expired on March 31, 2019, till previous year the BGWPL has recognised revenue@₹3.14/kwh (previous PPA@₹3.69/kwh) based on the order issued by RERC vide its third amendment regulation dated 5th March 2019 for execution of the PPA to DISCOM for entire balance project life. GBI also taken at applicable rate@50 Paise/kwh. In the meantime, the Company has filed writ petition with Rajasthan High Court at Jaipur in this regard. During the year, effective 1st April'2022 the BGWPL has recognised revenue @2.44/- kwh based on the change of mode of project from REC Mechanism to captive use vide letter no. Rajkaj Ref no. 3270407. Also refer to the decision taken by the Co-ordination committee in its meeting held on 31 December 2021 vide Ref No. RREC/REC/2021-22/D4818 dated 08 February 2022. Due to change of mode from REC Mechanism to captive us, the differential of revenue from ₹3.14/kwh to ₹2.44/kwh recognise from 01 April 2019 to 31 March 2022 and GBI recognised for the above period has also been reversed during the financial year and charged to the statement of Profit and loss.
- (c) In case of NJC Hydro Power Limited (NHPL): The project of NHPL is on hold for quite some time due to suspension of environment clearance by Hon'ble National Green Tribunal and thereafter Wildlife Institute of India (WII) in its report has mentioned that project could not be undertaken at the project site. As per directions of Hon'ble Supreme Court, arbitration notice was sent to GoAP and have also indicated the name of arbitrator. Simultaneously, efforts were initiated to settle the issue by mutual negotiations. As the project is not doable any more, NHPL has decided not to implement the project and sought the refund of upfront premium of ₹25.47 crore from GoAP invoking the clauses of MoA and presently the matter is under litigation with GoAP. Accordingly, the Board of Directors of NHPL on dated 15th June 2022 decided to write-off Capital Work-in-Progress (CWIP) including pre-operative expenses net of waiver of loan from Holding Company (Bhilwara Energy Limited (BEL)) and charged to the statement of profit & loss (shown under exceptional items) during the year except the upfront premium paid.
- (d) In case of Chango Yangthang Hydro Power Limited (CYHPL): Since the project is not to be executed purely on account of various social-legal issues neither in the control of the CYHPL nor in the control of local administration/authorities, the company requested for refund of security deposit and upfront premium paid for the project amounting to ₹39.69 crore. In response to the request dated February 01, 2018 the Government has not considered the request of Company for surrender of the Project and refund of the Premium and Security. However, GoHP mentioned that the CYHPL can apply for the extension in time lines without levy of the extension fees till the ground situation become favorable towards implementation of Hydro Electric Projects.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

All amounts are in ₹ Lakhs unless otherwise stated

The CYHPL on February 16, 2018 has reaffirmed their intention and asked the Authorities for their decision on application of surrender of the project since the project is not to be executed purely on account of various social-legal issues neither in the control of the CYHPL nor in the control of local administration/authorities. GoHP vide Notification dated November 03, 2018 has formed a committee to deal with the issues of various projects which includes Chango Yangthang Hydro Power Limited (CYHPL). On the direction of GoHP, a public meeting was conveyed on November 14, 2018 which was attended by various villagers of the project affected area, officials of DoE, District administration and CYHPL. During the meeting, the villagers categorically refused for development of any Hydro Electric project in the Hangrang valley including 180 MW Chango Yangthang HEP and refused to co-operate on the issue of development of any project. The said committee discussed the Sutlej Valley projects on February 18, 2019 which included CYHPL. During the meeting CYHPL categorically refused to execute the project in view of severe local issue and lapse of clearances for the project. Committee has noted the same.

Note 57: TACC Limited, the wholly owned subsidiary has been incorporated on 26th December 2022. Accordingly, the figures for the year ended 31st March 2023 include the figures of subsidiary company from the date of incorporation and are not comparable with the corresponding periods to that extent.

As per our report of even date

For and on behalf of the Board of Directors

For **SCV & Co. LLP**

Chartered Accountants
Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner
Membership No. 086066

Ravi Jhunjhunwala

Chairman, Managing Director & CEO
DIN: 00060972

Shekhar Agarwal

Director
DIN: 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer
Membership No. 504626

Riju Jhunjhunwala

Vice Chairman
DIN: 00061060

Satish Chand Mehta

Director
DIN: 02460558

Vivek Chaudhary

Company Secretary
Membership No. A13263

Manish Gulati

Executive Director
DIN: 08697512

Place : Noida (U.P)

Date : 22nd May, 2023

FORM NO. AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part – A : Subsidiaries

| | | |
|-----|--|--|
| 1. | Name of the subsidiary: | TACC Limited |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period: | 26.12.2022 to 31.03.2023 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries: | N.A. |
| 4. | Share capital: | Authorized Share Capital: ₹ 100 Crore Paid Up Share Capital: ₹ 10 Crore |
| 5. | Reserves & surplus: | -125.23 Lakhs |
| 6. | Total assets: | 884.08 Lakhs |
| 7. | Total Liabilities: | 9.31 Lakhs |
| 8. | Investments: | 0 |
| 9. | Turnover: | 0 |
| 10. | Profit/Loss before taxation: | -125.23 Lakhs |
| 11. | Provision for taxation: | 0 |
| 12. | Profit/Loss after taxation: | -125.23 Lakhs |
| 13. | Proposed Dividend: | - |
| 14. | % of shareholding: | 100% |

Notes:

1. The aforesaid subsidiary is yet to commence operations.
2. No subsidiary has been liquidated or sold during the financial year.

Part – B : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates/Joint Ventures | Amount (₹ in Lakhs) | |
|--|------------------------------------|------------------------------------|
| | Bhilwara Energy Ltd | Bhilwara Infotechnology Ltd |
| 1. Latest audited Balance Sheet Date | 31.03.2023 | 31.03.2023 |
| 2. Date on which the Associate was associated or acquired | 28.03.2007 | 10.01.2012 |
| 3. Shares of Associate held by the company on the year end | | |
| No. of Shares | 8,12,32,560 | 12,62,048 |
| Amount of Investment in Associates | 30,711.50 | 419 |
| Extend of Holding (in percentage) | 49.01 | 38.59 |
| 4. Description of how there is significant influence | Due to percentage of share capital | Due to percentage of share capital |
| 5. Reason why the associate is not consolidated | - | - |
| 6. Net worth attributable to Shareholding as per latest audited Balance Sheet | 46,367.84 | 1,903.54 |
| 7. Profit / Loss for the year | | |
| i. Considered in Consolidation (₹ in Lakhs) | 7,701.9 | 100.35 |
| 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.

For and on behalf of the Board of Directors

Ravi Jhunjunwala
Chairman, Managing Director & CEO
DIN: 00060972

Riju Jhunjunwala
Vice Chairman
DIN: 00061060

Manish Gulati
Executive Director
DIN: 08697512

Shekhar Agarwal
Director
DIN: 00066113

Satish Chand Mehta
Director
DIN: 02460558

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

Vivek Chaudhary
Company Secretary
Membership No. A13263

Place : Noida (U.P)
Date : 22nd May, 2023

CORPORATE INFORMATION

CHAIRMAN-EMERITUS

L. N. Jhunjhunwala

BOARD OF DIRECTORS

Ravi Jhunjhunwala

Chairman, Managing Director & CEO

Riju Jhunjhunwala

Vice-Chairman

Manish Gulati

Executive Director

Shekhar Agarwal

Director

Vinita Singhania

Director

Dr. Kamal Gupta

Director

Satish Chand Mehta

Director

Davinder Kumar Chugh

Director

Ramni Nirula

Director

Jayant Davar

Director

GROUP CHIEF FINANCIAL OFFICER

O. P. Ajmera

CHIEF FINANCIAL OFFICER

Gulshan Kumar Sakhuja

COMPANY SECRETARY

Vivek Chaudhary

BANKERS

State Bank of India

Axis Bank Ltd.

HDFC Bank Ltd.

YES Bank Ltd.

IDBI Bank Ltd.

ICICI Bank Ltd.

Kotak Mahindra Bank Ltd.

CTBC Bank Co.,Ltd.

AUDITORS

SCV & Co. LLP

Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Ltd.

F-65, First Floor,

Okhla Industrial Area, Phase-I

New Delhi - 110020

Phone : 011-41406149-52

Fax : 011-41709881

Website: www.mcsregistrars.com

E-mail :helpdeskdelhi@mcsregistrars.com

STOCK EXCHANGES WHERE THE COMPANY'S SHARES ARE LISTED

BSE Ltd.

