

The background of the cover is a dark, industrial scene. In the center, there are two large, glowing red rollers, likely part of a steel mill. The rollers are surrounded by dark metal structures and are illuminated from within, creating a bright orange-red glow. The overall atmosphere is industrial and powerful.

Annual Report 2020

Contents

| | |
|-----------------------------------|-----|
| About us | 2 |
| From the Chairman's Desk | 4 |
| Key performance indicators | 8 |
| Management Discussion & Analysis | 10 |
| Corporate Social Responsibility | 24 |
| Board's Report | 28 |
| Business Responsibility Report | 70 |
| Corporate Governance Report | 82 |
| Standalone Financial Statements | 108 |
| Consolidated Financial Statements | 181 |
| Corporate Information | 259 |

At HEG, we believe that there is just one way to be sustainably successful.

Going beyond the conventional standards – in product quality and customer service.

We have done this repeatedly to the point that this has become our culture and an inherent part of our value system.

In doing so, we have emerged as one of the world's most dynamic graphite electrode manufacturers.

What is even more remarkable is that HEG is not only one of India's leading players of graphite electrodes but also features among the most trusted corporates in the business space.

Trusted by more than 100 steel manufacturers across the globe.

ABOUT HEG

A premier company of the LNJ Bhilwara Group.

Among the Top 5 Graphite Electrode manufacturers in the world.

Possesses the world's largest Single-Site Integrated Graphite Electrode plant, located at Mandideep (Bhopal), Madhya Pradesh.

Largest Graphite Electrode Exporter from India - consistently exporting to more than 30 countries.



Vision

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



Mission

To become a leading international player in Graphite Electrodes and related businesses by leveraging its core competence and thereby enhancing value to the customer, shareholder, employee and the society.

Headquartered in Noida, NCR Delhi, India

Business operations managed by an 867-member-strong team.

Capability to manufacture both UHP and HP electrode variants; flexibility to manufacture 100% UHP grade electrodes.

Equity listed on The BSE Limited and The National Stock Exchange of India Ltd.

from the Chairman's desk

"Our Company's edifice is robust enough to withstand every challenge. For, our people have successfully encountered numerous ups and downs in our four-decade journey, their 'bring-it-on attitude' is what has and continues to inspire me to surge ahead with confidence."

Dear shareholders,

It's always a pleasure to paint a picture of our performance and prospects. There are times when the shades are dull and, at times, they are brighter than sunshine. This year, it has been a smudged palette of delight and deep breaths.

All around us we see faces smeared by the fright of a dreaded microbe that's claiming lives in thousands every day across the world. It leaves no room for sunshine to sneak in and a darkness of uncertainty only gets thicker. Let's look



beyond the blackness and wait for the green shoots to emerge, heralding the advent of brighter prospects.

A year ago, when I had picked up the palette last time, I had drawn the footsteps of the industry retracing itself from the heady highs it scaled in 2018-19 to a plateau where it could stabilise. Let's look back at the picture, for this will help us comprehend our present, and more importantly, our future.

A collage of blues

For two years spanning over 2017 and 2018, unprecedented tightness in supply of electrodes pushed the prices upwards like a wild stallion. Steel majors across the world stocked up inventories more than required to sustain operations and optimise their cost structures. The surge helped the company enjoy exceptional profits.

A year later, the landscape changed, and the steel sector headed into the red. Global crude steel production in 2019 slumped to minus-1.7%, excluding the exceptional 8.3% growth in Chinese output. China jacked up the global average to a meagre 3.4% during the year under review.

Electrodes could not retain the heat in 2019 and a slack in demand eased the prices sequentially. But the inventory overhang did not dissipate entirely; this dimmed our performance. Our sales volumes dropped, and so did realisations. A decline in revenues hung over our profits. Our profitability fell faster in the face of high-cost inventory of needle coke.

The Ultra High Power (UHP) grade electrodes are used in large furnaces, which are melting furnaces. The HP electrodes are used in ladle furnaces (which support the electric arc furnaces) which are used for refining and do not require electrodes with stringent quality specifications. So UHP and HP are not switchable.

The blues continued with the Covid-19 pandemic morphing two fiscal years and prompting a blanket ban on all activities.

A portrait of 'now'

At the first glance, the palette for today looks woefully splotched by an undesired abundance of gray.

Fiscal 2020-21 began amid an unanticipated catastrophe, seemingly potent enough to wipe out the rainbow race. For the unprecedented tragedies it unleashed, no planning whatsoever deemed fit. Standing even amid this reign on uncertainty, I truly appreciate the proactive steps taken up by the central and the state governments and the untiring efforts of healthcare professionals and civic authorities in containing the spread of Covid-19 to minimise the loss of lives. I can't help bowing down to the dogged determination of our brave frontline warriors.

It is because of their passionate and patient endeavour that India has recorded a more than 50% recovery rate in economic activities.

HEG, like many other enterprises dotting the Indian landmass, didn't give in to the pain inflicted by the pandemic and the containment measures that had brought everything to a standstill. Adversity, we believe, is the true test of character. And, I feel proud to declare that your Company prioritised the health and safety of its employees above everything else. We stayed distant, but remained more connected than ever. As a team, we became more cohesive during the lockdown days.

The colour begins to look brighter as I look for the prospects.

The first quarter appears to be a washout. Business activity was abysmal. This makes our shareholders concerned about the Company's stability. But am I worried? To be honest, no.

First, from an economic perspective, I believe that the green shoots of recovery are close at hand. Although the spread of Covid-19 continues unabated, people have begun stepping out to push the wheels of progress forward. Developed nations commenced business activities in a phased manner. India, too, began easing the lockdown in a staggered way. I strongly hope to see a pickup in economy over the next 3-6 months.

Second, our liquidity war chest built prudently over the last two great years, powers us to tide over today's slump, even as we continue operating our plant at about 50% capacity.

Lastly, aligned to the 'slowbalisation' prevailing across the globe, our peers continue to operate at similar or lower capacity utilisation. The consequent reduction in supply should help reduce the inventory pile-up with global steel majors and rekindle demand and stabilise realisation.

The slowdown in electrode demand caused a fall in needle coke prices bringing them to more realistic levels.

Despite the brighter hues behind the gloomy gray, I believe, the dullness will prevail in the very short term. Our financial performance will remain muted

in 2020-21 – a drop from the 2019-20 numbers appears imminent.

A frame for the 'next'

Tomorrow comes as a landscape painted with all the shades of possibility. Electrodes, I believe, are fully charged for a spike around the end of this fiscal for a long run.

The crisis has taught us to be more focused on medical facilities. Developed economies have started working towards a stronger and more effective healthcare infrastructure. Communication network and infrastructure, which emerged as the most critical lifeline during the lockdown across the world, would be reinforced. Strategic and capital investments will start moving and stalled projects will once again be brought to life. All these point to one reality – a turnaround in the fortune of the steel industry. And, that will inevitably fuel the demand for electrodes.

Also, the pandemic has brought the spotlight on the benefits of EAF steelmaking because of its faster stoppage and inexpensive restart as opposed to the blast furnace, which continued to work even during the lockdown. This could veer new investments in steelmaking infrastructure towards EAF.

The final brush strokes

Our Company's edifice is robust enough to withstand every challenge. For our people have successfully encountered numerous ups and downs in our four-

decade journey. Their bring-it-on attitude is what has and continues to inspire me to surge ahead with confidence.

Going forward, while we refrain from making any predictions or estimates, we are preparing ourselves for every eventuality. This would enable us to shift gears almost instantly to align with the increasingly dynamic ecosystem we are operating in.

The HEG team worked aggressively towards cost optimisation in all spheres and manpower rationalisation to make the Company a lean fighting machine and emerge stronger from this slowdown.

I take the opportunity to thank the entire HEG team for their unique passion and dedication to our clients and our business. I express my sincere gratitude to fellow Directors for their commitment and professionalism in paving HEG's long-term path. My thanks to our other stakeholders, who continue to be our partners in growth. I also place on record my deep appreciation to all our loyal and valuable shareholders for their continued confidence and support.

It's your confidence that has brought us this far, it is this fuel that will accelerate us into a new orbit.

Warm regards

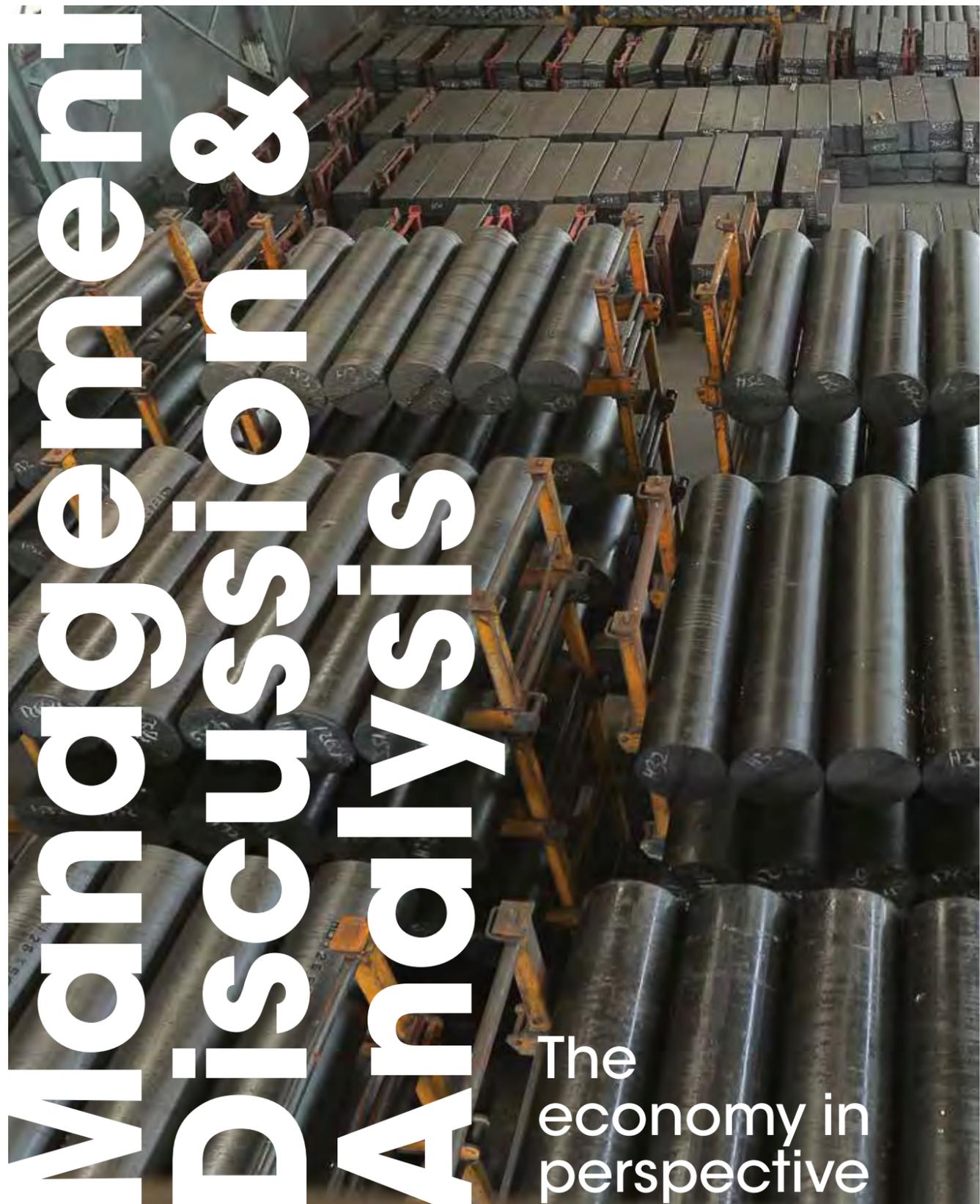
Ravi Jhunjhunwala

A fellow shareholder

Key Performance Indicators

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|------------------------------------|---------|---------|---------|---------|---------|
| Net Revenue (₹ crore) | 914 | 903 | 2,771 | 6,702 | 2,293 |
| EBIDTA (₹ crore) | 140 | 88 | 1,734 | 4,767 | 138 |
| Net Profit (₹ crore) | (8) | (49) | 1,081 | 3,050 | 53 |
| Net cash from operations (₹ crore) | 271 | 157 | 594 | 1,488 | 878 |
| Networth (₹ crore) | 923 | 872 | 1,809 | 3,719 | 3,423 |
| Debt-equity ratio (x) | 0.28 | 0.31 | (*) | (*) | (*) |
| Earnings per share (₹) | (1.92) | (12.54) | 270.61 | 763.60 | 13.83 |
| Dividend payout (₹ crore) | - | - | 120 | 320 | 289 |

(*) Long-term debt fully repaid



Management Discussion & Analysis

The economy in perspective

Across the globe... economic activity was dull and down.

Global growth decelerated markedly in 2019 with continued weakness in global trade and investment. This weakness was widespread, affecting all – advanced economies, particularly the Euro Area, emerging markets and developing economies. Various key indicators of economic activity declined parallelly, approaching their nadir since the global financial crisis.

In particular, global trade in goods was in contraction for a significant part of 2019, and manufacturing activity slowed markedly over the course of the year. Bilateral negotiations between the United States and China since mid-October resulted in the Phase One agreement, including a planned partial rollback of tariffs, that de-escalated trade tensions.

Financial markets were fragile for most part of 2019. Concerns about growth prospects triggered widespread monetary policy easing by major central banks last year, as well as flight to safety flows into advanced-economy bond markets. But the sentiment improved appreciably towards the end of the year along with the easing of trade tensions.

Against this global backdrop, economic growth weakened to an estimated 2.9% last year — the lowest rate of expansion since the 2008-09 financial crisis.

2020: Unprecedented

This has been a year of fright not for businesses alone, but for the entire human race. The Covid-19 pandemic ravaged the world, spelling doom and drawing the civilisation to its knees. The world never experienced such a shock since the end of the World War II.

The pandemic has inflicted a rise in human costs worldwide. Protecting lives and allowing healthcare systems to adapt to the time called for isolation, lockdown, and widespread closure to check the spread of the virus. The loss in businesses because of this crisis and its containment measures possibly dwarf the losses that

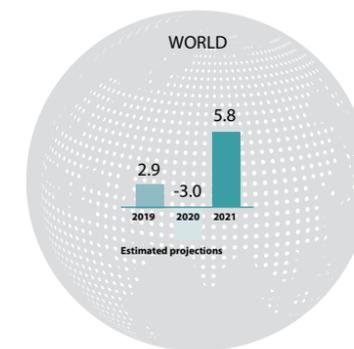
the two global financial crises had caused. Moreover, the shock isn't over yet. The pandemic has driven the world into a state of severe uncertainty of unknown duration.

The health crisis has left a severe impact on economic activities. As most countries fight this unprecedented threat with measures like strict lockdowns and isolations, the wheels of the economy have come to a teetering halt. As a result of the pandemic, the global economy is projected to contract sharply by 3% in 2020.

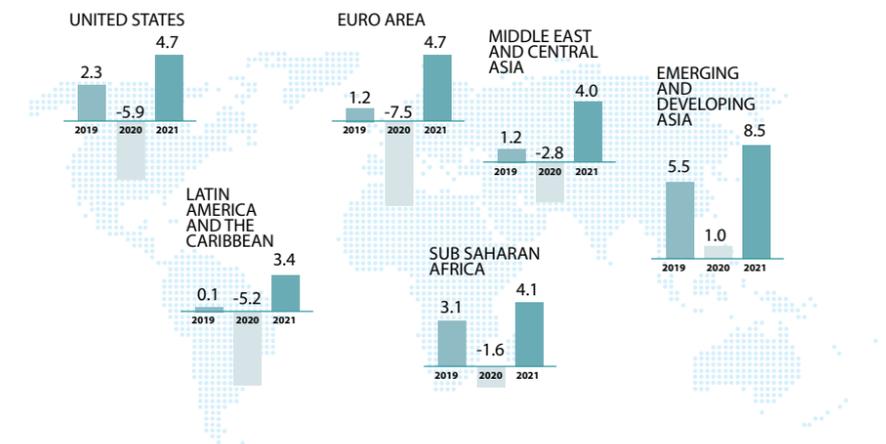
In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8% in 2021 as economic activity normalises, helped by policy support.

(Source: IMF April, 2020)

Latest World Economic Outlook growth projections



(real GDP growth, percent change)



In India... economic fragility preceded the pandemic.

The Indian economy was in its worst phase even before the Corona virus outbreak, with the growth rate in gross domestic product (GDP) hitting an 11-year low of 4.2% in 2019-20. The economy grew by 3.1% in the January-March quarter of 2019-20 as against 5.7% at the same time a year ago, the slowest growth in at least eight years.

The slowdown was triggered by a mix of both internal as well as external factors such as a synchronised global slowdown, demonetisation, poor implementation of GST, historically low automobile sales, a flat growth in core sectors and a steady decline in investment into construction and infrastructure. A stalemate in real estate developments, record unemployment and rising costs paint a gloomy picture of the economy.

According to National Statistical Office data, the manufacturing sector has grown merely 0.03% in FY2019-20, compared

to 5.7% in the previous year. The growth of the construction sector, which is responsible for a spillover effect on several other industries, too declined to 1.3%.

The gross capital formation remained low in FY 2019-20, while the growth of deposits in banks declined to 7.9%, compared to 10% in the previous fiscal, hinting at low-level savings. Bank credit growth more than halved to 6.1%, compared to the previous fiscal's 13.3% growth, which shows that consumption too will remain tepid.

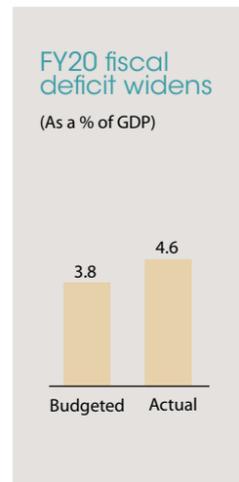
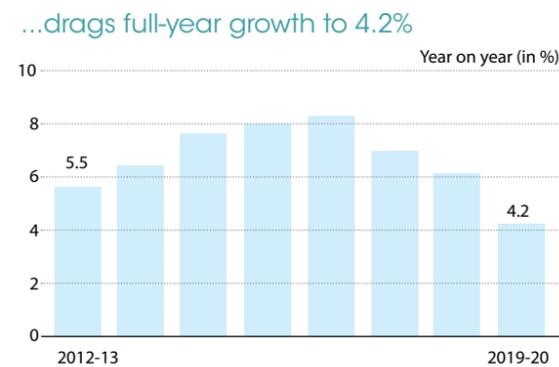
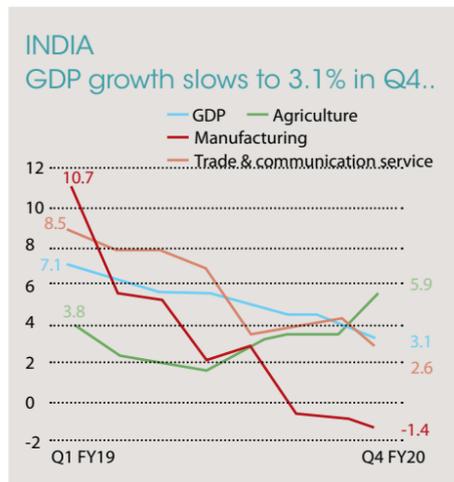
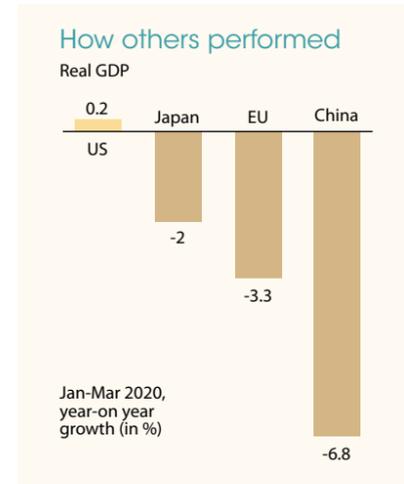
The situation worsened when most public sector banks began gasping for breaths under a huge burden of non-performing

assets (NPAs). There was an obvious freeze in lending and consequently the banks started seeking deposits and making provisions for bad debt. The NBFC crisis weakened the financial health of the economy further with a massive liquidity crunch in the system.

To add to the government's woes, India's fiscal metrics worsened beyond estimates, with the fiscal deficit for FY20 widening to 4.6% of the GDP as against the finance ministry estimate of 3.8%.

And, just when the green shoots of recovery were seen emerging, the Corona virus struck India. The nation enforced one of the longest and strictest lockdowns in the world to contain the spread of the disease. It triggered severe demand-supply shocks and nixed the economy's incipient recovery with further job losses across sectors.

Despite this economic disruption, experts are optimistic about India's resurgence. They believe that while the economic damage of the pandemic has so far been deep-rooted and far-reaching in India, there still is hope that economic activities will spike once the lockdown is lifted.



Steel sector

Steel. It's indispensable and invaluable.

Every individual is in touch with this metal every moment. Almost everything that we use is either made from or manufactured with steel. It is a uniquely versatile material and is widely regarded as a high performance, contemporary engineering material.

What is even more exciting about steel is that it continues to lend itself to being improved and innovated to meet dynamic and challenging demands through the decades. This intrinsic benefit of steel makes it a sustainable choice in a growing number of applications. This has made it integral to our modern living and critical to economic growth.

Meltdown in global steels

Global crude steel production increased 3.4% year-on-year to 1.87 billion tonnes in 2019. Production contracted in all regions during the year except for Asia and the Middle East.

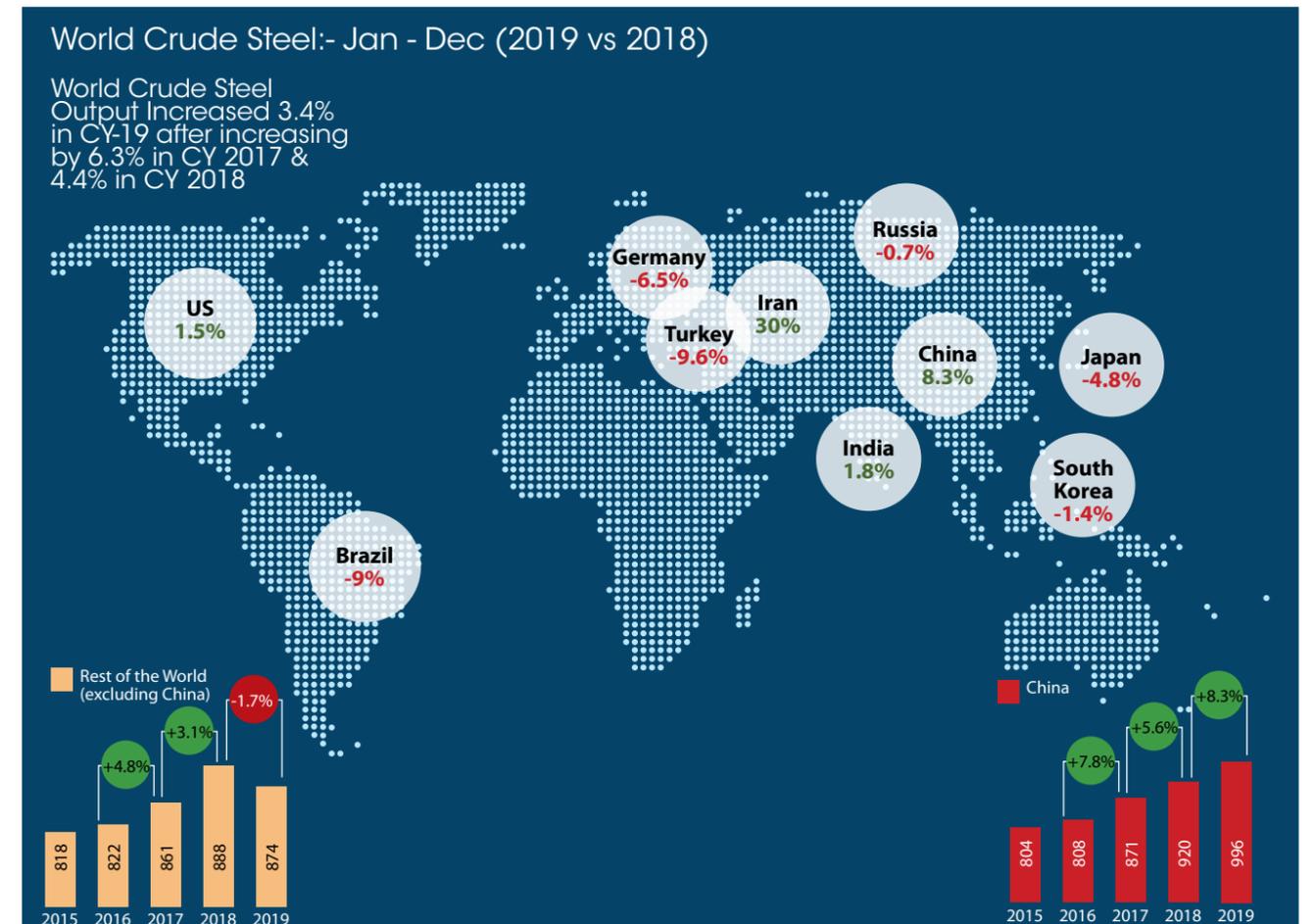
Asia produced 1.34 billion tonnes of crude steel in 2019, an increase of 5.7%, compared to 2018. China's crude steel production in 2019 reached 996.3 million tonnes (MT), up by 8.3% on 2018. China now accounts for 53.3% of global crude steel production – its largest share ever.

Globally, the monthly output on an annualised basis had topped 1 billion tonnes (BT) over April-September, supporting expectations that production can exceed this psychological mark in future.

In Europe, the negative trend in steel demand in 2019 hurt the domestic producers. The new EU import quota regulations created a rush for consumption by overseas suppliers, including finished steel products stock building, disrupting the stagnating EU steel market. Worldsteel data shows that crude steel production in Europe declined 5% YoY to 154.9 MT in 2019.

In 2020, Worldsteel forecasts that steel demand will contract by 6.4%, dropping to 1,654 MT due to the Covid-19 crisis. In 2021, steel demand is expected to recover to 1,717 MT, an increase of 3.8% over 2020.

The overall impact of the steel industry is \$2.9 trillion value added, and 96 million jobs globally.



... India was no exception to the global trend.

For Indian steel producers, 2019 was a year of woes.

Like its global counterparts, the Indian steel industry witnessed a steep price fall not seen in the past three years. For example, the prices of hot-rolled steel coil fell for 21 straight weeks. It was only towards the end of 2019 did some steel companies raise the price.

Production-wise, Indian steelmakers continued to face the challenge of imported steel flooding the market. This, and the lack of pickup of steel, led to some companies reducing their steel output.

Typically, 60-62% of steel end-use mix is accounted for by construction, while 8-10% of demand comes from automobile segments.

Outlook

Covid-19 has disrupted operations irreversibly, setting the stage for a new normal that will see a realignment of power centres in different domains. The Corona virus crisis has impacted almost all supply chains dependent on China, which includes the steel sector.

Fiscal 2020-21 promises to be very challenging for the steel industry for multiple factors like

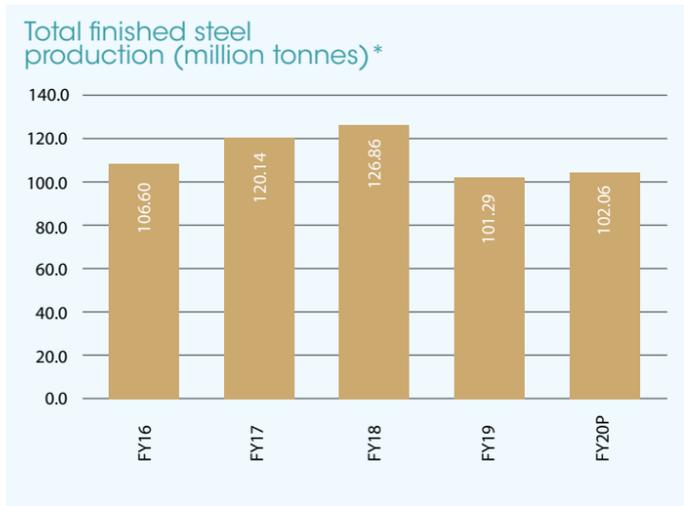
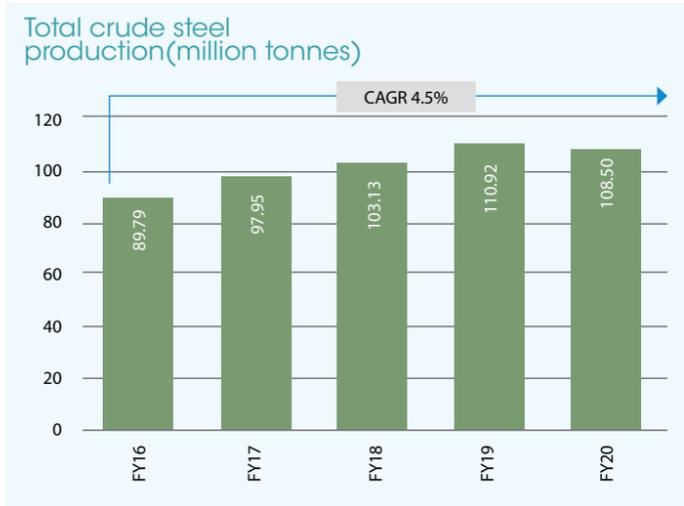
- The closure of operations in most industries are expected to erode the nation's steel demand in 2020-21 by about 15%.

- Demand from infrastructure, construction and real estate sectors is likely to be subdued in the first half of FY21.
- Demand from automobile, white goods and capital goods sectors is likely to reduce with consumers deferring discretionary spends in the near term.
- Challenges with regard to availability of workforce and logistics movement of raw material and finished goods is expected to persist.
- An oversupply position would lead to price correction which would impact the profitability of steel manufacturers.

EAF steel segment

After holding at approximately 25% of global steelmaking production for about a decade through 2012, the migration to electric arc furnace (EAF) steelmaking accelerated in the past eight years.

The EAF steel production hit a new high in 2017 with a 14% year-on-year increase. This was followed by an additional 10% increase in 2018, taking the EAF contribution of almost 477 MT to 26% of the 1.8 BT of steel produced globally.



Electric arc furnace is an environmentally efficient way of manufacturing steel. About 45% of the steel produced globally is through this process, except in China.

Performance in 2019: Global Steel production through the electric arc furnace route was down by 1.15% in 2019, though in China, it paced up at a very healthy 59% and 33% in the two preceding years of 2017 and 2018 and went down to (4)% in 2019.

Some of the large steel producing regions like Europe, Japan, South America and Turkey registered a decline mainly resulting from slowdown in demand due to an overall sluggishness in the global economy, trade tensions between the US and China and other geopolitical tensions prevailing in some parts of the world.

In the US, steel production through this route grew by a healthy 3.9% where more than two-thirds of the total steel is produced through the electric arc furnace process. Iran's steel production, which is mainly EAF based, grew in 2019 by 4%. But due to sanctions imposed on China, India could not yield much of a benefit from this growth.

EAF – the key to be carbon neutral

Looking forward to the next decade, EAF steelmaking will be a big winner in the race to produce green, carbon-neutral steel. 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, diverting large capital investments that would have been used to sustain their blast furnace/basic oxygen furnace (BF/BOF) production with EAFs.



Graphite electrode sector

Graphite electrode is a key component for electric arc furnaces (EAFs) that turn scrap into steel. These are the only products available that have high levels of electrical conductivity and the capability of sustaining extremely high levels of heat generated in the EAF's demanding environment.

The past two years of 2017 and 2018 and the first quarter of 2019 saw an unprecedented tightness in the supply of electrodes. This fear created a surge in demand. Many large steel companies overbought electrodes, leading to excess inventory stockpile.

With the steel market getting tougher from the start of fiscal 2019-20, demand declined and production slowed causing an excess inventory of electrodes with the customer. This cascaded into a drop in demand for graphite electrodes and stabilisation of prices. In keeping with this global trend, all graphite electrode players reduced production by 15-20%.

The current year could see the return of normalcy in the market after the projected completion of inventory correction. The price of UHP electrodes, which saw extraordinary increase over the past two years, have stabilised and the current levels are expected to sustain in the short term.



China: making a difference

China continued to register strong steel production growth, backed by an equally strong internal demand. China's export of steel to the rest of the world still remains at the same low level as the last 2-3 years.

The country continues to remain on the path of replacing its old blast furnaces with new electric arc furnace capacities to take its share to 20% through electric arc furnace production. But in all likelihood, it would miss its articulated target by 2020. It would take another 18-24 months to reach there.

China also continues to add electrode capacities to meet its internal demand. Since the EAF capacity is slower to come on stream, the country has excess inventory of electrodes which it is exporting. This is impacting the market for lower-grade HP-grade electrodes. This excess is expected to peter out as the planned EAF capacities see the light of day.

Business operations

HEG produces two grades of graphite electrodes – Ultra High Power (UHP) and High Power (HP) – at its facility at Mandideep, India. The products are exported to leading steel producers across the globe.

Standing out of the clutter

- Growing size in a single location provides economies of scale.
- An experienced senior management team helps it stay the course.
- Flexible plant operations (swing capacity between UHP and HP) helps capture opportunities.
- Wide geographic presence reduces overdependence in some markets.

Revenue vertical 1

Graphite electrodes

A subdued steel sector across the globe resulted in depressed demand for graphite electrodes from key consuming markets. Realisation dropped sequentially in every quarter which impacted both revenue and profitability.

One key reason for a decline in profitability is the lag effect owing to the nature of the business in which the Company operates. There is a huge time

gap of 6-9 months between raw material procurement and sale. So, while it used raw material (needle coke) procured at high prices, it had to sell the products at the prevailing depressed rates. This time-difference, inherent in the business model, impacted profitability.

The Company negotiated mutually beneficial terms with a government utility company which has enabled it to replace part of its high-cost self-generated power with power purchased from the state electricity board. While this step has reduced revenue and the bottomline of the Company's power segment, it has had a very favourable impact on the overall power cost for the graphite electrodes.

From a marketing standpoint, the Company continued to strengthen

relations with the existing customers. It also worked on establishing its credentials among new buyers to widen its customer base. This should augur well for maintaining sales volumes in the prevailing ecosystem.



Revenue vertical 2

Power generation

The Company has captive power generation capacity of 76.5 MW, comprising two thermal power plants and a hydroelectric power facility, which help in sustained supply of reliable energy to its graphite electrode facility. Excess power generated was sold in the market through IEX and bipartite power purchase agreement with open access to consumers.

The turnover of the Power Segment increased to ₹31.18 crore in FY 2019-2020 (after inter-segmental sales) from ₹10.55 crore in FY2018-19 (after inter-segmental sales) due to following reasons:

- Higher generation of hydro-electric power.
- Increased intake from the Madhya Pradesh Electricity Board (MPEB) and reduced captive power from the thermal plant for availing ₹2/kwh rebate.

The Company negotiated a mutually beneficial term with the government utility company which replaced part of the high-cost, self-generated thermal power with power from the government utility.

This initiative reduced the volume of captive generation of thermal and transfer to graphite, and reduced the average realisation in the power segment as the revenue in power segment is booked based on the corresponding rate of power defined by the state and utilities.

This measure, though has reduced revenue and bottomline in the thermal power segment, had a favourable impact on the overall cost of power consumed in the graphite electrode business.



Opportunity & threat

Opportunity: While the immediate term is expected to remain subdued owing to the global pandemic and the resultant lockdowns to contain the spread of the virus, the growth opportunity in the graphite electrode market is far from over. It will continue to play out over the medium term. This is based on an important premise – the world is looking at sustainability with sharpened focus. It is a trend whose time has come.

Environment-friendly technologies will gain roots in the real world (renewable energy is a case-in-point). In keeping with this, experts believe that the EAF route for steel making, being an environment-friendly route, is expected to gain favour in developed and developing economies across the world. This should drive the demand for graphite electrodes over the medium-term.

Threat: The availability and prices of needle coke – one of the key inputs for graphite electrodes – could emerge as a daunting challenge when the demand for graphite electrodes increases. This could exert pressure on business margins.



Business enablers



1) Quality management

At HEG, quality is defined as the principle of doing business. The Company has successfully inculcated this culture across the rank and file and this is reflected impeccably in the products that it makes and the processes that it follows. HEG's strict adherence to quality parameters has delivered lasting relationships with some global steel marques that have picked up a significant share of its production.

The operations team at HEG implements the preventive maintenance discipline at all its facilities that ensures minimum equipment breakdown and helps sustain its quality promise.

The Company stays in contact with its customers on a regular basis to spot any deviation in quality without delay. The system helped it lower dispersions across operational areas and resistivity of large electrodes and nipples. HEG also keeps reviewing and reinforcing its procedural discipline while investing in best-in-class equipment.



2) Innovation

HEG believes that innovation is the key to survival for any business. The dynamism in an organisation is reflected in its ability to innovate. HEG has developed its R&D Centre as the innovation hub. The team works on enhancing the quality and productivity benchmarks through process innovation.

The Company has a five-member team to map newer avenues like developing advanced carbon materials for energy management, thermal management and environmental management. It also seeks newer pastures that can leverage resident expertise and emerge as attractive revenue verticals.

As an organisation, committed to safeguarding the environment, HEG has tasked its R&D squad to work closely with some research institutes of repute to develop environment-friendly approaches and identify alternative/regenerative carbon feedstocks for sustainable growth.



3) Human Resource

HEG values its intellectual capital as an essential growth driver for doing business sustainably and profitably. It invests both time and money to develop various programmes that help upgrade its workforce both in terms of skill and capability to address current and future business needs.

The Company is led by a 867-strong workforce as on 31st March, 2020. With an average age of 41 years, the team reflects an effective blend of youthfulness and experience.

During the year under review, the Company organised 40 programmes to upgrade the skillset of its shopfloor employees and 21 seminars and workshops were held for the management squad to develop leadership attributes.

HEG stresses on people-to-people interactions to ensure the best working chemistry between the management and the workers. This has increased the operational productivity and engagement leading to a remarkable rise in effective man-hour utilisation and net scrap improvement.

The HR team is now focused on strengthening the leadership pipeline across various verticals. The IT department has been roped in for developing solutions that would bring in more transparency in business operations and ensure better people connect.

HEG invested 8,286 man-hours in knowledge building for its team.



Review of the Financial Performance

(Based on Standalone Financial Statement)

After a dream year for the global electrode industry, the industry's fortunes dropped considerably owing to an inventory overload with customers and an economic slowdown across the globe. The prevailing trend also impacted HEG's financials which are significantly lower than the previous year.

Revenue from operations plummeted from ₹ 6,702 crore in 2018-19 to ₹2,293 crore in 2019-20. In keeping with this,

the EBITDA declined from ₹4,767 crore in 2018-19 to ₹138 crore in 2019-20. The Company, however, stayed in the black with a Net Profit of ₹53 crore in 2019-20, though a far cry from the ₹3,050 crore reported in 2019-20.

Despite the drop, the Company was successful in retaining its organisational liquidity – net cash from operations stood at ₹864 crore in 2019-20 as against ₹1,488 crore a year back.

Despite the significant drop in the performance for the year, shareholder's funds dropped only marginally from ₹3,719 crore as on 31st March, 2019 to ₹3,423 crore as on 31st March, 2020. The other important factor was that cash in hand and bank (including investments) stood at ₹1,276 crore as on 31st March, 2020. This liquidity showcases the solidity of the organisation in withstanding external challenges with grit and dexterity.

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

| Particulars | 2019-20 | 2018-19 | Change | Reason |
|-----------------------------|---------|---------|--------|--|
| Debtors Turnover Ratio | 2.71 | 6.11 | (56)% | The change is due to lower sales realisation and consequentially lower profit margins during the financial year as compared to last year |
| Inventory Turnover Ratio | 1.86 | 7.25 | (74)% | |
| Interest Coverage Ratio* | 1.80 | 261.29 | (99)% | |
| Current Ratio | 2.52 | 2.82 | (11)% | |
| Debt-Equity Ratio | 0.17 | 0.18 | (3)% | |
| Operating Profit Margin (%) | 3% | 71% | (96)% | |
| Net Profit Margin (%) | 2% | 46% | (95)% | |
| Return on Net Worth (%) | 2% | 82% | (98)% | |

* Interest is paid on working capital limits utilisation

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 :

| S. No | Name of Entity | Shareholding % of total shares of the Company | Final Dividend paid for financial year 2018-19 (₹ in Lakhs) | Interim Dividend paid for financial year 2019-20 (₹ in Lakhs) |
|-------|----------------------------|---|---|---|
| 1 | Norbury Investments Ltd | 13.90 | 2,681.50 | 1,340.75 |
| 2 | Microlight Investments Ltd | 12.09 | 2,332.79 | 1,166.39 |

Internal control & adequacy

The Company has in place 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 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 and legal, regulatory and environmental compliances. The internal audit team also checks the effectiveness of internal controls and initiates necessary changes arising out of inadequacies, if any. All financial and audit controls are further reviewed by the Audit Committee of the Board of Directors.

Business de-risking

At HEG, our risk strategy is determined by a risk appetite defined for a series of risk criteria. These are based on sectoral circumstances, internal capabilities and our earnings target within the accepted volatility limits. These criteria provide a reference for our operating divisions.

Demand risk

A decline in demand could hurt business profitability.

Mitigation: Steel is the backbone of economic activity. As economies open up after the lockdown, the demand for steel is expected to resurface. Moreover, developed economies in the post-pandemic scenario would make investments in beefing up the healthcare facilities which could create fresh steel demand. They are also likely to make investments in infrastructure, which has the maximum sectoral linkages, to give the ailing economies a jump-start.

Steel manufacturing in these developed economies is based largely on the EAF route which should generate demand for graphite electrodes. Hence, while demand in the immediate term would remain lukewarm, demand over the medium term should remain healthy.

China risk

Dumping of steel from China could have an adverse impact on graphite electrode demand.

Mitigation: Even as China continues to increase its steel production, its exports have remained stagnant. In 2019, steel exports decreased by about 7% to a six-year low, suggesting that it is consuming its output. This augurs well for the world as it provides an opportunity to other EAF players to re-ignite their furnaces – an opportunity for graphite electrode players.

Electrode oversupply risk

An oversupply position would erode realisations and impede profitable growth.

Mitigation: The prevailing oversupply position is expected to rectify itself in the next few quarters owing to the following estimates:

- Graphite manufacturers globally have cut down their production by 15-20% owing to the Covid-19 pandemic and its impact on the economy. It is expected to contract further in 2020. This should help in maintaining the demand-supply balance.
- China continues to show signs of being committed to its articulated goal of manufacturing 20% of its steel through the EAF route – albeit the timeline for achieving this goal is expected to get postponed because of various factors. This would increase the consumption of graphite electrodes produced by them (which are currently being exported). This could open up an opportunity window to other graphite electrode manufacturers.

Cost risk

Unhealthy cost structures could erode business profitability.

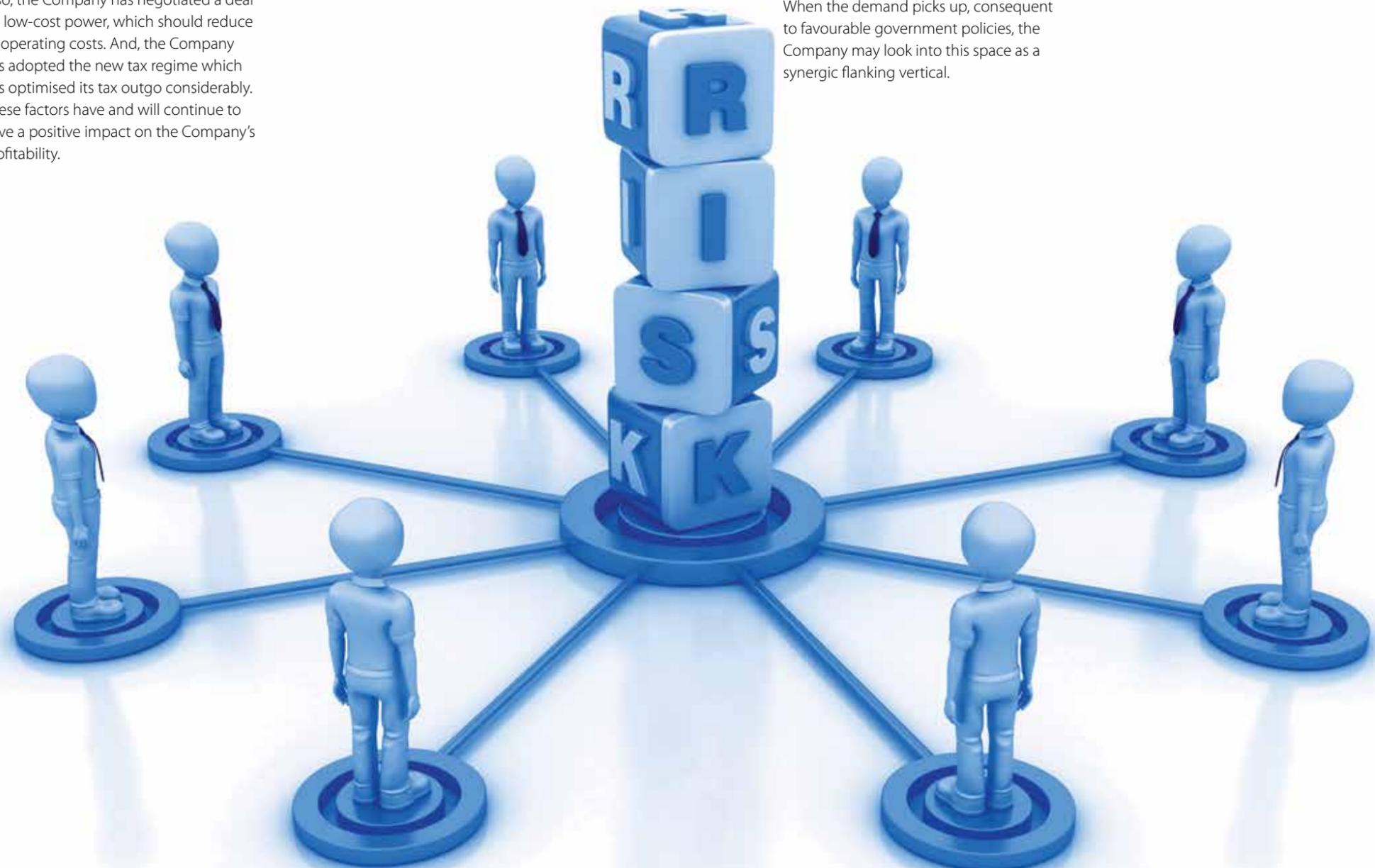
Mitigation: HEG, being the largest single-location unit, provides significant economies of scale which helps optimise its cost structure. Further, its healthy cash position has been prudently deployed in liquidating debt and is parked in risk-free financial instruments. While the former has reduced interest costs significantly, the latter is providing buffer cash which can be deployed in business operations. Also, the Company has negotiated a deal for low-cost power, which should reduce its operating costs. And, the Company has adopted the new tax regime which has optimised its tax outgo considerably. These factors have and will continue to have a positive impact on the Company's profitability.

Domain risk

Inability to explore new growth avenues could be detrimental to the Company's prospects.

Mitigation: The Company is cognisant of the synergic avenues that are coming up. It has evaluated multiple sectoral opportunities – one of them being the lithium anode space. The R&D team has done extensive research on the product.

But this is a product whose demand is dovetailed to the prospects of the electric vehicle. In India, electric vehicles are at a very nascent stage. And hence the demand of lithium anode is insignificant. When the demand picks up, consequent to favourable government policies, the Company may look into this space as a synergic flanking vertical.





It is impossible to achieve sustainable growth without making the business inclusive. The belief is seeded deep into the genes at HEG. The Company fosters an inclusive business environment by stressing on collaborative efforts involving its stakeholders so that it can create value for itself as well as for every individual associated with it.

It's not just about the people who work at HEG. It's about every single person who is linked to the business directly or indirectly. The Company is committed to work towards economic and social upgrade of the community living near its facilities. It stresses on providing healthcare and education for the disadvantaged cross-section of the society and poverty alleviation.

Community Development

Over the years, HEG carried out several community development programmes across villages. In 2019-20, the Company undertook pathbreaking initiatives towards community development.

1) HEG partnered with the Delhi Langar Seva Society, a registered Trust focused on 'Feeding the Hungry'. This Society serves 1,500-2,000 people every day through a centralised kitchen in Delhi. HEG has joined hands with the Delhi Langar Service at nine locations in Delhi, Gurugram and Faridabad to provide food for patients and their family members.

2) HEG worked on providing hope and happiness to the underprivileged, inspired by the APNA Ghar movement. APNA Ghar is an ashram, established in 2,000 with a mission to give shelter, hope and happiness to the homeless, oppressed, mentally and physically challenged people. Their vision is to not let anyone perish due to lack of help and support. It has 35 Ashrams (home shelters) across India taking care of 13,000 prabhush picked up from streets. HEG established an Apna Ghar in Bhopal - a 50-bed Ashram - with 48 prabhush. It is also in the process of relocating a larger facility for around 200 prabhush in the next 6-8 months.



Delhi Langar Services

Education

HEG worked extensively during the year under review towards spreading education among the economically weaker sections of the society.

In 2019-20, HEG partnered with Akshaya Patra for delivering food to schools. Akshaya Patra delivers 18 Lakhs meals every day to more than 15,000 schools from its 53 kitchen projects in 12 states. In keeping with the same philosophy, HEG set up a kitchen project in Bhopal to provide 40,000 meals a day to 870 schools (Bhopal and Raisen Schools). It is also setting up a similar facility at Chindwada, the commissioning of which was held back due to the prevailing Covid pandemic.

Healthcare

During the year under review, HEG partnered with the Eye Bank Society of Rajasthan. It has collected more than 10,000 corneas since its inception out of which 6,329 corneas have been transplanted, helping about 30,000 people. This is a significant achievement for any charitable organisation. HEG is working with the Eye Bank Society to extend the facility of its hospital with the construction of a new building to implement the National programme for Eradication of Corneal Blindness in Jaipur.



Signing of MOU on 9th September, 2019 between MP Chief Minister Shri Kamal Nath, Shri Chanchalapati Dasa Prabhu, Vice Chairman Akshaya Patra and Shri Ravi Jhunjhunwala, CMD HEG



Midday Meal being served at Schools

Environmental Protection

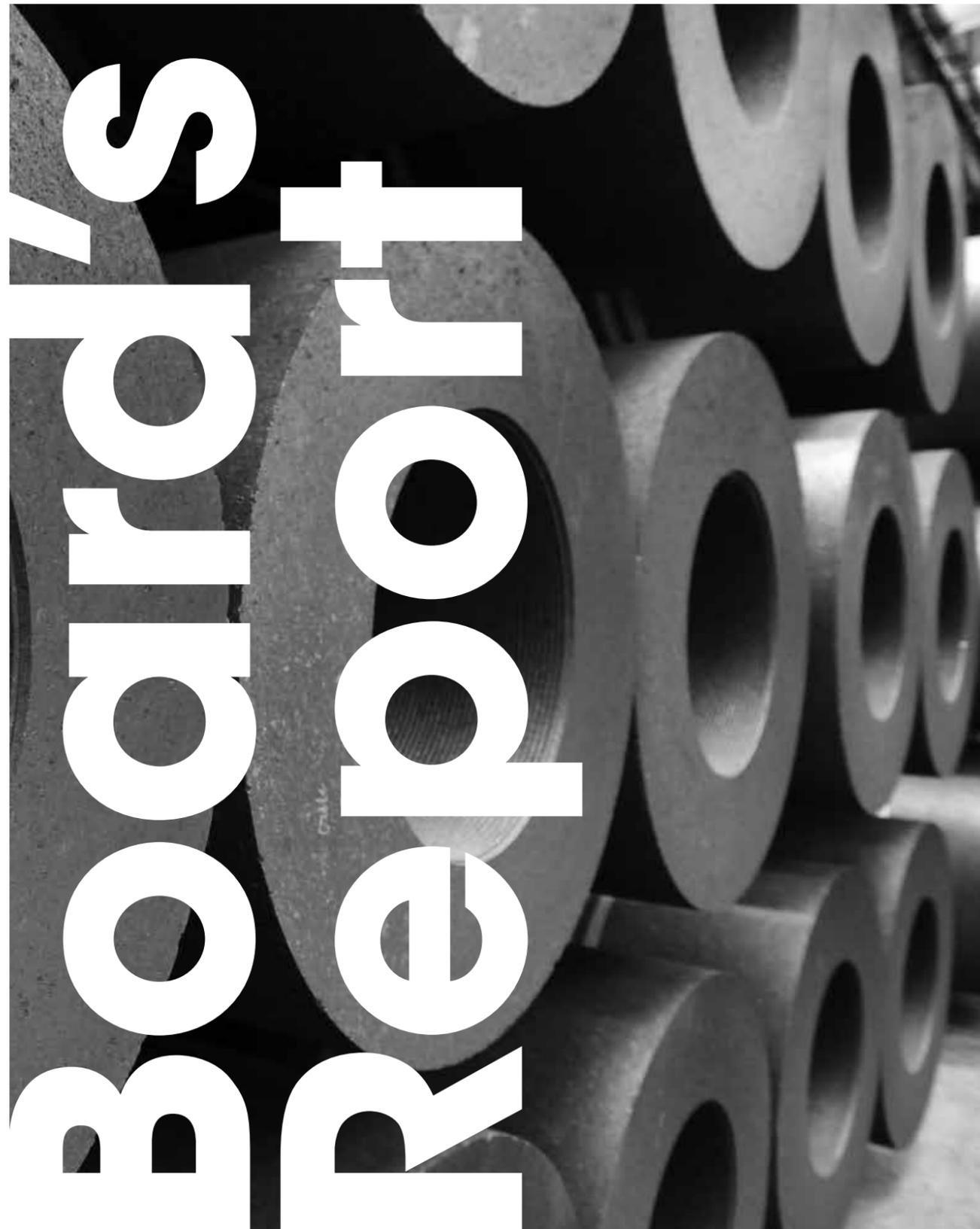
Global Parli is a project initiated by Mr Mayank Gandhi to demonstrate, through a four-step process, that transformation of the country is possible if the worst-affected villages could be reimagined in a sustainable manner through economic activities, social change and water management. While Parli was a bottom-up approach, Raisen will be a top-down and policy-enabled prototype using concurrent support of government policymakers and machinery to grow over 10 lakh fruit trees in the next 2 years. The tree planting target for 2020 is set at 1.5 – 2.5 lakhs. HEG has contributed close to ₹3 crore towards this green cover initiative.

Culture & heritage

Bhimbetka Rock Shelter exhibit the earliest traces of human life in India, a number of analyses suggest that at least some of these shelters were inhabited by human beings more than 100,000 years ago. HEG will soon sign an agreement to adopt this heritage site. It plans to provide a number of amenities to transform this site into an attractive tourist spot for those who wish to learn more about Indian culture and heritage.

Financial Assistance

HEG has been extending financial assistance to various trusts and non-government organisations to work towards social and environmental upgrade. It provided ₹22.17 crore to more than 30 organisations during the year under review for work related to education, eradication of poverty and malnutrition, protection of national heritage, art and culture, home for destitute, farmer upliftment and PM CARES Fund for Covid relief.



Dear Members,

Your Directors have the pleasure of presenting their 48th Annual Report and audited statements of accounts for the year ended 31st March, 2020.

1. Financial Results

(₹ in Crores)

| Particulars | 2019-20 | 2018-19 |
|--|-----------------|-----------------|
| Net sales | 2,101.89 | 6,436.32 |
| Other operating income | 47.14 | 156.51 |
| Total income from operations (Net) | 2,149.02 | 6,592.83 |
| Other income | 143.76 | 109.19 |
| Total income | 2,292.78 | 6,702.02 |
| Profit before finance cost, depreciation and amortisation | 137.93 | 4,767.44 |
| Finance cost | 36.51 | 17.97 |
| Profit before depreciation and amortisation | 101.42 | 4,749.47 |
| Depreciation and amortisation | 72.13 | 72.39 |
| Profit before tax | 29.29 | 4,677.08 |
| Provision for taxation: | | |
| Current tax | (0.19) | 1,619.35 |
| Deferred tax | (23.90) | 7.30 |
| Net Profit for the period | 53.37 | 3,050.43 |
| EPS (Basic) ₹ | 13.83 | 763.60 |

Note: No amount transferred to reserves.

2. Overall Performance

The Company recorded net sales of ₹2,101.89 Crores during the financial year 2019-20 as compared to ₹6,436.32 Crores in the previous financial year. The Net Profit during the financial year 2019-20 was at ₹53.37 Crores as compared to a net profit of ₹3,050.43 Crores in financial year 2018-19 translating to Basic Earnings Per Share at ₹13.83 for the financial year 2019-20 as against ₹763.60 in financial year 2018-19.

3. Covid-19

As a result of the pandemic, the global economy is projected to contract sharply by Negative 3 percent in 2020, much worse than during the 2008-09 financial crisis.

Till 24th March, 2020, the operations of the Company were normal. Thereafter, on announcement of lockdown, there was no operating business activity except in case of some specific processes which are continuous in nature and

take about a month to shut down till 23rd April, 2020. The Company started operations again from 23rd April 2020 when all processes had started except Green and Baking which was eventually started on 28th April, 2020.

Since we are a 70% export Company and our large amount of exports are in areas like US, Middle East, Europe, our business is dependant on global economic condition as our product is used by steel companies and steel is closely linked to GDP. The more steel is made, the more is the demand for electrodes.

Our business is based upon the steel sector (Electric arc furnaces) which is largely dependent upon the construction sector, automobiles and other white goods. Due to COVID 19 pandemic, the overall demand has reduced and we expect the same to see in our business. We are largely dependent upon US, Middle East, Europe unless the demand in these

regions grow, our business will be impacted. We are optimistic that once the COVID-19 impact gets over, the growth of steel sector will rebound.

Further, in accordance with SEBI Circular SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated 20th May, 2020 on disclosure of material impact of COVID-19, the same has also been informed to the Stock Exchanges.

4. 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

In recent years from 2010-2017, electrode prices have been extremely low due to lower demand for electrodes compared to capacity. As a result of which 6 plants in the western world closed down taking out 200,000 tons of excess capacity. When the capacity got balanced, came the sudden clampdown on Steel industry and Graphite industry in China due to pollution concerns. As the western world electrode capacity was already balanced with demand as a result of closures and also because western world steel plants started producing more due to drop in exports from China, there was a sudden spurt in demand of electrodes which led to shooting up of electrode prices.

In the year of 2017 and 2018 other suppliers outside China increased their production levels to meet the additional demand. Meanwhile Chinese electrode players also modified their plants to meet the new pollution norms and brought back their capacity. At the same time the EAF did not grow as expected in China. This led to electrode supply becoming more than electrode demand and thus the normalization of electrode prices around middle of 2019.

As the electrode supply was less in 2018, most of the steel companies overbought electrodes creating excess inventories. When the electrode supply eased and prices started to fall,

all the steel companies started to correct their inventory levels from beginning of 2019. This correction should have happened by the end of 2019 but due to fall in EAF steel production, the inventories are taken longer to correct.

This coupled with the ongoing Coronavirus problem is making steel customers not getting into long term contracts due to poor visibility. We expect this situation to correct by end of 2020.

HEG was quick to step in to meet increased demand in 2017 and 2018 by increasing its production level and still operating at a higher than average capacity utilization of the industry.

We remain one of the most cost competitive and quality producer of graphite electrodes in the world ready to weather all kinds of market conditions.

Power Generation

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

The turnover of Power Segment is increased to ₹31.18 Crores in FY 2019-2020 from ₹10.55 Crores in FY 2018-19 due to following reasons:

- Higher generation in Hydro electric power.
- Increase intake from Madhya Pradesh Electricity Board (MPEB) and reduced captive power from thermal for availing ₹2/kwh rebate.

5. Change in Share Capital

During the Financial Year 2019-20, there was no change in the Share Capital of the Company.

6. 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.

7. Change in the Nature of Business

There is no change in the nature of business during the financial year 2019-20.

8. Subsidiary, Associate Companies or Joint Ventures

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

Bhilwara Infotechnology Ltd. had a turnover (Revenue from Operations) of ₹42.28 Crores and Net Profit was ₹3.50 Crores in the financial year 2019-20.

Bhilwara Energy Ltd. had a consolidated turnover (Revenue from Operations) of ₹351 Crores and Net Profit (attributable to owners of the parent) was ₹28.86 Crores as per their financial statements (audited & consolidated) for the financial year 2019-20.

The Company has no Subsidiaries and Joint Ventures.

The Board of Directors of the Company on 2nd April, 2019 had decided to purchase additional 3,23,51,004 shares in Bhilwara Energy Ltd., an Associate Company for an aggregate consideration of ₹162.05 Crores based on the valuation report of M/s Walker Chandio & Co. LLP at a price of ₹50.09 per share.

Post the acquisition of shares, the holding of the Company in Bhilwara Energy Ltd, an Associate Company was increased from 29.48% to 49.01%.

No Company has become/ceased to be an Associate or Joint Venture during the financial year 2019-20.

Performance of Associate Companies 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 is annexed in the Form AOC-1 to the consolidated financial statements and hence not repeated here for the sake of brevity.

9. 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.

10. Dividend

The Board has not recommended any final dividend. The interim dividend of ₹25/- per equity share already paid shall be treated as the final dividend for the financial year 2019-20. Thus, the total dividend for the financial year 2019-20 remains ₹25/- per equity share.

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.

11. 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 2019-20 does not contain any qualifications, reservations or adverse remarks.

12. 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.

13. Business Responsibility Report

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

14. 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.

15. 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.

16. Public Deposits

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

17. 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 2019-20 which would impact the going concern status of the Company and its future operations.

18. 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.

19. Directors and Key Managerial Personnel

i. DIRECTORS

Shri Dharmendar Nath Davar (DIN 00002008) resigned from the Directorship of the Company w.e.f. 24th July, 2019 due to health reasons.

Dr. Kamal Gupta (DIN 00038490), Independent Director and Dr. Om Parkash Bahl (DIN 02643557), Independent Director were respectively re-appointed by Shareholders in their last Annual General Meeting held on 20th August, 2019.

Shri Satyendra Nath Bhattacharya (DIN 06758088) resigned from the Directorship of the Company w.e.f. 23rd December, 2019 due to preoccupation.

Shri Jayant Davar (DIN 00100801) was appointed upon the recommendation of Nomination and Remuneration Committee as an Additional Independent Director by Board of Directors on 14th August, 2019 for first term of 5 consecutive years subject to approval of Shareholders. The online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs is not applicable to Shri Jayant Davar. The Board have expressed their satisfaction with regard to integrity, expertise and experience of Shri Jayant Davar and hereby recommends his appointment for approval of shareholders in the ensuing Annual General Meeting, as the matter has been considered as unavoidable.

Smt. Vinita Singhania (DIN 00042983) shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment. The Board hereby recommends her re-appointment for approval of shareholders in the ensuing Annual General Meeting.

Shri Manish Gulati (DIN 08697512), Chief Operating Officer and Chief Marketing Officer of the Company, was appointed upon the recommendation of Nomination and Remuneration Committee as an Additional Director, w.e.f. 1st March, 2020 by Board of Directors on 11th February, 2020, who will hold office upto the date of ensuing Annual General Meeting. He has also been appointed as whole time director, liable to retire by rotation, designated as Executive Director for a period of 5 years subject to approval of shareholders in the ensuing Annual General meeting. Shri Manish Gulati, will continue to act as Key Managerial Personnel of the Company in terms of Section 2(51) of the Companies Act, 2013 and rules thereto. The Board hereby recommends his appointment for approval of shareholders in the ensuing Annual General Meeting, as the Board considered the matter as unavoidable

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 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 Companies Act, 2013 read with schedules and rules thereto as well as 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 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.

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, 2020:

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

20. 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 Companies Act, 2013 and 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.

21. Nomination and Remuneration Policy

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

22. Meetings of The Board

The Board of Directors met Five times in the financial year 2019-2020. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

23. Contracts And Arrangements With Related Parties

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

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

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

<http://hegltd.com/wp-content/uploads/2020/07/Related-Party-Transaction-Policy.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 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 the BSE Ltd and National Stock Exchange of India Ltd.

No material Related Party Transactions i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements were entered during the financial year of the Company. 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.

24. Audit Committee

The composition of the Audit Committee is stated in the Corporate Governance Report. All the recommendations of the Audit Committee were accepted by the Board during the financial year 2019-20.

25. Auditors

M/s SCV & Co LLP having (Firm Registration No- 000235N), Chartered Accountants, the Statutory Auditors of the Company will hold office until the conclusion of the 50th Annual General Meeting of the Company to be held in the year 2022.

Pursuant to the notification dated 7th May, 2018 issued by Ministry of Corporate Affairs, the requirement for ratification of appointment of Auditors by the shareholders at every Annual General Meeting has been done away with. Further, the Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the 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.

26. Business Risk Management

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

The Risk Management Policy of the Company is in place. The Company's risk management strategy is integrated with the overall business strategies of the organization and is communicated throughout the organisation. Risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

The annual strategic planning process provides the platform for identification, analysis, treatment and documentation of key risks. It is through this annual planning process that key

risks and risk management strategies are communicated to the Board. The effectiveness of risk management strategies is monitored both formally and informally by management and process owners. There is no major risk which may threaten the existence of the Company.

27. Cost Auditors

The Cost Audit for financial year ended 31st March, 2019 was conducted by M/s. N. D. Birla & Co. (M. No. 7907). The said Cost Audit Report was filed on 12th September, 2019.

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 17th June, 2020, 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 2020-21 on a remuneration of ₹2,00,000/- 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.

28. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. GSK & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial year 2019-20. The Secretarial Audit Report is annexed herewith as Annexure V.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. 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 has re-appointed M/s. GSK & Associates, Company Secretaries in practice as Secretarial Auditor of the Company for the financial year 2020-21.

29. Corporate Social Responsibility (CSR)

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

The CSR Committee comprises Shri Ravi Jhunjhunwala (Chairman), Smt. Vinita Singhania (member) and Shri Satish Chand Mehta (member).

Shri Dharmendar Nath Davar, Independent Director and member of the CSR Committee has resigned from the Directorship of the Company w.e.f. 24th July, 2019 .

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

<http://hegltd.com/wp-content/uploads/2018/12/csr-policy-on-31-10-2018.pdf>

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

30. Internal Auditors

Based on the recommendation of Audit Committee, the Board has approved the re-appointment of M/s. S.L.Chhajer & Co. LLP (previously known as M/s. S.L. Chhajer & Co), as Internal Auditors of the Company for the financial year 2020-2021.

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 judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2020-21 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" in place. The policy is posted on the website of the Company, the weblink of which is as under:

<http://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. 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 reviewed and found the same in order.

35. Extract of Annual Return

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

The same is available on the website of the Company at www.hegltd.com

36. 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 abovesaid act. The Company has undertaken 9 workshops or awareness programmes against sexual harassment of women at

the workplace. No complaint of Sexual Harassment was received during the financial year 2019-20.

- c) The Company is in compliance of all applicable secretarial standards issued by The Institute of Company Secretaries of India from time to time.

37. 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 regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

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.)

Dated: 17th June, 2020

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

| Sl. No. | Name of Director/ KMP and Designation | Remuneration of Director / KMP for financial year 2019-20 (₹ in Lakhs) | % increase in Remuneration in the financial year 2019-20 | Ratio of Remuneration of each Director/ to median Remuneration of employees |
|---------|---|--|--|---|
| 1 | Ravi Jhunjhunwala (Chairman, Managing Director & CEO) | 240.54* | - | 72.93 |
| 2 | Manish Gulati, Executive Director** (earlier Chief Operating Officer & Chief Marketing Officer) | 128.02*** | NA** | NA** |
| 3 | Gulshan Kumar Sakhuja (Chief Financial Officer) | 45.38 | 1.07% | NA |
| 4 | Vivek Chaudhary (Company Secretary) | 28.90 | - | NA |

The above amount does not include Gratuity.

* Nil commission paid for FY 2019-20.

** Appointed w.e.f. 1st March, 2020 subject to the approval of shareholders.

*** Remuneration includes one month salary (from 1st March, 2020 to 31st March, 2020) as an Executive Director also Includes one time incentive of ₹25 Lakhs for the Financial Year 2018-19.

b) Remuneration paid to Non-Executive and Independent Directors

Shareholders in their 46th Annual General Meeting held on 23rd July, 2018 have approved the payment of commission to the Non-Executive Directors (including Independent Directors), collectively, not exceeding 1 per cent of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 and distributed amongst Non-Executive Directors (including Independent Directors) of the Company or some or any of them such amount or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments may be made in respect of each year, for a period of five financial years starting from the financial year 2017-18, in addition to the sitting fee for attending the meeting of the Board of Directors / Committees thereof. (₹ In Lakhs)

| Sl. No. | Name of Director | Remuneration of non-executive & Independent Director for financial year 2019-20 | % increase in remuneration in the Financial year 2019-20 | Ratio of Remuneration of each Director/ to median Remuneration of employees |
|---------|---|---|--|---|
| 1 | Riju Jhunjhunwala (Non-Executive Director) | 29.20 | NA | 8.85 |
| 2 | Shekhar Agarwal (Non-Executive Director) | 32.90 | NA | 9.98 |
| 3 | Kamal Gupta (Non-Executive & Independent Director) | 39.10 | NA | 11.86 |
| 4 | Om Parkash Bahl (Non-Executive & Independent Director) | 37.70 | NA | 11.43 |
| 5 | Vinita Singhania (Non-Executive Director) | 27.25 | NA | 8.26 |
| 6 | Satish Chand Mehta (Non-Executive & Independent Director) | 33.25 | 2.31 | 10.08 |

| Sl. No. | Name of Director | Remuneration of non-executive & Independent Director for financial year 2019-20 | % increase in remuneration in the Financial year 2019-20 | Ratio of Remuneration of each Director/ to median Remuneration of employees |
|---------|--|---|--|---|
| 7 | Ramni Nirula (Non-Executive & Independent Director) | 30.65 | 922 | 9.29 |
| 8 | Dharmendar Nath Davar (Non-Executive & Independent Director)** | 29.75 | NA | NA |
| 9 | Satyendra Nath Bhattacharya (Non-Executive Director)# | 28.00## | NA | NA |
| 10 | Jayant Davar (Non-Executive & Independent Director)### | 3.00 | NA | NA |

** Resigned on 24th July, 2019.

Resigned on 23rd December, 2019.

Including commission i.e ₹25 Lakhs in respect of Shri Satyendra Nath Bhattacharya representative of Life Insurance Corporation of India (LIC) was paid to LIC in accordance with the terms and conditions of appointment.

Appointed on 14th August, 2019.

- (c) The median remuneration of the employees of the Company for the financial year is ₹3,29,815 per annum.
- (d) Percentage increase in the median remuneration of employees in the financial year was 11%.
- (e) Number of permanent employees on payroll of the Company were 867 nos. as on 31st March, 2020.
- (f) The average increase of employee's salary for the FY 2019-20 (other than Shri Ravi Jhunjhunwala, Chairman, and Managing Director & CEO and Shri Manish Gulati, Executive Director of the Company) was at the rate of 10% per annum.
- (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

| Sr. No. | Name of Employee | Designation | Remuneration (₹ in Lakhs) | Qualification | Experience | Age | Date of Commencement of Employment | Last Employment held, Organisation, Designation & Duration |
|---------|---|--|---------------------------|---|------------|-----|------------------------------------|--|
| 1 | Ravi Jhunjhunwala | Chairman, Managing Director & CEO | 240.54* | B.Com (Hons.), MBA | 40 | 64 | 08.09.1979 | - |
| 2 | Manish Gulati** | Executive Director (earlier Chief Operating Officer & Chief Marketing Officer) | 128.02*** | B.Sc (Statistics), BE (Electronics) and MBA (Marketing & Finance) | 27 | 51 | 10.05.1993 | J.N.Marshal Ltd., Pune, Senior Executive, 0.5 Yr. |
| 3 | Ranadeep Chakraborty (Date of leaving 07.05.2020) | Vice President-Project/Design/ESL/ R & D/ Specialty | 79.66 | BE (Electrical & Electronics) | 28 | 50 | 23.08.2004 | Hindalco Industries-Renukoot, DGM, 12.2 Yrs. |

| Sr. No. | Name of Employee | Designation | Remuneration (₹ in Lakhs) | Qualification | Experience | Age | Date of Commencement of Employment | Last Employment held, Organisation, Designation & Duration |
|---------|---|---------------------------------------|---------------------------|---|------------|-----|------------------------------------|---|
| 4 | Vinod Mehta (Date of leaving 05.06.2020) | Vice President (Commercial) | 66.47 | CA & M.Com | 29 | 54 | 11.04.2019 | RSWM Ltd, Chief Operating Officer, 28 Years. |
| 5 | Mahesh Kumar Gupta (Date of leaving 28.11.2019) | Associate Vice President- CPP | 58.90 | BE (Mech) | 30 | 55 | 27.07.2009 | Shriram Alkali & Chemicals, Bharuch, AGM, 0.7 Yr. |
| 6 | Atul Laxman Moghe | Sr. General Manager-Plant Maintenance | 53.39 | BE (Electronics) | 27 | 50 | 17.05.1999 | MP Iron & Steel Co. Pvt. Ltd., Malanpur, Engineer, 6.3 Yrs. |
| 7 | Sanjay Gupta (Date of leaving 08.05.2020) | Deputy General Manager-ESLI | 45.72 | MBA (Finance), BE (Mech), Distance Learning (Post Graduate Diploma In Financial Management) | 36 | 56 | 20.11.1996 | Nagpur Alloy Castings Limited, Siltara, Raipur, Manager, 3.1 Yrs. |
| 8 | Prashant Kumar Jha | Deputy General Manager - Commercial | 45.68 | ICWA, PGDBM | 20 | 47 | 15.07.2011 | M/s. Timex Group Ind. Limited, Noida, Manager, 2.9 Yrs. |
| 9 | Gulshan Kumar Sakhuja | Chief Financial Officer | 45.38 | CA, B.Com (Hons.), Delhi University | 16 | 40 | 14.09.2009 | Caparo Engineering India Pvt Ltd. Senior Manager Finance, 3.10 Yrs. |
| 10 | Virendra Shrivastava | Sr. General Manager- Manufacturing | 44.19 | B.Sc. (PCM), BE-Mechanical | 29 | 53 | 14.05.1991 | Hindustan Enterprises, Telearanj, Allahabad, Production Engineer, 0.6 Yr. |
| 11 | Sanjay Kumar Singh (Date of Leaving 31.08.2019) | Sr. General Manager-HR & Admin | 43.70 | MSW (Social Work), BA (Hons) (Economics) | 31 | 54 | 10.07.2013 | Raymond VCO Denim Pvt. Ltd, GM, 3.5 Yrs. |
| 12 | Bipin Rechhariya | General Manager CES/QC | 42.33 | BE (Mech), Diploma (Mechanical Engineering) | 37 | 58 | 24.04.1984 | MS Divya Industrial Products, Govindpura, Incharge, 1.4 Yrs. |

The above amount does not include Gratuity except for Sr. No. 5 & 11.

*Nil commission paid for FY 2019-20.

** Appointed w.e.f. 1st March, 2020 subject to the approval of shareholders.

*** Remuneration includes one month salary (from 1st March, 2020 to 31st March, 2020) as an Executive Director also Includes one time incentive of ₹25 Lakhs for the Financial Year 2018-19.

b) Statement related to employee employed throughout the year and in receipt of remuneration aggregating ₹1.02 Crores or more during the FY 2019-20

| Sl. No. | Name of Employee | Designation | Remuneration (₹ in Crores) | Qualification | Experience | Age | Date of Commencement of Employment | Last Employment held, Organisation, Designation & Duration |
|---------|------------------|--|----------------------------|---|------------|-----|------------------------------------|--|
| 1 | Ravi Jhunjunwala | Chairman, Managing Director & CEO | 2.41 Crores* | B.Com (Hons.), MBA | 40 | 64 | 08.09.1979 | - |
| 2 | Manish Gulati** | Executive Director (Earlier Chief Operating Officer & Chief Marketing Officer) | 1.28 Crores*** | B.Sc (Statistics), BE (Electronics) and MBA (Marketing & Finance) | 27 | 51 | 10.05.1993 | J.N. Marshal Limited, Pune Senior Executive, 0.5 Yr. |

The above amount does not include Gratuity.

*Nil commission paid for FY 2019-20.

** Appointed w.e.f. 1st March, 2020 subject to the approval of shareholders.

*** Remuneration includes one month salary (from 1st March, 2020 to 31st March, 2020) as an Executive Director also Includes one time incentive of ₹25 Lakhs for the Financial Year 2018-19.

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 Crores) | 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 | | | |
|--|---|----------------|----------------|
| (a) | the steps taken or impact on conservation of energy; | | |
| | 1. Modification done in water circuit of Hall-1 Furnaces, due to this modification we have achieved the desired output with two pumps instead of three pumps earlier. We will save 456 kwh per day amounting of ₹8.82 Lakhs per Annum. | | |
| | 2. Water makeup line pressure of cooling tower has maintained through VFD (Variable Frequency Drive) due to which saving of 405 kwh per day achieved which is Approx. ₹7.83 Lakhs per Annum | | |
| | 3. Replacement of conventional lights with LED lights in various locations of plant. We have saved 36 kwh per day by using LED lights and resulting annual saving of ₹0.70 Lac. | | |
| | 4. Furnace "OFF" Procedures were reviewed by adopting before time procedure instead of immediate reduction in supply and thus resulting in saving of total of 112 Unit in the total cycles per furnace per annum and henceforth resulting in annual saving in cost to tune of ₹1.55 Lakhs approx. | | |
| | 5. Dust Collection (DC)-1 & 2 previously being controlled by conventional system have now been replaced through Variable Frequency Drives(VFD) resulting in saving Of 594 kw per day resulting in an annual saving of ₹7.59 Lakhs Approx. | | |
| (b) | the steps taken by the Company for utilising alternate sources of energy; | | - |
| (c) | the capital investment on energy conservation equipment; | | - |
| (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 | | ₹169.89 Lakhs |
| (C) FOREIGN EXCHANGE EARNINGS OUTGO | | | |
| 1. | Activities relating to export, initiatives to increase exports, developments of new export markets for Products and Services and Export Plan. The Company has continued to maintain focus and avail of export opportunities based on economic considerations. | | |
| 2. | Total foreign exchange used and earned (₹ in Lakhs) | 2019-20 | 2018-19 |
| i) | Foreign Exchange Earned | 1,58,625.84 | 4,76,326.66 |
| ii) | Foreign Exchange Used | 1,50,250.66 | 1,25,919.72 |

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:

- to advise the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 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.
- to recommend to the Board on Remuneration in whatever form payable to the Directors, Key Managerial Personnel and Senior Management.

2. DEFINITIONS

- "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- "Board" means Board of Directors of the Company.
- "Key Managerial Personnel" (KMP) means—
 - Chief Executive Officer or the Managing Director or the Manager;
 - Company Secretary,
 - Whole-Time Director;
 - Chief Financial Officer;
 - 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
 - such other officer as may be prescribed.
- 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 shall specifically include Company Secretary & Chief Financial Officer.

3. ROLE OF COMMITTEE

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

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

- c) to carry out evaluation of Director's performance.
- d) assessing the independence of Independent Directors;
- e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f) making recommendations to the Board on the remuneration, in whatever form/fee payable to the Directors/ KMPs/Senior Management so appointed/re-appointed;
- g) ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- h) to devise a policy on Board diversity;
- i) to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- j) such other key issues/matters as may be referred by the Board or as may be necessary in view of the 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, majority of them being independent. However, the Chairperson of the Company (whether executive or non—executive) may be appointed as a member of the Nomination and Remuneration Committee, but shall not chair such Committee.
- b) Either two (2) members or one-third of the members of the Committee whichever is greater, with atleast one independent director shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRMAN

- a) Chairman of the Committee shall be an Independent Director.
- b) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- c) 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.

6. FREQUENCY OF MEETINGS

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

7. COMMITTEE MEMBERS' INTERESTS

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

8. SECRETARY

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

9. VOTING

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

10. POLICY ON BOARD DIVERSITY

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

11. NOMINATION DUTIES

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

- 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;
- 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;
- Determining the appropriate size and composition of the Board;
- Follow a formal and transparent procedure for selecting new Directors for appointment to the Board, Key Managerial Personnel and Senior Management Personnel;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;
- 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.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Considering any other matters as may be requested by the Board

12. 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.

1. DIRECTOR/ MANAGING DIRECTOR

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

2. NON EXECUTIVE INDEPENDENT DIRECTORS

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

In addition to the above, they may also receive a remuneration by way of commission, collectively, not exceeding 1% of the net profit of the Company in accordance with the provisions of the Companies Act, 2013 and rules thereto.

3. KEY MANAGERIAL PERSONNEL /SENIOR MANAGEMENT PERSONNEL ETC.

The Remuneration to be paid to Key Managerial Personnel/ Senior Management Personnel shall be based on the experience, qualification, performance and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

4. DIRECTORS AND OFFICERS' INSURANCE

Where any insurance is taken by the Company on behalf of its Directors, Key Managerial Personnel/ 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.

13A. EVALUATION/ ASSESSMENT OF DIRECTORS OF THE COMPANY

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

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

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

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

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

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

The Executive Director/Non-Independent Directors along with the Independent Directors 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) Fulfilment of the independence criteria as specified in LODR Regulations, 2015, as amended from time to time and their independence from the management.

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

13B. 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.

14. DISCLOSURE

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

15. MINUTES OF COMMITTEE MEETING

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

16. DEVIATIONS FROM THIS POLICY

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

Annexure – IV to the Board's Report

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.

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

Annexure – V to the Board's Report

SECRETARIAL AUDIT REPORT

For The Year Ended 31st March, 2020

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

To,

The Members

HEG Limited

Mandideep,

Near Bhopal, Dist Raigarh

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, 2020, 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, 2020 according to the provisions of:

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

- f. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014; **(Not applicable to the Company during the audit period);**
- g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period);**
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period);** and
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 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
 - Payment of Wages Act, 1936 as amended from time to time and rules made thereunder
 - Minimum Wages Act, 1948 as amended from time to time and rules made thereunder
 - The Payment of Bonus Act, 1965 as amended from time to time and rules made thereunder
 - 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 besides Mr. Jayant Davar, who was appointed as Additional Director (Independent) at Board Meeting held on 14th August 2019, before the annual general meeting held on 20th August 2019, for a term of 5 consecutive years subject to approval of shareholders and his appointment shall be placed for approval by the shareholders at Annual General Meeting to be held in the year 2020.

The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while there has been no member dissenting from the decisions arrived.

We further report that, Shri Dharmendra Nath Davar, Independent Director of the Company, resigned from directorship on 24th July, 2019.

We further report that, Shri Satyendra Nath Bhattacharya representative of Life Insurance Corporation of India, resigned from the directorship on 23rd December, 2019.

We further report that, the Board of Directors appointed Shri Manish Gulati (Chief Operating Officer & Chief Marketing Officer) as Whole-Time Director of the Company w.e.f 1st March, 2020, liable to retire by rotation, for a period of 5 years, subject to approval of shareholders.

We further report that, Dr. Kamal Gupta, was re-appointed as Independent Director of the Company, for a second term of 5 (five) consecutive years with effect from 30th August, 2019 up to 29th August, 2024 and Dr. Om Prakash Bahl, was re-appointed as Independent Director of the Company, for a second term of 2 (two) consecutive years with effect from 30th August, 2019 up to 29th August, 2021.