National 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.heg ltd.com

E-mail : heg.investor@lnjbhilwara.com

REGISTERED OFFICE

Mandideep (Near Bhopal)

Distt. 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

CAUTIONARY STATEMENT

STATEMENTS IN THIS DOCUMENT THAT ARE NOT HISTORICAL FACTS ARE FORWARD LOOKING STATEMENTS. THESE 'FORWARD-LOOKING' STATEMENTS MAY INCLUDE THE COMPANY'S OBJECTIVES, STRATEGIES, INTENTIONS, PROJECTIONS, EXPECTATIONS AND ASSUMPTIONS REGARDING THE BUSINESS AND THE MARKETS IN WHICH THE COMPANY OPERATES. THE STATEMENTS ARE BASED ON INFORMATION WHICH IS CURRENTLY AVAILABLE TO US, AND THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THESE STATEMENTS AS CIRCUMSTANCES CHANGE. THERE MAY BE A MATERIAL DIFFERENCE BETWEEN ACTUAL RESULTS AND THOSE EXPRESSED HEREIN. THE RISKS, UNCERTAINTIES AND IMPORTANT FACTORS THAT COULD INFLUENCE THE COMPANY'S OPERATIONS AND BUSINESS ARE THE GLOBAL AND DOMESTIC ECONOMIC CONDITIONS, THE MARKET DEMAND AND SUPPLY FOR PRODUCTS, PRICE FLUCTUATIONS, CURRENCY AND MARKET FLUCTUATIONS, CHANGES IN THE GOVERNMENT'S REGULATIONS, STATUTES AND TAX REGIMES, AND OTHER FACTORS NOT SPECIFICALLY MENTIONED HEREIN BUT THOSE THAT ARE COMMON TO THE INDUSTRY.

NOTES



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HEG LIMITED

Registered Office:

Mandideep (Near Bhopal)

Distt. Raisen - 462046, Madhya Pradesh, India

Website: www.hegltd.com/www.lnjbhilwara.com

E-mail: heg.investor@lnjbhilwara.com

CIN : L23109MP1972PLC008290



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

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

NOTICE

NOTICE is hereby given that the 51st Annual General Meeting (AGM) of HEG LIMITED will be held on **Thursday, 31st August, 2023 at 11:30 a.m. (IST)** through Video Conferencing/Other Audio Visual Means ("VC/OAVM"), without physical presence of members at the AGM venue to transact businesses as set out in this notice. The venue of the AGM shall be deemed to be the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462 046, Madhya Pradesh. The following businesses will be transacted at the AGM:

Ordinary Business:

- To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2023, 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, 2023 and the Report of Auditors thereon.**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2023, 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, 2023 and the report of Auditors thereon, as circulated to the Members and laid before the meeting, be considered, received and adopted."

- To declare a Final Dividend on equity shares of the Company for the Financial Year 2022-23.**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the recommendation of the Board of Directors, final dividend for the financial year 2022-23 at the rate of 425% i.e. Rs. 42.50 per equity share of face value of Rs. 10 each, be and is hereby declared and that the same be paid, to those members whose name appears on the Company's register of members as on the close of business hours on Thursday, **24th August, 2023.**"

- To appoint a Director in place of Shri Riju Jhunjunwala (DIN: 00061060), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 (6) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time ("Act"), Shri Riju Jhunjunwala (DIN: 00061060) who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

- To appoint a Director in place of Shri Shekhar Agarwal (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.**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 (6) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time ("Act"), Shri Shekhar Agarwal (DIN: 00066113) who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."



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Special Business:

5. **To approve the Re-appointment and fixation of remuneration of Shri Ravi Jhunjunwala (DIN: 00060972), as Managing Director of the Company, not liable to retire by rotation with effect from 13th February, 2024 upto 12th February, 2029.**

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Schedule V thereto read with the Rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force), on the recommendations and/or approvals of Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded for the re-appointment of Shri Ravi Jhunjunwala (DIN: 00060972), as the Managing Director of the Company, not liable to retire by rotation in terms of Section 152 of the Companies Act, 2013, for a period of five years with effect from 13th February, 2024 to 12th February, 2029.

RESOLVED FURTHER THAT the remuneration payable to Shri Ravi Jhunjunwala (DIN: 00060972), Managing Director do hereby fixed for a period of five years with effect from 13th February, 2024 upto 12th February, 2029 on the following terms and conditions:

| | |
|--------------|---|
| Basic Salary | Rs. 15,20,875 /- per month with an annual increase upto 15%. |
| Commission | Not more than 3.0% of the net profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013. |
| Perquisites | In addition to the salary and commission, Shri Ravi Jhunjunwala is entitled to the following perquisites: |

Category “A”

| | |
|---------------------------------|--|
| I) Housing | |
| (a) | The expenditure incurred by the Company on hiring unfurnished accommodation for him subject to a ceiling, namely (for residence in Delhi/outside Delhi), 60% of the basic salary or |
| (b) | In case the accommodation is owned by the Company, 10% of the basic salary shall be deducted by the Company, or |
| (c) | In case no accommodation is provided by the Company, a house rent allowance subject to a ceiling of 60% of the basic salary |
| II) Gas, Electricity and Water | The expenditure incurred by the Company on Gas, Electricity, Water and furnishing shall be valued as per Income-tax Rules, 1962 and will be subject to a ceiling of 10% of the basic salary. |
| III) Medical Allowance | For self and family subject to a ceiling of one month’s basic salary in a year subject to payment of applicable tax as per Income Tax Rules. |
| IV) Leave Travel Concession | For self and family once in a year incurred in accordance with the Rules specified by the Company. |
| V) Club Fees | Fees, subject to a maximum of two clubs will be allowed. This will not include admission and life membership fees. |
| VI) Personal Accident Insurance | Of an amount, the annual premium of which shall not exceed Rs. 10,000/-. For the purpose of this category, “family” means the spouse, dependent children and dependent parents. |

Category “B”

| | |
|-------------------------------------|--|
| I) Provident Fund | Company’s contribution to provident fund shall be as per the rules of the Company. |
| II) Superannuation / Annuity Funds: | Company’s contribution to superannuation/annuity fund shall be in accordance with the rules of the Company. |
| III) Gratuity: | As per Rules of the Company, payable in accordance with the approved fund at the rate of half a month’s basic salary for each completed year of service. |

Category ‘C’

| | |
|----------------|--|
| I) Car: | Provision of car for use on company’s business. A car for personal use would be provided by the Company and valuation of the perquisites of the same would be as per Income Tax Rules. |
| II) Telephone: | Telephone at residence. Personal long distance calls shall be billed by the Company. |



RESOLVED FURTHER THAT approval of members be and is hereby also accorded for payment of above remuneration in terms of Regulation 17(6)(e) of amended SEBI (LODR) Regulations, 2015.

RESOLVED FURTHER THAT approval of members be and is hereby accorded in terms of Section 196 of the Companies Act, 2013, for continuation of Shri Ravi Jhunjunwala as Managing Director, who will attain the age of 70 years in the year 2025-2026.

RESOLVED FURTHER THAT notwithstanding anything contained to the contrary in Companies Act 2013 where in any financial year, in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Shri Ravi Jhunjunwala, the remuneration mentioned above shall be paid to Shri Ravi Jhunjunwala as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT Shri Ravi Jhunjunwala, Managing Director will continue to act as a Chairman and CEO of the Company as per Articles of Association of the Company and also in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

RESOLVED FURTHER THAT Shri Ravi Jhunjunwala is entitled to receive the above remuneration from the company in addition to the receipt of any commission or remuneration received by him from any other Company.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorized to vary and alter the terms of appointment including salary, commission, perquisites, allowances etc. payable to Shri Ravi Jhunjunwala within such prescribed limit or ceiling and as agreed by and between the Company and Shri Ravi Jhunjunwala without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors and/or any person authorised by Board be and is severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all acts, deeds and things as may be necessary, expedient & desirable for the purpose of giving effect to the above.”

6. To approve the Re-appointment of Smt. Ramni Nirula (DIN: 00015330), as an Independent Director of the Company for a second term of five consecutive years from 31st October, 2023 upto 30th October, 2028.

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules made thereunder, as amended from time to time and the applicable provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), on the recommendations and/or approvals of Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the Members of the Company be and is hereby accorded for re-appointment of Smt. Ramni Nirula (DIN: 00015330), whose current period of office, as an Independent Director is expiring on 30th October, 2023 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Director of the Company, whose term shall not be subject to retirement by rotation and to hold office for a second term of 5 (five) consecutive years with effect from 31st October, 2023 upto 30th October, 2028.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of members be and is hereby also accorded for continuation of Smt. Ramni Nirula as an Independent Director, who would be attaining the age of 75 (seventy five) years in the year 2027-2028, till the expiry of her second term i.e upto 30th October, 2028.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”



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7. To ratify the remuneration of Cost Auditors for the Financial Year ending 31st March, 2024.

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, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, on the recommendations and/or approvals of Audit Committee and the Board of Directors of the Company, M/s. N.D. Birla & Co., Cost Accountants (Firm Registration Number 000028) who were appointed by the Board of Directors of the Company, to conduct the audit of the cost records for the financial year ending 31st March 2024, be paid the remuneration of Rs. 3,00,000/- (Rupees Three Lakhs only) plus applicable taxes and out of pocket expenses that may be incurred by them during the course of audit.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things, as they may, in their absolute discretion, deem necessary to give effect to this resolution”

By order of the Board of Directors
For **HEG Limited**
Sd/-
Vivek Chaudhary
Company Secretary
ACS: 13263

Place : Noida (U.P.)

Date: 22nd May, 2023

Registered Office

Mandideep (Near Bhopal)

Distt.Raisen - 462046, (M.P.)

CIN: L23109MP1972PLC008290

E-mail: heg.investor@lnjbhilwara.com

Website: www.hegltd.com

Phone: 07480-233524, 233525, Fax: 07480-233522

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) relating to the special business to be transacted at the Annual General Meeting (AGM) is annexed hereto. The Board of Directors have considered and decided to include the Item Nos. 5 to 7 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
2. In view of the COVID-19 pandemic in last couple of years and still continuing, the Ministry of Corporate Affairs (“MCA”) vide its General Circular Nos. 20/2020 and 10/2022 dated 5th May 2020 and 28th December 2022, respectively, and other circulars issued in this respect (“MCA Circulars”) allowed, inter-alia, conduct of AGMs through Video Conferencing/ Other Audio-Visual Means (“VC/OAVM”) facility on or before 30th September 2023, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020 dated 5th May, 2020. The Securities and Exchange Board of India (“SEBI”) also vide its Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023 (“SEBI Circular”) have provided the relaxation upto 30th September, 2023, from compliance of Regulation 36(1)(b) and Regulation 44(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). In compliance with these Circulars, provisions of the Act and Listing Regulations, the 51st AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of members at a common venue. The Members can attend and participate in the AGM through VC/OAVM only. Further, the Company will be availing remote e-voting/ e-voting system for casting vote during AGM from National Securities Depository Limited (NSDL).
Further, In accordance with the aforesaid Circulars, the Notice of the AGM along with Annual Report 2022-23 are being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. The Company shall send the physical copy of Annual Report 2022-23 to those Members who request the same at heg.investor@lnjbhilwara.com mentioning their Folio No./DP ID and Client ID. The Notice convening the 51st AGM along with the Annual Report 2022-23 will also be available on the website of the Company at www.hegltd.com, websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the website of NSDL at www.evoting.nsdl.com.
3. In terms of the MCA & SEBI Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 51st AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the 51st AGM through VC/OAVM Facility only. Therefore, attendance slip and route map are not annexed to this notice.



4. M/s SCV & Co LLP having (Firm Registration No. 000235N/N500089), Chartered Accountants, the Statutory Auditors of the Company will hold office until the conclusion of the 55th Annual General Meeting of the Company to be held in the year 2027. Pursuant to the notification dated 7th May, 2018, issued by Ministry of Corporate Affairs, the requirement for ratification of appointment of Statutory Auditors by the shareholders at every Annual General Meeting has been done away with. In view of the above, ratification by the members for continuance of their appointment in the ensuing Annual General Meeting is not being sought.
5. The Members attending the AGM through VC/OAVM shall be counted for purpose of reckoning the quorum under Section 103 of the Act.
6. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, 25th August, 2023 to Thursday, 31st August, 2023 (both days inclusive)** for the purpose of the AGM.
7. The Company's Registrar and Transfer Agent (RTA) for its Share Registry Work (Physical and Electronic) is MCS Share Transfer Agent Limited, having its office at F-65, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020, Phone: 011-41406149 – 52, Fax: 011-41709881, Website: www.mcsregistrars.com, E-mail Id: helpdeskdelhi@mcsregistrars.com.
8. Members are requested to note that under Section 124 of Companies Act, 2013 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 final dividend amounting to Rs. 15.89 Lakhs for financial year 2014-15 to the IEPF within the stipulated time period.

Information regarding unpaid and unclaimed dividend in respect of dividends declared up to the financial year 2021-22 reported/ filed in Form No. IEPF-2 after the 50th AGM of the Company held on 1st September, 2022, has been uploaded on the Company's website: www.heg ltd.com under 'Investors' section. The said information is also available on the website of IEPF Authority i.e. www.iepf.gov.in. Further, details of unpaid and unclaimed dividend lying with the Company can be accessed through the link <http://hegltd.com/unpaid-unclaimed-amounts/>.

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.

9. Members are requested to note that, pursuant to the provision of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the demat account of the Investor Education and Protection Fund Authority ('IEPF Authority'). The Company has, during financial year 2022-23, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer, i.e. 23rd October, 2022. Details of shares so far transferred to the IEPF Authority are available on the website of the Company at <http://hegltd.com/transfer-of-shares-to-iepf/>.

The Members / claimants whose shares, unclaimed dividend, etc. have been transferred to the IEPF Authority may claim the shares/ unclaimed dividend by making an application to IEPF Authority in Web Form No. IEPF-5 (available on the Website: www.iepf.gov.in) as per the procedure prescribed in the IEPF Rules. The procedure in brief is as under:

- a. Make an online application in Form IEPF -5 available on the website www.iepf.gov.in along with fee as prescribed by Central Government from time to time (presently nil fee).
- b. Send a copy of the online application duly signed by claimant along with all documents mentioned in Form IEPF-5 in physical to the Nodal Officer of the Company at its Corporate Office at Bhilwara Towers, A-12, Sector-1, Noida-201301(U.P.) Ph: 0120-4390300 for verification of his/her claim.
- c. The Company shall, within 30 days of receipt of the claim form, send an online verification report to the IEPF Authority alongwith all documents submitted by claimant.
- d. On verification, the IEPF Authority shall release the shares /unclaimed dividend directly to the claimant.

In case of members have any queries on the subject matter, they may write to our RTA or Company Secretary at Corporate Office of the Company at Bhilwara Towers, A-12, Sector-1, Noida-201301(U.P.) or send an email at heg.investor@lnjbhilwara.com or by calling at Company telephone no. 0120-4390300 (Extn. 492).



10. 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.

11. Manner of registering/updating email address, bank account details etc.:

Members are requested to intimate/update changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc. (along with duly cancelled cheque leaf stating the said details) to their Depository Participant in case the shares are held by them in electronic form or to the Company's RTA in case the shares are held by them in physical form, which will help the Company and the Company's RTA to provide efficient and better services.

The Securities and Exchange Board of India ("SEBI") has mandated furnishing of PAN, Nomination Details, Contact details (Address with PIN, Mobile number and Email address), Bank account details and Specimen signature by shareholders holding securities in physical form. Effective from 1st January 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after 1st October 2023, in case any of the above cited documents/details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). The relevant forms prescribed by SEBI for furnishing the above details are available on the website of the Company at www.heg ltd.com. The concerned shareholders are requested to register/ update the above mentioned details by submitting the prescribed forms duly filled and signed by the registered holders, by e-mail from their registered e-mail address to heg.investor@injbhilwara.com or by submitting a physical copy thereof to the RTA, MCS Share Transfer Agent Limited, having its office at F-65, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020, E-mail Id: helpdeskdelhi@mcsregistrars.com.

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. For this, shareholder shall send Investor Service Request duly filled up in Form ISR-4 along with the documents / details specified therein, to Company's RTA. The said format is available at the websites of Company and Company's RTA as mentioned in note no. 14.