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

For **GSK & Associates**
(Company Secretaries)

Saket Sharma

Partner

(Membership No.: F4229)

(CP No.: 2565)

Date: 17th June, 2020

Place: Kanpur

UDIN: F004229B000356625

Annexure – VI to the Board's Report

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2019-2020

PART-A

| | | |
|----|---|---|
| 1 | A brief outline of the Company's CSR policy, including over view of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs and the Composition of the CSR Committee. | Refer to Point no.29 on Corporate Social Responsibility in Director's Report. |
| 2 | Average net Profit /(loss) of the Company for last three financial years: | ₹2,08,976.91 Lakhs |
| 3 | Prescribed CSR Expenditure (two percent of the amount as in item 2 above): | ₹4,179.54 Lakhs |
| 4 | Details of CSR spent during the financial year 2019-20: | |
| a. | Total amount to be spent for the financial year 2019-20: | ₹4,179.54 Lakhs |
| b. | Total amount spent during the financial year 2019-20: | ₹2,217.31 Lakhs |
| c. | Amount unspent, if any: | ₹1,962.23 Lakhs (Reason for not spending given in Part B) |
| d. | Manner in which the amount spent during the financial year: | As detailed below |

MANNER IN WHICH THE AMOUNT SPENT DURING THE FINANCIAL YEAR 2019-20

| S. No | CSR project or activity identified | Sector in which the Project is covered | Projects or Programs | Amount outlay (budget) project or programs wise - (₹ in Lakhs) | Amount spent on the projects or programs. (₹ in lakhs) | Cummulative expenditure upto the reporting period (₹ In Lakhs) | Amount spent Direct or through implementing agency |
|------------|------------------------------------|--|----------------------|--|--|--|--|
| | | | | | | | |
| FY-2019-20 | | | | | | | |
| I. | | | | | | | Direct expenditure on projects or programs. |

| S. No | CSR project or activity identified | Sector in which the Project is covered | Projects or Programs | Amount outlay (budget) project or programs wise - (₹ in Lakhs) | Amount spent on the projects or programs. (₹ in lakhs) | Cummulative expenditure upto the reporting period (₹ In Lakhs) | Amount spent Direct or through implementing agency |
|------------|---|---|----------------------|--|--|--|--|
| | | | | | | | |
| FY-2019-20 | | | | | | | |
| 1 | Promotion of Education including Special Education 1. Shri Ramakrishna Mission (Awakening Citizen programme) 2. Govt. Girls School Mandideep & Bhojpur 3. Sri Aurobindo Ashram, New Delhi 4. Ramarpan Educational Society, New Delhi 5. Ekalavya Foundation, Hyderabad 6. Shakti Foundation, New Delhi 7. Vivekanand , Vidhya Vihar School, Maral Sarvor, M.P 8. Other initiatives for promotion of Education | Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | Pan India | 4,179.54 | 649.70 | 1,696.90 | *HEG Lok Nyas Trust/ Directly by Company |
| 2 | Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care 1. Medicines to Seva Bharti,Dawa Bank, Mandideep & Tawa, Red cross. 2. Eye Bank Society of Rajasthan 3. Delhi Langar Sewa, NCR 4. Akshya Patra, Bhopal 5. Other initiative for promoting health care | Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation [including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water. | Pan India | | 610.41 | 678.63 | HEG Lok Nyas Trust/ Directly by Company |

| S. No | CSR project or activity identified | Sector in which the Project is covered | Projects or Programs | Amount outlay (budget) project or programs wise - (₹ in Lakhs) | Amount spent on the projects or programs. (₹ in lakhs) | Cumulative expenditure upto the reporting period (₹ In Lakhs) | Amount spent Direct or through implementing agency |
|-------|--|--|----------------------|--|--|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | FY-2019-20 | | | |
| 3 | Setting up old age homes, day care centres and such other facilities Apna Ghar Sanstha, Bharatpur, Rajasthan | Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups. | Pan India | | 36.04 | 36.04 | HEG Lok Nyas Trust/ Directly by Company HEG Lok Nyas |
| 4 | Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art 1. Sabhyata Foundation for Adopting heritage monuments etc. 2. Rekhta Foundation 3. Natyasampada pratishthan - Mumbai | Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts; | Pan India | | 507.50 | 560.27 | HEG Lok Nyas Trust/ Directly by Company HEG Lok Nyas |
| 5 | For water conservation and horticulture 1. Global Vikas Trust, Mumbai for Global Parli project 2. PHD Rural Development Foundation, Rajasthan | Rural development projects | Pan India | | 205.00 | 205.00 | HEG Lok Nyas Trust/ Directly by Company |

| S. No | CSR project or activity identified | Sector in which the Project is covered | Projects or Programs | Amount outlay (budget) project or programs wise - (₹ in Lakhs) | Amount spent on the projects or programs. (₹ in lakhs) | Cumulative expenditure upto the reporting period (₹ In Lakhs) | Amount spent Direct or through implementing agency |
|-------|--|---|----------------------|--|--|---|--|
| | | | | | | | |
| | | | | | | | |
| | | | | FY-2019-20 | | | |
| 6 | Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare 1. Animals Welfare Trust | Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga | Pan India | | 3.00 | 41.59 | HEG Lok Nyas Trust/ Directly by Company |
| 7 | PM CARES Fund | Contribution to the Prime Minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women; | Pan India | | 200.00 | 200.00 | Directly by Company |

Annexure – VII to the Board's Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant To Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product / Service | % to total turnover of the Company |
|---------|---|-----------------------------------|------------------------------------|
| 1. | Graphite Electrode | 329 | 99.17 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the Company | CIN | Holding / Subsidiary / Associate | % of Shares held | Applicable section |
|---------|---|-----------------------|----------------------------------|------------------|--------------------|
| 1 | Bhilwara Energy Limited Bhilwara Bhawan 40-41, Community Centre, New Friends Colony, New Delhi - 110065. | U31101DL2006PLC148862 | Associate | 49.01% | 2(6) |
| 2 | Bhilwara Infotechnology Limited 40-41, Community Centre, New Friends Colony, New Delhi - 110065. | U74899DL2000PLC104401 | Associate | 38.59% | 2(6) |

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

i) Category-wise Share Holding

| Category of Shareholders | No. of shares held at the beginning of the year (as on 01.04.2019) | | | | No. of shares held at the end of the year (as on 31.03.2020) | | | | % change during the year |
|---|---|--------------|--------------------|-------------------|---|--------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a. Individual/ HUF | 12,27,163 | 0 | 12,27,163 | 3.18 | 12,06,758 | 0 | 12,06,758 | 3.13 | -0.05 |
| b. Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c. State Govt. (s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d. Bodies Corp. | 1,06,47,700 | 0 | 1,06,47,700 | 27.59 | 1,00,42,314 | 0 | 1,00,42,314 | 26.02 | -1.57 |
| e. Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f. Any other. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A) (1) | 1,18,74,863 | 0 | 1,18,74,863 | 30.77 | 1,12,49,072 | 0 | 1,12,49,072 | 29.15 | -1.62 |
| (2) Foreign | | | | | | | | | |
| a. NRIs | | | | | | | | | |
| Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b. Other | | | | | | | | | |
| Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c. Bodies Corp. | 1,17,60,959 | 0 | 1,17,60,959 | 30.47 | 1,17,60,959 | 0 | 1,17,60,959 | 30.47 | 0 |
| d. Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Any other. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A)(2) | 1,17,60,959 | 0 | 1,17,60,959 | 30.47 | 1,17,60,959 | 0 | 1,17,60,959 | 30.47 | 0 |
| Total shareholding of Promoters (A)=A(1)+A(2) | 2,36,35,822 | 0 | 2,36,35,822 | 61.24 | 2,30,10,031 | 0 | 2,30,10,031 | 59.62 | -1.62 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a. Mutual Funds | 55,921 | 2,950 | 58,871 | 0.15 | 13,131 | 2,950 | 16,081 | 0.04 | -0.11 |
| b. Banks/FI | 5,744 | 222 | 5,966 | 0.02 | 34,797 | 222 | 35,019 | 0.09 | 0.08 |
| c. Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d. State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f. Insurance Companies | 36,19,075 | 0 | 36,19,075 | 9.38 | 28,12,743 | 0 | 28,12,743 | 7.29 | -2.09 |
| g. FIs | 22,19,074 | 0 | 22,19,074 | 5.75 | 42,62,363 | 0 | 42,62,363 | 11.04 | 5.29 |
| h. Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i. Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (B)(1) | 58,99,814 | 3,172 | 59,02,986 | 15.29 | 71,23,034 | 3,172 | 71,26,206 | 18.46 | 3.17 |
| (2) Central Govt./State Govt. | 0 | 0 | 0 | 0 | 1,785 | 0 | 1,785 | 0.00 | 0.00 |
| Sub-total (B)(2) | 0 | 0 | 0 | 0 | 1,785 | 0 | 1,785 | 0.00 | 0.00 |
| (3) Non-institutions | | | | | | | | | |
| a. Bodies Corp. | | | | | | | | | |
| Indian | 24,24,596 | 6,265 | 24,30,861 | 6.30 | 16,12,621 | 6,065 | 16,18,686 | 4.19 | -2.10 |
| b. Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹1 Lakh | 53,63,642 | 5,33,617 | 58,97,259 | 15.28 | 56,90,081 | 4,56,002 | 61,46,083 | 15.92 | 0.64 |

| Category of Shareholders | No. of shares held at the beginning of the year (as on 01.04.2019) | | | | No. of shares held at the end of the year (as on 31.03.2020) | | | | % change during the year |
|--|---|----------|-------------|-------------------|---|----------|-------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh | 3,15,740 | 0 | 3,15,740 | 0.82 | 1,77,412 | 0 | 1,77,412 | 0.46 | -0.36 |
| c. Others (specify) | | | | | | | | | |
| NBFC Registered with RBI | 18,897 | 0 | 18,897 | 0.05 | 19,942 | 0 | 19,942 | 0.05 | 0.002 |
| Cooperative Societies | 130 | 0 | 130 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| NRI | 1,98,276 | 1,235 | 1,99,511 | 0.52 | 2,22,841 | 955 | 2,23,796 | 0.58 | 0.06 |
| Trusts | 443 | 200 | 643 | 0.00 | 68,320 | 200 | 68,520 | 0.18 | 0.18 |
| IEPF | 1,93,657 | 0 | 1,93,657 | 0.50 | 2,03,045 | 0 | 2,03,045 | 0.53 | 0.02 |
| Sub-total (B)(3) | 85,15,381 | 5,41,317 | 90,56,698 | 23.47 | 79,94,262 | 4,63,222 | 84,57,484 | 21.91 | -1.55 |
| Total Public Shareholding (B) = (B)(1) + (B)(2)+(B)(3) | 1,44,15,195 | 5,44,489 | 1,49,59,684 | 38.76 | 1,51,19,081 | 4,66,394 | 1,55,85,475 | 40.38 | 1.62 |
| C. Shares held by custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 3,80,51,017 | 5,44,489 | 3,85,95,506 | 100 | 3,81,29,112 | 4,66,394 | 3,85,95,506 | 100 | 0 |

ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---------|--------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | |
| 1 | Norbury Investments Ltd. | 53,62,991 | 13.90 | 0 | 53,62,991 | 13.90 | 0 | 0 |
| 2 | Microlight Investments Ltd. | 46,65,579 | 12.09 | 0 | 46,65,579 | 12.09 | 0 | 0 |
| 3 | Bharat Investments Growth Ltd. | 24,64,913 | 6.39 | 0 | 24,64,913 | 6.39 | 0 | 0 |
| 4 | Purvi Vanijya Niyojan Ltd. | 16,48,583 | 4.27 | 0 | 16,48,583 | 4.27 | 0 | 0 |
| 5 | Raghav Commercial Ltd. | 14,48,163 | 3.75 | 0 | 14,48,163 | 3.75 | 0 | 0 |
| 6 | Mekima Corporation | 17,32,389 | 4.49 | 0 | 17,32,389 | 4.49 | 0 | 0 |
| 7 | RSWM Ltd. | 9,23,777 | 2.39 | 0 | 3,18,391 | 0.82 | 0 | -1.57 |
| 8 | LNJ Financial Services Ltd. | 13,48,323 | 3.49 | 0 | 13,48,323 | 3.49 | 0 | 0 |
| 9 | Shashi Commercial Company Ltd. | 6,75,536 | 1.75 | 0 | 6,75,536 | 1.75 | 0 | 0 |
| 10 | Giltedged Industrial Securities Ltd. | 4,76,689 | 1.24 | 0 | 4,76,689 | 1.24 | 0 | 0 |
| 11 | Riju Jhunjunwala | 2,20,356 | 0.57 | 0 | 2,20,356 | 0.57 | 0 | 0 |
| 12 | Rita Jhunjunwala | 2,11,876 | 0.55 | 0 | 2,11,876 | 0.55 | 0 | 0 |
| 13 | India Texfab Marketing Ltd. | 2,06,718 | 0.54 | 0 | 2,06,718 | 0.54 | 0 | 0 |
| 14 | Ravi Jhunjunwala –HUF | 2,02,806 | 0.53 | 0 | 2,02,806 | 0.53 | 0 | 0 |
| 15 | Rishabh Jhunjunwala | 1,75,807 | 0.46 | 0 | 1,75,807 | 0.46 | 0 | 0 |
| 16 | Lakshmi Niwas Jhunjunwala | 1,69,775 | 0.44 | 0 | 1,69,775 | 0.44 | 0 | 0 |
| 17 | Ravi Jhunjunwala | 1,28,517 | 0.33 | 0 | 1,28,517 | 0.33 | 0 | 0 |
| 18 | Mani Devi Jhunjunwala | 97,621 | 0.25 | 0 | 97,621 | 0.25 | 0 | 0 |
| 19 | Nivedan Vanijya Niyojan Ltd. | 66,684 | 0.17 | 0 | 66,684 | 0.17 | 0 | 0 |
| 20 | Investors India Ltd. | 36,254 | 0.09 | 0 | 36,254 | 0.09 | 0 | 0 |
| 21 | Sandhu Auto Deposits Ltd. | 5,35,779 | 1.39 | 0 | 5,35,779 | 1.39 | 0 | 0 |

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---------|---------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | |
| 22 | M.L. Finlease Pvt. Ltd. | 3,46,461 | 0.90 | 0 | 3,46,461 | 0.90 | 0 | 0 |
| 23 | Deepak Pens & Plastic Pvt. Ltd. | 4,69,820 | 1.22 | 0 | 4,69,820 | 1.22 | 0 | 0 |
| 24 | Nivedan Churiwal | 10,627 | 0.03 | 0 | 0 | 0.00 | 0 | -0.03 |
| 25 | Shubha Churiwal | 7,416 | 0.02 | 0 | 0 | 0.00 | 0 | -0.02 |
| 26 | Sudha Churiwal | 2,362 | 0.01 | 0 | 0 | 0.00 | 0 | -0.01 |
| | Total | 2,36,35,822 | 61.24 | 0 | 2,30,10,031 | 59.62 | 0 | -1.62 |

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

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---------|------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | At the beginning of the year | 2,36,35,822 | 61.24 | 2,36,35,822 | 61.24 |
| 2 | At the end of the year | 2,30,10,031 | 59.62 | 2,30,10,031 | 59.62 |

There are following changes in Promoters' shareholding during the financial year 2019-20:

| Sl. No. | Name | Shareholding | | Date | Increase / Decrease In shareholding | Reason | Cumulative shareholding during the Year (01-04-19 to 31-03-20) | |
|---------|------------------|--|----------------------------------|------------|-------------------------------------|--------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-19) / end of the year (31-03-20) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | RSWM Ltd. | 9,23,777 | 2.39 | 01-04-2019 | | | | |
| | | | | 16-09-2019 | -42,500 | Sale | 8,81,277 | 2.28 |
| | | | | 17-09-2019 | -3,25,000 | Sale | 5,56,277 | 1.44 |
| | | | | 18-09-2019 | -1,60,000 | Sale | 3,96,277 | 1.03 |
| | | | | 20-09-2019 | -14,619 | Sale | 3,81,658 | 0.99 |
| | | | | 24-09-2019 | -60,658 | Sale | 3,21,000 | 0.83 |
| | | | | 25-09-2019 | -2,609 | Sale | 3,18,391 | 0.82 |
| | | 3,18,391 | 0.82 | 31-03-2020 | | | 3,18,391 | 0.82 |
| 2 | Nivedan Churiwal | 10,627 | 0.03 | 01-04-2019 | | | | |
| | | | | 25-09-2019 | 10,627 | Sale | 0 | 0.00 |
| | | 0 | 0.00 | 31-03-2020 | | | 0 | 0.00 |
| 3 | Shubha Churiwal | 7,416 | 0.02 | 01-04-2019 | | | | |
| | | | | 25-09-2019 | 4,000 | Sale | 3,416 | 0.01 |
| | | | | 26-09-2019 | 3,416 | Sale | 0 | 0.00 |
| | | 0 | 0.00 | 31-03-2020 | | | 0 | 0.00 |
| 4 | Sudha Churiwal | 2,362 | 0.01 | 01-04-2019 | | | | |
| | | | | 25-09-2019 | 2,362 | Sale | 0 | 0.00 |
| | | 0 | 0.00 | 31-03-2020 | | | 0 | 0.00 |

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

| Sl. No. | Name | Shareholding | | Date | Increase / Decrease In shareholding | Reason | Cumulative shareholding during the Year (01-04-19 to 31-03-20) | | | |
|---------|-------------------------------------|--|---|------------|-------------------------------------|------------|--|----------------------------------|----------|------|
| | | No. of shares at the beginning (01-04-19) / end of the year (31-03-20) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company | | |
| 1 | Life Insurance Corporation of India | 32,32,046 | 8.37 | 01-04-2019 | | | | | | |
| | | | | 11-10-2019 | -16,561 | Sale | 32,15,485 | 8.33 | | |
| | | | | 18-10-2019 | -2,100 | Sale | 32,13,385 | 8.33 | | |
| | | | | 25-10-2019 | -56,104 | Sale | 31,57,281 | 8.18 | | |
| | | | | 01-11-2019 | -59,045 | Sale | 30,98,236 | 8.03 | | |
| | | | | 08-11-2019 | -1,21,550 | Sale | 29,76,686 | 7.71 | | |
| | | | | 15-11-2019 | -40,198 | Sale | 29,36,488 | 7.61 | | |
| | | | | 22-11-2019 | -96,587 | Sale | 28,39,901 | 7.36 | | |
| | | | | 29-11-2019 | -1,06,072 | Sale | 27,33,829 | 7.08 | | |
| | | | | 20-12-2019 | -39,642 | Sale | 26,94,187 | 6.98 | | |
| | | | | 27-12-2019 | -29,398 | Sale | 26,64,789 | 6.90 | | |
| | | | | 31-12-2019 | -33,305 | Sale | 26,31,484 | 6.82 | | |
| | | | | 03-01-2020 | -60,130 | Sale | 25,71,354 | 6.66 | | |
| | | | | 10-01-2020 | -12,784 | Sale | 25,58,570 | 6.63 | | |
| | | | | 17-01-2020 | -45,903 | Sale | 25,12,667 | 6.51 | | |
| | | | | 24-01-2020 | -86,953 | Sale | 24,25,714 | 6.28 | | |
| | | | | 31-03-2020 | | | 24,25,714 | 6.28 | | |
| | | 2 | Stichting Depository APG Emerging Markets Equity Pool | 2,82,055 | 0.73 | 01-04-2019 | | | | |
| | | | | | | 05-04-2019 | -4,903 | Sale | 2,77,152 | 0.72 |
| | | | | | | 12-04-2019 | -6,566 | Sale | 2,70,586 | 0.70 |
| | | | | 19-04-2019 | -2,072 | Sale | 2,68,514 | 0.70 | | |
| | | | | 26-04-2019 | -4,265 | Sale | 2,64,249 | 0.68 | | |
| | | | | 03-05-2019 | -2,418 | Sale | 2,61,831 | 0.68 | | |
| | | | | 07-06-2019 | -13,245 | Sale | 2,48,586 | 0.64 | | |
| | | | | 14-06-2019 | -11,940 | Sale | 2,36,646 | 0.61 | | |
| | | | | 21-06-2019 | -2,209 | Sale | 2,34,437 | 0.61 | | |
| | | | | 19-07-2019 | -16,227 | Sale | 2,18,210 | 0.57 | | |
| | | | | 26-07-2019 | 11,203 | Buy | 2,29,413 | 0.59 | | |
| | | | | 02-08-2019 | 34,335 | Buy | 2,63,748 | 0.68 | | |

| Sl. No. | Name | Shareholding | | Date | Increase / Decrease In shareholding | Reason | Cumulative shareholding during the Year (01-04-19 to 31-03-20) | | | |
|---------|---|--|----------------------------------|------------|-------------------------------------|------------------------------|--|----------------------------------|-----|------|
| | | No. of shares at the beginning (01-04-19) / end of the year (31-03-20) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company | | |
| | | | | 09-08-2019 | 53,638 | Buy | 3,17,386 | 0.82 | | |
| | | | | 23-08-2019 | 94,677 | Buy | 4,12,063 | 1.07 | | |
| | | | | 30-08-2019 | 50,050 | Buy | 4,62,113 | 1.20 | | |
| | | | | 06-09-2019 | -14,692 | Sale | 4,47,421 | 1.16 | | |
| | | | | 13-09-2019 | 31,841 | Buy | 4,79,262 | 1.24 | | |
| | | | | 20-09-2019 | -11,871 | Sale | 4,67,391 | 1.21 | | |
| | | | | 18-10-2019 | 20,590 | Buy | 4,87,981 | 1.26 | | |
| | | | | 22-11-2019 | 51,425 | Buy | 5,39,406 | 1.40 | | |
| | | | | 29-11-2019 | 25,688 | Buy | 5,65,094 | 1.46 | | |
| | | | | 13-12-2019 | 12,270 | Buy | 5,77,364 | 1.50 | | |
| | | | | 27-12-2019 | 1,781 | Buy | 5,79,145 | 1.50 | | |
| | | | | 24-01-2020 | 12,557 | Buy | 5,91,702 | 1.53 | | |
| | | | | 07-02-2020 | 3,292 | Buy | 5,94,994 | 1.54 | | |
| | | | | 28-02-2020 | 2,399 | Buy | 5,97,393 | 1.55 | | |
| | | | | 20-03-2020 | -16,229 | Sale | 5,81,164 | 1.51 | | |
| | | | | 27-03-2020 | -21,220 | Sale | 5,59,944 | 1.45 | | |
| | | | | 31-03-2020 | 5,59,944 | | 5,59,944 | 1.45 | | |
| | | 3 | East India Securities Limited | 0 | 0.00 | 01-04-2019 | | | | |
| | | | | | | 31-12-2019 | 660 | Buy | 660 | 0.00 |
| | | | | | | 10-01-2020 | 100 | Buy | 760 | 0.00 |
| | | | | 28-02-2020 | 30,000 | Buy | 30,760 | 0.08 | | |
| | | | | 13-03-2020 | 65,300 | Buy | 96,060 | 0.25 | | |
| | | | | 20-03-2020 | 50,300 | Buy | 1,46,360 | 0.38 | | |
| | | | | 27-03-2020 | 1,96,200 | Buy | 3,42,560 | 0.89 | | |
| | | | | 31-03-2020 | 83,000 | Buy | 4,25,560 | 1.10 | | |
| | | | | 31-03-2020 | 4,25,560 | | 4,25,560 | 1.10 | | |
| 4 | The New India Assurance Company Limited | | | 3,86,879 | 1.00 | 01-04-2019 | | | | |
| | | 3,86,879 | 1.00 | 31-03-2020 | 0 | Nil movement during the year | 3,86,879 | 1.00 | | |

| Sl. No. | Name | Shareholding | | Date | Increase / Decrease In shareholding | Reason | Cumulative shareholding during the Year (01-04-19 to 31-03-20) | |
|---------|--|--|----------------------------------|------------|-------------------------------------|------------------------------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-19) / end of the year (31-03-20) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 5 | Vanguard Total International Stock Index Fund | 2,41,277 | 0.63 | 01-04-2019 | | | | |
| | | | | 26-04-2019 | -6,262 | Sale | 2,35,015 | 0.61 |
| | | | | 07-02-2020 | 19,478 | Buy | 2,54,493 | 0.66 |
| | | 2,54,493 | 0.66 | 31-03-2020 | | | 2,54,493 | 0.66 |
| 6 | Inter Globe Infralog Limited | 2,49,832 | 0.65 | 01-04-2019 | | | | |
| | | | | | 0 | Nil movement during the year | | |
| | | 2,49,832 | 0.65 | 31-03-2020 | | | 2,49,832 | 0.65 |
| 7 | Government Pension Fund Global | 2,34,654 | 0.61 | 01-04-2019 | | | | |
| | | | | | 0 | Nil movement during the year | | |
| | | 2,34,654 | 0.61 | 31-03-2020 | 2,34,654 | | 2,34,654 | 0.61 |
| 8 | Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Fund | 2,34,739 | 0.61 | 01-04-2019 | | | | |
| | | | | 12-04-2019 | 598 | Buy | 2,35,337 | 0.61 |
| | | | | 10-05-2019 | 624 | Buy | 2,35,961 | 0.61 |
| | | | | 21-06-2019 | -1,404 | Sale | 2,34,557 | 0.61 |
| | | 2,34,557 | 0.61 | 31-03-2020 | | | 2,34,557 | 0.61 |
| 9 | Acadian Emerging Markets Small Cap Equity Fund LLC | 0 | 0.00 | 01-04-2019 | | | | |
| | | | | 28-06-2019 | 5,376 | Buy | 5,376 | 0.01 |
| | | | | 05-07-2019 | 12,279 | Buy | 17,655 | 0.05 |
| | | | | 19-07-2019 | 35,221 | Buy | 52,876 | 0.14 |
| | | | | 23-08-2019 | 7,985 | Buy | 60,861 | 0.16 |
| | | | | 08-11-2019 | 21,754 | Buy | 82,615 | 0.21 |
| | | | | 13-12-2019 | 29,120 | Buy | 1,11,735 | 0.29 |
| | | | | 20-12-2019 | 5,856 | Buy | 1,17,591 | 0.30 |
| | | | | 17-01-2020 | 41,195 | Buy | 1,58,786 | 0.41 |
| | | | | 07-02-2020 | 8,271 | Buy | 1,67,057 | 0.43 |
| | | | | 14-02-2020 | 5,845 | Buy | 1,72,902 | 0.45 |
| | | | | 13-03-2020 | 22,792 | Buy | 1,95,694 | 0.51 |
| | | 1,95,694 | 0.51 | 31-03-2020 | | | 1,95,694 | 0.51 |

| Sl. No. | Name | Shareholding | | Date | Increase / Decrease In shareholding | Reason | Cumulative shareholding during the Year (01-04-19 to 31-03-20) | |
|---------|---|--|----------------------------------|------------|-------------------------------------|--------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-19) / end of the year (31-03-20) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 10 | Florida Retirement System-AQR Capital Management, LLC | 35,065 | 0.09 | 01-04-2019 | | | | |
| | | | | 12-04-2019 | -2,057 | Sale | 33,008 | 0.09 |
| | | | | 07-06-2019 | -1,881 | Sale | 31,127 | 0.08 |
| | | | | 21-06-2019 | 4,915 | Buy | 36,042 | 0.09 |
| | | | | 16-08-2019 | 3,250 | Buy | 39,292 | 0.10 |
| | | | | 30-08-2019 | 3,577 | Buy | 42,869 | 0.11 |
| | | | | 25-10-2019 | 3,612 | Buy | 46,481 | 0.12 |
| | | | | 01-11-2019 | 16,535 | Buy | 63,016 | 0.16 |
| | | | | 15-11-2019 | 10,395 | Buy | 73,411 | 0.19 |
| | | | | 13-12-2019 | 16,148 | Buy | 89,559 | 0.23 |
| | | | | 20-12-2019 | 3,932 | Buy | 93,491 | 0.24 |
| | | | | 10-01-2020 | 9,324 | Buy | 1,02,815 | 0.27 |
| | | | | 31-01-2020 | 14,538 | Buy | 1,17,353 | 0.30 |
| | | | | 14-02-2020 | 3,115 | Buy | 1,20,468 | 0.31 |
| | | 28-02-2020 | 16,054 | Buy | 1,36,522 | 0.35 | | |
| 11 | Wisdomtree Emerging Markets Small Cap Dividend Fund | 1,36,522 | 0.35 | 31-03-2020 | | | 1,36,522 | 0.35 |
| | | 0 | 0.00 | 01-04-2019 | | | | |
| | | | | 29-06-2019 | 24,469 | Buy | 24,469 | 0.06 |
| | | | | 05-07-2019 | 1,413 | Buy | 25,882 | 0.07 |
| | | | | 12-07-2019 | 234 | Buy | 26,116 | 0.07 |
| | | | | 26-07-2019 | 312 | Buy | 26,428 | 0.07 |
| | | | | 09-08-2019 | 312 | Buy | 26,740 | 0.07 |
| | | | | 30-08-2019 | 468 | Buy | 27,208 | 0.07 |
| | | | | 13-09-2019 | 234 | Buy | 27,442 | 0.07 |
| | | | | 27-09-2019 | 312 | Buy | 27,754 | 0.07 |
| | | | | 25-10-2019 | 1,00,941 | Buy | 1,28,695 | 0.33 |
| | | | | 01-11-2019 | 1,416 | Buy | 1,30,111 | 0.34 |
| | | | | 08-11-2019 | 1,770 | Buy | 1,31,881 | 0.34 |
| | | 15-11-2019 | 708 | Buy | 1,32,589 | 0.34 | | |
| | | 29-11-2019 | 2,118 | Buy | 1,34,707 | 0.35 | | |
| | | 13-12-2019 | 354 | Buy | 1,35,061 | 0.35 | | |

| Sl. No. | Name | Shareholding | | Date | Increase / Decrease In shareholding | Reason | Cumulative shareholding during the Year (01-04-19 to 31-03-20) | |
|---------|--|--|----------------------------------|------------|-------------------------------------|--------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-19) / end of the year (31-03-20) | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | | | | 20-12-2019 | 1,765 | Buy | 1,36,826 | 0.35 |
| | | | | 27-12-2019 | 706 | Buy | 1,37,532 | 0.36 |
| | | | | 10-01-2020 | 708 | Buy | 1,38,240 | 0.36 |
| | | | | 17-01-2020 | 1,065 | Buy | 1,39,305 | 0.36 |
| | | | | 21-02-2020 | -2,492 | Sale | 1,36,813 | 0.35 |
| | | | | 28-02-2020 | -1,420 | Sale | 1,35,393 | 0.35 |
| | | | | 06-03-2020 | -3,916 | Sale | 1,31,477 | 0.34 |
| | | | | 13-03-2020 | -712 | Sale | 1,30,765 | 0.34 |
| | | | | 27-03-2020 | -1,436 | Sale | 1,29,329 | 0.34 |
| | | 1,29,329 | 0.34 | 31-03-2020 | | | 1,29,329 | 0.34 |
| 12 | Pension Reserves Investment Trust Fund-Acadian | 0 | 0.00 | 01-04-2019 | | | | |
| | | | | 19-07-2019 | 6,774 | Buy | 6,774 | 0.02 |
| | | | | 02-08-2019 | 36,705 | Buy | 43,479 | 0.11 |
| | | | | 15-11-2019 | 25,278 | Buy | 68,757 | 0.18 |
| | | | | 22-11-2019 | 2,386 | Buy | 71,143 | 0.18 |
| | | | | 29-11-2019 | 6,382 | Buy | 77,525 | 0.20 |
| | | | | 06-12-2019 | 7,564 | Buy | 85,089 | 0.22 |
| | | | | 14-02-2020 | 39,506 | Buy | 1,24,595 | 0.32 |
| | | 1,24,595 | 0.32 | 31-03-2020 | | | 1,24,595 | 0.32 |

v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name of Director/ KMP | Shareholding | | Date | Increase / Decrease in Shareholding | Reason | Cumulative shareholding during the Year (01-04-19 to 31-03-2020) | |
|---------|---|--|----------------------------------|------------|-------------------------------------|------------------------------|--|----------------------------------|
| | | No. of shares at beginning (01-04-19) / end of the year (31-03-20) | % of total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1 | Shri Ravi Jhunjunwala Chairman, Managing Director & CEO | 3,31,323 | 0.86 | 01-04-2019 | 0 | Nil movement during the year | 3,31,323 | 0.86 |
| | | 3,31,323* | 0.86 | 31-03-2020 | | | 3,31,323 | 0.86 |
| 2 | Shri Dharmendar Nath Davar**, Independent Director | 1,500 | 0.00 | 01-04-2019 | 0 | Nil movement during the year | 1,500 | 0.00 |
| | | 1,500 | 0.00 | 31-03-2020 | | | 1,500 | 0.00 |
| 3 | Dr. Kamal Gupta, Independent Director | 189 | 0.00 | 01-04-2019 | 0 | Nil movement during the year | 189 | 0.00 |
| | | 189 | 0.00 | 31-03-2020 | | | 189 | 0.00 |
| 4 | Shri Riju Jhunjunwala, Non Executive Director | 2,20,356 | 0.57 | 01-04-2019 | 0 | Nil movement during the year | 2,20,356 | 0.57 |
| | | 2,20,356 | 0.57 | 31-03-2020 | | | 2,20,356 | 0.57 |

* Includes 2,02,806 Equity Shares of Ravi Jhunjunwala (HUF).

** Resigned from directorship w.e.f. 24th July, 2019.

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crores)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|-------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal amount | 543.36 | 123.00 | 0.00 | 666.36 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (i+ii+iii) | 543.36 | 123.00 | 0.00 | 666.36 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 0.00 | 0.00 | 0.00 | 0.00 |
| Reduction | 60.74 | 13.00 | 0.00 | 73.74 |
| Net change | (60.74) | (13.00) | 0.00 | (73.74) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal amount | 482.62 | 110.00 | 0.00 | 592.62 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (i+ii+iii) | 482.62 | 110.00 | 0.00 | 592.62 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

| Sl. No. | Particulars of Remuneration | Name of Chairman, Managing Director & CEO Shri Ravi Jhunjunwala | Name of Whole Time Director Shri Manish Gulati (earlier Chief Operating Officer & Chief Marketing Officer) [#] | Total |
|---------|---|--|--|---------------|
| | | | | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 192.00* | 95.09 | 287.09 |
| | (b) Value of perquisites u/s 17(2) Income- tax Act, 1961 | 16.14 | 2.20 | 18.34 |
| | (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % of profit 2.5% [@] - others, specify (one time incentive) | - | - | - |
| | | - | 25.00 | 25.00 |
| | Others, please specify (including PF & SA) | 32.40 | 5.73 | 38.13 |
| | Total (A) | 240.54 | 128.02 | 368.56 |
| | Ceiling as per the Act | Remuneration is being paid in accordance with Section 197 read with Schedule V of the Companies Act, 2013. | | |

The above amount does not include Gratuity.

*As per approved terms and conditions.

[#]Appointed w.e.f. 1st March, 2020 subject to the approval of shareholders. Remuneration includes one month salary (from 1st March, 2020 to 31st March, 2020) as an Executive Director also Includes one time incentive of ₹25 Lakhs for the Financial Year 2018-19.[@]Nil commission paid for FY2019-20.

B. Remuneration to other Directors:

1. Independent Directors

(₹ in Lakhs)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | Total amount |
|---------|--|-----------------------------|-----------------|---------------------|-------------------|-------------------------|---------------------|---------------|
| | | Shri Dharmendar Nath Davar* | Dr. Kamal Gupta | Dr. Om Parkash Bahl | Smt. Ramni Nirula | Shri Satish Chand Mehta | Shri Jayant Davar** | |
| 1 | Fee for attending board / committee meetings | 4.75 | 14.10 | 12.70 | 5.65 | 8.25 | 3.00 | 48.45 |
| 2 | Commission | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | - | 125.00 |
| 3 | Others | - | - | - | - | - | - | - |
| | Total (1) | 29.75 | 39.10 | 37.70 | 30.65 | 33.25 | 3.00 | 173.45 |

2. Other Non-Executive Directors

(₹ in Lakhs)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total amount |
|---------|--|---|-----------------------|-----------------------|---|---------------|
| | | Shri Shekhar Agarwal | Shri Riju Jhunjunwala | Smt. Vinita Singhania | Shri Satyendra Nath Bhattacharya [#] | |
| 1 | Fee for attending board/committee meetings | 7.90 | 4.20 | 2.25 | 3.00 | 17.35 |
| 2 | Commission [@] | 25.00 | 25.00 | 25.00 | 25.00 ^{##} | 100.00 |
| 3 | Others | - | - | - | - | - |
| | Total (2) | 32.90 | 29.20 | 27.25 | 28.00 | 117.35 |
| | Total (B) = (1 + 2) | | | | | 290.80 |
| | Ceilings as per the Act | 1% of profits calculated under Section 198 of the Companies Act, 2013 | | | | |
| | Total Managerial Remuneration (A+B) | | | | | 661.06 |

*Resigned w.e.f. 24th July, 2019.

**Appointed w.e.f. 14th August, 2019.

[#]Resigned w.e.f. 23rd December, 2019.^{##}Including commission i.e ₹25 lakhs in respect of Shri Satyendra Nath Bhattacharya representative of Life Insurance Corporation of India (LIC) was paid to LIC in accordance with the terms and conditions of appointment.[@]Nil commission paid for FY2019-20.

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

(₹ in Lakhs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---------|---|---|---|--------------|
| | | Shri Gulshan Kumar Sakhuja Chief Financial Officer | Shri Vivek Chaudhay, Company Secretary | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 41.11 | 26.01 | 67.12 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.79 | 0.48 | 1.27 |
| | (c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961. | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % of profit - Others, specity | - | - | - |
| 5 | Others, please specify (including PF & SA) | 3.48 | 2.41 | 5.89 |
| | Total | 45.38 | 28.90 | 74.28 |

The above amount does not include Gratuity.

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:

There were no penalties, punishments or compounding of offences during the financial year ended 31st March, 2020.

For and on behalf of the Board of Directors

Ravi Jhunjunwala

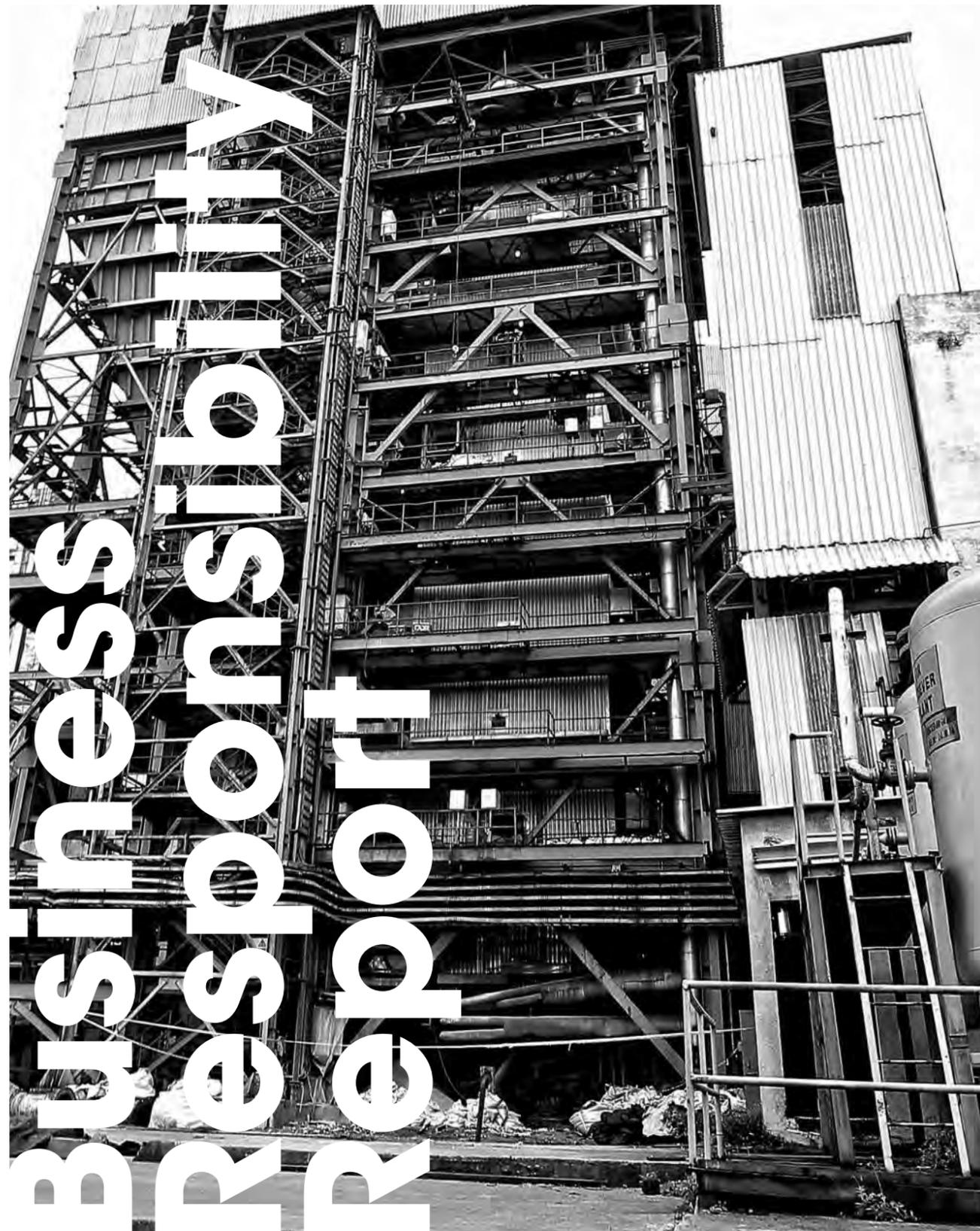
Chairman,

Managing Director & CEO

DIN 00060972

Place: Noida (U.P.)

Dated: 17th June, 2020



About this report

The Securities and Exchange Board of India (SEBI) as per its Listing Obligations and Disclosure Requirements Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011, which contains 9 Principles and Core Elements for each of the those 9 Principles. Following is the third Business Responsibility Report of HEG Ltd which is based on the format suggested by the SEBI.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- 1) Corporate Identity Number (CIN) of the Company : L23109MP1972PLC008290
- 2) Name of the Company: HEG Limited
- 3) Registered address :Mandideep (Near Bhopal), Distt. Raisen – 462 046, Madhya Pradesh
- 4) Website : www.heg ltd.com
- 5) E-mail id : heg.investor@Injbhilwara.com
- 6) Financial Year reported : 2019-2020
- 7) Sector(s) that the Company is engaged in (industrial activity code-wise) – Graphite Electrode (NIC Code 329)
- 8) List three key products/services that the Company manufactures/provides (as in balance sheet) - Graphite Electrodes & Power
- 9) Total number of locations where business activity is undertaken by the Company
 - a) Number of International Locations (Provide details of major 5) - Nil
 - b) Number of National Locations – 02

- 10) Markets served by the Company – Local/State/National/ International
India, USA, Europe, Korea, Saudi Arabia, Turkey, Egypt, UAE, South Africa .