Members holding shares in dematerialized mode are also requested to register / update their PAN, Nomination Details, Contact details (Address with PIN, Mobile number and Email address), Bank account details and Specimen signature with their respective Depository Participants (DPs), in case any of the said details are yet not updated or any change in the said details.

The Company has also sent individual reminder letters on 10th August, 2022 & 10th February, 2023 to all the Members holding shares of the Company in physical form for furnishing their PAN, KYC, Nomination and Bank Details in Form ISR-1 pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2021/655 dated 3rd November, 2021 & further clarification by SEBI vide its circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated 14th December, 2021. The Latest Form ISR-1 is also available on the website of the Company at <https://heg ltd.com/wp-content/uploads/2023/05/Form-Edit-ISR-1.pdf>. *Attention of the Members holding shares of the Company in physical form is invited to go through and submit the said Form ISR – 1.*

Further based on feedback and consultation with Registrars Association of India (RAIN), SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 has modified the common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination. The link to access the said circular is <https://heg ltd.com/wp-content/uploads/2023/05/SEBI-Circular-dated-March-16-2023-2.pdf> for reference of members. Pursuant to that circular, the Company is in process to send individual letters to holder of physical shares intimating about their folios which are incomplete with details relating to PAN, KYC details and Nomination etc.

To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified from time to time.

12. 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.



13. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail 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.7**. If a member desires to opt-out or to cancel the existing nomination and record a fresh nomination, the member may request for the same in Form ISR-3 or Form SH-14 to the RTA, as the case may be. The forms are available on the website of the Company i.e www.heg ltd.com. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
14. To support the 'Green Initiative', Members who have not yet registered their email addresses and/or not updated the bank account details with the Company/ Registrar & Share Transfer Agent (RTA)/ Depository Participant(s) are requested to register the same with their Depository Participant in case the shares are held by them in electronic form and with Company's RTA in case the shares are held by them in physical form, to facilitate:
- Service of documents including notice of AGM and Annual Report in electronic form;
 - Receiving Dividend directly in your bank account through the Electronic Clearing Service (ECS) or any other means.

| | |
|---|---|
| Members holding shares in physical form | Please submit Form-ISR-1 dully filled and signed to the RTA, M/s MCS Share Transfer Agent Limited. The copy of form is available on the website of RTA and Company at https://www.mcsregistrars.com/downloads.php and https://heg ltd.com/wp-content/uploads/2023/05/Investor-Service-Request.pdf respectively. |
| Members holding shares in DEMAT form | Please contact your Depository Participant (DP) to register/update your email address and/or bank account details in your DEMAT account, as per the process advised by your DP. |

The Company has also sent intimation letter dated 19th May, 2023 for service of documents through electronic mode to concerned Shareholders with regard to registration of their email address etc. with the Registrar and Share Transfer Agent / Depository Participants.

This may be considered as an advance opportunity to the members to register their e-mail address and changes therein as required under Rule 18 of the Companies (Management and Administration) Rules, 2014, as amended from time to time.

15. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Subdivision/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at <https://heg ltd.com/wp-content/uploads/2022/02/Investor-Service-Request2.pdf> and on the website of the Company's RTA at https://www.mcsregistrars.com/images/documents/96_1054778772_FormISR-4-circular.pdf. It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI vide its notification dated January 24, 2022 has mandated that Members holding equity shares of the Company in physical form are requested to kindly get their equity shares converted into demat/electronic form to get inherent benefits of dematerialisation and also considering that physical transfer of equity shares/ issuance of equity shares in physical form have been disallowed by SEBI. Members can contact the Company or RTA, for assistance in this regard.
16. In terms of Section 152 of the Act, Shri Riju Jhunjunwala and Shri Shekhar Agarwal, Directors of the Company, are liable to retire by rotation at this Annual General Meeting and being eligible, offers themselves for re-appointment.
17. Details under Regulation 36(3) of the Listing Regulations and in terms of Secretarial Standard-2 in respect of the Directors seeking appointment/re-appointment at the 51st Annual General Meeting are annexed hereto as **Annexure -A** to this Notice which forms part of the explanatory statement. Requisite declarations have been received from the Directors seeking appointment/re-appointment.
18. Non-Resident Indian members are requested to inform RTA/respective DP's, immediately of:
- Change in their residential status on return to India for permanent settlement.
 - Particulars of their bank account maintained in India with complete name, branch, account type, account number, IFSC Code and address of the bank with pin code number, if not furnished earlier.
19. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, 1st April, 2019. Further w.e.f. 24th January 2022, transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.



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20. Pursuant to SEBI Circular No. SEBI/HO/OIAE/2023/03391 dated 27th January, 2023 with regard to enhance the awareness of investors about the availability of arbitration facility at Stock Exchanges for their dispute, if any, against listed companies/RTAs, the Company has issued the Intimation regarding "Availability of Dispute Resolution Mechanism of the Stock Exchange(s)" to all investors, who hold shares in physical form in permitted mode. The same was also available on the website of the Company i.e. www.heg ltd.com.
21. 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 i.e. **Thursday, 24th August, 2023**. Members are eligible to cast vote only if they are holding shares as on that date and a person who is not a member as on the cut off date should treat this notice for information purposes only.
22. Members of the Company who acquires shares after the sending of Notice by the Company and hold shares as on the cut-off date i.e. **Thursday, 24th August, 2023**, shall follow the same procedure for e-Voting as mentioned at **point no 27**.
23. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories and Company's RTA 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 VC/ OAVM.
24. **AN ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ELECTRONIC ANNUAL REPORT:**
- (i) In accordance with, the General Circular No. 20/2020 dated 5th May 2020 read with General Circular No. 10/2022 and 28th December 2022 issued by MCA and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023 issued by SEBI, inter-alia granting relaxation from requirement of dispatching physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
- (ii) Members who do not have registered their E-mail ID and/or bank details are required to register their email addresses and/ or bank details, in respect of electronic holdings with their concerned Depository Participants and in respect of physical holdings, with the Company's RTA i.e. MCS Share Transfer Agent Ltd., F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi, India. PIN-110 020 Tel.: 011- 41406149-52 Fax No.: 011- 41709881 E-mail: helpdeskdelhi@mcsregistrars.com by following due procedure, which is as under:

| | |
|----------------------------------|--|
| In case, Physical Holding | <p>Send a duly signed request letter in Form ISR-1 along with supporting documents to the RTA of the Company i.e. MCS Share Transfer Agent Limited (Unit : HEG Limited), F-65, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020, Phone no. 011-41406149 or scanned copy on e-mail at helpdeskdelhi@mcsregistrars.com and provide the following details/documents for registering email address:</p> <ol style="list-style-type: none"> Folio No., Name of shareholder, Email ID, Copy of PAN card (self attested), Copy of Aadhar (self attested) Copy of share certificate (front and back) <p>Following additional details/documents need to be provided in case of updating Bank Account detail:</p> <ol style="list-style-type: none"> Name and Branch of the Bank in which you wish to receive the dividend, Bank Account type, Bank Account Number, MICR Code Number, IFSC Code, and Copy of the cancelled cheque bearing the name of the first shareholder |
| In case, Demat Holding | <p>Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.</p> |



(iii) The Notice of AGM along with Annual Report for the financial year 2022-23, is available on the website of the Company at www.heg ltd.com, on the website of Stock Exchanges where shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL at www.evoting.nsdl.com.

25. PROCEDURE FOR INSPECTION OF DOCUMENTS:

- i. All the documents referred to in the accompanying Notice and Explanatory Statement, shall be available for inspection on the website of the Company till the date of this Annual General Meeting.
- ii. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at NSDL e-voting system.

26. DIVIDEND TDS COMMUNICATION:

1. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on **Thursday, 24th August, 2023**, i.e. the date prior to the commencement of book closure, will be paid the Final Dividend of Rs. 42.50 per Equity Share of the face value of Rs.10 each for the financial year 2022-23, as recommended by the Board, if declared at the 51st AGM of the Company, within 30 days from the date of AGM.
2. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar & Share Transfer Agent cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participant(s) of the Members. Members holding shares in demat form are requested to intimate any change in their address and/or bank mandate immediately to their Depository Participants.
3. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to MCS Share Transfer Agent Ltd, Registrar and Share Transfer Agent or to the Company immediately by sending a signed request in form ISR-1 along with the necessary supporting documents on e-mail at heg.investor@lnjbhilwara.com or contact RTA at helpdeskdelhi@mcsregistrars.com.
4. Shareholders may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company on or after 1st April, 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making the payment of final dividend, if declared at the 51st AGM of the Company. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961.