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- 1) Paid up Capital (INR) : ₹38.60 Crores
- 2) Total Turnover (INR) : ₹2,149.02 Crores
- 3) Total profit after taxes (INR) : ₹53.37 Crores
- 4) Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) - Please refer to annexure VI of Annual Report.
- 5) List of activities in which expenditure in 4 above has been incurred:-
Please refer to annexure VI of Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? – No.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) : NA
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

- a) Details of the Director responsible for implementation of the BR policy/policies
 - i) DIN : 00060972
 - ii) Name : Shri Ravi Jhunjhunwala
 - iii) Designation : Chairman, Managing Director & CEO

b) Details of the BR head :

| No. | Particulars | Details |
|-----|---------------------|--------------------------------|
| 1. | DIN (if applicable) | 08697512 |
| 2. | Name | Shri Manish Gulati |
| 3. | Designation | Executive Director |
| 4. | Telephone number | 07480-405500, 233524 to 233527 |
| 5. | e-mail id | Manish.gulati@Injbhilwara.com |

* Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer of the Company has been appointed as Executive Director of the Company w.e.f. 1st March, 2020 subject to approval of shareholders.

2. Principle-wise (as per NVGs) BR Policy/policies

a) Details of compliance (Reply in Y/N)

| No. | Questions | Principle 1 Ethics, transparency & accountability | Principle 2 Sustainability throughout the life-cycle of the product | Principle 3 Employee well-being | Principle 4 Responsive towards stakeholders | Principle 5 Promotion of human rights | Principle 6 Environmental protection | Principle 7 Responsible public policy advocacy | Principle 8 Inclusive growth & equitable development | Principle 9 Customer value |
|-----|---|--|--|------------------------------------|--|--|---|---|---|-------------------------------|
| 1 | Do you have a policy/policies for | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | NA | Yes NEMA Standards are followed | Yes, OHSAS 18001 | NA | NA | Yes, ISO 14001, ISO 9001 | NA | NA | NA |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |

| No. | Questions | Principle 1 Ethics, transparency & accountability | Principle 2 Sustainability throughout the life-cycle of the product | Principle 3 Employee well-being | Principle 4 Responsive towards stakeholders | Principle 5 Promotion of human rights | Principle 6 Environmental protection | Principle 7 Responsible public policy advocacy | Principle 8 Inclusive growth & equitable development | Principle 9 Customer value |
|-----|--|--|--|--|--|---|--|---|---|---|
| 6 | Indicate the link for the policy to be viewed online [#] | 1. Code of Conduct 2. Whistle Blower Policy 3. Code of Fair Disclosure of Unpublished Price Sensitive Information 4. Policy on Related Party Transaction 5. Policy on Disclosure on Material Events and Information 6. Policy for dealing with any leak in UPSI and Whistle Blower Policy | 1. Quality and Safety Policy | 1 Code of Conduct 2. Whistle Blower Policy 3. Prevention, Prohibition and Redressal against Sexual Harassment of Women Employees | 1. Whistle Blower Policy 2. Prevention, Prohibition and Redressal against Sexual Harassment of Women Employees 3. Dividend Distribution Policy 4. Shareholder / Investor Services | 1. Whistle Blower Policy 2. Safety Policy 3. Environment Policy | 1. Quality Policy 2. Safety Policy 3. Environment Policy | | 1. CSR Policy | 1. Quality Policy 2. Shareholders / Investors Services |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 8 | Does the company have in-house structure to implement the policy/policies. | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | No | No | Yes, OHSAS 18001 Certification | No | No | Yes, ISO 14001, Certification ISO 9001 | NA | No | No |
| | | ED, CFO and Internal Audit Department monitor policy implementation and progress on initiatives and actions through periodic reviews. | | | | | | | | |

Link for Policies

CODE OF CONDUCT For DIRECTORS AND SENIOR MANAGEMENT

http://hegltd.com/wp-content/uploads/2017/02/CODE_OF_CONDUCT_HEG_05-02-2015.pdf

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

<http://hegltd.com/wp-content/uploads/2019/04/Code-of-Fair-Discloures-and-Conduct-final1-1.pdf>

DIVIDEND DISTRIBUTION POLICY

<http://hegltd.com/wp-content/uploads/2018/04/Dividend-Distribution-Policy.pdf>

WHISTLE BLOWER POLICY

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

POLICY ON RELATED PARTY TRANSACTIONS

<http://hegltd.com/wp-content/uploads/2020/07/Related-Party-Transaction-Policy.pdf>

POLICY ON DISCLOSURE ON MATERIAL EVENTS AND INFORMATION

<http://hegltd.com/wp-content/uploads/2019/05/Policy-on-Determination-Materiality-of-Events12022019.pdf>

QUALITY AND SAFETY POLICY

<http://hegltd.com/quality-safety-policy/>

PREVENTION, PROHIBITION AND REDRESSAL AGAINST SEXUAL HARASSMENT OF WOMEN EMPLOYEES

http://hegltd.com/wp-content/uploads/2020/01/Sexual-Harassment-Policy_January-2020.pdf

SHAREHOLDER / INVESTOR SERVICES

<http://hegltd.com/#>

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| No. | Questions | Principle 7: Responsible public policy advocacy |
|-----|---|--|
| 1 | The company has not understood the Principles | - |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | - |
| 3 | The company does not have financial or manpower resources available for the task | - |
| 4 | It is planned to be done within next 6 months | - |
| 5 | It is planned to be done within the next 1 year | - |
| 6 | Any other reason (please specify) | HEG is member of various Industrial and trade bodies and is part of task forces and forums within these bodies. We actively participate in these forums on issues and policy matters that impact the interest of our stakeholders. We prefer to be part of the broader policy development process and do not practice lobbying on any specific issue and hence do not feel such a policy is necessary given our way of doing business. |

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :

The Board of Directors review and assess various policies as stated above relating to BR performance of the Company as and when required. We have also constituted a Corporate Social Responsibility (CSR) Committee of the Board which oversees our CSR strategy and progress. For more details on the frequency of the Committee's meetings, refer to the 'Corporate Social Responsibility Committee' sub-section in the Corporate Governance Report, and the 'Corporate governance' section in the Board's Report, which are part of this Annual Report.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the Third Business Responsibility Report and is published annually as part of the Annual Report. Previous report can be assessed at <http://hegltd.com/wp-content/uploads/2019/09/BRR2019.pdf>

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company considers Corporate 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 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.
<http://hegltd.com/various-policies/>

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

HEG's stakeholders include our investors, clients, employees, vendors/partners, government and local communities. The Company responds to the complaints in efficient and effective manner and efforts are in place to satisfactorily resolve them. For details on investor complaints, refer to Corporate Governance Report section in the Annual Report.

Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) Graphite electrodes

(b) Graphite Fines, flakes and lumps

Refer to Schedule – I of Business Responsibility Report.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes.

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Our source of needle coke has always been imports and from manufacturers, which are oil refineries. Fuel supplies are all from Indian oil refineries. Other inputs material like pitch and fillers are sourced from Indian manufactures, which are common for both graphite and aluminium industry. Sourcing from both domestic and import sources have been consistent since last 37 years.

For inward and outward transportation, we are using both sea ways, railways and road transport sources. For import and export items, major part of the journey is covered using sea and rail transport, whereas for domestic supplies, we are relying more on road transportation, for door to door delivery commitments.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes.

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Indian government has come up with the MSME Act in the year 2006 to protect the interest of micro, small and medium enterprises in India.

Towards supporting this cause of the government and community at large, the list of MSME used for sourcing/job contracting were 208 vendors in 2019-20 which included 95 new vendors added to the list of MSME and that their interests are adequately taken care off. The company is also registered on TReDS Platform, an institutional mechanism set up in order to facilitate the trade receivable financing of MSMEs from corporate buyers through multiple financiers.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so

Yes, 100% of the waste generated after the first process (GEP) is reusable and are a part of our SOP. Our by-products like graphite fines are not only re-used in making of graphite electrode and graphite speciality products, but are also sold

to the steel industry (as carburiser) also lithium Iron batteries makers (for anode material). We sell these by products to the actual users.

The structural steel scrap is re-melted into steel globally and hence is fully recyclable, thus reducing the mining of natural resources from the earth.

Principle 3

Businesses should promote the well-being of all employees

1. Please indicate the Total number of employees - Total employees stands at 867 as on 31st March, 2020.
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis -Total 1255 Nos. engaged in temporary / contractual and casual basis.
3. Please indicate the Number of permanent women employees. 16 Nos.
4. Please indicate the Number of permanent employees with disabilities : Zero
5. Do you have an employee association that is recognized by management : Yes, 3 Nos.
6. What percentage of your permanent employees are members of this recognized employee association? 60% (35% in BMS, 10% in INTUC-1, 15% in INTUC-2)
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| No. | Category | No of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
|-----|---|--|---|
| 1 | Child labour/forced labour/involuntary labour | Nil | Nil |
| 2 | Sexual harassment | Nil | Nil |
| 3 | Discriminatory employment | Nil | Nil |

The Company had undertaken 9 Workshops/Awareness programs for prevention against Sexual Harassment at Workplace. The Company has an Internal Complaint Committee (ICC) to deal with complaints related to Sexual Harassment.

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year? (a) Permanent Employees : 95 %

- (b) Permanent Women Employees : 100 %
- (c) Casual/Temporary/Contractual Employees : 100 %
- (d) Employees with Disabilities : NA

Principle 4

Business should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders? Yes, the Company has mapped its internal and external stakeholders. We recognise employees, communities surrounding our operations, bankers, business associates, customers, shareholders, investors and regulatory authorities as our key stakeholders.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. Yes, the Company identifies communities around our manufacturing facilities at Mandideep, Bhopal and Tawa Nagar.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. The initiatives taken in this regard are as under:
 - Provided safe and law-abiding commuting facilities to children and teachers
 - Continued to subsidise annually school fees for more than 200 BPL-category students
 - Introduced a new scholarship program for children of below poverty lines wherein the company will ensure admission of 10 students every year to professional colleges and provide financial assistance to transform their career dream into reality
 - Provided quality education, through its school, to children of artisans working in Mandideep industrial area
 - Conducted a computer training at Tawa Nagar to provide basic education to 100 to 120 local underprivileged students through Datanuts Private Ltd., Bhopal and completed two batches

Principle 5

Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only

the company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes, only to the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

We have various grievance redressal channels to deal with issues related to discrimination, retaliation and harassment. The complainants are assured of complete anonymity and confidentiality.

No complaint has been received pertaining to Human Rights Violations during the year.

Principle 6

Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors / NGOs / others Only to the Company.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. No, however we calculate overall GHG emissions and have taken initiatives like solar power project, LNG use, LED lighting, Tree Plantations apart from operation and maintenance of existing plant vide air and water pollution control devises like Effluent Treatment Plant, Electrostatic Tar Precipitators, Electrostatic Precipitators, Dust Collection units, Foggers, Road Sweeper, Organic waste converter etc.
3. Does the company identify and assess potential environmental risks? Y/N Yes, Environment Aspect Impact Assessment study is done and reviewed regularly as a part of ISO 14001:2015 standard.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? No.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. Refer point No. 2 above.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, within the permissible norms.

7. Number of showcause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

Principle 7

Businesses, when engaged in influencing public and regulatory policy should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- (a) FIEO
- (b) CAPEXIL
- (c) PHD Chamber of Commerce & Industry
- (d) FICCI

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) :

HEG is member of various industrial and trade bodies and is part of task forces and forums within these bodies. We actively participate in these forums on issues and policy matters that impact the interest of our stakeholders. We prefer to be part of the broader policy development process and do not practice lobbying on any specific issue and hence do not feel such a policy is necessary given our way of doing business.

Principle 8

Business should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, 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.

Some of the initiatives are as follows:

a) Healthcare

- Provided medical consultation to general public at the OPD Centre in Mandideep and Tawanagar and distributed free medicines among BPL category patients
- Conducted medical health camps and distributing medicines in villages and to economically weaker sections, in collaboration with Sewa Bharti, Bhopal

b) Community Development

- The Company is working on the programme of mid-day meal through Akshaya Patra.
- Associated itself with an organisation providing free and hygienic food to the attendants of the patients visiting AIIMS, Delhi.
- Aspires to work with the local government for creating infrastructure for Government School upgradation and safe drinking water etc.
- The Company provide assistance to Apna Ghar, working for the homeless, helpless, hopeless, destitute persons generally found in very harsh and painful conditions on roadsides, railway stations, bus stands, religious and other public places.

c) Education

- Provided safe and law-abiding commuting facilities to children and teachers.
- Continued to subsidize the annual school fees for more than 200 BPL category students.
- Introduced a new scholarship program for children of below poverty line wherein the Company will ensure admission of 10 students every year to professional colleges and provide financial assistance to transform their career dream into reality
- Provided quality education, through its school, in Mandideep area and also to children of artisans working in Mandideep industrial area.
- Conducted a computer training at Tawa Nagar to

provide basic computer education to 100 to 120 local underprivileged students through Data Nuts Private Ltd., Bhopal and had completed two batches.

- Supporting meritorious but financially weaker/poor students (who are having annual family income less than ₹2.0 lakh) by way of providing professional coaching in Bhopal for science and commerce students to help them to prepare for their competitive examinations.
- Help in education of physically disabled students.
- Promotion of sports in the school .

d) Environmental Conservation

- Joined hands with Global Parli, a project introduced by Mayank Gandhi. We have been working with them in certain villages around our graphite plant with a target to plant 2.5 Lakh fruit trees which should hopefully increase the farmers income by 10 to 25 times.
- Conducted an afforestation drive by planting more than 4000 plants at Tawa Nagar area in coordination with local government bodies along the NH-69 to combat air pollution.
- Planted 100+ grown up trees inside HEG's plant, both for environmental reasons as well as aesthetic look and working for plantation of more than 300 plants along the boundaries of HEG Limited.

e) Financial Assistance

- In 2019-20, the Company, through its implementing agency, made financial contribution to third party trusts, who are engaged in synergic activity relating to eradicating hunger, poverty & malnutrition, protection of national heritage, art & culture/language and measures for the benefit of armed forces, veterans, war widows, and their dependents.

Are the programmes/projects undertaken through in-house team/ own foundation/ external NGO/ government structures/any other organization?

The Company has been conducting these activities directly and through a dedicated trust - LNJ Bhilwara HEG LokNyas.

3. Have you done any impact assessment of your initiative?

Yes, the Company internally performs an impact assessment of its initiatives at the end of the each year to understand the

efficacy of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Refer to Annexure VI of the Board Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, at HEG all our businesses and manufacturing units at Mandideep and Tawa Nagar continuously engage with communities surrounding their operations through surveys and focused meetings. This is done to gauge the needs, priorities and expectations of the local community. Initiatives are thus designed and delivered in a transparent manner in line with inputs from the Community itself.

Principle 9

Businesses should engage with the provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
8 % of total complaints are in the process to be resolved.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA
Yes, we display additional information over and above the mandate.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
No.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?
Yes, the Company collects customer satisfaction feedback on regular basis.

Schedule - I

Hazards identification

Hazard summary

Physical hazards - Not classified for physical hazards

Specific hazards – May get cut from the sharp edge of the electrode (socket circumference). If any part of body gets pressed against the sharp edge, injury may occur.

Precautionary Measures:

- Use proper hand gloves while handling
- Floor of the storage area must be anti-skid

Health hazards - Not classified for health hazards. However, occupational exposure to the mixture or substance(s) may cause adverse health effects.

Environmental hazards - Not classified for hazards to the environment.

Specific hazards - Processing may generate graphite dusts and fumes with the below listed potential health effects. Dust and fumes generated from the material can enter the body by inhalation. High concentrations of dust and fumes may irritate the throat and respiratory system and cause coughing. Frequent inhalation of dust over a long period of time increases the risk of developing lung diseases. Dust may irritate the eyes. Dust may irritate skin. Ingestion of dusts generated during working operations may cause nausea and vomiting. Prolonged and repeated overexposure to dust can lead to pneumoconiosis. Pre-existing pulmonary disorders, such as emphysema, may possibly be aggravated by prolonged exposure to high concentrations of graphite dusts.

Main symptoms - Exposed may experience eye tearing, redness, and discomfort. Prolonged skin contact may cause temporary irritation.

Precautionary statements

Prevention - Observe good industrial hygiene practices.

Response - Wash skin with soap and water

Storage - Store away from incompatible materials

Disposal - Dispose of contents/container in accordance with local / regional / national / international regulations

Supplemental label information - Not applicable

Other hazards - The material may form dust and can accumulate electrostatic charges, which may cause an electrical spark (ignition source).

Individual protection measures, such as personal protective equipment

General information - Personal protective equipment should be chosen according to the CEN standards and in discussion with the supplier of the personal protective equipment. Make sure to provide adequate control by applying the 'COSHH Essentials' procedure.

Eye/Face protection - Wear safety glasses with side shields (or goggles).

Skin protection

Hand protection - Wear suitable protective gloves to prevent cuts and abrasions. Suitable gloves can be recommended by the glove supplier.

Other - Wear appropriate clothing to prevent repeated or prolonged skin contact.

Respiratory protection - Use specified dust masks. Seek advice from local supervisor.

Thermal hazards - Wear appropriate thermal protective clothing, when necessary.

Hygiene measures - Always observe good personal hygiene measures, such as washing after handling the material and before eating, drinking, and/or smoking. Routinely wash work clothing and protective equipment to remove contaminants.

Environmental exposure controls - Environmental manager must be informed of all significant spillages.

Environmental fate - partition coefficient : Not available

Mobility in soil : Not available

Results of PBT and vPvBassessment : Not available

Other adverse effects : The product is not expected to be hazardous to the environment.

Ecological information

Waste treatment methods

Residual waste - Not waste

Contaminated packaging - Disposal recommendations are based on material as supplied. Disposal must be in accordance with current applicable laws and regulations, and material characteristics at time of disposal. Recover and reclaim or recycle, if practical.

Transport information

ADR

The product is not covered by the International regulation on the transport of dangerous goods.

Product Life Cycle Plan

| 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 | Remachine& 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 Polystyrene | Recyclable | | Handover only to authorised recyclers |
| 4 | Thermocol Plug | Expanded Polystyrene | Recyclable | | Handover only to authorised recyclers |
| 5 | Steel Strip | Zinc Coated Steel | Recyclable | | Handover to recyclers/Use as Input to 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 |



Corporate Governance Report

1. Company's Philosophy On Corporate Governance

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

2. Board Of Directors

(i) Composition

The Board has an appropriate composition of Executive, Non-Executive and Independent Directors. The Independent Directors on the Board are experienced, competent and reputed names in their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds value in the decision-making process of the Board of Directors. The Independent Directors constitute half of the total strength of Board as on 31st March, 2020, 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, 2020, the details of composition of the Board, number of other Directorship, Chairmanship/Membership of Committee of each Director in other Companies, attendance of Directors at the Board Meetings and last Annual General Meeting are given below:

| Name of Director | Category of Directorship | No. of other Directorships* in Public Ltd. Companies | Board Committees** in other Companies in which | | No. of Board Meetings attended | Whether attended the last AGM (Yes/No) |
|------------------------------------|---|--|--|----------|--------------------------------|--|
| | | | Member | Chairman | | |
| Shri Ravi Jhunjunwala | Chairman, Managing Director & CEO -Promoter Executive | 8 | 5 | 2 | 5 | Yes |
| Shri Dharmendar Nath Davar*** | Independent | NA | NA | NA | NA | NA |
| Shri Shekhar Agarwal | Vice-Chairman-Promoter Non-executive | 4 | 3 | 0 | 5 | No |
| Dr. Kamal Gupta | Independent | 5 | 7 | 4 | 5 | No |
| Dr. Om Parkash Bahl | Independent | 0 | 0 | 0 | 5 | Yes |
| Shri Satish Chand Mehta | Independent | 1 | 0 | 0 | 5 | No |
| Smt. Ramni Nirula | Independent | 5 | 5 | 1 | 5 | No |
| Shri Jayant Davar# | Independent | 4 | 1 | 0 | 3 | No |
| Smt. Vinita Singhania | Non-Executive | 5 | 0 | 0 | 3 | No |
| Shri Riju Jhunjunwala | Promoter Non-Executive | 6 | 2 | 0 | 4 | No |
| Shri Satyendra Nath Bhattacharya## | Non-Executive | NA | NA | NA | NA | No |
| Shri Manish Gulati### | Executive | 0 | 0 | 0 | 0 | NA |

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.

*** Shri Dharmendar Nath Davar was appointed as an Independent Director of the Company at the 42nd Annual General Meeting held on 30th August, 2014, for a period of five years w.e.f. 30th August, 2014 upto 29th August, 2019. The Board of Directors at their meeting held on 20th May, 2019, subject to the approval of shareholders, approved the re-appointment of Shri Dharmendar Nath Davar, aged 84 years, for a second term of two years w.e.f. 30th August, 2019 upto 29th August, 2021. Shri Dharmendar Nath Davar, vide his letter dated 24th July, 2019, has resigned from the Directorship of the Company citing health reasons. He also confirmed that there was no other reason for resignation other than health issue. Since Shri Davar gave resignation after issuance of notice of Annual General Meeting (AGM), accordingly, the Company vide its addendum dated 27th July, 2019 to the notice of AGM, has withdrawn the matter of re-appointment of Shri Dharmendar Nath Davar for a second term from the Annual General Meeting held on 20th August, 2019.

Shri Jayant Davar Appointed as an Additional Independent Director by Board on 14th August, 2019 for first term of five consecutive years, subject to approval of Shareholders.

Shri Satyendra Nath Bhattacharya, (representative of LIC) resigned from the Directorship of the Company w.e.f. 23rd December, 2019.

Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer of the Company, was appointed upon the recommendation of Nomination and Remuneration Committee as an Additional Director, w.e.f. 1st March, 2020 by Board of Directors on 11th February, 2020, who will hold office upto the date of ensuing Annual General Meeting. He has also been appointed as whole time director, liable to retire by rotation, designated as Executive Director for a period of 5 years subject to approval of shareholders. Shri Manish Gulati, will continue to act as Key Managerial Personnel of the Company in terms of Section 2(51) of the Companies Act, 2013.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (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 or at the time of their co-option on the Board.

None of the Directors is a member of more than 10 Board committees and Chairman of 5 such committees across all the Public Companies in which he or she is a Director.

ii) Directorship in other listed entities including category of Directorship

| Name of Director | Category of Directorship | Listed Entities |
|-------------------------------------|--|-------------------------------------|
| Shri Ravi Jhunjunwala | Chairman, Promoter - Non-Executive | RSWM Limited |
| | Non-Executive | Maral Overseas Limited |
| | Independent | India Glycols Limited |
| | Promoter Non-executive | BSL Limited |
| Shri Shekhar Agarwal | Independent | JK Lakshmi Cement Limited |
| | Non-Executive | RSWM Limited |
| | Managing Director & CEO | Maral Overseas Limited |
| | Chairman, Managing Director & CEO – Promoter Executive | Bhilwara Technical Textiles Limited |
| Shri Dharmendar Nath Davar* | Promoter Non-Executive | BSL Limited |
| | NA | NA |
| Dr. Kamal Gupta | Independent | Maral Overseas Limited |
| | Independent | RSWM Limited |
| Shri Satyendra Nath Bhattacharya ** | NA | NA |
| Dr. Om Parkash Bahl | - | - |

| Name of Director | Category of Directorship | Listed Entities |
|-------------------------|---------------------------------------|---|
| Smt. Vinita Singhania | Vice Chairman, Managing Director | JK Lakshmi Cement Limited |
| | Non-Executive | JK Paper Limited |
| | Non-Executive | Bengal & Assam Company Limited |
| | Non-Executive | Udaipur Cement Works Limited |
| Shri Riju Jhunjunwala | Managing Director, Promoter Executive | RSWM Limited |
| | Promoter–Non-Executive | Bhilwara Technical Textiles Limited |
| Shri Satish Chand Mehta | - | - |
| Smt. Ramni Nirula | Independent | PI Industries Limited |
| | Non-Executive | DCM Shriram Limited |
| | Independent | CG Power and Industrial Solutions Limited |
| Shri Jayant Davar# | Independent | Usha Martin Limited |
| | Managing Director | Jagran Prakashan Limited |
| Shri Manish Gulati## | - | Sandhar Technologies Limited |
| | - | - |

*Resigned on 24th July, 2019.

** Resigned w.e.f. 23rd December, 2019.

Appointed as an Additional (Independent) Director with effect from 14th August, 2019.

Appointed as an Additional (Executive) Director with effect from 1st March, 2020.

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 2020, in context of business of the Company is as under:

| S. No | Name of Directors | 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 | √ | √ | √ | √ | | √ |
| 5 | Dr Om Parkash Bahl | √ | √ | | √ | √ | √ |
| 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 | 189 |
| Shri Riju Jhunjhunwala | 2,20,356 |

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. Five Board Meetings were held during the financial year ended the 31st March, 2020. These were held on 2nd April, 2019, 20th May, 2019, 14th August, 2019, 14th November, 2019, and 11th February, 2020. 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 2019-2020.

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) 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 judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Modified opinion(s) in the draft Audit Report.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transaction of the Company with related party;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;

Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a Company or its liabilities under the provision of the Companies Act, 2013, it shall be valued by a person having such 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.
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits;
- Discussion with Internal Auditors of any significant findings and follow up thereon;
- 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;
- 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;
- 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;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- The Audit Committee of the Company shall mandatorily review the following information:
 - Management Discussion and Analysis of financial condition and results of operations.
 - Statement of Significant Related Party Transactions (as defined by the Audit Committee), submitted by management;
 - Management Letters/ Letters of Internal Control Weaknesses issued by the Statutory Auditors;
 - Internal Audit Reports relating to internal control weaknesses; and
- 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:

- 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.
- 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.

ii) Composition of the Committee

The composition of the Audit Committee is as under:

| Sl. No. | Name of Director | Designation | Category |
|---------|-----------------------------|-------------|---------------------------------|
| 1 | Shri Dharmendar Nath Davar* | Chairman | Independent Director |
| 2 | Shri Shekhar Agarwal | Member | Non-Executive Promoter Director |
| 3 | Dr. Kamal Gupta | Member | Independent Director |
| 4 | Dr. Om Parkash Bahl | Member | Independent Director |
| 5 | Shri Satish Chand Mehta ** | Chairman | Independent Director |

* Shri Dharmendar Nath Davar Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

** Shri Satish Chand Mehta, member of the Committee, appointed as the Chairman of the Committee w.e.f. 14th August, 2019.

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

(iii) Meetings and Attendance

During the financial year ended the 31st March, 2020, Five meetings were held on 2nd April, 2019, 20th May, 2019, 14th August, 2019, 14th November, 2019, and 11th February, 2020. The attendance at the above Meetings was as under:

| Sl. No. | Name of Director | No. of meetings attended |
|---------|-----------------------------|--------------------------|
| 1 | Shri Dharmendar Nath Davar* | 2 |
| 2 | Shri Shekhar Agarwal | 5 |
| 3 | Dr. Kamal Gupta | 5 |
| 4 | Dr. Om Parkash Bahl | 5 |
| 5 | Shri Satish Chand Mehta ** | 5 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

** Shri Satish Chand Mehta, Member of the Committee, appointed as the Chairman of the Committee w.e.f. 14th August, 2019.

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) 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:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- to recommend to the Board the appointment and removal of Director or KMP or Senior Management Personnel;
- to carry out evaluation of Director's performance;
- assessing the independence of Independent Directors;
- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- making recommendations to the Board on the remuneration/fee payable to the Directors/ KMPs/ Senior Officials so appointed/re-appointed and remuneration, in whatever form, payable to senior management.
- ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- to devise a policy on Board's diversity;
- to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- 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.
- such other key issues/ matters as may be referred by the Board or as may be necessary in view of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provision of the Companies Act, 2013 and Rules thereunder.

(ii) Composition of the Committee

The composition of the Nomination and Remuneration Committee is as under

| Sl. No. | Name of Director | Designation | Category |
|---------|-----------------------------|-------------|----------------------|
| 1 | Shri Dharmendar Nath Davar* | Chairman | Independent Director |
| 2 | Dr. Kamal Gupta ** | Chairman | Independent Director |
| 3 | Dr. Om Parkash Bahl | Member | Independent Director |
| 4 | Smt. Ramni Nirula*** | Member | Independent Director |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

** Dr. Kamal Gupta, Member of the Committee, appointed as the Chairman of the Committee w.e.f. 14th August, 2019.

*** Smt. Ramni Nirula was appointed as the member of the Committee w.e.f. 14th August, 2019.

The Company Secretary acts as Secretary of the Committee.

(iii) Meeting and Attendance

During the financial year ended 31st March, 2020, Three meetings were held on 20th May, 2019, 14th August, 2019, and 11th February, 2020.

The attendance at the above Meetings was as under:

| Sl. No. | Name of Director | No. of meetings attended |
|---------|-----------------------------|--------------------------|
| 1 | Shri Dharmendar Nath Davar* | 1 |
| 2 | Dr. Kamal Gupta** | 3 |
| 3 | Dr. Om Parkash Bahl | 3 |
| 4 | Smt. Ramni Nirula*** | 1 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

** Dr. Kamal Gupta, member of the Committee, appointed as the Chairman of the Committee w.e.f. 14th August, 2019.

*** Smt. Ramni Nirula was appointed as the member of the Committee w.e.f. 14th August, 2019.

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

- 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.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 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 | Dr. Om Parkash Bahl* | Member | Independent Director |

* Appointed as a member of the Committee w.e.f. 20th May, 2019.

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2020, Four meetings were held on 20th May, 2019, 14th August, 2019, 14th November, 2019, and 11th February, 2020.

The attendance at the above Meetings was as under: -

| Sl. No. | Name of Director | No. of Meetings attended |
|---------|-----------------------|--------------------------|
| 1 | Shri Riju Jhunjunwala | 4 |
| 2 | Shri Ravi Jhunjunwala | 4 |
| 3 | Dr. Kamal Gupta | 4 |
| 4 | Dr. Om Parkash Bahl* | 3 |

* Appointed as a member of the Committee w.e.f. 20th May, 2019.

The Company received 37 complaints from Shareholders during the financial year 2019-20 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

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

(ii) Composition of the Committee

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

| Sl. No. | Name of Director | Designation | Category |
|---------|-----------------------------|-------------|-----------------------------|
| 1 | Shri Ravi Jhunjunwala | Chairman | Executive Promoter Director |
| 2 | Shri Dharmendar Nath Davar* | Member | Independent Director |
| 3 | Smt Vinita Singhania | Member | Independent Director |
| 4 | Shri Satish Chand Mehta | Member | Independent Director |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2020, Five meetings were held on 2nd April, 2019, 20th May, 2019, 14th August, 2019, 14th November, 2019, and 11th February, 2020.

The attendance at the above Meetings was as under: -

| Sl. No. | Name of Director | No. of meetings attended |
|---------|-----------------------------|--------------------------|
| 1 | Shri Ravi Jhunjunwala | 5 |
| 2 | Shri Dharmendar Nath Davar* | 2 |
| 3 | Smt. Vinita Singhania | 3 |
| 4 | Shri Satish Chand Mehta | 5 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

7. Risk Management Committee

The Securities and Exchange Board of India as part of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has mandated the constitution of Risk Management Committee for top 500 listed entities based on the market capitalization, effective from 1st April, 2019. The Board has constituted Risk Management Committee in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on 31st October, 2018.

(i) Broad Terms of Reference

- To understand and assess various kinds of risks associated with the running of business;
- Suggesting/implementing ways & means for eliminating /minimizing risks to the business of the Company;
- Periodic review of the management control procedures/tools used to mitigate such risks; and
- Revision/updation/implementation of SOP's related to cyber security.
- 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.

(ii) Composition of the Committee

| Sl. No. | Name of Director | Designation | Category |
|---------|-----------------------------|-------------|-----------------------------|
| 1 | Shri Ravi Jhunjhunwala | Chairman | Executive Promoter Director |
| 2 | Shri Dharmendar Nath Davar* | Member | Independent Director |
| 3 | Dr. Kamal Gupta | Member | Independent Director |
| 4 | Smt. Ramni Nirula | Member | Independent Director |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

(iii) Meetings and Attendance

During the financial year ended 31st March, 2020, Two meetings were held on 20th May, 2019 and 14th November, 2019.

The attendance at the above Meetings was as under: -

| Sl. No. | Name of Director | No. of meetings attended |
|---------|-----------------------------|--------------------------|
| 1 | Shri Ravi Jhunjhunwala | 2 |
| 2 | Shri Dharmendar Nath Davar* | 1 |
| 3 | Dr. Kamal Gupta | 2 |
| 4 | Smt. Ramni Nirula | 2 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 11th February, 2020 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.

9. Performance Evaluation Criteria Of Independent Directors

Pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 fulfill 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

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

<http://hegltd.com/wp-content/uploads/2020/04/Details-of-Familiarisation-Programmes-imparted-to-Indep-Directors-2019-2020.pdf>

11. Remuneration of Directors

(i) Details of Remuneration paid to the Directors for the financial year ended 31st March, 2020.

(₹ in Lakhs)

| Name of Director | Salary | Benefits | Commission [@] | Bonuses | Stock Option & Pension | Sitting Fee | Total |
|------------------------------------|--------|----------|-------------------------|---------|------------------------|-------------|--------|
| Shri Ravi Jhunjhunwala | 192.00 | 48.54 | - | - | - | - | 240.54 |
| Shri Shekhar Agarwal | - | - | 25.00 | - | - | 7.90 | 32.90 |
| Shri Dharmendar Nath Davar* | - | - | 25.00 | - | - | 4.75 | 29.75 |
| Dr. Kamal Gupta | - | - | 25.00 | - | - | 14.10 | 39.10 |
| Shri Satyendra Nath Bhattacharya** | - | - | 25.00 | - | - | 3.00 | 28.00 |
| Dr. Om Parkash Bahl | - | - | 25.00 | - | - | 12.70 | 37.70 |
| Smt. Vinita Singhanian | - | - | 25.00 | - | - | 2.25 | 27.25 |
| Shri Riju Jhunjhunwala | - | - | 25.00 | - | - | 4.20 | 29.20 |
| Shri Satish Chand Mehta | - | - | 25.00 | - | - | 8.25 | 33.25 |
| Smt. Ramni Nirula | - | - | 25.00 | - | - | 5.65 | 30.65 |
| Shri Jayant Davar [#] | - | - | - | - | - | 3.00 | 3.00 |
| Shri Manish Gulati ^{##} | 95.09 | 7.93 | 25.00 | - | - | - | 128.02 |

* Resigned from the Directorship of the Company w.e.f. 24th July, 2019.

**Resigned from the Directorship of the Company w.e.f. 23rd December, 2019.

[#]Appointed as an Additional Independent Director by Board on 14th August, 2019 for first term of five consecutive years, subject to approval of Shareholders.

^{##}Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer of the Company, appointed as an Additional Director (Executive Director) w.e.f. 1st March, 2020, subject to approval of Shareholders. Shri Manish Gulati, will continue to act as Key Managerial Personnel of the Company in terms of Section 2(51) of the Companies Act, 2013.

@Nil commission paid for FY 2019-20.

Shareholders at the 46th Annual General Meeting of the Company approved the payment of commission to the Non Executive Directors (including Independent Directors) within the ceiling of 1% of net profits of the Company as computed under applicable provisions of the Companies Act, 2013. The said commission is decided each year by the Board of Directors and distributed among them based on their attendance, responsibility as Chairman/Member of committee as well as time spent on operational matters.

In addition to above, the Company also pays sitting fees and reimburses out of pocket expenses incurred for attending the meeting of the Board to the Non-Executive Directors including Independent Directors of the Company.

The Commission in respect of Shri Satyendra Nath Bhattacharya, representative of Life Insurance Corporation of India (LIC) was paid to LIC in accordance with the terms and conditions of the appointment.

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 appearing on the website of the Company and the weblink of the same is as under:

<http://heg ltd.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.heg ltd.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 2019-20."

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: <http://heg ltd.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:

(a) Number of complaints filed during the Financial Year: NIL

(b) Number of complaints disposed off during the Financial year : NA

(c) Number of complaints pending as on end of the Financial Year: NA

15. Disclosures

a) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. 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:

<http://heg ltd.com/wp-content/uploads/2020/07/Related-Party-Transaction-Policy.pdf>

b) 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.

c) The Company has complied with the requirements of the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d) 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.

e) 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 and do not vary in normal circumstances. 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 and the resultant net asset / liability is not material. The position of unhedged currency wise foreign exchange risk exposure as on 31st March, 2020 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:
<http://heg ltd.com/wp-content/uploads/2020/07/Material-subsidary.pdf>
 At present the Company does not have any Subsidiary.
- 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, 2020. The Annual Certificate given by the Chairman, Managing Director & CEO and the Chief Financial Officer is published in this report.
- i) The Internal Auditor directly reports to the Audit Committee.
- j) The Audit Report contains unmodified audit opinion.
- k) Total fee paid to Statutory Auditor for all services rendered is ₹22,75,000.
- l) No funds have been raised through preferential allotment or qualified institutions placement.
- m) During the financial year 2019-20, 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.

16. Certificates

1. 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 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, 2020 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.

| S. 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 | OM PARKASH BAHL | 02643557 | 30/04/2009 |
| 10 | MANISH GULATI | 08697512 | 01/03/2020 |

Ensuring the eligibility of for 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.

Note: The COVID-19 outbreak was declared as a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a series of lockdowns resulting in restriction in movements and opening of offices and availability of documents, to contain the spread of this virus. Due to COVID19 pandemic impact, the compliance documents were obtained through electronic mode and verified with requirements.

For Jain Viney & Associates

Company Secretaries

Viney Kumar Jain

Company Secretary In Practice

M.No.: F 5376

CP. No.: 4614

UDIN: F005376B000372457

Place: New Delhi

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, 2020 and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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:
- Significant changes in internal control over financial reporting during the financial year;
 - Significant changes in accounting policies during the financial year and the same have been disclosed in the notes to the financial statements; and
 - 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 : 17th June, 2020

Gulshan Kumar Sakhuja
Chief Financial Officer
Membership No. 504626

3. Statutory Auditor's Certificate in compliance with the conditions of Corporate Governance, is reproduced as under:

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
HEG Limited

We, SCV & Co LLP, Chartered Accountants, the Statutory Auditors of HEG Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

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.

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.

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.

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

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 to the Listing Regulations during the year ended 31st March, 2020.

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

For **SCV & Co. LLP**
Chartered Accountants
Firm Reg. No: 000235N/N500089

Sanjiv Mohan
Partner

Membership No.: 086066
UDIN:20086066AAAAFG2121

Place: Ludhiana
Dated: 17th June, 2020

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 |
|----------------------|-------------------------|---|-----------------|---|
| 22nd September, 2017 | 2016-2017 | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 11.30 A.M. | Yes |
| 23rd July, 2018 | 2017-2018 | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 11.30 A.M. | Yes |
| 20th August, 2019 | 2018-2019 | Mandideep, (Near Bhopal), Distt. Raisen, Madhya Pradesh – 462 046 | 3.00 P.M. | Yes |

No Extra-ordinary General Meeting took place during the financial year 2019-20.

There was no resolution passed by the shareholders through postal ballot, in the financial year 2019-20.

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

18. 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.

19. Disclosures Regarding Re-Appointment/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.

- Smt. Vinita Singhania (DIN: 00042983), Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.
- Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer (DIN: 08697512), has been appointed as an Additional Director (Executive Director) w.e.f. 1st March, 2020, liable to retire by rotation, in the Board Meeting held on 11th February, 2020, to hold office upto the date of ensuing Annual General Meeting.
- Shri Manish Gulati (DIN: 08697512), has been appointed as a Whole Time Director, designated as an Executive Director of the Company, liable to retire by rotation, in the Board Meeting held on 11th February, 2020 subject to approval of Shareholders, for a period of 5 years with effect from 1st March, 2020 upto 28th February, 2025.
- Shri Jayant Davar (DIN: 00100801) has been appointed as an Additional Independent Director by Board on 14th August, 2019 for first term of 5 consecutive years subject to approval of Shareholders. The Board recommends his appointment as an Independent Director of the Company for first term of 5 (five) consecutive years with effect from 14th August, 2019 upto 13th August, 2024 for shareholder approval in the ensuing Annual General Meeting.

All the above appointments/ reappointments of Directors have been recommended by Nomination and Remuneration Committee.