A. RESIDENT SHAREHOLDERS:

A.1 Tax deductible at source for Resident Shareholders

No tax will be deducted on payment of dividend to the resident individual shareholder if the total dividend, paid during financial year ('FY') 2023-24, does not exceed INR 5,000/-.

The shareholders are advised to update their PAN with the Depository Participant, if shares are held in demat form, or with the Registrar and Share Transfer Agent of the Company, if shares are held in Physical form. The address of Registrar and Share Transfer Agent (RTA) of the Company is as under:

**M/s. MCS Share Transfer Agent Limited
(Unit: HEG Limited)**

F-65, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020

Phone: 011-41406149 – 52, Fax: 011-41709881

E-mail Id: helpdeskdelhi@mcsregistrars.com

TDS to be deducted at higher rate in case of non-linkage of PAN with Aadhaar:

As per Section 139AA of the Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of Section 206AA of the Act.



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| Sr. No. | Particular | Withholding tax rate | Declaration / Documents required |
|---------|---|--|---|
| 1 | Valid PAN updated with the Depository Participant in case shares are held in dematerialized form; or Registrar and Transfer Agent ('RTA') in case shares are held in physical form and no exemption sought by Shareholder | 10% | No Documents Required |
| 2 | No / Invalid PAN with the Depository Participant in case shares are held in dematerialized form; or RTA in case shares are held in physical form and no exemption sought by Shareholder | 20% | No Documents Required |
| 3 | Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the Act | Rate specified in Lower tax withholding certificate obtained from Income Tax Department | <ul style="list-style-type: none"> Self-attested Copy of PAN card Self-attested Copy of lower tax withholding certificate obtained from Income Tax Department |
| 4 | Self-declaration that income-tax return for immediately preceding the financial year (i.e. FY 2021-22) have been filed. | Rate would be as follows: <ul style="list-style-type: none"> If Return filed – 10% If Return not filed – 20% | <ul style="list-style-type: none"> Self-declaration <i>(Please download the Link given as Annexure 1, at the end of this communication)</i> |

A.2 Nil Tax Deductible at Source on dividend payment to Resident Shareholders if the Shareholders submit documents mentioned in the below table with the Company before Thursday, 24th August, 2023.

| S. No. | Particular | Declaration / documents required |
|--------|---|--|
| 1 | An Individual furnishing Form 15G/ 15H | <ul style="list-style-type: none"> Self-attested Copy of PAN card Declaration in Form No. 15G (applicable to an individual who is less than 60 years) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions. <i>(Please download the Link given as Annexure 2 and 3, at the end of this communication)</i> |
| 2 | Shareholders to whom section 194 of the Act does not apply such as LIC, GIC, etc. | <ul style="list-style-type: none"> Self-attested Copy of PAN card Self-declaration <i>(Please download the Link given as Annexure 1, at the end of this communication)</i>, along with adequate documentary evidence (e.g, registration certificate), to the effect that the no tax withholding is required as per provisions of section 194 of the Act. |
| 3 | Shareholder covered u/s 196 of the Act such as Government, RBI, Mutual Funds specified u/s 10(23D), corporations established by Central Act and exempt from Income Tax. | <ul style="list-style-type: none"> Self-attested Copy of PAN card Self-declaration <i>(Please download the Link given as Annexure 1, at the end of this communication)</i>, along with adequate documentary evidence, substantiating applicability of section 196 of the Act. |
| 4 | Category I and II Alternative Investment Fund (AIF) | <ul style="list-style-type: none"> Self-attested Copy of PAN card Self-declaration <i>(Please download the Link given as Annexure 1, at the end of this communication)</i> that AIF's income is exempt under Section 10 (23FBA) of the Act and they are governed by SEBI regulations as applicable to Category I or Category II AIFs, along with copy of registration certificate. |
| 5 | Any other entity exempt from withholding tax under the provisions of section 197A of the Act (including those mentioned in Circular No. 18/2017 issued by CBDT) | <ul style="list-style-type: none"> Self-attested Copy of PAN card Self-declaration <i>(Please download the Link given as Annexure 1 and 4, at the end of this communication)</i> along with adequate documentary evidence, substantiating the nature of the entity Copy of the lower tax withholding certificate obtained from Income Tax Department <i>(except those covered by Circular No.18/2017)</i> |



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| S. No. | Particular | Declaration / documents required |
|--------|--------------------------|---|
| 6 | New Pension System Trust | <ul style="list-style-type: none"> Self-attested Copy of PAN card Self-declaration (<i>Please download the Link given as Annexure 1, at the end of this communication</i>) that Trust's income is exempt under Section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 Copy of registration certificate. |

B. NON-RESIDENT SHAREHOLDERS:

Tax deductible at source for non-resident shareholders shall be as per following table.

| S. No. | Category | Withholding tax rate | Declaration / documents required |
|--------|---|---|---|
| 1 | Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) | 20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial | <ul style="list-style-type: none"> Self-declaration (<i>Please download the Link given as Annexure 5, at the end of this communication</i>) along with adequate documentary evidence substantiating the nature of the entity. To avail beneficial rate of tax treaty following tax documents would be required: <ol style="list-style-type: none"> Self-attested Copy of PAN card (if available) Copy of Tax Residency Certificate (TRC) valid as on the AGM date for the FY 2023- 24 or the calendar year 2023 obtained from the tax authorities of the country of which the shareholder is resident. Self-Declaration in Form 10F (<i>Please download the Link given as Annexure 7, at the end of this communication</i>). Shareholders who have PAN and propose to claim treaty benefit need to mandatorily file the Form 10F online at link https://eportal.incometax.gov.in/ With effect from April 1, 2023 to avail the benefit of DTAA. Self-declaration for no permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on shareholder's letterhead] (<i>Please download the Link given as Annexure 8, at the end of this communication</i>). copy of SEBI registration certificate <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</p> |
| 2 | Alternative Investment Fund – Category III located in International Financial Services Centre | 10% (plus applicable surcharge and cess) | <ul style="list-style-type: none"> Self-attested Copy of PAN card (if available) Self-declaration (<i>Please download the Link given as Annexure 6, at the end of this communication</i>) along with adequate documentary evidence substantiating the nature of the entity. |



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| S. No. | Category | Withholding tax rate | Declaration / documents required |
|--------|--|---|---|
| 3 | Other Non-resident shareholders (except those who are tax residents of Notified Jurisdictional Area) | 20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial | <p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ol style="list-style-type: none">1. Self-attested Copy of PAN card (if available)2. Copy of Tax Residency Certificate (TRC) valid as on the AGM date for the FY 2023- 24 or the calendar year 2023 obtained from the tax authorities of the country of which the shareholder is resident3. Self-Declaration in Form 10F (Please download the Link given as Annexure 7, at the end of this communication). Shareholders who have PAN and propose to claim treaty benefit need to mandatorily file the Form 10F online at link https://eportal.incometax.gov.in/ with effect from April 1, 2023 to avail the benefit of DTAA.4. Self-declaration for no permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on shareholder's letterhead] (Please download the Link given as Annexure 8, at the end of this communication). <p><i>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</i></p> |
| 4 | Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Act | 30% | NA |
| 5 | Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the Act | NIL | <ul style="list-style-type: none">• Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the Act issued by the Government of India.• Self-Declaration (Please download the Link given as Annexure 9 and 10, at the end of this communication) that the conditions specified in section 10(23FE) have been complied with |
| 6 | Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the Act | NIL | Self-Declaration (Please download the Link given as Annexure 11, at the end of this communication) substantiating the fulfillment of conditions prescribed under section 10(23FE) of the Act |
| 7 | Availability of lower/ nil tax deduction certificate issued by Income Tax Department u/s 197 of the Act | Rate specified in Lower tax withholding certificate obtained from Income Tax Department | <ul style="list-style-type: none">• Self-attested Copy of PAN card• Copy of lower tax withholding certificate obtained from Income Tax Department |

The above referred documents duly completed and signed are required to be sent to the Company through email at tdsdiv425@lnjbhilwara.com by quoting your Name, Folio number / Demat Account No. (DP and Client ID both), Number of shares and PAN details **before 24th August, 2023** in order to enable the Company to determine and deduct appropriate TDS/ withholding tax.