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

The requisite disclosures in respect of the above are attached as an Annexure at page no 105 to 106 to this report:

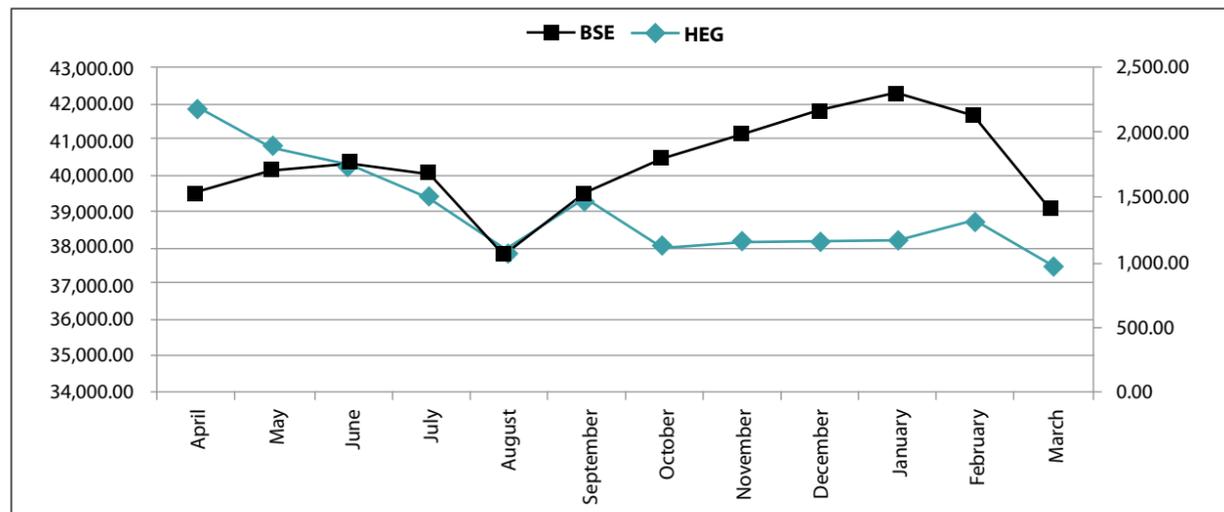
20. Shareholders' Information

| | |
|---|--|
| a) Annual General Meeting: Date, Time & Venue | Friday, 11th September, 2020 at 2.30 P.M. 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: 1st April, 2019 – 31st March, 2020. |
| c) Date of Book Closure | Saturday, 5th September, 2020 to Friday, 11th September, 2020 (both days inclusive). |
| d) Dividend payment date: | Interim dividend- 28th February, 2020. |
| e) Listing of Shares on Stock Exchanges | 1. BSE Limited BSE- Corporate Office Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Phones : (022) 22721233/4, (022) 66545695 (Hunting) Fax : (022) 22721919 2. National Stock Exchange of India Limited NSE – Corporate Office Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Phones: (022) 26598100 – 8114 Fax No: (022) 26598120 |
| f) Payment of Listing Fees | Annual Listing fees as applicable have been duly paid. |
| g) Stock Code / ISIN | Equity Shares : BSE: 509631 NSE : HEG ISIN : INE545A01016 |
| h) Whether S&P BSE 500 Index | Yes |

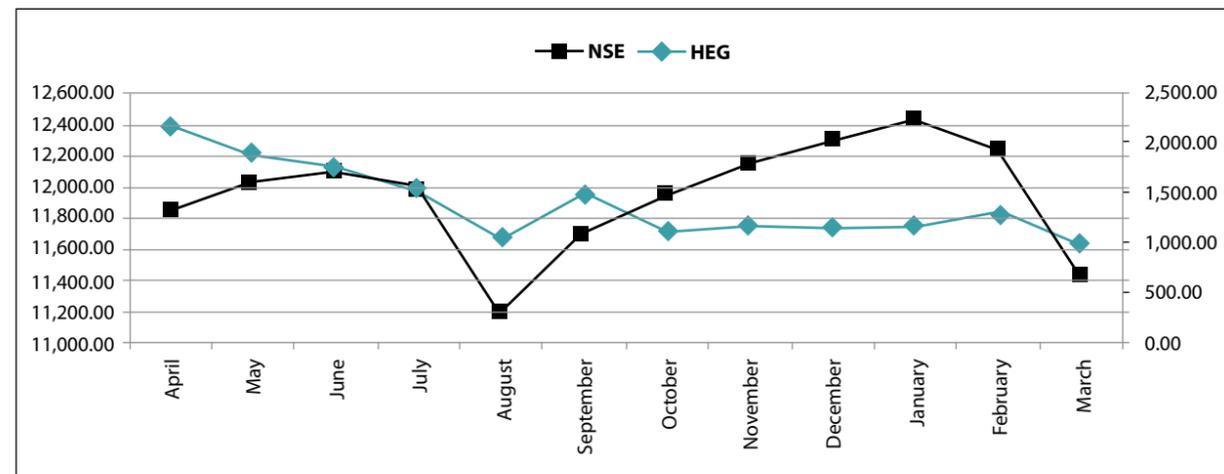
i) (i) Market Price Data: Monthly High-Low values (in ₹) at NSE & BSE and comparison with BSE Sensex and Nifty:

| Month | NSE | | BSE | | BSE SENSEX | | NIFTY | |
|-----------------|----------|----------|----------|----------|------------|-----------|-----------|-----------|
| | High | Low | High | Low | High | Low | High | Low |
| April, 2019 | 2,172.25 | 1,604.00 | 2,174.45 | 1,601.30 | 39,487.45 | 38,460.25 | 11,856.15 | 11,549.10 |
| May, 2019 | 1,897.00 | 1,541.70 | 1,898.00 | 1,542.00 | 40,124.96 | 36,956.10 | 12,041.15 | 11,108.30 |
| June, 2019 | 1,748.80 | 1,218.00 | 1,760.00 | 1,221.95 | 40,312.07 | 38,870.96 | 12,103.05 | 11,625.10 |
| July, 2019 | 1,512.00 | 919.00 | 1,511.00 | 915.10 | 40,032.41 | 37,128.26 | 11,981.75 | 10,999.40 |
| August, 2019 | 1,063.95 | 876.40 | 1,063.00 | 873.35 | 37,807.55 | 36,102.35 | 11,181.45 | 10,637.15 |
| September, 2019 | 1,474.00 | 929.00 | 1,473.00 | 930.60 | 39,441.12 | 35,987.80 | 11,694.85 | 10,670.25 |
| October, 2019 | 1,118.00 | 831.25 | 1,117.50 | 833.75 | 40,392.22 | 37,415.83 | 11,945.00 | 11,090.15 |
| November, 2019 | 1,170.90 | 985.00 | 1,171.20 | 981.70 | 41,163.79 | 40,014.23 | 12,158.80 | 11,802.65 |
| December, 2019 | 1,161.00 | 1,018.45 | 1,160.00 | 1,018.00 | 41,809.96 | 40,135.37 | 12,293.90 | 11,832.30 |
| January, 2020 | 1,168.80 | 1,014.00 | 1,168.25 | 1,013.70 | 42,273.87 | 40,476.55 | 12,430.50 | 11,929.60 |
| February, 2020 | 1,299.95 | 870.05 | 1,299.80 | 870.05 | 41,709.30 | 38,219.97 | 12,246.70 | 11,175.05 |
| March, 2020 | 980.00 | 409.60 | 979.00 | 413.20 | 39,083.17 | 25,638.90 | 11,433.00 | 7,511.10 |

(ii) Comparative chart of Company's share price movement vis-a-vis the movement of BSE Sensex during FY 2019-2020:



(iii) Comparative chart of Company's share price movement vis-à-vis the movement of Nifty during FY 2019-2020:



l) Distribution of shareholding as on 31st March, 2020:

| No. of Equity Shares held | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-500 | 1,53,052 | 98.94 | 49,94,835 | 12.94 |
| 501-1000 | 937 | 0.61 | 6,77,746 | 1.76 |
| 1001-2000 | 371 | 0.24 | 5,19,606 | 1.35 |
| 2001-3000 | 95 | 0.06 | 2,33,124 | 0.60 |
| 3001-4000 | 52 | 0.03 | 1,84,446 | 0.48 |
| 4001-5000 | 24 | 0.02 | 1,06,603 | 0.27 |
| 5001-10000 | 49 | 0.03 | 3,40,687 | 0.88 |
| 10001 & above | 113 | 0.07 | 3,15,38,459 | 81.72 |
| Total | 1,54,693 | 100.00 | 3,85,95,506 | 100.00 |

m) Category of Shareholders:

| Category | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|--|---------------------|-------------------|--------------------|-------------------|
| Promoters and Promoter Group | 23 | 0.02 | 2,30,10,031 | 59.62 |
| Mutual Funds / UTI | 13 | 0.01 | 16,081 | 0.04 |
| Financial Institutions/Banks/Central Govt./ State Govt. Institutions | 9 | 0.01 | 36,804 | 0.10 |
| Insurance Companies | 3 | 0.00 | 28,12,743 | 7.29 |
| Foreign Institutional Investors | 122 | 0.08 | 42,62,363 | 11.04 |
| Bodies Corporate | 1,206 | 0.78 | 16,18,686 | 4.19 |
| Individuals | 1,51,257 | 97.78 | 63,23,495 | 16.38 |
| Others: | | | | |
| I) Trusts | 7 | 0.00 | 68,520 | 0.18 |
| II) IEPF | 1 | 0.00 | 2,03,045 | 0.53 |
| III) NRI Individuals | 2,045 | 1.32 | 2,23,796 | 0.58 |
| IV) NBFC's Registered with RBI | 7 | 0.00 | 19,942 | 0.05 |
| Total | 1,54,693 | 100.00 | 3,85,95,506 | 100.00 |

n) Dematerialization of shares and liquidity. 3,81,29,112 equity shares were dematerialised till 31st March, 2020 which was 98.79% of the total paid-up Equity Share Capital of the Company on that date. Trading in shares of the Company is permitted in dematerialised form only.

o) Commodity price risk or foreign exchange risk and hedging activities. Please refer Business De-risking under the head Risk Management, 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, 2020.

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

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

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 2011-12 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 the 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 same alongwith requisite documents enumerated in the Form No. IEPF-5 duly completed in all respect, to the Company.

The Details of unclaimed dividend and shares transferred to IEPF during the financial year 2019-20 are given hereunder:

| Financial year | Amount of unclaimed dividend transferred (₹ in lakhs) | Number of shares transferred |
|----------------|---|------------------------------|
| 2011-12 | 22.97 | 14,475 |

Tentative schedule for transfer to IEPF is as under:

| Date of Declaration of Dividend | Financial Year | Tentative Schedule for transfer to IEPF |
|---------------------------------|-------------------|---|
| 21-09-2013 | 2012-13 | 22-10-2020 |
| 30-08-2014 | 2013-14 | 30-09-2021 |
| 22-09-2015 | 2014-15 | 23-10-2022 |
| 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 |

The details of unclaimed dividends & Shareholders whose shares are liable to be transferred to the IEPF Authority, are available on the website of the Company i.e. www.heg ltd.com

t) **Credit Rating**

India Ratings and Research (Ind-Ra) has affirmed HEG Limited's (HEG) Long-Term Issuer Rating as IND AA' on 24th June, 2019. 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 2019-20.

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN 00060972

Place: Noida (U.P.)

Dated: 17th June, 2020

Annexure

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

| Name of Director | Vinita Singhania | Jayant Davar* | Manish Gulati** |
|----------------------------------|---|--|--|
| Category of Directorship | Non-Executive | Independent | Executive |
| DIN | 00042983 | 00100801 | 08697512 |
| Date of Birth | 12.03.1952 | 18.10.1961 | 29.07.1969 |
| Age | 68 years | 58 Years | 51 Years |
| Date of Appointment on the Board | 31st October, 2018 | 14th August, 2019 | 1st March, 2020 |
| Qualification | Graduate in Arts. | Bachelors' degree in mechanical engineering from the Punjab University, Patiala, and completed owner / president management programme from the Harvard Business School. | BSc (Statistics), BE (Electronics), and MBA (Marketing and Finance). |
| Experience | Smt. Vinitia Singhania is an Industrialist with diversified business experience. She is the Vice Chairman and Managing Director of JK Lakshmi Cement Ltd and has a very long experience of managing cement business in particular. She was the First Woman President of Cement Manufacturers 'Association (CMA) as well as National Council for Cement and Building Materials (NCBM). | Shri Jayant Davar is the Founder, Co-Chairman & Managing Director of Sandhar Technologies Limited (STL). STL operates out of 4 countries and 36 manufacturing plants. From its inception in 1985, STL has grown to be a one of the leading component suppliers to most of the Automotive OEM's and Tier 1 suppliers. Shri Davar is a Mechanical Engineer and also an alumni of Harvard Business School. He has been conferred with the distinguished alumnus award by his High School (Springdales School, New Delhi) and his Engineering College (Thapar Institute of Engineering and Technology, Patiala). He was the Chairman of the Confederation of Indian Industries, Northern Region, and has been the president of the Auto Component Manufacturers Association in the past. He has three decades of experience in the auto components sector. | Shri Manish Gulati, age 51 years is a BSc (Statistics) Agra University, BE Electronics, Pune University and MBA (Marketing and Finance), FMS Delhi University having professional experience of more than 28 years. He has been associated with our Company (HEG Limited) for more than 27 years since May'1993 and started his career with sales and marketing in India. As the Company grew in capacity, he started developing business in export markets and expanded the Company's presence in more and more countries and became the Chief Marketing Officer in 2010. Meanwhile, he also started taking care of purchase of key raw materials, equipments, shipping and logistics etc. By then, already having spent 27 years with the Company and having developed an in-depth understanding of the customers, Product application, Quality, Customer service, Production planning etc, he was promoted to be the Chief Operating Officer and Chief Marketing Officer in Feb 2019 with the overall responsibility of Plant operations, Sales, Logistics, Customer service besides Marketing responsibility. With his extensive industry experience, he has brought lot of value and perspectives in all key management decisions. Over some past years, he has been spending more and more time at the plant and has accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc. |

| Name of Director | Vinita Singhania | Jayant Davar* | Manish Gulati** |
|--|--|--|--|
| No. of other Directorships in public Ltd Companies | JK Paper Limited Udaipur Cement Works Limited Bengal & Assam Company Limited JK Lakshmi Cement Limited JKLC Employees' Welfare Association Limited | Jagran Prakashan Limited Sandhar Technologies Limited Sandhar Intelli-Glass Solutions Limited Sandhar Infosystems Limited | Nil |
| Chairman/Member of the Committees of the Board of Directors of the Company.# | Nil | Nil | Nil |
| Chairman/Member of the Committee of Directors of other Companies.# | | | |
| Audit Committees | Nil | Member - Jagaran Prakashan Limited | Nil |
| Stakeholders Relationship Committee | Nil | Nil | Nil |
| No of Equity Shares held in the Company | Nil | Nil | Nil |
| Number of Board Meetings attended during the year | 3/5 | 3/5 (Appointed on the Board of the Company w.e.f. 14th August, 2019). | NA (Appointed as an Additional Director (Executive Director) w.e.f. 1st March, 2020) |
| Terms and conditions of appointment/ re-appointment | Non-Executive Director, liable to retire by rotation. | Terms and Conditions of appointment are mentioned in draft letter of appointment. | As per the resolution at item no. 8 of the Notice convening Annual General Meeting read with explanatory statement thereto |
| Remuneration sought to be paid and the remuneration last drawn | See Note given below. | See Note given below. | Mentioned in the item no. 8 of the Notice of AGM and explanatory statement thereto. |
| Relationship with Other Directors, Manager and Key Managerial Personnel | No relationship with other Director, Manager and Key Managerial Personnel. | 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 | NA | As per Explanatory Statement of Notice. | NA |

#Audit Committee and Stakeholders Relationship Committee have been considered.

*Shri Jayant Davar was appointed as an Additional Independent Director on the Board of the Company w.e.f. 14th August, 2019 for the first term of five consecutive years, subject to the approval of shareholders. He will be appointed as an Independent Director of the Company in the ensuing Annual General Meeting for first term of 5 (five) consecutive years with effect from 14th August, 2019 upto 13th August, 2024

**Shri Manish Gulati was appointed as an Additional Director (Executive Director) on the Board of the Company w.e.f. 1st March, 2020, for a period of five years, subject to the approval of shareholders.

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.

Shareholders at 46th Annual General Meeting have given approval to pay commission to the Non-Executive Directors (including Independent Directors), collectively, not exceeding 1 per cent of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 and distributed among Non-Executive Directors (including Independent Directors) of the Company or some or any of them such amount or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payment may be made in respect of each year, for a period of five financial years starting from FY 2017-18, in addition to the sitting fee for attending the meeting of the Board of Directors/Committee thereof.



Independent Auditors' Report

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 31st March, 2020, 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 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 aforesaid 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 31st March, 2020, 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 judgment were of most significance in our audit of the Standalone Financial Statements for the year ended 31st March, 2020. 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 matters

1. Valuation of inventory as at the year ended 31st March, 2020

The inventory of finished goods and work-in-progress is valued at the lower of cost and net realizable value in accordance with applicable accounting standard. Further, when a decline in the price of raw materials indicates that the cost of the finished products exceeds net realisable value, the raw material is written down to net realisable value.

On account of sharp fall in the prices of finished goods and raw material necessitating the write down of inventory to net realizable value, the relative size of balance in the financial statements and significant judgements and assumptions involved in determination of net realizable value, we have considered inventory valuation as a key audit matter.

Auditor's Response

Our audit procedures involved the following:

- Reviewing the accounting policy followed for valuation of inventory and appropriateness thereof with respect to relevant accounting standards in this respect.
- Understanding and testing the design and operating effectiveness of controls as established by the management in determination of cost and net realizable value of inventory.
- Obtaining an understanding of determination of cost as well as net realizable value and assessing, testing and evaluating the reasonableness keeping in view the significant judgements applied by the management for such valuation.
- Reviewing of the selling price of finished goods and replacement cost of raw material prevailing at the year end and in subsequent period.

S. No. Key audit matters

2. 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

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.

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 judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/interpretation of law involved.

Auditor's Response

Our audit procedures involved the following:

- 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.

Other Matters

Due to the COVID-19 related lockdown, we were unable to observe the management's year-end physical verification of inventory. We have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence-Specific considerations for selected items", which includes inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the management throughout the year, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the standalone financial statements.

Our opinion on the standalone financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

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 Corporate Governance report (but does not include the Standalone financial statements and our auditor's report thereon), which we obtained at the time of issue of this auditors' report, and the Directors' Report including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Director's Report including annexures, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, including the accounting Standards 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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 judgment and maintain professional skepticism 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable

that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial Statements.

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 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, 2016 ("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 aforesaid 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 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2020 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us and examination of records, the Company has paid/provided managerial remuneration of ₹240.54 lakhs to its Chairman, Managing director & CEO during the year which exceeds by ₹87.57 lakhs vis-a-vis limits specified under section 197 of the Act read with Schedule V thereto on account of inadequacy of profits computed under Section 198 of the Act. The Company has represented to us that it is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders, as necessary and the said excess remuneration paid/provided is held in trust for the Company by the said Director till the necessary compliance is made. Refer footnote to note 39 of the financial statements.

- (h) 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.

For **SCV & Co. LLP**
Chartered Accountants
Firm Reg. No: 000235N/N500089

Sanjiv Mohan
Partner
Membership No.: 086066
UDIN: 20086066AAAAEY4406

Place: Ludhiana
Dated: 17th June, 2020

Annexure – “A” to the Independent Auditors’ 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 fixed assets:-
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, a Company has adopted a policy of physical verification of all the items of fixed assets once in block of three years. Pursuant to said policy, the Company has physically verified fixed assets of all divisions, except Graphite division during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deed of the immovable property is held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventories have been physically verified by the management during the year at all its locations, except stocks located outside India, lying with third parties and 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. The discrepancies noticed on such verification between the physical stocks and the book records were not material and have been properly dealt with in the 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.
- (iii) According to the information and explanations given to us, we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- Therefore the provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of guarantee provided jointly with another Company to a financial institution for loan taken by others from the financial institution, the terms and conditions of which are not, prima facie, prejudicial to the interest of the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under the provisions of sections 73 to 76 and any other relevant provision of the Companies Act, 2013 and the rules framed there under and therefore the provisions of the clause 3(v) of the Order are not applicable to the Company.
- (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) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of custom, cess, and other statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable as at 31st March, 2020.

(c) According to the information and explanations given to us and based on our examination of records of the Company, the following dues of service tax, value added

tax, sales tax, duty of excise and income tax which have not been deposited by the Company with the appropriate authorities on account of dispute.

| 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 | 270.47 | FY 2002-03, 2004-05, 2005-06, 2006-07, 2007-08 | CESTAT, New Delhi |
| | | Excise duty | 1.42 | FY 2004-05 | Hon'ble High Court, Jabalpur |
| 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 | 40.00 | AY 2010-11, 2011-12 | Income tax Appellant Tribunal |
| | | Income Tax | 1,064.05 | AY 2013-14, 2014-15 | 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 and penalty | 911.20 | FY 2006-07, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 | 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 | 292.99 | FY 2016-17 | Commissioner (Appeals), Bhopal |
| 5. | Madhya Pradesh Parvesh Kar Adhinyam, 1976 | Entry Tax | 2.36 | FY 2014-15 | Commissioner (Appeal), Bhopal |
| | | Entry Tax | 351.80 | FY 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 | Appellate Tribunal, Bhopal |
| | | Entry Tax | 21.18 | FY 1997-98, 2003-04, 2007-08 | 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. | MP VAT Act 2002 | Entry Tax | 8.49 | FY 2012-13 | Commissioner (Appeal), Bhopal |

(viii) 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 borrowings to a financial institution, bank, or government. The Company has not issued any debentures during the year or in the preceding year.

(ix) In our opinion and 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) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and examination of records, the Company has paid/provided managerial remuneration of ₹240.54 lakhs to its Chairman, Managing Director & CEO during the year which exceeds by ₹87.57 lakhs vis-a-vis limits specified under section 197 of the Act read with Schedule V thereto on account of inadequacy of profits computed under Section 198 of the Act. The Company has represented to us that it is in the process of complying

with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders, as necessary and the said excess remuneration paid/provided is held in trust for the Company by the said Director till the necessary compliance is made. Refer footnote to note 39 of the financial statements.

(xii) According to the information and explanation given to us, the Company is not a Nidhi Company. Therefore, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.

(xiii) According to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of the transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Thus the provisions of paragraph 3(xiv) of the Order are not applicable to the Company.

(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. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi) of the order is not applicable to the Company.

For **SCV & Co. LLP**
Chartered Accountants
Firm Reg. No: 000235N/N500089

Sanjiv Mohan
Partner

Place: Ludhiana
Dated: 17th June, 2020

Membership No.: 086066
UDIN: 20086066AAAAEY4406

Annexure – “B” to the Independent Auditors’ 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 31st March, 2020 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 judgment, 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 31st March, 2020, 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

Place: Ludhiana
Dated: 17th June, 2020

Membership No.: 086066
UDIN: 20086066AAAAEY4406

Standalone Balance Sheet as at 31st March, 2020

(₹ in Lakhs)

| Particulars | Note No. | As at 31st March, 2020 | As at 31st March, 2019 |
|--|----------|------------------------|------------------------|
| ASSETS | | | |
| (1) Non-current assets | | | |
| a) Property, plant and equipment | 4 | 73,357.94 | 78,448.45 |
| b) Capital work-in-progress | 5 | 10,060.75 | 1,857.51 |
| c) Right of use asset | 6 | 739.51 | - |
| d) Investment property | 7 | 337.33 | 354.14 |
| e) Other intangible assets | 8 | 30.05 | 35.22 |
| f) Financial assets | | | |
| (i) Investments | 9 | 1,13,938.15 | 75,879.91 |
| (ii) Loans | 11 | 1,741.56 | 1,118.56 |
| g) Income tax assets (net) | 25 | 14,393.15 | 3,995.09 |
| h) Other non-current assets | 13 | 14,464.98 | 1,727.04 |
| Total Non-current assets | | 2,29,063.41 | 1,63,415.91 |
| (2) Current assets | | | |
| (a) Inventories | 14 | 1,00,513.85 | 1,30,838.65 |
| (b) Financial assets | | | |
| (i) Investments | 9 | 1,653.30 | 10,823.99 |
| (ii) Trade receivables | 10 | 39,940.82 | 1,18,688.94 |
| (iii) Cash and cash equivalents | 15 | 3,280.33 | 2,915.91 |
| (iv) Bank balances other than (iii) above | 16 | 40,448.07 | 52,816.50 |
| (v) Loans | 11 | 77.90 | 62.01 |
| (vi) Other financial assets | 12 | 686.07 | 538.19 |
| (c) Other current assets | 13 | 19,287.46 | 26,866.96 |
| Total Current assets | | 2,05,887.80 | 3,43,551.15 |
| Total Assets | | 4,34,951.21 | 5,06,967.06 |
| EQUITY and LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity share capital | 17 | 3,859.59 | 3,859.59 |
| (b) Other equity | 18 | 3,38,428.34 | 3,68,040.26 |
| Total Equity | | 3,42,287.92 | 3,71,899.85 |
| LIABILITIES | | | |
| (1) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | - | - |
| (ii) Lease liabilities | 21 A | 114.38 | 41.31 |
| (iii) Other financial liabilities | 21 B | - | - |
| (b) Provisions | 22 | 391.34 | 387.08 |
| (c) Deferred tax liabilities (net) | 23 | 10,205.13 | 12,612.65 |
| (d) Other non-current liabilities | 24 | 301.21 | 239.59 |
| Total Non-current liabilities | | 11,012.06 | 13,280.63 |
| (2) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 59,261.72 | 66,636.47 |
| (ii) Trade payable | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises | 20 | 658.05 | 398.82 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 20 | 12,722.65 | 37,608.08 |
| (iii) Lease liabilities | 21 A | 49.78 | 1.20 |
| (iv) Other financial liabilities | 21 B | 6,521.94 | 13,016.29 |
| (b) Other current liabilities | 24 | 1,254.73 | 1,605.03 |
| (c) Provisions | 22 | 636.17 | 1,977.91 |
| (d) Current tax liabilities (net) | 25 | 546.18 | 542.77 |
| Total current liabilities | | 81,651.22 | 1,21,786.58 |
| Total equity and liabilities | | 4,34,951.21 | 5,06,967.06 |

See accompanying notes to the standalone financial statements

As per our report of even date

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066112

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Standalone Statement of Profit and Loss for the year ended 31st March, 2020

(₹ in Lakhs)

| Particulars | Note No. | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|----------|-------------------------------------|-------------------------------------|
| I. Revenue from operations | 26 | 2,14,902.47 | 6,59,282.52 |
| II. Other income | 27 | 14,375.68 | 10,919.18 |
| III. Total income (I + II) | | 2,29,278.15 | 6,70,201.70 |
| IV. Expenses: | | | |
| Cost of materials consumed | 28 | 1,55,813.14 | 1,61,183.97 |
| Purchases of stock-in-trade | | - | - |
| Changes in inventories of finished goods work-in-progress and stock-in-trade | 29 | 6,294.52 | (49,705.69) |
| Employee benefits expense | 30 | 6,560.47 | 19,756.62 |
| Finance costs | 31 | 3,651.17 | 1,796.90 |
| Depreciation and amortization expense | 32 | 7,213.16 | 7,239.20 |
| Other expenses | 33 | 46,816.99 | 62,222.82 |
| Total expenses (IV) | | 2,26,349.45 | 2,02,493.82 |
| V. Profit before tax (III - IV) | | 2,928.70 | 4,67,707.88 |
| VI. Tax expense: | | | |
| (1) Current tax | | | |
| - Current tax | 34 | - | 1,62,032.53 |
| - Current tax adjustment related to earlier years | 34 | (18.55) | (97.89) |
| (2) Deferred tax | 34 | (2,389.90) | 730.18 |
| VII. Profit for the year (V-VI) | | 5,337.15 | 3,05,043.06 |
| VIII. Other comprehensive income | | | |
| A (i) Items that will not be reclassified to profit or loss | 35 | (70.00) | (98.25) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 34 | 17.62 | 34.33 |
| B (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| IX. Total comprehensive income for the year (VII+VIII) (comprising profit and other comprehensive income for the year) | | 5,284.77 | 3,04,979.14 |
| Earnings per equity share: | | | |
| (1) Basic (₹) | 36 | 13.83 | 763.60 |
| (2) Diluted (₹) | 36 | 13.83 | 763.60 |

See accompanying notes to the standalone financial statements

As per our report of even date

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066112

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Standalone Statement of Changes in Equity for the year ended 31st March, 2020

A) Equity Share Capital

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| Balance at the beginning of reporting period | 3,859.59 | 3,995.95 |
| BuyBack of shares during the year | - | (136.36) |
| Balance at the end of reporting period | 3,859.59 | 3,859.59 |

B) Other Equity

| Particulars | Reserves and Surplus | | | | | Other Comprehensive Income | Total |
|---|----------------------|--------------------|----------------------------|------------------|-------------------|--|-----------------|
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | General Reserves | Retained Earnings | Remeasurement of Defined benefit obligations | |
| Balance at the beginning of reporting period i.e. 1st April, 2019 | 3,138.24 | - | 2,029.93 | - | 3,62,863.08 | 9.01 | 3,68,040.26 |
| Profit for the year | - | - | - | - | 5,337.15 | - | 5,337.15 |
| Other comprehensive income for the year | - | - | - | - | - | (52.38) | (52.38) |
| Total comprehensive income for the year | - | - | - | - | 5,337.15 | (52.38) | 5,284.77 |
| Payment of dividend | - | - | - | - | (28,946.63) | - | (28,946.63) |
| Payment of dividend distribution tax | - | - | - | - | (5,950.06) | - | (5,950.06) |
| Balance at the end of reporting period i.e. 31st March, 2020 | 3,138.24 | - | 2,029.93 | - | 3,33,303.54 | (43.37) | 3,38,428.34 |

| Particulars | Reserves and Surplus | | | | | Other Comprehensive Income | Total |
|--|----------------------|--------------------|---|------------------|--------------------|--|--------------------|
| | Capital Reserve | Securities Premium | Other Reserves (Capital Redemption Reserve) | General Reserves | Retained Earnings | Remeasurement of Defined benefit obligations | |
| Balance at the beginning of reporting period i.e. 1st April, 2018 | 3,138.24 | 1,269.61 | 1,893.57 | 39,823.38 | 1,30,667.99 | 72.93 | 1,76,865.78 |
| Profit for the year | - | - | - | - | 3,05,043.06 | - | 3,05,043.06 |
| Other comprehensive income for the year | - | - | - | - | - | (63.92) | (63.92) |
| Total comprehensive income for the year | - | - | - | - | 3,05,043.06 | (63.92) | 3,04,979.14 |
| Payment of dividend | - | - | - | - | (31,967.31) | - | (31,967.31) |
| Payment of dividend distribution tax | - | - | - | - | (6,570.92) | - | - |
| Transfer to/from retained earnings on account of buyback of shares | - | - | 136.36 | - | (136.36) | - | - |
| Buy back of equity shares (Refer note :17(e)) | - | (1,269.61) | - | (39,823.38) | (33,770.63) | - | (74,863.61) |
| Less: Buy back exp (net of income tax benefit) | - | - | - | - | (402.75) | - | (402.75) |
| Balance at the end of reporting period i.e. 31st March, 2019 | 3,138.24 | - | 2,029.93 | - | 3,62,863.08 | 9.01 | 3,68,040.26 |

See accompanying notes to the standalone financial statements

As per our report of even date

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjhunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjhunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Standalone Cash Flow Statement for the year ended 31st March, 2020

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|-------------------------------------|-------------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 2,928.70 | 4,67,707.88 |
| Adjustment for non operating and non cash transactions | | |
| Depreciation and amortisation expense | 7,213.16 | 7,239.20 |
| Interest paid | 3,651.17 | 1,796.90 |
| Net(profit)/loss on property plant and equipment sold / discarded | 87.87 | 335.49 |
| Allowances for expected credit losses | (325.89) | 534.52 |
| Unrealized (gain)/loss due to effect of exchange rate changes in assets and liabilities | (2,587.89) | (2,546.82) |
| Bad debts | 78.92 | 22.30 |
| Gain on sale/fair valuation of investments | (7,325.25) | (5,148.84) |
| Dividend received | (124.67) | - |
| Interest received | (3,591.99) | (4,974.75) |
| Adjustments for changes in working capital | | |
| (Increase)/decrease in trade receivables | 81,819.63 | (19,424.34) |
| (Increase)/decrease in inventories | 30,324.80 | (79,695.10) |
| (Increase)/decrease in loans, financial and other assets | 19,203.38 | (68,937.11) |
| Increase/(decrease) in liabilities and provisions | (34,598.24) | 14,578.80 |
| Cash generated from operations | 96,753.66 | 3,11,488.13 |
| Income tax paid (net) | 10,376.10 | 1,62,664.83 |
| Net cash generated from operating activities (a) | 86,377.56 | 1,48,823.30 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payment for property, plant and equipments (including capital work-in-progress) | (11,124.24) | (4,878.82) |
| Proceeds from sale of property, plant and equipments | 124.58 | 106.99 |
| (Increase)/decrease in advances for capital expenditure | (12,559.84) | (1,140.28) |
| Increase/(decrease) in creditors for capital expenditure | 1,574.05 | 369.58 |
| Payment for purchase of investments (including acquisition of shares in Bhilwara Energy Limited for ₹16,204.62 lakhs (previous year - NIL)) | (1,09,200.84) | (66,629.17) |
| Proceeds from sale of investments | 87,638.53 | - |
| Dividend received | 124.67 | - |
| Interest received | 3,371.71 | 4,594.00 |
| Net Cash from/(used in) investing activities (B) | (40,051.38) | (67,577.69) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of working capital borrowings (on net basis) (also refer note no. 51) | (7,403.93) | 36,890.98 |
| Interest paid (including interest on lease liability) | (3,651.17) | (1,796.90) |
| Payment of lease liability | (9.96) | - |
| Dividend paid | (28,946.63) | (31,967.31) |
| Dividend distribution tax paid | (5,950.06) | (6,570.92) |
| Buyback of equity share capital | - | (75,402.72) |
| Net cash from/(used in) financing activities (c) | (45,961.76) | (78,846.87) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 364.42 | 2,398.73 |
| Cash and cash equivalents at the beginning of the period | 2,915.91 | 517.18 |
| Cash and cash equivalents at the end of the period | 3,280.33 | 2,915.91 |

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

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjhunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjhunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

1. Corporate Information

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

These standalone Ind AS financial statements were authorized for issue by the Company's Board of directors in their meeting held on 17th June, 2020.

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 (the 'Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and relevant provisions of the act.

2.2 Basis of Preparation and Presentation

(i) The standalone 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.

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) The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April, 2019
- Ind AS 116, "Leases"
 - Adoption of Ind AS 116 did not have any significant impact on the profits of current year.

The policies have been consistently applied to all the years presented unless otherwise stated.

- (iii) The functional and presentation currency of the Company is Indian rupees (₹) and all values are rounded to the nearest lakhs and two decimals thereof, except otherwise stated.

2.3 Significant Accounting Policies

(i) Revenue Recognition

Effective 1st April, 2018, the Company adopted Ind AS 115 'Revenue from Contracts with Customers'. First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 is insignificant.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, rebates, goods & services tax and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

and specific criteria have been met for each of the Company's activities, as described below.

(a) Sale of products

The Company derives revenue primarily from sale of Graphite Electrodes.

Revenue from contracts with customers is recognised as and when the Company satisfies performance obligation by transfer of control of goods at an amount that reflects the consideration entitled in exchange for those goods.

Generally control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risk of ownership or future obligations with respect to the goods shipped.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods to a customer as specified in the contract, excluding amount collected on behalf of third parties (for example taxes and duties collected on the behalf of government). Consideration is generally due upon satisfaction of performance obligation and receivable is recognized when it becomes unconditional.

The Company does not adjust short term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised goods will be transferred to the customer within a period of one year.

(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) Other Income

- (i) Revenue in respect of export incentives is accounted on post export basis when no significant uncertainty exists with regard to the ultimate collection thereof.

- (ii) 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.
- (iii) Revenue in respect of interest from customers is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.
- (iv) Interest income from financial assets is recognised when it is probable that economic benefit will flow to the Company and the amount can be measured reliably and is recognised using effective interest rate by reference to the principal amount outstanding and at effective interest rate.
- (v) Dividend income is recognized when the right to receive payment is established and the amount of dividend can be measured reliably.
- (vi) Revenue in respect of 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 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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(iii) Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical 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 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 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1st April, 2015 measured as per previous GAAP and use that carrying value as its deemed cost of the property, plant and equipment.

(iv) Investment Property

Investment properties comprises freehold land and building 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 profit or 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 measured on initial recognition at cost. Intangible assets are stated at cost less accumulated amortization and impairment, if any.

The cost and related accumulated amortization are eliminated from financial statement upon disposal or retirement of the assets and the resulted gain or losses are recognized in the Statement of Profit and Loss.

Gains 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 Statement of Profit and Loss when the asset is derecognized.

On transition to Ind AS, the Company has elected to continue with the carrying value of all intangible asset recognized as at 1st April, 2015, measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(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

| Sl. No. | Description of Asset | Rate of Depreciation (%) | Useful Life (Approx) |
|---------|--|--------------------------|----------------------|
| 1 | Factory building | 3.02 | 33 |
| 2 | Non factory building | 3.02 | 33 |
| 3 | Plant and machinery | | |
| | i) Dams, spillways weirs, canals, reinforced concrete flumes and symphons | 1.95 | 51 |
| | ii) Hydraulic control valves and other hydraulic works | 3.40 | 30 |
| | iii) Transformers having a rating of 100 KVA and over | 7.81 | 13 |
| 4 | Electrical installation | | |
| | i) Batteries | 33.40 | 3 |
| | ii) Lines on fabricated steel operating at normal voltages higher than 66 kv | 5.27 | 19 |
| | iii) Residual | 7.84 | 13 |
| 5 | Furniture and fixtures | 12.77 | 8 |
| 6 | Office equipment and other assets | 12.77 | 8 |
| 7 | Vehicles | 33.40 | 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:

| Assets description | Useful Life |
|---|---------------|
| Building | 20 - 60 Years |
| Plant and machinery | 1-24 Years |
| Railway siding | 9 Years |
| Office equipment (includes computers and data processing units) | 5-20 Years |
| Electrical installation | 5-20 Years |
| Furniture and fixtures | 15 Years |
| Vehicle | 5-10 Years |

(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

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:

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 generally has a useful life of 58 years. Useful life has been determined as prescribed in Schedule II to the Companies Act, 2013.

(vii) Amortization

Intangible Assets

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 are as under

| Assets description | Useful Life |
|--------------------|-------------|
| Computer software | 05 Years |

Amortisation method, useful lives and residual value are reviewed at the end of each financial year with the

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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 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 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.

(ix) Foreign Exchange Translation

Transactions in currencies other than the entity'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 translated at the rates prevailing at that date. Exchange differences arising on the settlement of monetary items or on translating 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 profit or 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 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), trustees administers the contributions made to the Trust and contribution are invested in a scheme with Life Corporation of India as permitted by Indian Law.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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

Expense in respect of short term benefits including non-accumulated absences is recognized on the basis of the amount paid or payable 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.

(xi) Leases

A. Policy applicable before 1st April, 2019

The Company as a lessee

(i) Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

(ii) Leases in which a significant portion of risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

Payments made under operating leases are recognised to the Statement of Profit and Loss on straight line basis over the period of the lease

unless the payments are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The Company as a lessor

Lease income from operating leases is recognized on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

B. Policy applicable after 1st April, 2019

The Company has adopted Ind AS 116 effective from 1st April, 2019 using modified retrospective approach. The adoption of this standard does not have any significant impact on the profit and earning per share of the current period.

The 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 leases for which underlying asset is of low value. For these short-term and leases for which underlying asset is of low value, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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.

The 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 a straight line basis over the term of the relevant lease.

(xii) Segment Reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment

performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

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

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

(xiii) Income Tax

Income Tax expense comprises of current and net change in deferred tax assets and/ liabilities during the year.

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 Statement of Profit and Loss except to the extent that it relates to the items recognized directly in equity and other comprehensive income.

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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received.

Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

(xv) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of items of property, plant and equipment 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 Statement of Profit and Loss in the period in which they are incurred.

(xvi) Provisions and Contingent Liabilities

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 are 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 financial statements since this may result in the recognition of income that may never be accrued/ 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

(i) Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition except for trade receivable which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

financial assets and financial liabilities, that are not at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Transaction cost directly attributable to the acquisition of financial assets and financial liabilities at value through profit or loss are recognised immediately in profit or loss account.

(ii) Subsequent measurement

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

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.

(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.

The Company can make an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. These elected investments are initially measured at fair value plus transaction cost, subsequently in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other

comprehensive income and accumulated in reserve for equity instruments through other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investment.

(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 value through profit or 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 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.

(e) Investment in Associates

Investment in associates 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.

C. Share capital**Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and buy back of

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

equity shares and share options are recognized as a deduction from equity, net of any tax effects.

(iii) Impairment of Financial Assets

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

(iv) Derecognition

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

- (i) The contractual right to receive cash flows from the financial assets expire, or
- (ii) 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.

A financial liability (or, a part of financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

(v) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to

its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

(xix) Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) – 7 "Statement of Cash flows" using the indirect method for operating activities.

(xx) Cash and cash equivalents

The cash and cash equivalent in the balance sheet comprise cash at banks and in 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 dividend on shares is 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

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

and that have the most significant effect on the amounts recognised in the 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

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.

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. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 47.

Recognition of deferred tax assets

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in financial statement.

Estimation of uncertainties relating to the global health pandemic from COVID-19

World Health Organisation (WHO) declared outbreak of coronavirus disease (COVID-19) a global pandemic on 11th March, 2020 consequent to this, government of India declared lockdown on 23rd March, 2020 and the Company temporarily suspended the operations of the Company in compliance with the lockdown instructions issued by central and state governments. COVID-19 has impacted the normal business operations of the Company by way of interruption of production, supply chain disruptions, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period which has been extended till 17th May, 2020. However, production and supply of goods has commenced during the month of April 2020.

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory, trade receivables and other financial assets. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has concluded that the impact of COVID-19 is not material on long term basis based on aforesaid assessment. Due to nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in near future period. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

2.5 Recent Amendments in Ind AS

Ministry of corporate affairs (MCA) notifies new standards

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

or amendments to the existing standards. There is no such notification which would be applicable w.e.f. 1st April, 2020.

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 Company'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 Company'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 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.