Hence, to enable us to deduct TDS on Dividend at the rate lower than the prescribed rate, the above documents should be submitted **before 24th August, 2023**. No communication on the tax determination/ deduction shall be entertained in respect of the dividend declared after the above time limit.

The Resident Non-Individual Members such as Insurance companies, Mutual Funds, Alternative Investment Fund (AIF) and other domestic financial institutions established in India and Non-Resident Non-Individual Members such as Foreign Portfolio Investors may submit the relevant forms, declarations and documents through their respective custodians who are registered with NSDL for tax services, before **24th August, 2023**.

All communications/queries in this respect shall be sent to tdsfdiv425@lnjbhilwara.com only. Documents received by Post at the Corporate Office or from registered email ID will only be accepted.

In case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate. In case, the joint owners wish to get the credit of TDS on their name separately please provide declaration under Rule 37BA of Income Tax Rules 1962. ***(Please download the Link given as Annexure 12, at the end of this communication)***

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt or insufficiency of the aforementioned details/documents from you, an option is available to you to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

UPDATION OF BANK ACCOUNT DETAILS:

In case your Bank details are not updated with records of Depository Participant, if shares are held in demat form, or with the Registrar and Share Transfer Agent of the Company, if shares are held in Physical form, you are requested to kindly get the same updated, to enable the Company to make timely credit of dividend in your bank accounts. We seek your cooperation in this regard.

Additional Notes:

1. Shareholders will be able to download the copy of TDS certificates from the website of the Company (www.heg ltd.com) Home page, in due course by furnishing the PAN number and Shareholders can also check the credit of TDS in Form 26AS by login in to e-filing portal of Income Tax.
2. The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be send on the e-mail id of the Company at tdsfdiv425@lnjbhilwara.com **before 24th August, 2023** to enable the Company to determine the appropriate withholding tax rate applicable. In case where copy of documents (such as, PAN card, Registration certificate, etc.) is provided, the copy should be self-attested by the Shareholder or its authorized signatory. Any communication in relation to tax rate determination/deduction received post the above date shall not be considered.
3. Shareholders holding shares under multiple accounts under different residential status / category and single PAN, may note that, higher of the tax rate as applicable to different residential status/ category will be considered for their entire shareholding under different accounts.
4. In case of resident shareholders, if the income-tax return for the immediately preceding the financial year is not filed within the time limit prescribed under Section 139(1) of the Income Tax Act, 1961 and the aggregate of the amount of tax deducted at source and tax collected at source in case of such shareholder is INR 50,000 or more in the said previous year, then the Company would withhold tax at higher of the following rates:
 - a. Twice the rate specified in the relevant provisions of the Income Tax Act, 1961
 - b. Twice the rate or rates in force
 - c. 5%
5. **TDS to be deducted at higher rate in case of non-linkage of PAN with Aadhaar:**

As per Section 139AA of the Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of Section 206AA of the Act. The Company will be using the functionality of the Income-tax department for the above purpose. Provisions will be effective from July 1, 2023. Shareholders may visit <https://www.incometax.gov.in/iec/foportal/> for FAQ issued by Government on PAN Aadhaar linking.



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6. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, the shareholder will be responsible to indemnify the Company and provide the Company with all information / documents and co-operation in any tax proceedings.
7. In case of any discrepancy in documents submitted by the shareholder, the company will deduct tax at the highest rate applicable, without any further communication in this regard.
8. In terms of Rule 37BA of Income Tax Rules 1962 if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then deductee should file declaration with Company in manner prescribed by Rules.
(Please download the Link given as Annexure 12, at the end of this communication)

Link for Annexures as mentioned above:-

- Annexure 1 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-1.pdf>
- Annexure 2 : https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-2-FORM_15G.pdf
- Annexure 3 : https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-3-Form_15H.pdf
- Annexure 4 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-4.pdf>
- Annexure 5 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-5.pdf>
- Annexure 6 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-6.pdf>
- Annexure 7 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-7.pdf>
- Annexure 8 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-8.pdf>
- Annexure 9 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-9.pdf>
- Annexure 10 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-10.pdf>
- Annexure 11 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-11.pdf>
- Annexure 12 : <https://heg ltd.com/wp-content/uploads/2023/06/ANNEXURE-12.pdf>

The Company vide its separate e-mail communication dated **22nd June, 2023** had informed the Members regarding this change in the Income Tax Act, 1961 as well as the relevant procedure to be adopted by the Members to avail the applicable tax rate. A newspaper Notice was also published inter-alia informing about the communication related to Tax Deduction at source (TDS) on Dividend for the benefit of shareholders whose email IDs were not registered with the Company/ Depository Participants.

27. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING THROUGH VC/OAVM ARE AS UNDER:-

The remote e-voting period begins on Sunday, 27th August, 2023 at 9:00 a.m. (IST) and ends on Wednesday, 30th August, 2023 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. Thursday, 24th August, 2023 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday, 24th August, 2023.

How do I vote electronically using NSDL e-Voting system?





The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|--|--|
| <p>Individual Shareholders holding securities in demat mode with NSDL.</p> | <ol style="list-style-type: none"> Existing IDEAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDEAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDEAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDEAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; align-items: center;"> <div style="margin-right: 20px;">  App Store </div> <div style="margin-right: 20px;">  Google Play </div> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 20px;">   </div> |
| <p>Individual Shareholders holding securities in demat mode with CDSL</p> | <ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. |



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| Type of shareholders | Login Method |
|--|--|
| | 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |



5. Password details for shareholders other than Individual shareholders are given below:
- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to heg.investor@lnjbhilwara.com or helpdeskdelhi@mcsregistrars.com
 - In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to heg.investor@lnjbhilwara.com or helpdeskdelhi@mcsregistrars.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
 - Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
 - In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- Click on "Forgot User Details/Password" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.



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2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cssaket.associates@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on 022 - 4886 7000 and 022 - 2499 7000 or send a request to (Ms. Pallavi Mhatre - Senior Manager) at evoting@nsdl.co.in.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM through VC/OAVM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/ OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.



5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at queries.agm51@lnjbhilwara.com. The same will be replied by the company suitably.

28. PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

Members desiring any information/clarification on the accounts or any matter to be placed at the AGM are requested to write to the Company at queries.agm51@lnjbhilwara.com before **Thursday, 24th August, 2023** to enable the management to keep information ready at the AGM. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, demat account number/folio no., mobile number at queries.agm51@lnjbhilwara.com before **Thursday, 24th August, 2023**. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The other members desiring to seek information/clarification during the AGM may ask through the chat box facility provided by NSDL. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.

The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

29. DECLARATION OF RESULTS

1. Mr. Saket Sharma, a Practicing Company Secretary (Certificate of Practice No. 2565, Membership No. FCS 4229), Partner, M/s. GSK & Associates has been appointed as the Scrutinizer to scrutinize the e-voting and remote e-voting process in a fair and transparent manner.
2. 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 48 hours 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.
3. The results shall be declared not later than forty-eight hours from conclusion of the meeting by posting the same on the website of the Company (www.hegtd.com), website of NSDL (www.evoting.nsdl.com) and by filing with the BSE Ltd. and National Stock Exchange of India Ltd. It shall also be displayed on the Notice Board at the Registered Office & Corporate Office of the Company.
4. Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the Meeting i.e. **31st August, 2023**.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 5:

Members of the Company may note that tenure of Shri Ravi Jhunjunwala (DIN: 00060972), as Chairman, Managing Director and CEO of the Company will cease on 12th February, 2024.

Members of the Company further note that the members in their 49th AGM held on 28th July, 2021 had approved the remuneration of Shri Ravi Jhunjunwala, Chairman, Managing Director and CEO of the Company for a period w.e.f. 1st April, 2021 to 12th February, 2024 as Minimum Remuneration under Schedule V of the Companies Act, 2013 ("Act").

Members may note that pursuant to proviso of Section 196(2) of Companies Act, 2013, No re-appointment shall be made earlier than one year before the expiry of his term.

The Nomination & Remuneration Committee and the Board of Directors in their respective meetings held on 22nd May, 2023, have approved the re-appointment and payment of remuneration of Shri Ravi Jhunjunwala (DIN: 00060972) as the Managing Director of the Company, not liable to retire by rotation in terms of Sections 152 of the Companies Act, 2013, for a period of five years with effect from 13th February, 2024 to 12th February, 2029, subject to the approval of members. The Nomination & Remuneration Committee and the Board of Directors also in their respective meetings accorded their approval for continuance of Shri Ravi Jhunjunwala, Managing Director as Chairman and CEO of the Company, in accordance with Articles of Association of the Company and also in terms of SEBI (LODR) Regulations, 2015, as amended from time to time.

The Board considered the feedback/views of Nomination and Remuneration Committee on the performance evaluation of Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO of the Company while approving his re-appointment and payment of remuneration, for a period of five years subject to the approval of members of the Company.



Members may also note that proposed remuneration as set forth in the resolution is in accordance with and within the limits of Schedule V and applicable provisions of the Companies Act, 2013 (the Act) and it therefore, require approval of shareholders by way of Special Resolution.

Shri Ravi Jhunjunwala is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Shri Ravi Jhunjunwala is not debarred from holding the office of Director, pursuant to any SEBI order or any other such authority.

Members of the Company may note that their approval by way of Special Resolution is also required in terms of Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, for paying remuneration to Shri Ravi Jhunjunwala for an amount exceeding Rs. 5 Crores per annum or 2.5 % of net profits of the Company, whichever is higher.

Members may further note that their approval by way of Special Resolution is also required in terms of Section 196 of the Companies Act, 2013, for continuation of Shri Ravi Jhunjunwala as Managing Director, who will attain the age of 70 years in the year 2025-2026.

Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO is also the Managing Director of Malana Power Company Limited, and therefore, in accordance with Section 197 read with schedule V of the Companies Act, 2013, remuneration drawn by Shri Ravi Jhunjunwala from one or both Companies, shall not exceed the higher maximum limit admissible from anyone of the Companies, in which he is a Managing Director.

Members may also note that Shri Ravi Jhunjunwala held the position of Managing Director of the Company since 1989. As of now, he is the Chairman, Managing Director and CEO of the Company and has been entrusted with the responsibility to manage the affairs of the Company. He has been responsible for policy planning, vision and strategy and also involved in long term development activities of the Company, besides Corporate Governance and Board co-ordination.

Members may also note that the re-appointment and payment of remuneration proposed through this item will take effect from 13th February, 2024, as his existing terms and conditions of appointment will continue till 12th February, 2024.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services. The Board is of opinion that Item No. 5 is unavoidable and thus commends the resolutions for your approval as a Special Resolution.

A copy of memorandum containing terms of appointment and remuneration of Shri Ravi Jhunjunwala, Chairman, Managing Director and CEO of the Company as required under Section 190 of the Companies Act, 2013 shall be open to inspection by any members of the Company without payment of any fee at the Registered Office and Corporate Office of the Company 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 and also at the the Annual General Meeting.

Details of Shri Ravi Jhunjunwala are provided in the "Annexure-A" to the Notice pursuant to the provisions of (i) the listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Shri Ravi Jhunjunwala, is concerned or interested in the resolution of the accompanying notice relating to his re-appointment and payment of remuneration. Shri Riju Jhunjunwala, Director being relative of Shri Ravi Jhunjunwala, is also interested in his re-appointment and payment of remuneration. Their relatives to the extent of their shareholding are concerned or interested in the said resolution.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested financially or otherwise in the aforesaid Resolution. This statement may also be regard as an appropriate disclosure under the Listing Regulations.

ITEM NO. 6:

Members may note that pursuant to the provisions of Section 149, 152 and other applicable provisions if any, of Companies Act, 2013 Smt. Ramni Nirula (DIN 00015330) was appointed as an Independent Director of the Company in the 47th Annual General Meeting held on 20th August, 2019 to hold office upto 30th October, 2023.

Members may also note that in view of the SEBI (LODR) Regulations, 2015, no listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate justification for appointing such a person.



Smt. Ramni Nirula, (B .Com (H), MBA) retired as Senior General Manager of ICICI Bank Limited. She had more than 4 decades of experience in the financial services sector, beginning her career with the erstwhile ICICI Limited in the project appraisal division. Since then she has held various leadership positions in the areas of Project Financing, Strategy, Planning & Resources and Corporate Banking.

Smt. Ramni Nirula also held key position as Managing Director & CEO of ICICI Securities Limited, the Investment Banking arm of ICICI Bank Limited. She also headed the Corporate Banking Group for ICICI Bank. In addition, she was also responsible for setting up the Government Banking / Corporate Agri Group based out of New Delhi within the bank.

Smt. Ramni Nirula active through her participation at the meetings and valuable contributions as all essential part of Corporate Governance, whether at the Board or Committee Meetings, brought to bear a distinctive mark on her management of affairs of the Company. She was present at most of the Meetings of the Board and various Committees of Directors. She also asked insightful questions and raises thought provoking perspectives. She also did follow-up on matters on which she had expressed concern.

Smt. Ramni Nirula always expressed her own judgment & Voices/Opinion/View freely at the Board/Committee meetings. Her vast and varied experience in the business and corporate world justify her re-appointment as an Independent Director for a second term of five consecutive years. Further her contribution towards deliberations in the Board/Committee Meeting would be in the best interest of the Company.

Smt. Ramni Nirula is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Smt. Ramni Nirula is not debarred from holding the office of Director, pursuant to any SEBI order or any other such authority.

The Company has received a declaration from Smt. Ramni Nirula that she meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Smt. Ramni Nirula fulfils the conditions for appointment as an Independent Director specified in the Act and rules made thereunder and Listing Regulations.

The Board is also satisfied with regard to integrity, expertise and experience (including proficiency) of Smt. Ramni Nirula.

The Board considered the feedback/views of the Nomination and Remuneration Committee on the performance evaluation of Smt. Ramni Nirula. The Nomination & Remuneration Committee had a view that she has a diversified business experience which proved to be useful to the Board in decision making. The Board, thereafter, evaluated the performance of Smt. Ramni Nirula on the basis of criteria laid down in the Nomination and Remuneration Policy of the Company and expressed their satisfaction over the performance of Smt. Ramni Nirula as an Independent Director of the Company. The resolution seeks the approval of members for re-appointment of Smt. Ramni Nirula as an Independent Director pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and rules made thereunder for her second term of 5 (five) consecutive years w.e.f. 31st October, 2023 upto 30th October, 2028.

Smt. Ramni Nirula (aged 71 years) will be attaining the age of 75 years in the year 2027-2028 and therefore for continuation as Independent Director from 27th May, 2027 till 30th October, 2028, approval of Shareholders by way of Special Resolution is also required in terms of Regulation 17 (1A) of Listing Regulations.

The Company has received a notice in writing from a member proposing her candidature for the Office of Director of the Company under Section 160 of the Act.

Smt. Ramni Nirula meets the following skills and capabilities as laid down by Board of Directors:

- i) Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities, the industry in which the Company operates and advising on domestic market and overseas market.
- ii) Behavioral skills – Attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
- iii) Financial and Management skills.
- iv) Environment, Health and Safety and Sustainability- Knowledge of working on environment, health and safety and sustainability activities.

The Board is of the opinion that it will be beneficial to the Company to avail her services as an Independent Director of the Company and the item no. 6 of her appointment, being a special business in this Notice is unavoidable and thus commends the Special Resolution for approval by the members.



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A copy of the draft letter for the re-appointment of Smt. Ramni Nirula as an independent director setting out the terms and conditions is available on the website of the Company for inspection till the date of AGM.

Details of Smt. Ramni Nirula are provided in the "Annexure-A" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Smt. Ramni Nirula is concerned or interested in the resolution of the accompanying notice relating to her re-appointment and her relatives are concerned or interested to the extent their shareholding, if any, in the Company. None of the other Directors/ Key Managerial Personnel of the Company, and/or their relatives are, in any way, concerned or interested financially or otherwise, in the proposed Resolution. This statement may also be regard as an appropriate disclosure under the Listing Regulations.

ITEM NO. 7:

Upon the recommendation of the Audit Committee, the Board of Directors at their meeting held on 22nd May, 2023 has approved the appointment of M/s. N.D. Birla & Co., Cost Accountants (Firm Registration Number 000028) as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024, at a remuneration of Rs. 3,00,000/- (Rupees Three Lakhs only) plus applicable taxes and out of pocket expenses that may be incurred by them during the course of audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the remuneration payable to the Cost Auditor has to be ratified by the members.