Note 4 : Property, plant and equipment

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| Carrying amount of | | |
| Freehold land | 317.81 | 317.81 |
| Leasehold land | - | 633.69 |
| Buildings | 11,681.31 | 11,763.77 |
| Plant and equipment | 58,589.26 | 63,022.43 |
| Furniture and fixtures | 139.12 | 126.75 |
| Vehicles | 743.19 | 630.07 |
| Office equipment | 246.64 | 243.36 |
| Electrical installation | 1,163.46 | 1,191.79 |
| Railway sidings | 477.15 | 518.79 |
| Total property, plant and equipment | 73,357.94 | 78,448.45 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| | Land | | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Electrical Installation | Railway Sidings | Total |
|---|----------|-----------|-----------|---------------------|------------------------|----------|------------------|-------------------------|-----------------|-------------|
| | Freehold | Leasehold | | | | | | | | |
| Gross carrying amount as at 1st April, 2018 | 302.88 | 855.09 | 25,607.78 | 1,33,256.02 | 556.13 | 1,033.95 | 1,143.90 | 3,171.77 | 921.69 | 1,66,849.21 |
| Additions | - | - | 118.93 | 2,577.32 | 23.58 | 338.51 | 49.25 | 66.71 | - | 3,174.29 |
| Disposals/deletions | - | - | (118.63) | (929.81) | (6.48) | (278.83) | (27.53) | (24.45) | - | (1,385.73) |
| Adjustments | 14.93 | (14.93) | - | - | - | - | - | - | - | - |
| Gross carrying amount as at 31st March, 2019 (A) | 317.81 | 840.16 | 25,608.08 | 1,34,903.53 | 573.23 | 1,093.63 | 1,165.62 | 3,214.03 | 921.69 | 1,68,637.77 |
| Additions | - | - | 863.51 | 1,374.79 | 39.38 | 393.55 | 89.64 | 156.04 | - | 2,916.91 |
| Disposals/deletions | - | - | (51.77) | (432.13) | (14.82) | (217.91) | (130.92) | (24.72) | - | (872.27) |
| Adjustments | - | - | - | - | - | - | - | - | - | - |
| Amount reclassified to Right of use asset under Note-7(As per Ind-AS 116) | - | (840.16) | - | - | - | - | - | - | - | (840.16) |
| Gross carrying amount as at 31st March, 2020 (B) | 317.81 | - | 26,419.82 | 1,35,846.19 | 597.78 | 1,269.27 | 1,124.34 | 3,345.35 | 921.69 | 1,69,842.25 |
| Accumulated depreciation as at 1st April, 2018 | - | 190.90 | 12,920.82 | 66,801.77 | 431.62 | 509.87 | 857.77 | 1,845.03 | 361.31 | 83,919.12 |
| Depreciation for the year | - | 15.57 | 1,016.55 | 5,673.50 | 19.06 | 167.53 | 89.64 | 190.00 | 41.59 | 7,213.44 |
| Disposals/deletions | - | - | (93.06) | (594.18) | (4.21) | (213.84) | (25.15) | (12.80) | - | (943.24) |
| Accumulated depreciation as at 31st March, 2019 (C) | - | 206.47 | 13,844.31 | 71,881.10 | 446.48 | 463.56 | 922.26 | 2,022.24 | 402.90 | 90,189.32 |
| Depreciation for the year | - | - | 937.71 | 5,707.14 | 21.04 | 205.98 | 75.37 | 172.40 | 41.64 | 7,161.28 |
| Disposals/deletions | - | - | (43.51) | (331.31) | (8.86) | (143.46) | (119.93) | (12.75) | - | (659.82) |
| Amount reclassified to Right of use asset under Note-7(As per Ind-AS 116) | - | (206.47) | - | - | - | - | - | - | - | (206.47) |
| Accumulated depreciation as at 31st March, 2020 (D) | - | (0.00) | 14,738.51 | 77,256.93 | 458.66 | 526.08 | 877.70 | 2,181.89 | 444.54 | 96,484.31 |
| Net carrying amount as at 31st March, 2019 (A)-(C) | 317.81 | 633.69 | 11,763.77 | 63,022.43 | 126.75 | 630.07 | 243.36 | 1,191.79 | 518.79 | 78,448.45 |
| Net carrying amount as at 31st March, 2020 (B)-(D) | 317.81 | 0.00 | 11,681.31 | 58,589.26 | 139.12 | 743.19 | 246.64 | 1,163.46 | 477.15 | 73,357.94 |

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

b) Property, plant & equipment pledged as security

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

c) The borrowing cost capitalized during the year is NIL (Previous year NIL)

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 5 : Capital Work In Progress

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| Plant and equipment under erection/installation (including project and pre-operative expense) (also refer note - 44) | 10,060.75 | 1,857.51 |

Capital work in progress includes capital goods lying at stores ₹621.41 lakhs (Previous year ₹17.69 lakhs).

For details on capital commitments refer note - 38(2)

Note 6 : Right of Use Asset

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------------|------------------------|------------------------|
| Carrying amount of | | |
| Land | 618.10 | - |
| Building | 121.41 | - |
| Total | 739.51 | - |

| Particulars | Land | Building | Total |
|---|---------------|---------------|---------------|
| Gross carrying amount as at 1st April, 2019 | - | - | - |
| Amount reclassified from property, plant & equipment under Note-4 (As per Ind-AS 116) | 840.16 | - | 840.16 |
| Additions | - | 131.62 | 131.62 |
| Disposals/deletions | - | - | - |
| Adjustments | - | - | - |
| Gross carrying amount as at 31st March, 2020 (A) | 840.16 | 131.62 | 971.78 |
| Accumulated depreciation as at 1st April, 2019 | - | - | - |
| Amount reclassified from property, plant & equipment under note-4 (As per Ind-AS 116) | 206.47 | - | 206.47 |
| Depreciation for the year | 15.59 | 10.21 | 25.80 |
| Disposals/deletions | - | - | - |
| Accumulated depreciation as at 31st March, 2020 (B) | 222.06 | 10.21 | 232.27 |
| Net carrying amount as at 31st March, 2020 (A)-(B) | 618.10 | 121.41 | 739.51 |

Notes

(i) Transition as per Ind AS 116

Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" applied to all lease contracts existing on 1st April, 2019 using the modified retrospective method along with the transition option to recognise Right-of-use asset (ROU) at an amount equal to the lease liability. On transition the leases that were classified as finance leases, applying Ind AS 17, an amount of ₹633.69 lakhs has been reclassified from property, plant and equipment to Right of use assets. An amount of ₹1.20 lakhs has been reclassified from other financial liability - current to lease liability - current and an amount of ₹41.31 lakhs has been reclassified from other financial liability - non current to lease liability - non current. Consequently there has been no adjustment to the opening balance of retained earnings. The lease term in respect of all operating leases ends within 12 months of the date of initial application and accordingly the Company has elected to account for such leases as short term lease and has recognised the lease payments as rental expense. The adoption of this standard does not have any significant impact on the profit and earning per share of the current period.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The aggregate depreciation expense on right of use asset is included under depreciation and amortization expense in the Statement of Profit and Loss.

(ii) Refer Note 41 for other disclosures related to leases.

Note 7 : Investment property

Carrying amount of investment property

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------------|---------------------------|---------------------------|
| Building | 337.33 | 354.14 |
| | | Building |
| Gross Block | | |
| As at 1st April, 2018 | | 440.83 |
| Additions | | - |
| Disposals | | - |
| As at 31st March, 2019 | (a) | 440.83 |
| Additions | | - |
| Disposals | | - |
| As at 31st March, 2020 | (b) | 440.83 |
| Accumulated Depreciation | | |
| At 1st April, 2018 | | 69.03 |
| Charge for the year | | 17.66 |
| Disposals | | - |
| As at 31st March, 2019 | (c) | 86.69 |
| Charge for the year | | 16.80 |
| Disposals | | - |
| As at 31st March, 2020 | (d) | 103.50 |
| Carrying value | | |
| As at 31st March, 2019 | (a-c) | 354.14 |
| As at 31st March, 2020 | (b-d) | 337.33 |

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

(₹ in Lakhs)

| Particulars | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
|--|--------------------------------|--------------------------------|
| Rental income | 133.35 | 81.06 |
| Direct operating expenses from property that generated rental income | 4.53 | 4.54 |
| Profit from Investment Properties before depreciation | 128.81 | 76.52 |
| Depreciation | 16.80 | 17.66 |
| Profit from Investment Properties | 112.01 | 58.86 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(ii) Fair value of Investment property

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------------------------|---------------------------|---------------------------|
| Fair value of investment property | 5,360.05 | 5,344.03 |

The Company obtains Independent Valuations of its investment property as per requirement of Ind AS 40. 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.

The fair values of investment properties have been determined by the independent chartered valuer. All fair value estimates for Investment properties have been categorized as level 3.

Note 8 : Intangible Assets

Carrying amount of intangible assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------------------|---------------------------|---------------------------|
| Software | 30.05 | 35.22 |
| | | Amount |
| Gross Block | | Computer Software |
| As at 1st April, 2018 | | 490.78 |
| Additions | | 8.50 |
| Disposals | | - |
| As at 31st March, 2019 (a) | | 499.28 |
| Additions | | 4.10 |
| Disposals | | - |
| As at 31st March, 2020 (b) | | 503.37 |
| Amortisation | | |
| As at 1st April, 2018 | | 455.96 |
| Charge for the year | | 8.10 |
| Disposals | | - |
| As at 31st March, 2019 (c) | | 464.06 |
| Charge for the year | | 9.26 |
| Disposals | | - |
| As at 31st March, 2020 (d) | | 473.32 |
| Carrying value | | |
| As at 31st March, 2019 (a-c) | | 35.22 |
| As at 31st March, 2020 (b-d) | | 30.05 |

Note: The Company has not internally developed computer softwares.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 9 : Investments

(₹ in Lakhs)

| No of Units | Particulars | Face Value | Non - current | | Current | |
|--|--|------------|------------------------|------------------------|------------------------|------------------------|
| | | | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| | | | | | | |
| A. Investments carried at cost | | | | | | |
| Investments in equity instruments | | | | | | |
| (a) Equity Instruments in Associate Companies (unquoted) | | | | | | |
| 8,12,32,560 | (Previous year 4,88,81,556) Fully paid up equity shares of Bhilwara Energy Ltd.* | 10 | 30,711.50 | 14,506.88 | - | - |
| 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. 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) | | | | | | |
| Nil | (Previous Year-68061.75) HDFC Mutual Fund | 1000 | - | - | - | 2,503.51 |
| Nil | (Previous Year-905745.25) ICICI Mutual Fund | 100 | - | - | - | 2,503.63 |
| Nil | (Previous Year-38912.92) Invesco India Liquid Fund | 1000 | - | - | - | 1,001.01 |
| 2,52,97,878.79 | (Previous Year-NIL) ICICI Prud. Equity -Arbitrage | | 6,825.90 | - | - | - |
| 2,34,92,086.44 | (Previous Year-NIL) Kotak Equity Arbitrage Fund | | 6,828.91 | - | - | - |
| 40,04,902.00 | (Previous Year-NIL) IDFC Arbitrage Fund | | 1,030.49 | - | - | - |
| 2,74,46,136.96 | (Previous Year-NIL) AXIS Bank Arbitrage Fund | | 4,077.97 | - | - | - |
| (c) Investments in Fixed Maturity Plans Scheme (Quoted) | | | | | | |
| 10,00,00,000 | (Previous Year-10,00,00,000) ICICI Prudential FMP Series 83 1406 Days Plan D- Direct Growth | 10 | 12,056.60 | 10,944.90 | - | - |
| 2,50,00,000 | (Previous Year-2,50,00,000) ICICI Prudential -FMP -Sr 83 - 1100 Days Plan | 10 | 2,937.75 | 2,690.05 | - | - |
| 2,50,00,000 | (Previous Year-2,50,00,000) SBI Debt Fund Series C-19 (1100 days) | 10 | 2,929.28 | 2,685.33 | - | - |
| 75,00,000 | (Previous Year-75,00,000) Axis Fixed Term Plan - Series 95 (1185 days) | 10 | 882.56 | 807.20 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Kotak FMP Series 235 - 1140 | 10 | 1,763.15 | 1,610.15 | - | - |
| Nil | (Previous Year-5,00,00,000) Reliance Fixed Horizon Fund-XXXVIII-Series 6 | 10 | - | 5,328.90 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) Reliance Fixed Horizon Fund-XXXIX-Series 6 | 10 | 1,179.57 | 1,072.39 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) ABSL FTP Series QN | 10 | 1,149.17 | 1,069.90 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) SDFS C20 - 1100 Days | 10 | 1,749.50 | 1,603.65 | - | - |
| 2,50,00,000 | (Previous Year-2,50,00,000) HDFC FMP 1105D August 2018 (1) | 10 | 2,911.85 | 2,659.23 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) HDFC FMP 1105D August 2018 (2) | 10 | 1,745.09 | 1,595.54 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Kotak FMP Series 240-1160 | 10 | 1,755.32 | 1,599.72 | - | - |
| 2,00,00,000 | (Previous Year-2,00,00,000) Aditya Birla Sunlife Fixed Term Plan Series RC (1295 days) | 10 | 2,332.82 | 2,129.74 | - | - |
| 1,70,00,000 | (Previous Year-1,70,00,000) Aditya Birla Sunlife Fixed Term Plan Series QV (1100 days) | 10 | 1,967.80 | 1,807.75 | - | - |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ in Lakhs)

| No of Units | Particulars | Face Value | Non - current | | Current | |
|---|--|------------|------------------------|------------------------|------------------------|------------------------|
| | | | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| | | | | | | |
| 1,50,00,000 | (Previous Year-1,50,00,000) Aditya Birla Sunlife Fixed Term Plan Series QU (1100 days) | 10 | 1,744.55 | 1,596.11 | - | - |
| 3,00,00,000 | (Previous Year-3,00,00,000) Aditya Birla Sunlife Fixed Term Plan Series RN (1240 days) | 10 | 3,455.22 | 3,151.20 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) UTI Fixed Term Income Fund Series XXX - II (1107 days) | 10 | 1,746.90 | 1,595.91 | - | - |
| 2,00,00,000 | (Previous Year-2,00,00,000) ICICI Pru Fixed Maturity Plan-Sr 84 - 1245 days Plan N | 10 | 2,317.12 | 2,103.50 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) RELIANCE FX HRZ FUND XXXIX S15 | 10 | 1,740.59 | 1,580.33 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) ICICI Pru Fixed Maturity Plan-Sr 84 - 1288 days Plan O | 10 | 1,156.43 | 1,048.90 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) Kotak FMP Series 251-1265 days | 10 | 1,156.15 | 1,050.67 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) HDFC FMT 1246D November, 2018 (1) - Series 43 | 10 | 1,155.16 | 1,049.51 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Kotak FMP Series 242-1152 | 10 | 1,751.31 | 1,596.99 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Kotak FMP Series 243 - 1319 days | 10 | 1,769.49 | 1,608.50 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Reliance Fixed Horizon Fund-XXXIX Series 2 | 10 | 1,772.39 | 1,611.23 | - | - |
| 1,20,00,000 | (Previous Year-1,20,00,000) ICICI Prudential -FMP -Series 83 - 1101 Days Plan Z | 10 | 1,396.21 | 1,276.33 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) Reliance Fixed Horizon Fund-XXXIX Series 9 | 10 | 1,169.84 | 1,063.48 | - | - |
| (d) Investments in Non Convertible Debentures (Quoted) | | | | | | |
| Nil | (Previous Year-200) KOTAK MAHINDRA PRIME LIMITED - BR NCD | 10,00,000 | - | - | - | 2,126.60 |
| Nil | (Previous Year-250) HDB FINANCIAL SERVICES LIMITED - SR-A/1/77 8.48 NCD | 10,00,000 | - | - | - | 2,689.24 |
| 150 | (Previous Year-150) HDB FINANCIAL SERVICES LIMITED - SR A/0(ML)/1 BR NCD * | 10,00,000 | - | 1,516.05 | 1,653.30 | - |
| 150 | (Previous Year-150) HDB FINANCIAL SERVICES LIMITED - SR 2019 A/0(ML)/2 BR NCD | 10,00,000 | 1,637.55 | 1,500.90 | - | - |
| (e) Investments in Infrastructure Trust (Unquoted) | | | | | | |
| 44,00,000 | (Previous Year-NIL) ORIENTAL INFRATRUST | 100 | 4,715.04 | - | - | - |
| Total | | | 1,13,938.15 | 75,879.91 | 1,653.30 | 10,823.99 |
| Aggregate amount of quoted investments | | | 78,092.61 | 60,954.02 | 1,653.30 | 10,823.99 |
| Market value of quoted investments | | | 78,092.61 | 60,954.02 | 1,653.30 | 10,823.99 |
| Aggregate amount of unquoted investments | | | 35,845.54 | 14,925.88 | - | - |
| Aggregate amount for impairment in value of investments | | | 0.00 | 0.00 | - | - |

*Investments having maturity period of less than 12 months from 31st March, 2020 i.e. balance sheet date have been reclassified as current investment

Note 1 : Refer Note: 47 for Classification of Financial Assets

*For change in Company's ownership interest in Bhilwara Energy Ltd.

During the financial year ended 31st March 2020, the Company has acquired 3,23,51,004 equity shares of Bhilwara Energy Ltd. from other shareholders for a consideration of ₹16,204.62 lakhs. Post the above acquisition of shares, the holding of Company in BEL, an associate company, has increased from 29.48% to 49.01%.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 10 : Trade Receivables

(₹ in Lakhs)

| Particulars | Current | |
|--|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| a) Trade receivable considered good-secured | - | - |
| b) Trade receivable considered good-unsecured | 39,906.12 | 1,18,459.25 |
| c) Trade receivable which have significant increase in credit risk; and | 138.78 | 483.66 |
| d) Trade receivable credit impaired | 572.19 | 691.76 |
| Less: Expected credit loss allowance | (676.28) | (945.73) |
| Debts due from directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private company respectively in which any director is a partner or a director or a member. | - | - |
| Total | 39,940.82 | 1,18,688.94 |

Refer Note: 48 For credit risk and expected credit loss related to Trade receivables

Refer Note: 47 for Classification of Financial Assets

Refer to note no. 49 for information of trade receivables pledged as security by the Company.

Note 11 : Financial Assets-Loans

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Security deposits | 1,692.11 | 1,092.32 | - | - |
| Loans to employees | - | - | - | - |
| a) Loans considered good-secured | - | - | - | - |
| b) Loans considered good-unsecured | 49.45 | 26.24 | 77.90 | 62.01 |
| c) Loans which have significant increase in credit risk; and | - | - | - | - |
| d) Loans credit impaired | - | - | - | - |
| Total | 1,741.56 | 1,118.56 | 77.90 | 62.01 |

Refer Note: 47 for Classification of Financial Assets

Note 12 : Other Financial Assets

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Interest accrued but not due | - | - | 686.07 | 465.79 |
| Derivative financial instruments | - | - | - | 72.40 |
| Total | - | - | 686.07 | 538.19 |

Refer Note: 47 for Classification of Financial Assets

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 13 : Other Assets

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Unsecured, considered good unless stated otherwise | | | | |
| Capital advances | 13,951.38 | 1,391.54 | - | - |
| Other advances (excluding advances to related parties) | - | - | 719.84 | 2,361.69 |
| Advances to related parties | - | - | 0.11 | 3.28 |
| Prepaid expenses | 13.71 | 12.04 | 1,358.49 | 988.06 |
| Balances with statutory authorities | - | - | 1,866.51 | 8,291.26 |
| GST refunds receivable | - | - | 11,386.58 | 4,770.12 |
| Payments under protest (other than direct taxes) | 499.89 | 323.46 | - | - |
| Export benefits receivable (including MEIS licenses in hand) | - | - | 3,401.26 | 9,882.24 |
| Other employee advances | - | - | 51.76 | 103.31 |
| Gratuity fund receivable (also refer note 40) | - | - | 292.24 | 157.48 |
| Others | - | - | 210.66 | 309.53 |
| Total | 14,464.98 | 1,727.04 | 19,287.46 | 26,866.96 |

a) Detail of payments under protest (other than direct taxes) is as follows:

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------|------------------------|------------------------|
| Entry tax | 219.85 | 197.22 |
| Central sales tax | 57.09 | 24.53 |
| Excise duty/service tax | 79.62 | 79.57 |
| MPST/MPCT | 3.29 | 3.29 |
| Tax deducted at source | 62.01 | 18.85 |
| Commercial legal cases | 78.04 | - |
| Total | 499.89 | 323.46 |

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 14 : Inventories (Valued at lower of cost and net realizable value)

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| Raw materials [Includes material in transit ₹342.98 lakhs ; Previous year: ₹23,809.22 lakhs] | 23,791.36 | 50,355.48 |
| Finished goods | 36,566.62 | 37,749.92 |
| Work-in-progress | 34,539.11 | 39,650.33 |
| Stores and spares | 5,616.76 | 3,082.92 |
| [Includes stores in transit ₹2,489.35 lakhs ; Previous year: ₹304.65 lakhs] | | |
| Total | 1,00,513.85 | 1,30,838.65 |

(a) The cost of inventories recognised as an expense during the year was ₹1,36,720.53 lakhs (Previous year ₹1,36,108.38 lakhs)

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(b) The cost of inventories recognised as an expense includes ₹45,910.08 lakhs (31st March, 2019 ₹ Nil) in respect of write down of inventories to net realisable value (included in Raw Material ₹32,620.56 lakhs and in change in inventories of Finished Goods and WIP ₹13,289.52 lakhs).

(c) The cost of inventories recognised as an expense includes ₹522.00 lakhs (31st March, 2019 ₹604.01 lakhs) in respect of write down of inventories on account of slow moving items.

(d) Inventory pledged as security

Refer to note no. 49 for information of inventory pledged as security by the Company.

Note 15 : Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Balances with banks (A) | | |
| In current accounts | 1,589.14 | 2,505.50 |
| In cash credit accounts | 1,682.45 | 386.90 |
| Cheques, drafts in hand (B) | - | 20.06 |
| Cash on hand (C) | 8.73 | 3.45 |
| Total cash and cash equivalent (A+B+C) | 3,280.33 | 2,915.91 |

Refer Note: 47 for Classification of Financial Assets

Note 16 : Other Bank balances

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| I. Earmarked deposits with banks | | |
| a) As margin money against LC for raw material & LC for capital equipments * | 12,562.45 | 16,590.43 |
| b) Escrow Account for buyback of shares | 0.00 | 900.02 |
| c) As margin money against bank gurantee* | 20.88 | 254.10 |
| d) Held for unpaid dividend/unclaimed dividend | 612.84 | 431.95 |
| II. Deposits with banks/financial Institutions | | |
| Original maturity of more than 3 months but less than 12 months | 27,251.90 | 34,640.00 |
| Total | 40,448.07 | 52,816.50 |

* (a) & (c) includes interest accrued.

Refer Note: 47 for Classification of financial assets

Note 17 : Equity Share Capital

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Authorised | | |
| 5,50,00,000 (previous year - 5,50,00,000) Equity shares of ₹10/- each | 5,500.00 | 5,500.00 |
| 15,00,00,000 (previous year - 15,00,00,000) 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 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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

| Particulars | 2019-20 | | 2018-19 | |
|--|---------------|--------------|---------------|--------------|
| | 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 | 3,99,59,142 | 3,995.91 |
| Change during the year - Buyback of Equity Shares | - | - | (13,63,636) | (136.36) |
| 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. The 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.

During the year ended on 31st March, 2020, the Company has paid an amount of ₹50 per Equity Share (500%) as final dividend for the financial year 2018-19 to the equity shareholders of the Company and also ₹25 per share (250%) as interim dividend for the financial year 2019-20.

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

| Name of the Shareholder | As at 31st March, 2020 | | As at 31st March, 2019 | |
|-------------------------------------|------------------------|--------------|------------------------|--------------|
| | 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 |
| Life Insurance Corporation of India | 24,25,714 | 6.28 | 32,32,046 | 8.37 |
| Bharat Investments Growth Limited | 24,64,913 | 6.39 | 24,64,913 | 6.39 |

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 Jhunjhunwala, Chairman, Managing Director & CEO, who is also the promoter of the Company and exercise 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 | | | | |
|---|-------------------------|-----------|---------|---------|---------|
| | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
| 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 | - | - | - |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

e) Buy Back of shares: During the previous financial year (i.e. 2018-19), the Company after obtaining shareholder approval, had bought back 13,63,636 (Thirteen lakhs sixty three thousand six hundred and thirty six) fully paid-up equity shares of face value of ₹10/- (Rupees ten only) each, representing approximately 3.41% of the total number of equity shares in the paid-up equity share capital of the Company as at 30 September 2018, from the shareholders/beneficial owners of equity shares of the Company as on the record date i.e. 9th February, 2019 on a proportionate basis, through the "tender offer" under stock mechanism route at a price of ₹5,500/- (Rupees five thousand five hundred only) per equity share for an amount of ₹7,49,99,98,000/- (Rupees Seven hundred forty nine crore ninety nine lakhs ninety eight thousand only) excluding expenses incurred in this connection thereto. The Company concluded the Buy Back proceedings on 29th March 2019 and equity shares were extinguished. The Company has utilized its Securities Premium, General Reserves and Retained Earnings for Buyback of its equity shares and post completion of same, the paid up capital is reduced from ₹39,95,91,420/- (3,99,59,142 Equity Shares) to ₹38,59,55,060/- (3,85,95,506 Equity Shares).

Note 18 : Other Equity

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| A. Capital Reserves | | |
| Balance as per the last financial statements | 3,138.24 | 3,138.24 |
| Add: Additions during the year | - | - |
| Closing balance | 3,138.24 | 3,138.24 |
| B. Capital Redemption Reserve | | |
| Balance as per the last financial statements | 2,029.93 | 1,893.57 |
| Add: Amount transferred from retained earnings upon Buyback (Refer note 17(e)) | - | 136.36 |
| Closing balance | 2,029.93 | 2,029.93 |
| C. Securities Premium | | |
| Balance as per the last financial statements | - | 1,269.61 |
| ADD/LESS : Received/utilized during the year (Refer note 17(e)) | - | (1,269.61) |
| Closing balance | - | - |
| D. General Reserve | | |
| Balance as per the last financial statements | - | 39,823.38 |
| Add: Transfer from Statement of Profit and Loss during the year | - | - |
| Less: Amount utilized in Buy back of shares (Refer note 17(e)) | - | 39,823.38 |
| Closing balance | - | - |
| E. Retained Earnings | | |
| Balance as per the last financial statements | 3,62,863.08 | 1,30,667.99 |
| Add: Amount transferred from Statement of Profit and Loss | 5,337.15 | 3,05,043.06 |
| Less: Dividend paid | 28,946.63 | 31,967.31 |
| Less: Dividend distribution tax paid on dividend | 5,950.06 | 6,570.92 |
| Less: Amount utilized in Buy back of shares (Refer note 17(e)) | - | 33,770.63 |
| Less: Buy back expenses (net of Income Tax Benefit) | - | 402.75 |
| Less: Amount Transferred to Capital Redemption Reserve upon Buy Back | - | 136.36 |
| Closing balance | 3,33,303.54 | 3,62,863.08 |
| F. Items of other comprehensive income | | |
| Balance as per the last financial statements | 9.01 | 72.93 |
| Remeasurement of defined benefit plans | (52.38) | (63.92) |
| Closing balance | (43.37) | 9.01 |
| Total | 3,38,428.34 | 3,68,040.26 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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) Securities Premium:

This represents amount of premium recognised on issue of shares to shareholders at a price more than its face value. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

4) General Reserve

This represents retained earnings which are kept aside out of company's profits. It is a free reserve which can be utilized to meet any future contingencies and to pay dividend to shareholders.

5) 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.

6) 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.

Note 19 : Borrowings

(₹ in Lakhs)

| Particulars | Non-Current | | Current | | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 | |
| Loans repayable on demand from banks | | | | | |
| Working capital loans from banks | - | - | 59,261.72 | 66,636.47 | |
| Total | - | - | 59,261.72 | 66,636.47 | |
| Current Borrowings | | | | | |
| Particulars | Maturity date | Terms of Repayment | Interest Rate | As at 31st March, 2020 | As at 31st March, 2019 |
| Loans repayable on demand | Payable on demand | Payable on demand | At negotiated rates | | |
| Secured | | | | | |
| Working capital from banks | | | | 48,261.72 | 54,336.47 |
| Unsecured | | | | | |
| Working capital from banks | | | | 11,000.00 | 12,300.00 |
| Total | | | | 59,261.72 | 66,636.47 |

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: 47 for Classification of Financial Liabilities

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 20 : Trade Payables

(₹ in Lakhs)

| Particulars | As at | |
|--|------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| (A) Total outstanding dues of micro enterprises and small enterprises | 658.05 | 398.82 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 12,722.65 | 37,608.08 |
| Total | 13,380.70 | 38,006.90 |

Refer Note: 47 for Classification of Financial Liabilities

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:-

(₹ in Lakhs)

| Particulars | As at | |
|--|------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year(1+2) | 658.05 | 398.82 |
| 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 21A : Lease Liabilities

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|--|------------------|------------------|------------------|------------------|
| | As at | As at | As at | As at |
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| Lease liability - land (Refer note - 41) | 40.00 | 41.31 | 1.32 | 1.20 |
| Lease liability - building (Refer note - 41) | 74.38 | - | 48.47 | - |
| Total | 114.38 | 41.31 | 49.78 | 1.20 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 21B : Other Financial Liabilities

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | As at | As at | As at | As at |
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| Security deposits | - | - | 137.86 | 155.71 |
| Unpaid dividends-unclaimed* | - | - | 612.84 | 431.95 |
| Derivative financial instruments | - | - | 118.20 | - |
| Creditors for capital purchases | - | - | 2,041.92 | 467.87 |
| Other payables | | | | |
| Employees Related | - | - | 899.01 | 9,555.99 |
| Others | - | - | 2,712.11 | 2,404.77 |
| Total | - | - | 6,521.94 | 13,016.29 |

* Unclaimed dividends do not include any amount which is required to be transferred to the Investor's Education and Protection Fund.

Refer Note: 47 for Classification of Financial Liabilities.

Note 22 : Provisions

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|--|------------------|------------------|------------------|------------------|
| | As at | As at | As at | As at |
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| Provision for employee benefits | | | | |
| Compensated absences | 391.34 | 387.08 | 67.26 | 67.08 |
| Other provisions | | | | |
| Provision for custom duty | - | - | - | 1,376.76 |
| Provision against indirect taxes (pending litigations) | - | - | 568.90 | 534.07 |
| Total | 391.34 | 387.08 | 636.17 | 1,977.91 |

Movement of provision against indirect taxes (pending litigations)

(₹ in Lakhs)

| Nature of Provisions | Non-Current | | Current | |
|---|-------------|----------|---------------|---------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Carrying amount at the beginning of the year | - | - | 534.07 | 548.13 |
| Additional provision made during the year | - | - | 53.87 | 19.03 |
| Amount reversed during the year | - | - | 19.03 | 33.09 |
| Carrying amount at the end of the year | - | - | 568.90 | 534.07 |

Note 23 : Deferred Tax Liabilities (Net)

(₹ in Lakhs)

| Particulars | As at | |
|---|------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Deferred tax liabilities (A) | | |
| Difference between written down value of property, plant and equipment as per books of account and income tax | 8,743.95 | 12,333.88 |
| Fair valuation of investments | 1,787.38 | 940.12 |
| Deferred tax assets (B) | | |
| Items deductible on payment basis under income tax | 155.99 | 330.87 |
| Allowances for expected credit loss | 170.21 | 330.48 |
| Net deferred tax Liability (A)-(B) | 10,205.13 | 12,612.65 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Reconciliation of Deferred tax asset/(liability)

Movement in deferred income tax assets and liabilities for the year ended 31st March, 2020 (₹ in Lakhs)

| Particulars | As at 1st April, 2019 | Changes through profit and loss | Changes through OCI | As at 31st March, 2020 |
|---|-----------------------|---------------------------------|---------------------|------------------------|
| Deferred tax liabilities (A) | | | | |
| Difference between written down value of property, plant and equipment as per books of account and Income tax | 12,333.88 | (3,589.92) | - | 8,743.95 |
| Fair valuation of investments | 940.12 | 847.26 | - | 1,787.38 |
| Deferred tax assets (B) | | | | |
| Items deductible on payment basis under Income tax | 330.87 | (192.49) | 17.62 | 155.99 |
| Allowances for expected credit loss | 330.48 | (160.27) | - | 170.21 |

Movement in deferred income tax assets and liabilities for the year ended 31st March, 2019 (₹ in Lakhs)

| Particulars | As at 1st April, 2018 | Changes through profit and loss | Changes through OCI | As at 31st March, 2019 |
|---|-----------------------|---------------------------------|---------------------|------------------------|
| Deferred tax liabilities (A) | | | | |
| Difference between written down value of property, plant and equipment as per books of account and Income tax | 12,221.24 | 112.64 | - | 12,333.88 |
| Fair valuation of investments | - | 940.12 | - | 940.12 |
| Deferred tax assets (B) | | | | |
| Items deductible on payment basis under Income tax | 145.61 | 150.93 | 34.33 | 330.87 |
| Allowances for expected credit loss | 158.83 | 171.65 | - | 330.48 |

Unrecognised deferred tax assets:

Deferred tax asset have not been recognised in respect of unabsorbed depreciation during the financial year ended 31st March, 2020. The unabsorbed depreciation has no expiry under Income tax Act.

Note 24 : Other Liabilities

| Particulars | Non-Current | | Current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Deposits from employees against various schemes | 301.21 | 239.59 | 93.53 | 67.31 |
| Advance from customers | - | - | 163.65 | 98.80 |
| Statutory dues payable | - | - | 827.35 | 1,205.03 |
| Others payable | - | - | 170.21 | 233.89 |
| Total | 301.21 | 239.59 | 1,254.73 | 1,605.03 |

Note 25 : Current Tax Asset & Liabilities (Net)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------|------------------------|------------------------|
| Income tax assets | 14,393.15 | 3,995.09 |
| Income tax liabilities | (546.18) | (542.77) |
| Total | 13,846.96 | 3,452.32 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 26 : Revenue From Operations

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | | For the year ended 31st March, 2019 | |
|-------------------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| Sale of Products | | | | |
| Manufactured goods | | | | |
| Graphite electrodes | 2,08,411.35 | | 6,42,911.38 | |
| Power | 1,777.16 | 2,10,188.51 | 720.22 | 6,43,631.60 |
| Other Operating Income | | | | |
| REC sales | 1,273.07 | | 163.53 | |
| Fly ash income | 67.54 | | 171.30 | |
| Export incentives | 3,373.35 | | 15,316.09 | |
| | | 4,713.95 | | 15,650.92 |
| Total | | 2,14,902.47 | | 6,59,282.52 |

Note 27 : Other Income

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest income from financial assets measured at amortized cost | 3,543.50 | 4,974.75 |
| Interest income from financial assets measured at fair value through profit or loss | 48.49 | - |
| Rental income | 138.12 | 88.68 |
| Net gain on sale of investment measured at fair value through profit or loss | 1,416.96 | 1,151.21 |
| Net gain on fair valuation of investments measured at fair value through profit or loss | 5,908.29 | 3,997.63 |
| Liabilities / provisions written back (including allowances for expected credit losses) | 454.51 | 255.71 |
| Dividend income from financial assets measured at fair value through profit or loss | 124.67 | - |
| Foreign currency fluctuation (net) | 1,531.54 | - |
| Miscellaneous | 1,209.60 | 451.20 |
| Total | 14,375.68 | 10,919.18 |

Note 28 : Cost of Material Consumed

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | | For the year ended 31st March, 2019 | |
|----------------------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| Raw Material Consumed | | | | |
| Opening stock | 26,546.27 | | 12,942.18 | |
| Add : Purchases | 1,52,715.24 | | 1,74,788.06 | |
| | 1,79,261.51 | | 1,87,730.24 | |
| Less: Closing stock | 23,448.37 | | 26,546.27 | |
| Cost of Material Consumed | | 1,55,813.14 | | 1,61,183.97 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 29 : Changes In Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|--|--|
| (1) Inventories at the beginning of the period | | |
| Finished goods | 37,749.92 | 10,166.41 |
| Work-in-progress | 39,650.33 | 17,528.15 |
| Total | 77,400.25 | 27,694.56 |
| (2) Inventories at the end of the period | | |
| Finished goods | 36,566.62 | 37,749.92 |
| Work-in-progress | 34,539.11 | 39,650.33 |
| Total | 71,105.73 | 77,400.25 |
| Net (increase)/decrease | 6,294.52 | (49,705.69) |

Note 30 : Employee Benefits Expense

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|--|--|
| Salaries and wages | 5,592.68 | 18,894.86 |
| Contribution to provident and other funds | 536.37 | 507.62 |
| Staff welfare expenses | 431.42 | 354.14 |
| Total | 6,560.47 | 19,756.62 |

Note 31 : Finance Costs

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| (i) Interest on Working Capital Borrowings | 3,635.21 | 1,788.46 |
| (ii) Others | | |
| -Interest on lease liabilities | 6.10 | - |
| -Others | 9.86 | 8.44 |
| Total | 3,651.17 | 1,796.90 |

Note: 32 Depreciation and Amortisation Expenses

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| (1) Depreciation of property, plant and equipment (Refer note 4) | 7,161.30 | 7,213.44 |
| (2) Depreciation of right of use assets (Refer note 6) | 25.80 | - |
| (3) Depreciation on investment property (Refer note 7) | 16.80 | 17.66 |
| (4) Amortisation of intangible assets (Refer note 8) | 9.26 | 8.10 |
| Total | 7,213.16 | 7,239.20 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 33 : Other Expenses

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| Consumption of stores and spare parts(including refractory blocks) | 8,362.08 | 11,644.50 |
| Job/process charges | 446.51 | 490.33 |
| Power and fuel | 16,330.61 | 18,321.19 |
| Repairs and maintenance | | |
| Plant and machinery | 3,419.43 | 4,897.33 |
| Building | 536.65 | 359.61 |
| Others | 923.11 | 801.81 |
| Insurance | 886.22 | 892.16 |
| Rent (Refer note 41) | 93.02 | 89.13 |
| Rates and taxes | 76.72 | 106.50 |
| Directors' sitting fees and incidental expenses | 69.70 | 90.58 |
| Commission paid to directors | 225.00 | 200.00 |
| Freight & forwarding | 6,412.19 | 12,656.73 |
| Packing expenses (including packing material consumption) | 1,288.70 | 1,819.61 |
| Commission | 1,429.13 | 2,862.14 |
| Claims and rebates | 425.54 | 166.35 |
| Donations | 271.65 | 10.34 |
| Contribution made to political parties | 400.00 | 800.00 |
| Power generation charges | 252.00 | 78.55 |
| Travelling expenses | 410.10 | 408.65 |
| Postage and communication | 86.83 | 86.31 |
| Payment to auditors (Refer details below*) | 24.16 | 29.50 |
| Contribution towards Corporate Social Responsibility (Refer note 43) | 2,217.31 | 827.92 |
| Legal and professional | 748.39 | 1,257.68 |
| Vehicle running & maintenance | 57.48 | 65.86 |
| Allowances for expected credit losses | - | 534.52 |
| Bad debts | 78.92 | 22.30 |
| Duties and taxes | 91.08 | 134.32 |
| Net loss on sale/discard of property, plant and equipments | 87.87 | 335.49 |
| Foreign currency fluctuation (net) | - | 1,044.05 |
| Miscellaneous | 1,166.59 | 1,189.36 |
| Total | 46,816.99 | 62,222.82 |

*Payments to the statutory auditors (excluding GST)

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---------------------------|--|--|
| As auditor | | |
| Statutory audit | 15.00 | 12.50 |
| Other services | | |
| Tax audit | 2.00 | 2.00 |
| Certification fees | 1.42 | 8.78 |
| Reimbursement of expenses | 5.75 | 6.22 |
| Total | 24.16 | 29.50 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 34 : Tax Expense

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| A) Tax Expense Recognised in the Statement of Profit and Loss | | |
| 1) Current tax | | |
| Income tax | - | 1,62,032.53 |
| Income tax -previous year | (18.55) | (97.89) |
| 2) Deferred tax | (2,389.90) | 730.18 |
| | (2,408.45) | 1,62,664.82 |
| B) Tax Expense recognised in Other Comprehensive Income | | |
| 1) Current tax | - | - |
| 2) Deferred tax | (17.62) | (34.33) |
| | (17.62) | (34.33) |
| C) Tax Expense/(Income) relating to items that are charged or credited directly to equity | | |
| 1) Current tax | - | (216.33) |
| 2) Deferred tax | - | - |
| | - | (216.33) |
| Total | (2,426.07) | 1,62,414.15 |

The deferred tax income recognized during the year includes deferred tax income of ₹3,265.52 lakhs relating to changes in tax rates in current year vis-à-vis previous year.