The Board is of opinion that item no. 7 relating to ratification of remuneration of Cost Auditors, being a Special Business in this Notice is unavoidable and thus commends the resolution for your approval as an Ordinary Resolution.

None of the Directors & Key Managerial Personnel of the Company, and/or their relatives are, in any way, concerned or interested, financially or otherwise in the aforesaid Resolution.

By order of the Board of Directors
For HEG Limited
Sd/-
(Vivek Chaudhary)
Company Secretary
ACS: 13263

Place : Noida (U.P.)

Date: 22nd May, 2023

Registered Office

Mandideep (Near Bhopal)

Distt.Raisen - 462046, (M.P.)

CIN: L23109MP1972PLC008290

E-mail: heg.investor@lnjbhilwara.com

Website: www.hegltd.com

Phone: 07480-233524, 233525, Fax: 07480-233522



Annexure-A

Details of Directors eligible for appointment/re-appointment pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2.

| Name of Director | Shri Ravi Jhunjunwala | Shri Riju Jhunjunwala | Shri Shekhar Agarwal | Smt. Ramni Nirula |
|--|--|---|--|---|
| DIN | 00060972 | 00061060 | 00066113 | 00015330 |
| Category of Directorship | Chairman, Managing Director & CEO | Promoter Non-Executive | Promoter Non-Executive | Independent Director |
| Date of Birth | 28.10.1955 | 13.01.1979 | 09.10.1952 | 27.05.1952 |
| Age | 67 Years | 44 Years | 70 Years | 71 Years |
| Date of Appointment on the Board | 08.09.1979 | 30.04.2009 | 15.07.1996 | 31.10.2018 |
| Qualification | B.Com. (Hons), MBA | Graduate in Business Management Studies from University of Bradford, UK | B. Tech (Mech), IIT Kanpur, Master of Science Degree in Industrial & Systems Engineering from Illinois Institute of Technology, Chicago, USA | B. Com(H), MBA |
| Experience | <p>Shri Ravi Jhunjunwala, age 67 years, is the Chairman, Managing Director and CEO of HEG Limited, which is one of the entities of LNJ Bhilwara Group. LNJ Bhilwara Group is a diversified conglomerate with interests in Textiles, Graphite Electrodes, Power and IT enabled services. Shri Ravi Jhunjunwala holds a B.Com (Hons.) Degree (1976 batch) from Hindu College and Masters in Business Administration (Corp. Finance) from the Centre D'etudes Industrielles (CEI), Geneva (1980-81). He is Director on Board of various Companies, mostly listed entities. He is also Independent Director on Board of two listed entities outside the group. Shri Ravi Jhunjunwala has been associated with the Company since 1979 when he was inducted in the Board of the Company. Shri Ravi Jhunjunwala became the Managing Director of the Company in 1989 and took over as Chairman of the Company in 1996. He has taken Company to greater heights since his association with the Company.</p> | <p>Shri Riju Jhunjunwala is an Industrialist with diversified business experience in Textile, Power, IT, Skill Development and Graphite Electrodes.</p> <p>He is the Chairman, Managing Director of RSWM Limited and Managing Director of Bhilwara Energy Ltd.</p> <p>He is also active in industry and social associations.</p> <p>He has been the past president of the Entrepreneurs Organization (Delhi Chapter) among some others.</p> <p>He is an avid reader of history and biographies and has a keen interest in general affairs and politics.</p> | <p>Shri Shekhar Agarwal, with nearly 42 years' experience in the textiles industry, is the Chairman and Managing Director of Maral Overseas Ltd. and Bhilwara Technical Textiles Ltd. He is also the Chairman of BMD Pvt. Ltd.</p> <p>Shri Shekhar Agarwal obtained his B.Tech. (Mechanical Engineering) from IIT, Kanpur in 1975 and went on to get his Master of Science Degree in Industrial & Systems Engineering in 1976 from Illinois Institute of Technology, Chicago, USA. He worked as a Senior Industrial & System Engineer with Rego Co., Chicago from December 1976 to May 1980, having trained & practiced MOST, the Maynard Operations Sequencing Technique for manufacturing high quality valves & regulators for the LPG & Compressed gas industries.</p> <p>He is a former Chairman of the Confederation of Indian Textile Industry (CITI) (formerly ICMF), the apex body for the total textile industry in India and former President of Northern India Textile Mills Association (NITMA).</p> | <p>Smt. Ramni Nirula, retired as Senior General Manager of ICICI Bank Limited. She had more than 4 decades of experience in the financial services sector, beginning her career with the erstwhile ICICI Limited in the project appraisal division. Since then she had held various leadership positions in the areas of Project Financing, Strategy, Planning & Resources and Corporate Banking.</p> |
| No. of other Directorships in Public Limited Companies | <ol style="list-style-type: none"> 1) Malana Power Company Limited 2) RSWM Limited 3) Maral Overseas Limited 4) Bhilwara Energy Limited 5) AD Hydro Power Limited 6) BSL Limited 7) India Glycols Limited 8) JK Laxmi Cement Limited 9) TACC Limited | <ol style="list-style-type: none"> 1) Bhilwara Energy Limited 2) RSWM Limited 3) Bhilwara Infotechnology Limited 4) Bhilwara Technical Textiles Limited 5) NJC Hydro Power Limited 6) Chango Yangthang Hydro Power Limited 7) TACC Limited | <ol style="list-style-type: none"> 1) RSWM Limited 2) Maral Overseas Limited 3) BSL Limited 4) Bhilwara Technical Textiles Limited | <ol style="list-style-type: none"> 1) Kirloskar Brothers Limited 2) Usha Martin Limited 3) DCM Shriram Limited |



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| Chairman/Member of the Committees of the Board of Directors of the Companies. # | | | | |
|---|---|---|--|--|
| Audit Committee | Nil | Nil | Member | Nil |
| Stakeholders Relationship Committee | Member | Chairman | Nil | Nil |
| Chairman/Member of the Committees of the Board of Directors of the other Companies. # | | | | |
| Audit Committee | (i) AD Hydro Power Limited- Chairman (ii) India Glycols Limited -Member (iii) JK Lakshmi Cement Limited- Member (iv) Bhilwara Energy Limited- Chairman | Nil | (i) BSL Limited- Member | (i) DCM Shriram Limited- Member (ii) Kirlskar Brothers Limited-Member |
| Stakeholders Relationship Committee | (i) BSL Limited- Member | (i) Bhilwara Technical Textiles Limited- Member | (i) RSWM Limited- Member (ii) Maral Overseas Limited- Member | Nil |
| Listed Entities from which the Director has resigned in the past three years | Nil | Nil | Nil | 1. PI Industries Limited 2. CG Power and Industrial Solutions Limited |
| No of Equity Shares held in the Company as on 31 st March, 2023. | 719 | 1,356 | Nil | Nil |
| Number of Board Meetings attended during the year | 4/4 | 4/4 | 4/4 | 3/4 |
| Terms and conditions of appointment/ re-appointment | Chairman, Managing Director & CEO – Not Liable to retire by rotation | Non-Executive Director, liable to retire by rotation. | Non-Executive Director, liable to retire by rotation. | Independent Director, not liable to retire by rotation. |
| Remuneration sought to be paid and the remuneration last drawn | Mentioned in the item no- 5 of the Notice of AGM and explanatory Statement therein. | See Note given below | See Note given below | See Note given below |
| Relationship with other Directors, Manager and Key Managerial Personnel | Shri Ravi Jhunjunwala is relative of Shri Riju Jhunjunwala | Shri Riju Jhunjunwala is relative of Shri Ravi Jhunjunwala. | No relationship with other Director, Manager and Key Managerial Personnel. | No relationship with other Director, Manager and Key Managerial Personnel. |
| Justification for choosing the Independent Director | Not Applicable | Not Applicable | Not Applicable | As per Explanatory Statement of Notice of AGM. |
| Skills and capabilities required for the role and the manner in which the proposed person meets such requirements | Refer point no. 2 (iii) of Corporate Governance Report | Refer point no. 2 (iii) of Corporate Governance Report | Refer point no. 2 (iii) of Corporate Governance report | Refer point no. 2 (iii) of Corporate Governance Report |

#Audit Committee and Stakeholders Relationship Committee have been considered.

Note: The Non-Executive Directors (including Independent Directors) are paid sitting fee for attending meetings of Board of Directors, Independent Directors and various Committee of Directors etc. in accordance with Nomination and Remuneration Policy of the Company.