(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:

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| Accounting profit before tax | 2,928.70 | 4,67,707.88 |
| India's statutory income tax rate | 25.168 | 34.944 |
| Tax as per accounting profit (A) | 737.10 | 1,63,435.84 |
| Add/(less) : | | |
| Effect of expenses that are not deductible in determining taxable profits | 728.63 | 226.21 |
| Tax rate differential and other adjustments on gain on sale /fair valuation of investments | (639.74) | (456.81) |
| Effect of expenses that are deductible in determining taxable profits | (14.05) | (148.62) |
| Effect of income that is not taxable in determining taxable profits | (31.38) | - |
| Effect of carry forward of unsued tax losses | 58.88 | - |
| Effect on expenses incurred on buy back of shares | - | (216.33) |
| Effect of change in tax rate | (3,265.52) | 115.70 |
| Others | 18.57 | (443.95) |
| Current tax adjustment related to earlier years | (18.55) | (97.89) |
| Total (B): | (3,163.16) | (1,021.69) |
| Income tax expense recognized for the year (A+B) | (2,426.07) | 1,62,414.15 |

The applicable Indian corporate statutory tax rate for the year ended 31st March, 2020 is 25.168% vis-à-vis 34.944% for the year ended 31st March, 2019 as the Company has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 35 : Other Comprehensive Income

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| (i) Items that will not be reclassified to profit or loss | | |
| - Remeasurement of defined benefits plans | (70.00) | (98.25) |
| Total | (70.00) | (98.25) |

Note 36 : Earnings per share

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|--|--|
| Profit attributable to equity shareholders | 5,337.15 | 3,05,043.06 |
| Weighted average number of equity shares | 3,85,95,506 | 3,99,47,934 |
| Basic and diluted earning per share (₹) | 13.83 | 763.60 |

* There are no potential equity shares

Note 37 : Segment Information

The Company's Chief Operational Decision Makers consisting of Chief Executive Officer and Chief Financial 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 Standalone Financial Statements for the year ended 31st March, 2020

1) Segment revenue and results

(₹ in Lakhs)

| Particulars | Graphite(including other carbon products) | | Power | | Unallocable items/ Others | | Total | |
|---|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Segment Revenue | | | | | | | | |
| Turnover | 2,11,784.15 | 6,58,226.74 | 6,943.89 | 12,146.70 | 0.55 | 0.73 | 2,18,728.59 | 6,70,374.17 |
| Less: Inter segment turnover | - | - | 3,826.12 | 11,091.65 | - | - | 3,826.12 | 11,091.65 |
| External turnover | 2,11,784.15 | 6,58,226.74 | 3,117.77 | 1,055.05 | 0.55 | 0.73 | 2,14,902.47 | 6,59,282.52 |
| Segment result before interest & taxes | (3,579.88) | 4,61,756.90 | 1,355.46 | (1,762.27) | (2,112.95) | (613.44) | (4,337.37) | 4,59,381.19 |
| Add: Interest income | | | | | | | 3,591.99 | 4,974.75 |
| Add: Gain on sale of Investments (including gain/ (loss) on fair valuation) | | | | | | | 7,325.25 | 5,148.84 |
| Less: Finance cost | | | | | | | 3,651.17 | 1,796.90 |
| Profit before tax | | | | | | | 2,928.70 | 4,67,707.88 |
| Less: Income Tax (including deferred tax) | | | | | | | (2,408.45) | 1,62,664.83 |
| Net profit for the period | | | | | | | 5,337.15 | 3,05,043.06 |
| Depreciation | 5,983.05 | 5,988.06 | 1,172.53 | 1,192.49 | 57.56 | 58.65 | 7,213.16 | 7,239.20 |
| Non cash expenses other than depreciation and amortization | 93.29 | 346.94 | 0.83 | - | 0.88 | 0.36 | 95.00 | 347.30 |

2) Segment assets, liabilities and other details

(₹ in Lakhs)

| Particulars | Graphite(including other carbon products) | | Power | | Unallocable items/ Others | | Company Total | |
|--|--|------------------------|------------------------|------------------------|---------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Segment assets | 2,46,473.56 | 3,47,910.97 | 14,743.18 | 14,313.05 | 1,73,734.47 | 1,44,743.03 | 4,34,951.21 | 5,06,967.06 |
| Segment liabilities | 79,910.62 | 1,12,061.96 | 863.20 | 961.73 | 11,889.46 | 22,043.53 | 92,663.28 | 1,35,067.23 |
| Capital expenditure incurred during the year | 11,017.26 | 4,778.17 | 34.46 | 31.38 | 72.52 | 69.27 | 11,124.24 | 4,878.82 |

3) Details of Unallocated Items

(₹ in Lakhs)

| Assets | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------------|------------------------|------------------------|
| Property, plant & equipments | 215.26 | 194.49 |
| Investment property | 337.33 | 354.13 |
| Investments | 1,15,591.45 | 86,703.88 |
| Inventories | 14.68 | 14.68 |
| Trade receivables | - | 0.32 |
| Cash and cash equivalents | 1,385.09 | 62.42 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ in Lakhs)

| Assets | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| Bank balances other than cash & cash equivalents | 40,485.97 | 52,836.57 |
| Financial assets-loans | 47.49 | 26.54 |
| Other assets | 1,264.04 | 554.92 |
| Income tax asset | 14,393.15 | 3,995.09 |
| Total:- | 1,73,734.47 | 1,44,743.03 |
| Liabilities | As at 31st March, 2020 | As at 31st March, 2019 |
| Deferred tax liability | 10,205.13 | 12,641.15 |
| Income tax liability | 546.18 | 542.77 |
| Other financial liability | 776.25 | 8,209.65 |
| Other liabilities | 233.08 | 489.06 |
| Provisions | 128.81 | 160.91 |
| Total:- | 11,889.46 | 22,043.53 |

4) Geographical Information:

(₹ in Lakhs)

| Particulars | Within India* | | Outside India | | Total | |
|--------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| a) Segment Revenue | 51,416.92 | 1,67,929.22 | 1,63,485.55 | 4,91,353.30 | 2,14,902.47 | 6,59,282.52 |

5) The Company is domiciled in India. The Company's revenue from operations from external customers by location of the customers is as follows:

(₹ in Lakhs)

| Revenue from External Customers | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---------------------------------|-------------------------------------|-------------------------------------|
| India* | 51,416.92 | 1,67,929.22 |
| Korea (South) | 30,561.39 | 43,278.73 |
| Egypt | 22,849.22 | 38,688.34 |
| United Arab Emirates | 15,412.97 | 26,596.78 |
| Turkey | 14,801.72 | 57,641.07 |
| Spain | 12,649.50 | 48,762.75 |
| USA | 10,413.34 | 62,481.59 |
| Saudi Arabia | 3,032.25 | 38,595.51 |
| Iran | 0.00 | 15,849.88 |
| Others* | 53,765.14 | 1,59,458.66 |
| Total | 2,14,902.47 | 6,59,282.52 |

*Others includes revenue from countries having less than 5% of total revenue from outside India

*Export incentives have been included in segment revenue 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 2019-20 and 2018-19.

7) The Company has business operations only in India and does not hold any non current asset outside India.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 38 : Contingencies and Commitments

1) Contingent Liabilities

| Particulars | (₹ in Lakhs) | |
|------------------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| For Taxation matters | | |
| a) Excise duty under appeal | 230.80 | 230.80 |
| b) Service tax | 824.66 | 1,879.70 |
| c) Income tax | 7,866.98 | 7,651.21 |
| d) Sales tax | 759.17 | 477.40 |
| Other than Taxation matters | | |
| a) Power related | 3,780.75 | 3,123.37 |
| b) Labour related matters | 41.48 | 59.98 |
| c) Advance licence & EPCG | 12,401.68 | - |
| d) Others | 63.81 | 117.41 |

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 has been shown as payment under protest in note 13 of Other assets.

2) Commitment Outstanding

| Particulars | (₹ in Lakhs) | |
|--|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| a) Estimated value of contracts remaining to be executed on capital account and not provided for [(net of advances of ₹13,951.38 lakhs, (previous year ₹1,391.54 lakhs.))] | 57,490.79 | 28,686.17 |

3) Financial Guarantee

| Particulars | (₹ in Lakhs) | |
|--|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| The Company has with RSWM Ltd. and Bhilwara Energy Limited on joint and several basis provided Guarantee in favor of International Finance Corporation (IFC) on behalf of AD Hydro Power Ltd. against loan availed by AD Hydro Power Ltd. from International Finance Corporation (IFC).* | 600.00 | 600.00 |

*Note- Since the loss allowance was estimated to be nil, the guarantee is not recognised in the books of account.

Note 39 : Related Party Disclosure

A) Names of related parties and transactions taken place during the year

| Relationship | Related Parties | |
|--|---|--|
| | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | I) Associates | (i) Bhilwara Energy Limited (ii) Bhilwara Infotechnology Ltd. |
| II) Individuals having significant influence over the enterprise, and close family members of such individual. | Sh. L. N. Jhunjunwala Smt. Mani Devi Jhunjunwala | Sh. L. N. Jhunjunwala Smt. Mani Devi Jhunjunwala |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| Relationship | Related Parties | |
|---|--|---|
| | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| III) Key Management Personnel | Sh. Ravi Jhunjunwala | Sh. Ravi Jhunjunwala |
| | Sh. Riju Jhunjunwala | Sh. Riju Jhunjunwala |
| | Sh. Rishabh Jhunjunwala | Sh. Rishabh Jhunjunwala |
| | Smt. Rita Jhunjunwala | Smt. Rita Jhunjunwala |
| | Sh. Nivedan Churiwal | Sh. Nivedan Churiwal |
| | Smt. Shubha Churiwal | Smt. Shubha Churiwal |
| | Smt. Sudha Churiwal | Smt. Sudha Churiwal |
| | Sh. Ravi Jhunjunwala-CMD & CEO | Sh. Ravi Jhunjunwala-CMD & CEO |
| | Sh. Riju Jhunjunwala-Non-Executive Director | Sh. Riju Jhunjunwala-Non-Executive Director |
| | Sh. Shekhar Agarwal | Sh. Shekhar Agarwal |
| | Sh. Dharmendar Nath Davar * | Sh. Dharmendar Nath Davar |
| | Sh. Satyendra Nath Bhattacharya | Sh. Satyendra Nath Bhattacharya |
| | Sh. Satish Chand Mehta | Sh. Satish Chand Mehta |
| | Dr. Kamal Gupta | Dr. Kamal Gupta |
| | Dr. Om Parkash Bahl | Dr. Om Parkash Bahl |
| | Smt. Vinita Singhania | Smt. Vinita Singhania |
| | Smt. Ramni Nirula | Smt. Ramni Nirula |
| Sh. Jayant Davar (w.e.f. 14th August, 2019) | Late Sh. Raju Rustogi- Chief Operating Officer and Chief Financial Officer (till 26th January 2019) | |
| | Sh. Vivek Chaudhary-Company Secretary | |
| | Sh. Manish Gulati - Executive Director, Chief Operating Officer & Chief Marketing Officer (Executive Director w.e.f. 1st March 2020) | |
| | Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | |
| IV) Close family members of Key Management Personnel | Sh. L.N. Jhunjunwala | Sh. L.N. Jhunjunwala |
| | Smt. Mani Devi Jhunjunwala | Smt. Mani Devi Jhunjunwala |
| | Sh. Rishabh Jhunjunwala | Sh. Rishabh Jhunjunwala |
| | Smt. Rita Jhunjunwala | Smt. Rita Jhunjunwala |
| V) Post employment benefit plan trust | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust |
| | (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust | (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust |
| VI) Enterprises in which KMP is able to exercise significant influence. | RSWM Ltd. | RSWM Ltd. |
| | Malana Power Company Ltd. | Malana Power Company 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. |
| | AD Hydro Power Ltd. | AD Hydro Power Ltd. |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| Relationship | Related Parties | |
|--------------|-------------------------------------|-------------------------------------|
| | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | Maral Overseas Ltd. | Maral Overseas Ltd. |
| | BMD Pvt. Ltd. | BMD Pvt. Ltd. |
| | Bharat Investments Growth Limited | Bharat Investments Growth Limited |
| | Deepak Pens & Plastics Pvt. Limited | Deepak Pens & Plastics Pvt. Limited |
| | India Texfab Marketing Limited | India Texfab Marketing Limited |
| | Investors India Limited | Investors India Limited |
| | LNJ Financial Services Limited | LNJ Financial Services Limited |
| | Nivedan Vanijya Niyogan Limited | Nivedan Vanijya Niyogan Limited |
| | M.L. Finlease Pvt. Limited | M.L. Finlease Pvt. Limited |
| | Sandhu Auto Deposits Limited | Sandhu Auto Deposits Limited |
| | Raghav Commercial Limited | Raghav Commercial Limited |
| | Norbury Investments Limited | Norbury Investments Limited |
| | Mekima Corporation | Mekima Corporation |
| | Microlight Investments Limited | Microlight Investments Limited |
| | Ravi Jhunjunwala - HUF | Ravi Jhunjunwala - HUF |

* Shri Dharmender Nath Davar who was on the Board resigned from the Directorship w.e.f. 24th July 2019. The transactions till the date of resignation have been reported in Part-B below.

B. Transaction during the year with related parties

(₹ in Lakhs)

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
|---|--------------------------------|--|-----------------------------|-----------------------------|
| 1) Associates | Bhilwara Energy Ltd. | Reimbursement received | 0.34 | 2.41 |
| | | Reimbursement made | 8.30 | 12.78 |
| | Bhiwara Infotechnology Limited | Maintenance charges | 0.57 | - |
| 2) Individuals having significant influence over the enterprise, and close family members of such individual. | Sh. L.N. Jhunjunwala | Dividend paid | 127.33 | 143.79 |
| | | Amount paid on buyback of equity shares | - | 548.08 |
| | Smt. Mani Devi Jhunjunwala | Dividend paid | 73.22 | 82.68 |
| | | Amount paid on buyback of equity shares | - | 315.10 |
| | Sh. Ravi Jhunjunwala | Salary and allowances (including perquisites and contribution in pf and superannuation)* | 240.54 | 246.48 |
| | | Commission | - | 11,881.00 |
| | | Dividend paid | 96.39 | 108.85 |
| | | Amount paid on buyback of equity shares | - | 1,069.59 |
| | | Sale of furniture | - | 8.39 |
| | Sh. Riju Jhunjunwala | Director sitting fee | 4.20 | 6.65 |
| | | Commission | 25.00 | 25.00 |
| | | Dividend paid | 165.27 | 186.63 |
| Dividend paid | | 165.27 | 186.63 | |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ in Lakhs)

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
|--|--------------------------------|--|-----------------------------|-----------------------------|
| | | Amount paid on buyback of equity shares | - | 711.37 |
| | | Reimbursement of expenses | 0.30 | 0.42 |
| | Sh. Rishabh Jhunjunwala | Dividend paid | 131.86 | 148.90 |
| | | Amount paid on buyback of equity shares | - | 567.55 |
| | Smt. Rita Jhunjunwala | Dividend paid | 158.91 | 179.45 |
| | | Amount paid on buyback of equity shares | - | 683.98 |
| | | Rent paid | 12.00 | - |
| | Sh. Nivedan Churiwal | Dividend paid | 5.31 | 9.00 |
| | | Amount paid on buyback of equity shares | - | 34.27 |
| | Smt. Shubha Churiwal | Dividend paid | 3.71 | 6.28 |
| | | Amount paid on buyback of equity shares | - | 23.87 |
| | Smt. Sudha Churiwal | Dividend paid | 1.18 | 2.00 |
| | | Amount paid on buyback of equity shares | - | 7.59 |
| 3) Key Management Personnel and close family members of Key Management Personnel | | | | |
| (a) Key Management Personnel | Sh. Ravi Jhunjunwala-CMD & CEO | Salary and allowances (including perquisites and contribution in pf and superannuation)* | 240.54 | 246.48 |
| | | Commission | - | 11,881.00 |
| | | Dividend paid | 96.39 | 108.85 |
| | | Amount paid on buyback of equity shares | - | 1,069.59 |
| | | Sale of furniture | - | 8.39 |
| | Sh. Riju Jhunjunwala | Director sitting fee | 4.20 | 6.65 |
| | | Commission | 25.00 | 25.00 |
| | | Dividend paid | 165.27 | 186.63 |
| | | Amount paid on buyback of equity shares | - | 711.37 |
| | | Reimbursement of expenses | 0.30 | 0.42 |
| | Sh. Shekhar Agarwal | Director sitting fee | 7.90 | 9.00 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.36 | 0.36 |
| | Sh. Dharmendar Nath Davar | Director sitting fee | 4.75 | 18.40 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.36 | 1.23 |
| | | Dividend paid | - | 1.20 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | |
|--------------|---|--|-----------------------------|-----------------------------|
| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | Sh. Satyendra Nath Bhattacharya | Director sitting fee | 3.00 | 3.00 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.12 | 0.12 |
| | Sh. Satish Chand Mehta | Director sitting fee | 8.25 | 7.50 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.48 | 0.30 |
| | Dr. Kamal Gupta | Director sitting fee | 14.10 | 19.40 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.96 | 1.26 |
| | | Dividend paid | 0.14 | 0.16 |
| | | Amount paid on buyback of equity shares | - | 0.61 |
| | Dr. Om Parkash Bahl | Director sitting fee | 12.70 | 15.20 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.75 | 0.63 |
| | Smt. Vinita Singhania | Director sitting fee | 2.25 | 3.75 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.18 | 0.24 |
| | Smt. Ramni Nirula | Director sitting fee | 5.65 | 3.00 |
| | | Commission | 25.00 | - |
| | | Reimbursement of expenses | 0.27 | 0.12 |
| | Sh. Jayant Davar | Director sitting fee | 3.00 | - |
| | | Commission | - | - |
| | | Reimbursement of expenses | 0.12 | - |
| | Late Sh. Raju Rustogi- Chief Operating Officer and Chief Financial Officer | Salary and allowances (including perquisites and contribution in pf and superannuation) [†] | - | 161.14 |
| | Sh. Vivek Chaudhary- Company Secretary | Salary and allowances (including perquisites and contribution in pf and superannuation) [†] | 28.90 | 30.76 |
| | Sh. Manish Gulati - Executive Director, Chief Operating Officer & Chief Marketing Officer | Salary and allowances (including perquisites and contribution in pf and superannuation) [†] | 128.02 | 119.72 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | | | |
|---|---|--|---|-----------------------------|---|--|
| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 | | |
| | Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Salary and allowances (including perquisites and contribution in PF and superannuation) [†] | 45.38 | 44.90 | | |
| | | Housing loan given | 8.00 | - | | |
| | | Housing loan repayment -principal | 0.89 | - | | |
| | | Housing loan repayment - interest | 0.10 | - | | |
| | | Closing balance as at end of year | 7.11 | - | | |
| | | | | | | |
| | | | | | | |
| (b) Close family members of Key Management Personnel | Sh. L.N. Jhunjhunwala | Dividend paid | 127.33 | 143.79 | | |
| | | Amount paid on buyback of equity shares | - | 548.08 | | |
| | Smt. Mani Devi Jhunjhunwala | Dividend paid | 73.22 | 82.68 | | |
| | | Amount paid on buyback of equity shares | - | 315.10 | | |
| | Sh. Rishabh Jhunjhunwala | Dividend paid | 131.86 | 148.90 | | |
| | | Amount paid on buyback of equity shares | - | 567.55 | | |
| | Smt. Rita Jhunjhunwala | Dividend paid | 158.91 | 179.45 | | |
| | | Amount paid on buyback of equity shares | - | 683.98 | | |
| | | | Rent paid | 12.00 | - | |
| | 4) 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 | 184.10 | 157.03 | | |
| 5) Enterprises in which KMP is able to exercise significant influence. | RSWM Ltd. | Rent paid | 43.52 | 43.52 | | |
| | | Rent received | - | - | | |
| | | Reimbursement received | 8.99 | 39.82 | | |
| | | Reimbursement made | 36.23 | 30.42 | | |
| | | Dividend paid | 541.49 | 782.40 | | |
| | | Amount paid on buyback of equity shares | - | 2,982.27 | | |
| | | Purchase of shares of BEL | 8,484.54 | - | | |
| | | | | | | |
| Shashi Commercial Co. Ltd. | Rent paid | 30.55 | 29.60 | | | |
| | Dividend paid | 506.65 | 572.15 | | | |
| | Amount paid on buyback of equity shares | - | 2,180.81 | | | |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | |
|--------------|--------------------------------------|---|--------------------------------|--------------------------------|
| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | Purvi Vanijaya Niyojan Ltd. | Rent paid | 3.50 | 3.50 |
| | | Reimbursement made | 0.33 | 0.33 |
| | | Dividend paid | 1,236.44 | 1,396.28 |
| | | Amount paid on buyback of equity shares | - | 5,322.19 |
| | Giltedged Industrial Securities Ltd. | Rent paid | 25.92 | 24.19 |
| | | Dividend paid | 357.52 | 403.73 |
| | | Amount paid on buyback of equity shares | - | 1,538.85 |
| | Malana Power Co. Ltd. | Reimbursement received | 0.44 | 3.13 |
| | BSL Ltd. | Rent received | 12.18 | 12.18 |
| | | Purchase of fabrics | 4.50 | 3.40 |
| | AD Hydro Power Ltd. | Reimbursement received | 0.25 | 1.79 |
| | Maral Overseas Ltd. | Reimbursement received | 0.76 | 5.44 |
| | BMD Pvt. Ltd. | Reimbursement received | 0.54 | 3.86 |
| | Bharat Investments Growth Limited | Dividend paid | 1,848.68 | 2,087.68 |
| | | Amount paid on buyback of equity shares | - | 7,957.68 |
| | Deepak Pens & Plastics Pvt. Limited | Dividend paid | 352.37 | 397.92 |
| | | Amount paid on buyback of equity shares | - | 1,516.74 |
| | India Texfab Marketing Limited | Dividend paid | 155.04 | 175.08 |
| | | Amount paid on buyback of equity shares | - | 667.32 |
| | Investors India Limited | Dividend paid | 27.19 | 30.71 |
| | | Amount paid on buyback of equity shares | - | 117.04 |
| | LNJ Financial Services Limited | Dividend paid | 1,011.24 | 1,141.97 |
| | | Amount paid on buyback of equity shares | - | 4,352.81 |
| | Nivedan Vanijya Niyojan Limited | Dividend paid | 50.01 | 56.48 |
| | | Amount paid on buyback of equity shares | - | 215.22 |
| | M.L. Finlease Pvt. Limited | Dividend paid | 259.85 | 293.44 |
| | | Amount paid on buyback of equity shares | - | 1,118.48 |
| | Sandhu Auto Deposits Limited | Dividend paid | 401.83 | 453.78 |
| | | Amount paid on buyback of equity shares | - | 1,729.59 |
| | Raghav Commercial Limited | Dividend paid | 1,086.12 | 1,226.53 |
| | | Amount paid on buyback of equity shares | - | 4,675.17 |
| | Mekima Corporation | Dividend paid | 1,299.29 | 1,431.63 |
| | | Amount paid on buyback of equity shares | - | 3,143.14 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | |
|--------------|--------------------------------|-----------------------|--------------------------------|--------------------------------|
| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | Microlight Investments Limited | Dividend paid | 3,499.18 | 3,732.46 |
| | Norbury Investments Limited | Dividend paid | 4,022.24 | 4,290.39 |
| | Ravi Jhunjhunwala - HUF | Dividend paid | 152.10 | 171.77 |

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

| (₹ in Lakhs) | | | | | |
|--------------|--|------------------------------|-------------------|---------------------------|---------------------------|
| Sl.No. | Related Party | Name of the Related Party | Particulars | As At 31st March, 2020 | As At 31st March, 2019 |
| 1 | Associates | Bhilwara Energy Ltd. | Investments | 30,711.50 | 14,506.88 |
| | | | Loan and advances | 0.11 | 0.11 |
| | | Bhilwara Infotechnology Ltd. | Investments | 419.00 | 419.00 |
| 2 | Enterprises over which any person described in (b) or (c) is able to exercise significant influence. | RSWM Ltd. | Loan and advances | - | 0.18 |
| | | Malana Power Co. Ltd. | Loan and advances | - | 1.90 |
| | | AD Hydro Power Ltd. | Loan and advances | - | 1.09 |

There is no provision for doubtful debts related to amount of outstanding balances due from related parties.

D) Commitments with Related Parties

| (₹ in Lakhs) | | |
|---|--------------------------------|--------------------------------|
| Particulars | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| 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. | 600.00 | 600.00 |

E) Transactions with Key Managerial Personnel

| (₹ in Lakhs) | | |
|---|--------------------------------|--------------------------------|
| Particulars | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| Short term employee benefits | 398.88 | 12,436.80 |
| Post employment benefits* | 43.95 | 47.21 |
| Sale of furniture | - | 8.39 |
| Rent paid | - | - |
| Payment against buy back of shares by the Company | - | 1,781.57 |
| Director's sitting fee | 65.80 | 85.90 |
| Commission paid to independent directors | 225.00 | 200.00 |
| Reimbursement of expenses and incidental expenses | 3.90 | 4.68 |
| Dividend paid by the Company | 261.80 | 296.84 |
| Housing loan given | 8.00 | - |
| Housing loan repayment - principal | (0.89) | - |
| Housing loan repayment - interest | (0.10) | - |
| Total | 1,006.34 | 14,861.38 |

* Remuneration does not include provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note:

(i) The Company has paid/provided managerial remuneration of ₹240.54 lakhs to Mr. Ravi Jhunjhunwala, Chairman, Managing Director & CEO of the Company, during the year ended 31st March, 2020 which exceeds by ₹87.57 lakhs vis-a-vis limits specified under section 197 of the Act read with Schedule V thereto on account of inadequacy of profits computed under Section 198 of the Act. The Company is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders in the ensuing Annual General Meeting, as necessary and the said excess remuneration paid/provided is held in trust for the Company by the said Director till the necessary compliance is made.

(ii) Mr. Manish Gulati has been appointed as an Executive Director of the Company with effect from 1st March, 2020 subject to approval of Shareholders. The Company has paid remuneration in accordance with the provisions of Section 197 of the Act read with Schedule V as approved by the Board of Directors upon the recommendation of Nomination & Remuneration Committee at their meeting held on 11th February, 2020 which is subject to approval of members in ensuing Annual General Meeting.

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 to the financial statements under the head "contribution to provident and other funds". The details are as under: (₹ in Lakhs)

| Particulars | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
|--|--------------------------------|--------------------------------|
| Employer's contribution to Provident Fund | 291.45 | 258.47 |
| Employer's contribution to Superannuation Fund | 163.55 | 170.73 |
| Employer's contribution to ESIC | 43.58 | 59.50 |

(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.

(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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

The following table sets out the funded status of the gratuity plan and amounts recognised in the balance sheet: (₹ in Lakhs)

| Particulars | As At 31st March, 2020 | As At 31st March, 2019 |
|---|------------------------------------|---------------------------|
| I. Movement in the present value of defined benefit obligation: | | |
| Present value of defined benefit obligation at the beginning of the year | 1,240.30 | 1,156.36 |
| Current service cost | 69.61 | 72.00 |
| Interest cost | 96.12 | 90.19 |
| Past service cost including curtailment (gains)/losses | - | - |
| Benefits paid | (262.18) | (164.25) |
| Actuarial changes (gain)/loss | 31.92 | 86.00 |
| Present value of defined benefit obligation at the end of the year | 1,175.77 | 1,240.30 |
| II. Movement in fair value of plan assets: | | |
| Fair value of plan assets at the beginning of the year: | 1,397.76 | 1,307.99 |
| Interest income | 108.33 | 102.02 |
| Company's contribution | - | - |
| Benefits paid | - | - |
| Remeasurement- return on plan assets excluding amount included in interest income | (38.08) | (12.25) |
| Fair value of plan assets at the end of the year | 1,468.01 | 1,397.76 |
| III. Net assets/(liability) recognized in Balance Sheet: | | |
| Present value of defined benefit obligation | 1,175.77 | 1,240.30 |
| Fair value on plan assets | 1,468.01 | 1,397.76 |
| Surplus/(deficit) | 292.24 | 157.47 |
| Effect of asset ceiling if any | - | - |
| Net assets/(liability) recognized in Balance Sheet | 292.24 | 157.47 |
| IV (a) Amount recognized in Statement of Profit and Loss | | |
| Current service cost | 69.61 | 72.00 |
| Net interest expense on net defined benefit liability / (asset) | (12.21) | (11.83) |
| Net Cost | 57.41 | 60.17 |
| 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 | (31.92) | (86.00) |
| Remeasurement- Return on plan assets (excluding amount included in net Interest on net defined benefit liability/(asset)) | (38.08) | (12.25) |
| Net Income/(Expense) for the period Recognised in OCI | (70.00) | (98.25) |
| V. Bifurcation of actuarial gain/loss on obligation. | | |
| 1. Actuarial changes arising from changes in demographic assumptions (gain/ (loss)) | (0.19) | - |
| 2. Actuarial changes arising from changes in financial assumptions (gain/ (loss)) | (11.34) | (45.06) |
| 3. Actuarial changes arising from changes in experience adjustments (gain/ (loss)) | 43.45 | (40.94) |
| 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) | 6.76% | 7.75% |
| Salary escalation (per annum) | 0.00% for 1st year & thereafter 5% | 6.00 |
| Retirement age | 58/60 | 58/60 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ in Lakhs)

| Particulars | As At 31st March, 2020 | As At 31st March, 2019 |
|--|---------------------------|---------------------------|
| Mortality rate during employment | 100% of IALM (2012 - 14) | 100% of ALM (2006-08) |
| 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 | (44.71) | (44.91) |
| Impact due to decrease of 0.50 %-increase(decrease) in obligation | 47.98 | 48.14 |
| b) Impact of the change in salary increase | | |
| Impact due to increase of 0.50%-increase(decrease) in obligation | 42.96 | 42.89 |
| Impact due to decrease of 0.50 %-increase(decrease) in obligation | (40.66) | (40.84) |
| X. The defined benefit obligation shall mature after the year end as follows: | | |
| a) 0-1 year | 120.23 | 121.51 |
| b) 1-2 year | 80.07 | 19.85 |
| c) 2-3 year | 87.96 | 70.72 |
| d) 3-4 years | 77.14 | 92.56 |
| e) 4-5 years | 103.21 | 141.08 |
| f) More than 5 years | 707.16 | 794.56 |

The estimates of future salary increase considered in actuarial valuation takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

XI. The Company expects to contribute ₹57.76 lakhs to the gratuity trusts during the financial year 2020-21.**(C) 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 ₹70.31 lakhs (previous year ₹81.69 lakhs)

(ii) Liability towards compensated absences as at the end of the year is as under:

(₹ in Lakhs)

| Particulars | As At 31st March, 2020 | As At 31st March, 2019 |
|-----------------------|---------------------------|---------------------------|
| Current liability | 67.26 | 67.08 |
| Non-current liability | 391.34 | 387.08 |

Note 41 : Leases**(i) Company as a lessee**

(a) The depreciation expense on ROU assets of ₹25.80 lakhs is included under depreciation and amortization expense in the Statement of Profit and Loss.

(b) Interest expense on the lease liability amounting to ₹6.10 lakhs has been included a component of finance costs in the Statement of Profit and Loss.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(c) The change in the carrying value of Right of use asset during the year is as under:

(₹ in Lakhs)

| Particulars | Gross Carrying Value | Depreciation | Net Carrying Value |
|---|----------------------|--------------|--------------------|
| (i) Land | | | |
| As at 1st April, 2019 | - | - | - |
| Reclassified on account of adoption of Ind AS 116 | 840.16 | 206.47 | - |
| Addition during the year | - | - | - |
| Depreciation during the year | - | 15.59 | - |
| As at 31st March, 2020 | 840.16 | 222.06 | 618.10 |
| (ii) Buildings | | | |
| As at 1st April, 2019 | - | - | - |
| Reclassified on account of adoption of Ind AS 116 | - | - | - |
| Addition during the year | 131.62 | - | - |
| Depreciation during the year | - | 10.21 | - |
| As at 31st March, 2020 | 131.62 | 10.21 | 121.41 |

(d) The following is the break-up of current and non-current lease liabilities as at 31st March, 2020

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 |
|-------------------------------|---------------------------|
| Current lease liabilities | 49.78 |
| Non current lease liabilities | 114.38 |
| Total | 164.16 |

(e) The following is the movement in lease liabilities during the year ended 31st March, 2020:

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 |
|---------------------------------------|---------------------------|
| Balance at the beginning of the year | - |
| Transition effect | 42.51 |
| Additions during the year | 131.62 |
| Finance cost accrued during the year | 6.10 |
| Payment of lease liabilities | 16.06 |
| Balance at the end of the year | 164.16 |

(f) The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2020:

(₹ in Lakhs)

| Particulars | For the Year Ended 31st March, 2020 | |
|---|-------------------------------------|---------------------------|
| | Minimum payments | Present value of payments |
| With in one year | 55.79 | 53.42 |
| After one year but not more than 5 years | 101.08 | 86.69 |
| More than 5 years | 103.11 | 24.05 |
| Total minimum lease payments | 259.98 | 164.16 |
| Less: Amount representing finance charges | 95.82 | - |
| Present value of minimum lease payments | 164.16 | 164.16 |

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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(g) The Company incurred ₹93.02 lakhs for the year ended 31st March, 2020 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: (₹ in Lakhs)

| Particulars | As at 31st March, 2020 |
|--------------------|------------------------|
| Less than one year | 33.19 |

(ii) Company as a lessor

The Company has given on lease building under operating lease. The Rental income recorded for the year ended 31st March, 2020 is ₹138.12 lakhs (previous year - ₹88.68 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: (₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| (i) Not later than one year | 135.72 | 124.93 |
| (ii) Later than one year and not later than five years | 494.86 | 488.92 |
| (iii) Later than five years | 252.36 | 377.18 |
| Total | 882.94 | 991.03 |

Note 42 : Events after the Reporting Period

The Board of directors have recommended the payment of final dividend of 'Nil' per equity share (previous year ₹50 per equity share) which is subject to the approval of shareholders in the Annual General Meeting.

Note 43 : Corporate Social Responsibility (CSR)

As per section 135 of the Company Act, 2013, a company meeting the applicable threshold, need to spend atleast 2% of the average net profit for the immediate preceding three financial years on CSR activities as defined in schedule VII of the Companies Act 2013.

(a) Gross amount required to be spent by the Company during the year ₹4,179.54 lakhs (previous year - ₹1,036.61 lakhs)

(b) Amount spent during the period : (₹ in Lakhs)

| CSR Activities | For the Year Ended 31st March, 2020 | For the Year Ended 31st March, 2019 |
|--|-------------------------------------|-------------------------------------|
| (i) Construction/acquisition of any assets | - | - |
| (ii) On purpose other than (i) above | 2,217.31 | 827.92 |
| Total | 2,217.31 | 827.92 |

Amount unspent during the year was ₹1,962.23 lakhs (previous year ₹208.69 lakhs)

Note 44 : Capitalization of Pre-Operative Expenditure

The following expenditure has been included under Capital work in progress: (₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------|------------------------|------------------------|
| Bank and LC charges | 179.79 | - |
| Travelling expenses | 6.02 | - |
| Power cost | 8.61 | - |
| Total | 194.42 | - |

The amount capitalized during the year is ₹ Nil (previous year ₹ Nil)

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 45 : Details of Loans given, Investments made and Guarantee given covered u/s 186(4) of The Companies Act, 2013

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------|------------------------|------------------------|
| Loan given | - | - |
| Guarantee given | 600.00 | 600.00 |
| Investment made | 31,130.50 | 14,925.88 |

Note 46 : Capital Management**(a) Risk Management**

The Company's objective when managing capital are to:

i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) Maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital using a gearing ratio, which is net debt (net of cash and cash equivalents) divided by total equity.

The Company is not subject to any externally imposed capital requirements.

(i) The gearing ratios were as follows:

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|----------------------------|------------------------|------------------------|
| a) Debt* | 59,261.72 | 66,636.47 |
| b) Cash & Cash Equivalents | (3,280.33) | (2,915.91) |
| (c) Net Debt (a)+(b) | 55,981.39 | 63,720.56 |
| Total equity | 3,42,287.92 | 3,71,899.85 |
| Net Debt to Equity Ratio | 0.16 | 0.17 |

* 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:

There is no long term debt during reporting period.

(b) Dividends

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|------------------------|------------------------|
| i) Equity shares | | |
| Final dividend paid for the year ended 31st March, 2019 of ₹50 per fully paid equity share (previous year ₹50 per fully paid equity share) | 19,297.75 | 19,979.57 |
| Interim dividend paid during the year ended 31st March, 2020 of ₹25 per fully paid equity share (previous year ₹30 per fully paid equity share) | 9,648.88 | 11,987.74 |
| ii) Dividends not recognised at the end of the reporting year | | |
| In addition to above dividends, the directors have recommended the payment of a final dividend of Nil per equity share (previous year ₹50 per equity share) | - | 19,297.75 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 47 : Financial Instruments- Accounting Classification and Fair Value Measurement

As at 31st March, 2020

| 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 | 0.01 |
| -Fixed maturity plans | | | | 57,691.78 | 57,691.78 | 57,691.78 | 57,691.78 |
| -Mutual funds | | | | 18,763.28 | 18,763.28 | 18,763.28 | 18,763.28 |
| -Non convertible debentures | | | | 3,290.85 | 3,290.85 | 3,290.85 | 3,290.85 |
| -Infra trust | | | | 4,715.04 | 4,715.04 | 4,715.04 | 4,715.04 |
| Trade receivables (Refer note 10) | 39,940.82 | | | - | 39,940.82 | 39,940.82 | 39,940.82 |
| Cash and cash equivalents (Refer note 15) | 3,280.33 | | | - | 3,280.33 | 3,280.33 | 3,280.33 |
| Other bank balances (Refer note 16) | 40,448.07 | | | - | 40,448.07 | 40,448.07 | 40,448.07 |
| Loans (Refer note 11) | 1,819.46 | | | - | 1,819.46 | 1,819.46 | 1,819.46 |
| Other financial assets (Refer note 12) | 686.07 | | | - | 686.07 | 686.07 | 686.07 |
| Derivative financial instruments (Refer note 12) | - | | | - | - | - | - |
| Total Financial Assets | 86,174.75 | - | - | - | 84,460.95 | 1,70,635.70 | 1,70,635.70 |
| Financial Liabilities | | | | | | | |
| Borrowings (Refer note 19) | 59,261.72 | | | - | 59,261.72 | 59,261.72 | 59,261.72 |
| Trade payables (Refer note 20) | 13,380.70 | | | - | 13,380.70 | 13,380.70 | 13,380.70 |
| Lease liabilities (Refer note 21A) | 164.16 | | | - | 164.16 | 164.16 | 164.16 |
| Other financial liabilities (Refer note 21B) | 6,403.74 | | | - | 6,403.74 | 6,403.74 | 6,403.74 |
| Derivative financial instruments (Refer note 21B) | - | | | 118.20 | 118.20 | 118.20 | 118.20 |
| Total Financial Liabilities | 79,210.32 | - | - | - | 118.20 | 79,328.52 | 79,328.52 |

As at 31st March, 2019

| 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 | 0.01 |
| -Fixed maturity plans | | | | 57,937.06 | 57,937.06 | 57,937.06 | 57,937.06 |
| -Mutual funds | | | | 6,008.15 | 6,008.15 | 6,008.15 | 6,008.15 |
| -Non convertible debentures | | | | 7,832.79 | 7,832.79 | 7,832.79 | 7,832.79 |
| Trade receivables (Refer note 10) | 1,18,688.94 | | | - | 1,18,688.94 | 1,18,688.94 | 1,18,688.94 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| 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 | | |
| Cash and cash equivalents (Refer note 15) | 2,915.91 | | | | | 2,915.91 | 2,915.91 |
| Other bank balances (Refer note 16) | 52,816.50 | | | | | 52,816.50 | 52,816.50 |
| Loans (Refer note 11) | 1,180.57 | | | | | 1,180.57 | 1,180.57 |
| Other financial assets (Refer note 12) | 465.79 | | | | | 465.79 | 465.79 |
| Derivative financial instruments (Refer note 12) | - | | | | 72.40 | 72.40 | 72.40 |
| Total Financial Assets | 1,76,067.71 | - | - | - | 71,850.41 | 2,47,918.12 | 2,47,918.12 |
| Financial Liabilities | | | | | | | |
| Borrowings (Refer note 19) | 66,636.47 | | | | | 66,636.47 | 66,636.47 |
| Trade payables (Refer note 20) | 38,006.89 | | | | | 38,006.89 | 38,006.89 |
| Lease liabilities (Refer note 21A) | 42.51 | | | | | 42.51 | 42.51 |
| Other financial liabilities (Refer note 21B) | 13,016.29 | | | | | 13,016.29 | 13,016.29 |
| Derivative financial instruments (Refer note 21B) | - | | | | | - | - |
| Total Financial Liabilities | 1,17,702.16 | - | - | - | - | 1,17,702.16 | 1,17,702.16 |

* Investment value excludes investment in Associates of ₹31,130.50 lakhs (31st March, 2019: ₹14,925.88 lakhs) which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements".

(i) 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.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying value largely due to the short-term maturities of these instruments.

Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. For borrowing fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-performance for the Company is considered to be insignificant in valuation.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in the active markets for identical assets or liabilities

Level 2: Other techniques for which all the inputs have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

As at 31st March, 2020

(₹ in Lakhs)

| 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 | 57,691.78 | - | 57,691.78 | - |
| -Mutual funds | 18,763.28 | - | 18,763.28 | - |
| -Non convertible debentures | 3,290.85 | - | 3,290.85 | - |
| -Infra trust | 4,715.04 | - | - | 4,715.04 |
| Total | 84,460.96 | 0.01 | 79,745.91 | 4,715.04 |
| Financial liabilities measured at fair value through profit or loss | | | | |
| Derivative financial instruments | 118.20 | - | 118.20 | - |
| Total | 118.20 | - | 118.20 | - |

As at 31st March, 2019

(₹ in Lakhs)

| 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 | 57,937.06 | - | 57,937.06 | - |
| -Mutual funds | 6,008.15 | - | 6,008.15 | - |
| -Non convertible debentures | 7,832.79 | - | 7,832.79 | - |
| | 71,778.01 | 0.01 | 71,778.00 | - |
| Derivative financial instruments | 72.40 | - | 72.40 | - |
| Total | 71,850.41 | 0.01 | 71,850.40 | 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: 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 various 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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 48 : 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, 2020 | | | As at 31st March, 2019 | | |
|---------------------|----------|--------|------------------------|------------------|---------------|------------------------|----------------|---------------|
| | | | No. of contracts | (USD) (in Lakhs) | (INR) (Lakhs) | No. of contracts | (USD) in Lakhs | (INR) (Lakhs) |
| Against receivables | USD/ INR | Sold | 2 | 40.00 | 2,921.60 | 5 | 80.00 | 5,666.725 |

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 31st March, 2020 | | As at 31st March, 2019 | |
|---------------------------------|----------|-------------------------|--------------------------|-------------------------|--------------------------|
| | | Amount in FC (in Lakhs) | Amount in INR (in Lakhs) | Amount in FC (in Lakhs) | Amount in INR (in Lakhs) |
| I. Financial Liabilities | | | | | |
| Secured loan (A) | USD | - | - | - | - |
| | Euro | 20.00 | 1,669.18 | - | - |
| Creditors (B) | USD | 30.99 | 2,335.21 | 63.24 | 4,374.72 |
| | Euro | 6.47 | 540.09 | 0.04 | 3.11 |
| Other payables (C) | USD | 23.86 | 1,797.89 | 19.45 | 1,345.27 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| Particulars | Currency | As at 31st March, 2020 | | As at 31st March, 2019 | |
|--|------------|-------------------------|--------------------------|-------------------------|--------------------------|
| | | Amount in FC (in Lakhs) | Amount in INR (in Lakhs) | Amount in FC (in Lakhs) | Amount in INR (in Lakhs) |
| | Euro | 3.49 | 291.68 | 14.72 | 1,143.53 |
| Total exposure to foreign currency risk (liabilities) (D=A+B+C) | USD | 54.86 | 4,133.10 | 82.69 | 5,719.99 |
| | Euro | 29.97 | 2,500.95 | 14.76 | 1,146.65 |
| II. Financial Assets | | | | | |
| Trade receivables (E) | USD | 318.71 | 24,013.18 | 957.72 | 66,246.52 |
| | Euro | 53.22 | 4,441.59 | 294.14 | 22,855.70 |
| Total exposure to foreign currency risk (assets) (F=E) | USD | 318.71 | 24,013.18 | 957.72 | 66,246.52 |
| | Euro | 53.22 | 4,441.59 | 294.14 | 22,855.70 |
| Net exposure to foreign currency risk (F-D) | USD | 263.85 | 19,880.08 | 875.02 | 60,526.53 |
| | Euro | 23.25 | 1,940.64 | 279.39 | 21,709.05 |

(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: (₹ in Lakhs)

| Particulars | Impact on Profit | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| USD Sensitivity | | |
| Increase in exchange rate by 5% (Previous year 3%) | 847.92 | 1,645.79 |
| Decrease in exchange rate by 5% (Previous year 3%) | (847.92) | (1,645.79) |
| EURO Sensitivity | | |
| Increase in exchange rate by 5% (Previous year 6%) | 97.03 | 1,302.54 |
| Decrease in exchange rate by 5% (Previous year 6%) | (97.03) | (1,302.54) |

(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: (₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--------------------------|------------------------|------------------------|
| Variable rate borrowings | - | 66,636.47 |
| Fixed rate borrowings | 59,261.72 | - |
| Total borrowings | 59,261.72 | 66,636.47 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

As at the end of the reporting period, the Company has the following borrowings outstanding:

| Particulars | As At 31st March, 2020 | | | As At 31st March, 2019 | | |
|---|--------------------------------|----------------------------------|------------------|--------------------------------|----------------------------------|------------------|
| | Weighted Average Interest Rate | Outstanding Balance (₹ in Lakhs) | % of Total Loans | Weighted Average Interest Rate | Outstanding Balance (₹ in Lakhs) | % of Total Loans |
| Term loans from banks and other parties | - | - | - | - | - | - |
| Working capital loans from banks | 5.71% | 59,261.72 | 100 | 5.69% | 66,636.47 | 100 |
| Total | 5.71% | 59,261.72 | 100 | 5.69% | 66,636.47 | 100 |

(b) Sensitivity:

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. (₹ in Lakhs)

| Particulars | Impact on Profit | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Interest Rate - increase by 60 basis points | - | (399.82) |
| Interest Rate - decrease by 60 basis points | - | 399.82 |

(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. (₹ in Lakhs)

| Particulars | As At 31st March, 2020 | As At 31st March, 2019 |
|---|------------------------|------------------------|
| Investments in fixed maturity plans, mutual fund schemes, non-convertible debentures & infrastructure trust | 84,460.95 | 71,778.00 |

(b) Sensitivity:

The below is the sensitivity analysis at the end of the year in case NAV has been 1% higher / lower. (₹ in Lakhs)

| Particulars | Impact on Profit | |
|--------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| NAV increase by 1% | 844.61 | 717.78 |
| NAV decrease by 1% | (844.61) | (717.78) |

(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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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 2019-20 and 2018-19.

(i) Expected Credit Loss for Financial Assets

As at 31st March, 2020

(₹ in Lakhs)

| 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 | 127.35 | 0% | - | 127.35 |
| Security deposits | 1,692.11 | 0% | - | 1,692.11 |

| Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL) | Not Due | Less than 12 months | 12 to 15 months | 15 to 18 months | 18 to 21 months | 21 to 24 months | More than 24 months | Total |
|---|---------|---------------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------|
| Trade Receivables- | | | | | | | | |
| Other than ECGC | 438.13 | 37,803.44 | - | - | 138.78 | - | 572.19 | 38,952.55 |
| Due under ECGC | - | - | - | - | - | - | 1,664.55 | 1,664.55 |
| Expected probability of default | - | - | 25% | 50% | 75% | 100% | 100% | |
| Expected credit losses | 0.00 | 0.00 | 0.00 | 0.00 | 104.09 | 0.00 | 572.19 | 676.28 |
| Carrying amount of trade receivables | 438.13 | 37,803.44 | 0.00 | 0.00 | 34.70 | 0.00 | 1,664.55 | 39,940.81 |

As at 31st March, 2019

| 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 | 88.25 | 0% | - | 88.25 |
| Security deposits | 1,092.32 | 0% | - | 1,092.32 |

| Financial assets to which loss allowance is measured using lifetime expected credit loss(ECL) | Not Due | Less than 12 months | 12 to 15 months | 15 to 18 months | 18 to 21 months | 21 to 24 months | More than 24 months | Total |
|---|----------|---------------------|-----------------|-----------------|-----------------|-----------------|---------------------|-------------|
| Trade Receivables | | | | | | | | |
| Other than ECGC | 5,846.41 | 1,12,493.21 | 6.28 | 422.52 | 54.85 | 98.37 | 593.39 | 1,19,515.04 |
| Due under ECGC | - | - | - | - | - | - | 119.63 | 119.63 |
| Expected probability of default | - | - | 25% | 50% | 75% | 100% | 100% | |
| Expected credit losses | 0.00 | 0.00 | 1.57 | 211.26 | 41.14 | 98.37 | 593.39 | 945.73 |
| Carrying amount of trade receivables | 5,846.41 | 1,12,493.21 | 4.71 | 211.26 | 13.71 | 0.00 | 119.63 | 1,18,688.94 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Provisioning Norms of Debtors

| Ageing of debtor on the basis of invoice date | Provision in %_2019-20 | Provision in %_2018-19 |
|---|------------------------|------------------------|
| Upto 12 months | Nil | Nil |
| 12 to 15 months | 25% | 25% |
| 15 to 18 months | 50% | 50% |
| 18 to 21 months | 75% | 75% |
| 21 to 24 months | 100% | 100% |
| More than 24 months | 100% | 100% |

(ii) Reconciliation of loss allowance provision - Trade receivables

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model: (₹ in Lakhs)

| Particulars | Current Year ended 31st March, 2020 | Previous Financial year ending 31st March, 2019 |
|------------------------------------|-------------------------------------|---|
| As at the beginning of year | 945.73 | 458.94 |
| Provided during the year | - | 486.79 |
| Reversal of provisions | (269.46) | - |
| As at the end of the year | 676.28 | 945.73 |

(C) Liquidity Risk:

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The 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, 2020

(₹ in Lakhs)

| Particulars | Less than 12 months | 12months to 5 years | More than 5 years | Total |
|---|---------------------|---------------------|-------------------|------------------|
| Financial Liabilities | | | | |
| Borrowings (Current) | 59,261.72 | - | - | 59,261.72 |
| Trade payables | 13,380.70 | - | - | 13,380.70 |
| Lease liabilities | 53.42 | 86.69 | 24.05 | 164.16 |
| Other financial liabilities | 6,521.94 | - | - | 6,521.94 |
| Total | 79,217.78 | 86.69 | 24.05 | 79,328.52 |
| Financial Assets | | | | |
| Investments (other than investment in associates) | 1,653.30 | 82,807.65 | - | 84,460.95 |
| Trade receivables | 39,940.82 | - | - | 39,940.82 |
| Cash and cash equivalents | 3,280.33 | - | - | 3,280.33 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | |
|---|---------------------|---------------------|-------------------|--------------------|
| Particulars | Less than 12 months | 12months to 5 years | More than 5 years | Total |
| Other bank balances (other than earmarked balances) | 27,251.89 | - | - | 27,251.89 |
| Loans | 77.90 | 1,741.56 | - | 1,819.46 |
| Others financial assets | 686.07 | - | - | 686.07 |
| Total | 72,890.31 | 84,549.21 | - | 1,57,439.52 |

As at 31st March, 2019

| (₹ in Lakhs) | | | | |
|---|---------------------|---------------------|-------------------|--------------------|
| Particulars | Less than 12 months | 12months to 5 years | More than 5 years | Total |
| Financial Liabilities | | | | |
| Borrowings (Current) | 66,636.47 | - | - | 66,636.47 |
| Trade payables | 38,006.90 | - | - | 38,006.90 |
| Lease liabilities | 4.95 | 15.69 | 21.87 | 42.51 |
| Other financial liabilities | 13,016.29 | - | - | 13,016.29 |
| Total | 1,17,664.61 | 15.69 | 21.87 | 1,17,702.17 |
| Financial Assets | | | | |
| Investments (other than investment in associates) | 10,823.99 | 60,954.02 | - | 71,778.00 |
| Trade receivables | 1,18,688.94 | - | - | 1,18,688.94 |
| Cash and cash equivalents | 2,915.91 | - | - | 2,915.91 |
| Other bank balances (other than earmarked balances) | 34,640.00 | - | - | 34,640.00 |
| Loans | 62.01 | 1,118.56 | - | 1,180.57 |
| Others financial assets | 465.79 | - | - | 465.79 |
| Total | 1,67,596.64 | 62,072.58 | - | 2,29,669.22 |

Note 49 : Carrying Amount Of Pledged Assets

| (₹ in Lakhs) | | |
|--|------------------------|------------------------|
| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
| First Charge | | |
| Current Assets | | |
| (a) Trade receivables | 39,940.82 | 1,18,688.94 |
| (b) Inventories | 1,00,513.85 | 1,30,838.65 |
| Total (A) | 1,40,454.67 | 2,49,527.59 |
| Secondary Charge | | |
| Property, Plant & Equipment | | |
| Total (B) | 83,880.78 | 78,317.19 |
| Total (A+B) | 2,24,335.45 | 3,27,844.78 |

Note 50 : Disclosure under Ind AS 115 " Revenue from Contracts with Customers"

Ministry of Corporate affairs had notified Ind AS 115 'Revenue from Contracts with customers' which is effective from 1st April, 2018. The new standard outlines a single comprehensive control based model for revenue recognition and supersedes current revenue recognition guidance based on risk and rewards. The Company had assessed the impact on the financial statement of adopting IND-AS 115 and it is not expected to have a impact on the Company's profitability, liquidity and capital resources as financial position. The Company had not applied any significant judgements in applying the revenue recognition criteria. The introduction of the standard have extended the disclosure requirements and are given below:-

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(i) Disaggregation of revenue from contracts with customers

The table below presents disaggregated revenues from contracts with customers offerings and contract-type. (₹ in Lakhs)

| Particulars | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|------------------------|------------------------------------|------------------------------------|
| Type of Product | | |
| - Graphite Electrode | 1,99,197.76 | 6,28,323.12 |
| - Mix Graphite Product | 9,213.59 | 14,588.26 |
| - Power | 1,777.16 | 720.22 |
| Total | 2,10,188.51 | 6,43,631.60 |

Total Revenue from contracts with customers

| (₹ in Lakhs) | | |
|--|------------------------------------|------------------------------------|
| Particulars | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
| Revenue from customers based in india | 46,702.97 | 1,52,278.30 |
| Revenue from customers based outside india | 1,63,485.55 | 4,91,353.30 |
| Total | 2,10,188.51 | 6,43,631.60 |

Timing of Revenue Recognition

| (₹ in Lakhs) | | |
|--|------------------------------------|------------------------------------|
| Particulars | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
| Revenue from goods transferred to customers at a point in time | 2,10,188.51 | 6,43,631.60 |
| Revenue from goods transferred to customers over time | - | - |
| Total | 2,10,188.51 | 6,43,631.60 |

| (₹ in Lakhs) | | |
|--|------------------------------------|------------------------------------|
| Export benefits are in the nature of government grants covering following benefits | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
| (a) Merchandise Exports from India Scheme(MEIS) | 2,567.72 | 9,574.36 |
| (b) Duty drawback benefits | 805.63 | 5,741.73 |
| Total | 3,373.35 | 15,316.09 |

(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.

The revenue recognised during the year ended 31st March, 2020 includes revenue against advances from customers amounting to ₹74.86 lakhs (Previous Year- ₹1,460.95 lakhs) at the beginning of the year.

The revenue of ₹ Nil has been recognised during the year ended 31st March, 2020 (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. (₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|------------------------|------------------------|
| The aggregate value of performance obligations that are completely or partially unsatisfied | NIL | NIL |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 51 : Reconciliation of Cash flow from financing Activities

(Changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes) (₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | | For the year ended 31st March, 2019 | |
|---|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| | Borrowings (Current) | Borrowings (Non-Current) | Borrowings (Current) | Borrowings (Non-Current) |
| Opening balance of financial liabilities coming under the financing activities of Cash Flow Statement | 66,636.47 | - | 29,745.49 | - |
| Changes during the year | | | | |
| a) Changes from financing cash flow | (7,403.93) | - | 36,890.98 | - |
| b) the effect of changes in foreign exchanges rates-(gain)/loss | 29.18 | - | - | - |
| c) Changes in fair value | - | - | - | - |
| d) Other changes | - | - | - | - |
| Closing balance of financial liabilities coming under the financing activities of Cash Flow Statement | 59,261.72 | - | 66,636.47 | - |

Note 52: Details of Research and Development expenditure

| Particulars | (₹ in Lakhs) | |
|-------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| a) Capital | - | - |
| b) Revenue | 169.89 | 187.16 |

Note 53: There has been a Supreme Court (SC) judgement dated 28th February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the judgement including the effective date of application. In view of the management, the liability for the period from date of the SC order to 31st March, 2019 is not significant and has been provided in the books of accounts. During the current year ended 31st March, 2020, the group has incorporated the effect of changes in the books of accounts. The group will continue to assess any further developments in this matter for the implications on financial statements, if any. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, was not ascertainable and consequently no effect was given in the accounts.

Note 54

Previous year figures have been reclassified, wherever necessary.

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

Place : Ludhiana

Dated: 17th June, 2020

Ravi Jhunjhunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjhunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Independent Auditors' Report

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 Company'), and its associates, which comprise the Consolidated Balance Sheet as at 31st March, 2020, 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 for the year then ended and notes to 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 aforesaid 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 Company and its associates as at 31st March, 2020, 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 Company 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 judgment were of most significance in our audit of the Consolidated Financial Statements for the year ended 31st March, 2020. 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 matters | Auditor's Response |
|--------|--|--|
| 1. | <p>Valuation of inventory of the Company as at the year ended 31st March, 2020</p> <p>The inventory of finished goods and work-in-progress is valued at the lower of cost and net realizable value in accordance with applicable accounting standard. Further, when a decline in the price of raw materials indicates that the cost of the finished products exceeds net realisable value, the raw material is written down to net realisable value.</p> <p>On account of sharp fall in the prices of finished goods and raw material necessitating the write down of inventory to net realizable value, the relative size of balance in the financial statements and significant judgements and assumptions involved in determination of net realizable value, we have considered inventory valuation as a key audit matter.</p> | <p>Our audit procedures involved the following:</p> <ul style="list-style-type: none"> • Reviewing the accounting policy followed for valuation of inventory and appropriateness thereof with respect to relevant accounting standards in this respect. • Understanding and testing the design and operating effectiveness of controls as established by the management in determination of cost and net realizable value of inventory. • Obtaining an understanding of determination of cost as well as net realizable value and assessing, testing and evaluating the reasonableness keeping in view the significant judgements applied by the management for such valuation. • Reviewing of the selling price of finished goods and replacement cost of raw material prevailing at the year end and in subsequent period. |
| 2. | <p>Assessment of Provisions and Contingent liabilities of the 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 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 judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ 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. |

Matters reported in the Auditor's report of an Associate of the Company are being reproduced hereunder:

(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 a subsidiary of Bhilwara Energy Limited, an associate of the Company, reported in the Auditor's Report on consolidated financial statements of the associate which is being reproduced hereunder:

In case of Chango Yangthang Hydro Power Limited, a subsidiary of the associate

In "Chango Yangthang Hydro Power Limited" the Board of Directors 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 previous year amounting to ₹2,713.18 lakhs. 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 Report on consolidated financial Statements of Bhilwara Energy Limited, an associate of the Company, which are being reproduced hereunder:

(i) In case of Chango Yangthang Hydro Power Limited, a subsidiary of the associate

The Company has surrendered Chango Yangthang HEP (180MW) project in Himachal Pradesh and asked for the refund of Upfront premium of ₹3,789.45 lakhs and security deposit of ₹180 lakhs 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 ChangoYangthang 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 ChangoYangthang 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 Loans- Security Deposit respectively.

We also draw attention to note no.55 (a) to the consolidated financial statements in this regard.

(ii) In NJC Hydro Power Limited, a subsidiary of the associate

There is uncertainty relating to the effects of outcome of petition filed by the Company with Hon'ble Guwahati High Court and Hon'ble Supreme Court challenging the instant notice issued by Government of Arunachal Pradesh (GoAP) for termination of the Project and invoking its right to take over the project on "AS IS WHERE IS BASIS" and allotting the same to third party. The Company's prayer is for seeking refund of upfront premium as per provisions of MoA, in view of the WII report recommending no construction of Nyamjnag Chhu HEP at site.

We also draw attention to note no.55(b) to the consolidated financial statements in this regard.

(iii) In BG Wind Power Limited, a subsidiary of the associate

In case of BG Wind Power Limited, the Power Purchase Agreement (PPA) with DISCOM has expired on 31st March, 2019. BG Wind Power Limited, Subsidiary is pursuing for Power Purchase Agreement (PPA) with DISCOM @ ₹3.14 per Kwh as per RERC third amendment regulation dated 5th March 2019 for the entire duration of the project. The Discom has yet not renewed the PPA. The Company has continued to recognise Revenue from Sale of Power of ₹367.76 lakhs and Generation Based Incentive (GBI) of ₹59.12 lakhs and shown under Unbilled Revenue as the management of the Company believes that PPA will be signed. The Company has filed the writ petition with Rajasthan High Court, Jaipur in this regard and the matter is still undecided as hearing is continued.

We also draw attention to note no.55 (c) to the consolidated financial statements in this regard.

(iv) In Malana Power Company Limited, 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.55 (d) to the consolidated financial statements in this regard.

(v) In AD Hydro Power Limited, a subsidiary of the associate

There is uncertainty relating to the effects of outcome of litigation with parties using the transmission line.

We also draw attention to note no. 55(e) to 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 on the consolidated financial statements is not modified in respect of these matters.

Other Matters

(i) The consolidated financial statements include the Company's share of net profit of ₹1,425.81 lakhs and total comprehensive income of ₹1,415.23 lakhs for the year ended 31st March, 2020 as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and 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, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.

(ii) Due to the COVID-19 related lockdown, we were unable to observe the year-end physical verification of inventory conducted by the management of the Company. We have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence- Specific considerations for selected items", which includes inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the management throughout the year, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the consolidated financial statements.

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 matters.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance report of the Company (but does not include the Consolidated financial statements and our auditor's report thereon), which we obtained at the time of issue of this auditors' report, and the Directors' Report of the Company including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Director's report including annexures, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Company's management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Company including

its associates in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The Board of Directors of the Company 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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 Company.

In preparing the consolidated financial statements, the management of the Company and of its associates are responsible for assessing the ability of the Company and of its associates 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 and of its associates or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and of its associates are also responsible for overseeing the financial reporting process of the Company and its associates.

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 judgment 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 associate Companies which are incorporated in India, 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 ability of Company 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 Company 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 Company 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the 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 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 aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of aforesaid 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 aforesaid 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 31st March, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its associate companies incorporated in India, none of the Directors of the Company and its associate companies incorporated in India is disqualified as on 31st March, 2020 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 A"; which is based on the Auditor's Reports

of the Company and its associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of the Company and its associates.

- g) 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 according to the information and explanations given to us and examination of records, the Company has paid/provided managerial remuneration of ₹240.54 lakhs to its Chairman, Managing Director & CEO during the year which exceeds by ₹87.57 lakhs vis-a-vis limits specified under section 197 of the Act read with Schedule V thereto on account of inadequacy of profits computed under Section 198 of the Act. The Company has represented to us that it is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders, as necessary and the said excess remuneration paid/provided is held in trust for the Company by the said Director till the necessary compliance is made. Refer footnote to note 39 of the financial statements.

- h) 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 Company and its associates. Refer Note 38 to the consolidated financial statements.
- ii. The Company 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 Company and its associate companies incorporated in India.

For **SCV & Co. LLP**
Chartered Accountants
Firm Reg. No: 000235N/N500089

Sanjiv Mohan
Partner

Place: Ludhiana
Dated: 17th June, 2020

Membership No.: 086066
UDIN: 20086066AAAAFD4528

Annexure – “A” to the Independent Auditors’ Report

(Referred to in paragraph 1(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”) and its associate companies incorporated in India as of 31st March 2020 in conjunction with our audit of consolidated financial statements of Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The management of the Company and its associates incorporated in India, 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 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”) 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. 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 judgment, 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 system over financial reporting of the Company and its associates, which are incorporated in India.

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, 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 Company and its associate companies incorporated in India, 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 31 March 2020, 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 Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to separate financial statements of two associate companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **SCV & Co. LLP**
Chartered Accountants
Firm Reg. No: 000235N/N500089

Sanjiv Mohan

Partner

Place: Ludhiana
Dated: 17th June, 2020

Membership No.: 086066
UDIN: 20086066AAAAFD4528

Consolidated Balance Sheet as at 31st March, 2020

(₹ in Lakhs)

| Particulars | Note No. | As at 31st March, 2020 | As at 31st March, 2019 |
|--|----------|------------------------|------------------------|
| ASSETS | | | |
| (1) Non-current assets | | | |
| a) Property, plant and equipment | 4 | 73,357.94 | 78,448.45 |
| b) Capital work-in-progress | 5 | 10,060.75 | 1,857.51 |
| c) Right of use asset | 6 | 739.51 | - |
| d) Investment property | 7 | 337.33 | 354.14 |
| e) Other intangible assets | 8 | 30.05 | 35.22 |
| f) Financial assets | | | |
| (i) Investments in associate companies | 9A | 40,014.48 | 22,394.63 |
| (ii) Other investments | 9B | 82,807.65 | 60,954.02 |
| (iii) Loans | 11 | 1,741.56 | 1,118.56 |
| g) Income tax assets (net) | 25 | 14,393.15 | 3,995.09 |
| h) Other non-current assets | 13 | 14,464.98 | 1,727.04 |
| Total non-current assets | | 2,37,947.40 | 1,70,884.66 |
| (2) Current assets | | | |
| (a) Inventories | 14 | 1,00,513.85 | 1,30,838.65 |
| (b) Financial assets | | | |
| (i) Investments | 9 | 1,653.30 | 10,823.99 |
| (ii) Trade receivables | 10 | 39,940.82 | 1,18,688.94 |
| (iii) Cash and cash equivalents | 15 | 3,280.33 | 2,915.91 |
| (iv) Bank balances other than (iii) above | 16 | 40,448.07 | 52,816.50 |
| (v) Loans | 11 | 77.90 | 62.01 |
| (vi) Other financial assets | 12 | 686.07 | 538.19 |
| (c) Other current assets | 13 | 19,287.46 | 26,866.96 |
| Total current assets | | 2,05,887.80 | 3,43,551.15 |
| Total assets | | 4,43,835.19 | 5,14,435.81 |
| EQUITY and LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 17 | 3,859.59 | 3,859.59 |
| (b) Other equity | 18 | 3,47,312.32 | 3,75,509.02 |
| Total equity | | 3,51,171.91 | 3,79,368.61 |
| Liabilities | | | |
| (1) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | - | - |
| (ii) Lease Liabilities | 21A | 114.38 | 41.31 |
| (iii) Other financial liabilities | 21B | - | - |
| (b) Provisions | 22 | 391.34 | 387.08 |
| (c) Deferred tax liabilities (net) | 23 | 10,205.13 | 12,612.65 |
| (d) Other non-current liabilities | 24 | 301.21 | 239.59 |
| Total Non-current liabilities | | 11,012.06 | 13,280.63 |
| (2) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 59,261.72 | 66,636.47 |
| (ii) Trade payable | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises | 20 | 658.05 | 398.82 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 20 | 12,722.65 | 37,608.08 |
| (iii) Lease liabilities | 21A | 49.78 | 1.20 |
| (iv) Other financial liabilities | 21B | 6,521.94 | 13,016.29 |
| (b) Other current liabilities | 24 | 1,254.73 | 1,605.03 |
| (c) Provisions | 22 | 636.17 | 1,977.91 |
| (d) Current tax liabilities (net) | 25 | 546.18 | 542.77 |
| Total current liabilities | | 81,651.22 | 1,21,786.58 |
| Total equity and liabilities | | 4,43,835.19 | 5,14,435.81 |

See accompanying notes to the standalone financial statements

As per our report of even date

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Consolidated Statement of Profit and Loss for the year ended 31st March, 2020 (₹ in Lakhs)

| Particulars | Note No. | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|----------|-------------------------------------|-------------------------------------|
| I. Revenue from operations | 26 | 2,14,902.47 | 6,59,282.52 |
| II. Other income | 27 | 14,375.68 | 10,919.18 |
| III. Total income (I + II) | | 2,29,278.15 | 6,70,201.70 |
| IV. Expenses: | | | |
| Cost of materials consumed | 28 | 1,55,813.14 | 1,61,183.97 |
| Purchases of stock-in-trade | | - | - |
| Changes in inventories of finished goods work-in-progress and stock-in-trade | 29 | 6,294.52 | (49,705.69) |
| Employee benefits expense | 30 | 6,560.47 | 19,756.62 |
| Finance costs | 31 | 3,651.17 | 1,796.90 |
| Depreciation and amortization expense | 32 | 7,213.16 | 7,239.20 |
| Other expenses | 33 | 46,816.99 | 62,222.82 |
| Total expenses (IV) | | 2,26,349.45 | 2,02,493.82 |
| V. Profit before tax (III - IV) | | 2,928.70 | 4,67,707.88 |
| VI. Tax expense: | | | |
| (1) Current tax | | | |
| - Current tax | 34 | - | 1,62,032.53 |
| - Current tax adjustment related to earlier years | 34 | (18.55) | (97.89) |
| (2) Deferred tax | 34 | (2,389.90) | 730.18 |
| VII. Share of profit/(loss) of associates | | 1,425.81 | (2,427.40) |
| VIII. Profit for the year (V-VI+VII) | | 6,762.96 | 3,02,615.66 |
| IX. Other comprehensive income | | | |
| A (i) Items that will not be reclassified to profit or loss | 35 | (70.00) | (98.25) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 34 | 17.62 | 34.33 |
| B (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| X. Other comprehensive income of Associates | | (10.58) | 5.49 |
| XI. Total Comprehensive Income for the year (VIII+IX+X) (comprising profit and other comprehensive income for the year) | | 6,700.00 | 3,02,557.23 |
| Earnings per equity share: | | | |
| (1) Basic (₹) | 36 | 17.52 | 757.53 |
| (2) Diluted (₹) | 36 | 17.52 | 757.53 |

See accompanying notes to the standalone financial statements

As per our report of even date

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

A) Equity Share Capital

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| Balance at the beginning of reporting period | 3,859.59 | 3,995.95 |
| BuyBack of shares during the year | - | (136.36) |
| Balance at the end of reporting period | 3,859.59 | 3,859.59 |

B) Other Equity

| Particulars | Reserves and Surplus | | | | | Other Comprehensive Income Remeasurement of Defined benefit obligations | Total |
|---|----------------------|--------------------|----------------------------|------------------|-------------------|---|-----------------|
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | General Reserves | Retained Earnings | | |
| Balance at the beginning of reporting period i.e. 1st April, 2019 | 10,726.49 | - | 2,029.93 | - | 3,62,729.69 | 22.91 | 3,75,509.02 |
| Profit for the year | | | | | 6,762.96 | | 6,762.96 |
| Other comprehensive income for the year | | | | | | (62.96) | (62.96) |
| Total comprehensive income for the year | - | - | - | - | 6,762.96 | (62.96) | 6,700.00 |
| Payment of dividend | | | | | (28,946.63) | | (28,946.63) |
| Payment of dividend distribution tax | | | | | (5,950.06) | | (5,950.06) |
| Balance at the end of reporting period i.e. 31st March, 2020 | 10,726.49 | - | 2,029.93 | - | 3,34,595.95 | (40.05) | 3,47,312.32 |

| Particulars | Reserves and Surplus | | | | | Other Comprehensive Income Remeasurement of Defined benefit obligations | Total |
|--|----------------------|--------------------|---|------------------|--------------------|---|--------------------|
| | Capital Reserve | Securities Premium | Other Reserves (Capital Redemption Reserve) | General Reserves | Retained Earnings | | |
| Balance at the beginning of reporting period i.e. 1st April, 2018 | 10,726.49 | 1,269.61 | 1,893.57 | 39,823.38 | 1,32,962.00 | 81.34 | 1,86,756.45 |
| Profit for the year | | | | | 3,02,615.66 | | 3,02,615.66 |
| Other comprehensive income for the year | | | | | | (58.43) | (58.43) |
| Total comprehensive income for the year | - | - | - | - | 3,02,615.66 | (58.43) | 3,02,557.23 |
| Payment of dividend | | | | | (31,967.31) | | (31,967.31) |
| Payment of dividend distribution tax | | | | | (6,570.92) | | (6,570.92) |
| Transfer to/from retained earnings on account of buyback of shares | | | 136.36 | | (136.36) | | - |
| Buy back of equity shares (Refer note:17(e)) | | (1,269.61) | | (39,823.38) | (33,770.63) | | (74,863.61) |
| Less: Buy back expenses (net of income tax benefit) | | | | | (402.75) | | (402.75) |
| Balance at the end of reporting period i.e. 31st March, 2019 | 10,726.49 | - | 2,029.93 | - | 3,62,729.69 | 22.91 | 3,75,509.02 |

See accompanying notes to the standalone financial statements

As per our report of even date

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjhunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjhunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Consolidated Cash Flow Statement for the year ended 31st March, 2020

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|-------------------------------------|-------------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 2,928.70 | 4,67,707.88 |
| Adjustment for non operating and non cash transactions | | |
| Depreciation and amortisation expense | 7,213.16 | 7,239.20 |
| Interest paid | 3,651.17 | 1,796.90 |
| Net(profit)/loss on property plant and equipment sold / discarded | 87.87 | 335.49 |
| Allowances for expected credit losses | (325.89) | 534.52 |
| Unrealized (gain)/loss due to effect of exchange rate changes in assets and liabilities | (2,587.89) | (2,546.82) |
| Bad debts | 78.92 | 22.30 |
| Gain on sale/fair valuation of investments | (7,325.25) | (5,148.84) |
| Dividend received | (124.67) | - |
| Interest received | (3,591.99) | (4,974.75) |
| Adjustments for changes in working capital | | |
| (Increase)/decrease in trade receivables | 81,819.63 | (19,424.34) |
| (Increase)/decrease in inventories | 30,324.80 | (79,695.10) |
| (Increase)/decrease in loans, financial and other assets | 19,203.38 | (68,937.11) |
| Increase/(decrease) in liabilities and provisions | (34,598.24) | 14,578.80 |
| Cash generated from operations | 96,753.66 | 3,11,488.13 |
| Income tax paid (net) | 10,376.10 | 1,62,664.83 |
| Net Cash generated from operating activities (A) | 86,377.56 | 1,48,823.30 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payment for property plant and equipments (including capital work-in-progress) | (11,124.24) | (4,878.82) |
| Proceeds from sale of property plant and equipments | 124.58 | 106.99 |
| (Increase)/decrease in advances for capital expenditure | (12,559.84) | (1,140.28) |
| Increase/(decrease) in creditors for capital expenditure | 1,574.05 | 369.58 |
| Payment for purchase of investments (including acquisition of shares in Bhilwara Energy Limited for ₹16,204.62 lakhs (previous year - Nil)) | (109,200.84) | (66,629.17) |
| Proceeds from sale of investments | 87,638.53 | - |
| Dividend received | 124.67 | - |
| Interest received | 3,371.71 | 4,594.00 |
| Net cash from/(used in) investing activities (B) | (40,051.38) | (67,577.69) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of working capital borrowings (on net basis) (also refer note no. 51) | (7,403.93) | 36,890.98 |
| Interest paid (including interest on lease liability) | (3,651.17) | (1,796.90) |
| Payment of lease liability | (9.95) | - |
| Dividend paid | (28,946.63) | (31,967.31) |
| Dividend distribution tax paid | (5,950.06) | (6,570.92) |
| Buyback of equity share capital | - | (75,402.72) |
| Net cash from/(used in) financing activities (C) | (45,961.76) | (78,846.87) |
| NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 364.42 | 2,398.73 |
| Cash and cash equivalents at the beginning of the period | 2,915.91 | 517.18 |
| Cash and cash equivalents at the end of the period | 3,280.33 | 2,915.91 |
| 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

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjhunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjhunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

1. Corporate Information

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

These consolidated Ind AS financial statements were authorized for issue by the Company's Board of directors in their meeting held on 17th June, 2020.

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 (the 'Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and relevant provisions of the act.

2.2 Basis of Preparation and Presentation

(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.

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 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.

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) The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April, 2019

- Ind AS 116, "Leases"
- Adoption of Ind AS 116 did not have any significant impact on the profits of current year.

The policies have been consistently applied to all the years presented unless otherwise stated.

(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 Basis of consolidation

The consolidated financial statements relate to the Company and its associates. An associate is an entity over which the Company 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. The consolidated financial statements have been prepared on the following basis:-

- a. 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 Company'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, 2020

- b. When there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of interest in the associate.

- c. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

The aggregate of Company's share of profit or loss of an associate is shown on the face of the Statement of Profit and Loss.

2.4 Significant Accounting Policies

(i) Revenue Recognition

Effective 1st April, 2018, the Company adopted Ind AS 115 'Revenue from Contracts with Customers'. First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 is insignificant.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, rebates, goods & services tax and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities, as described below.

(a) Sale of products

The Company derives revenue primarily from sale of Graphite Electrodes.

Revenue from contracts with customers is recognised as and when the Company satisfies performance obligation by transfer of control of goods at an amount that reflects the consideration entitled in exchange for those goods.

Generally control is transferred upon shipment of goods to the customer or when the goods is made

available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risk of ownership or future obligations with respect to the goods shipped.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods to a customer as specified in the contract, excluding amount collected on behalf of third parties (for example taxes and duties collected on the behalf of government). Consideration is generally due upon satisfaction of performance obligation and receivable is recognized when it becomes unconditional.

The Company does not adjust short term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised goods will be transferred to the customer within a period of one year.

(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) Other Income

(i) Revenue in respect of export incentives is accounted on post export basis when no significant uncertainty exists with regard to the ultimate collection thereof.

(ii) 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.

(iii) Revenue in respect of interest from customers is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

(iv) Interest income from financial assets is recognised when it is probable that economic benefit will flow to the Company and the amount can be measured reliably and is recognised using effective interest rate by reference to the principal amount outstanding and at effective interest rate.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

- (v) Dividend income is recognized when the right to receive payment is established and the amount of dividend can be measured reliably.
- (vi) Revenue in respect of 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 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

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical 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 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 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1st April, 2015 measured as per previous GAAP and use that carrying value as its deemed cost of the property, plant and equipment.

(iv) Investment property

Investment Properties comprises freehold land and building 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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or 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 measured on initial recognition at cost. Intangible assets are stated at cost less accumulated amortization and impairment, if any.

The cost and related accumulated amortization are eliminated from financial statement upon disposal or retirement of the assets and the resulted gain or losses are recognized in the Statement of Profit and Loss.

Gains 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 Statement of Profit and Loss when the asset is derecognized.

On transition to Ind AS, the Company has elected to continue with the carrying value of all intangible asset recognized as at 1st April, 2015, measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

(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:

| Sl. No. | Description of Asset | Rate of Depreciation (%) | Useful Life (Approx) |
|---------|--|--------------------------|----------------------|
| 1 | Factory building | 3.02 | 33 |
| 2 | Non factory building | 3.02 | 33 |
| 3 | Plant and machinery | | |
| | i) Dams, spillways weirs, canals, reinforced concrete flumes and symphons | 1.95 | 51 |
| | ii) Hydraulic control valves and other hydraulic works | 3.40 | 30 |
| | iii) Transformers having a rating of 100 KVA and over | 7.81 | 13 |
| 4 | Electrical installation | | |
| | i) Batteries | 33.40 | 3 |
| | ii) Lines on fabricated steel operating at normal voltages higher than 66 kv | 5.27 | 19 |
| | iii) Residual | 7.84 | 13 |
| 5 | Furniture and fixtures | 12.77 | 8 |
| 6 | Office equipment and other assets | 12.77 | 8 |
| 7 | Vehicles | 33.40 | 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:

| Assets description | Useful Life |
|---|---------------|
| Building | 20 - 60 Years |
| Plant and machinery | 1-24 Years |
| Railway siding | 9 Years |
| Office equipment (includes computers and data processing units) | 5-20 Years |
| Electrical installation | 5-20 Years |
| Furniture and fixtures | 15 Years |
| Vehicle | 5-10 Years |

- (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 generally has a useful life of 58 years. Useful life has been determined

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

as prescribed in Schedule II to the Companies Act, 2013.

(vii) Amortization

Intangible Assets

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 are as under

| Assets description | 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 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 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.

(ix) Foreign Exchange Translation

Transactions in currencies other than the entity'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 translated at the rates prevailing at that date. Exchange differences arising on the settlement of monetary items or on translating 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 profit or 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 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"

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

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), trustees administers the contributions made to the Trust and contribution are invested in a scheme with Life Corporation of India as permitted by Indian Law.

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

Expense in respect of short term benefits including non-accumulated absences is recognized on the basis of the amount paid or payable 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.

(xi) Leases

A. Policy applicable before 1st April, 2019

The Company as a lessee

- (i) Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.
- (ii) Leases in which a significant portion of risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

Payments made under operating leases are recognised to the Statement of Profit and Loss on straight line basis over the period of the lease unless the payments are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The Company as a lessor

Lease income from operating leases is recognized on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

B. Policy applicable after 1st April, 2019

The Company has adopted Ind AS 116 effective from 1st April, 2019 using modified retrospective approach. The adoption of this standard does not have any significant impact on the profit and earning per share of the current period.

The 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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

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 leases for which underlying asset is of low value. For these short-term and leases for which underlying asset is of low value, the Company recognizes the lease payments as an operating expense on a straight-line 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.

The 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 a straight line basis over the term of the relevant lease.

(xii) Segment Reporting

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(xiii) Income Tax

Income Tax expense comprises of current and net change in deferred tax assets and/ liabilities during the year.

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 Statement of Profit and Loss except to the extent that it relates to the items recognized directly in equity and other comprehensive income.

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

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received.

Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

(xv) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of items of property, plant and equipment 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 Statement of Profit and Loss in the period in which they are incurred.

(xvi) Provisions and Contingent Liabilities

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 are 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 financial statements since this may result in the recognition of income that may never be accrued/ realised.

(xvii) Earnings Per Share

Basic earnings per equity share is computed by dividing the profit or loss for the period attributable

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

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

(i) Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition except for trade receivable which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Transaction cost directly attributable to the acquisition of financial assets and financial liabilities at value through profit or loss are recognised immediately in profit or loss.

(ii) Subsequent measurement

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

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.

(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.

The Company can make an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. These elected investments are initially measured at fair value plus transaction cost, subsequently in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income and accumulated in reserve for equity instruments through other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investment.

(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.

(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 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.

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

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.

C. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and buy back of equity shares and share options are recognized as a deduction from equity, net of any tax effects.

(iii) Impairment of Financial Assets

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

(iv) Derecognition

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

- (i) The contractual right to receive cash flows from the financial assets expire, or
- (ii) 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.

A financial liability (or, a part of financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

(v) Reclassification of financial assets

The Company determines classification of financial

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

(xix) Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) – 7 “Statement of Cash flows” using the indirect method for operating activities.

(xx) Cash and cash equivalents

The cash and cash equivalent in the balance sheet comprise cash at banks and in 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 dividend on shares is 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.

2.5 Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described as stated above, the Management of

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

the Company is 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 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

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.

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. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 47.

Recognition of deferred tax assets

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in financial statement.

Estimation of uncertainties relating to the global health pandemic from COVID-19

World Health Organisation (WHO) declared outbreak of coronavirus disease (COVID-19) a global pandemic on 11th March, 2020 consequent to this, government of India declared lockdown on 23rd March, 2020 and the Company temporarily suspended the operations of the Company in compliance with the lockdown instructions issued by central and state governments. COVID-19 has impacted the normal business operations of the Company by way of interruption of production, supply chain disruptions, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period which has been extended till May 17, 2020. However, production and supply of goods has commenced during the month of April 2020.

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory, trade receivables and other financial assets. Based on current indicators of future economic conditions, the Company

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

expects to recover the carrying amount of these assets. The Company has concluded that the impact of COVID-19 is not material on long term basis based on aforesaid assessment. Due to nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in near future period. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

2.6 Recent Amendments in Ind AS

Ministry of corporate affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which would be applicable w.e.f. 1st April, 2020.

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 Company'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 Company'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 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 Consolidated Financial Statements for the year ended 31st March, 2020

Note 4 : Property, plant and equipment

| Particulars | (₹ in Lakhs) | |
|--|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Carrying amount of | | |
| Freehold land | 317.81 | 317.81 |
| Leasehold land | - | 633.69 |
| Buildings | 11,681.31 | 11,763.77 |
| Plant and equipment | 58,589.26 | 63,022.43 |
| Furniture and fixtures | 139.12 | 126.75 |
| Vehicles | 743.19 | 630.07 |
| Office equipment | 246.64 | 243.36 |
| Electrical installation | 1,163.46 | 1,191.79 |
| Railway sidings | 477.15 | 518.79 |
| Total property, plant and equipment | 73,357.94 | 78,448.45 |

Note 4 : Property, plant and equipment (contd.)

| | Land | | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Electrical Installation | Railway Sidings | Total |
|--|----------|-----------|-----------|---------------------|------------------------|----------|------------------|-------------------------|-----------------|-------------|
| | Freehold | Leasehold | | | | | | | | |
| Gross carrying amount as at 1st April, 2018 | 302.88 | 855.09 | 25,607.78 | 1,33,256.02 | 556.13 | 1,033.95 | 1,143.90 | 3,171.77 | 921.69 | 1,66,849.21 |
| Additions | - | - | 118.93 | 2,577.32 | 23.58 | 338.51 | 49.25 | 66.71 | - | 3,174.29 |
| Disposals/deletions | - | - | (118.63) | (929.81) | (6.48) | (278.83) | (27.53) | (24.45) | - | (1,385.73) |
| Adjustments | 14.93 | (14.93) | - | - | - | - | - | - | - | - |
| Gross carrying amount as at 31st March, 2019 (A) | 317.81 | 840.16 | 25,608.08 | 1,34,903.53 | 573.23 | 1,093.63 | 1,165.62 | 3,214.03 | 921.69 | 1,68,637.77 |
| Additions | - | - | 863.51 | 1,374.79 | 39.38 | 393.55 | 89.64 | 156.04 | - | 2,916.91 |
| Disposals/deletions | - | - | (51.77) | (432.13) | (14.82) | (217.91) | (130.92) | (24.72) | - | (872.27) |
| Adjustments | - | - | - | - | - | - | - | - | - | - |
| Amount reclassified to Right of use asset under Note-7 (As per Ind-AS 116) | - | (840.16) | - | - | - | - | - | - | - | (840.16) |
| Gross Carrying amount as at 31st March, 2020 (B) | 317.81 | - | 26,419.82 | 1,35,846.19 | 597.78 | 1,269.27 | 1,124.34 | 3,345.35 | 921.69 | 1,69,842.25 |
| Accumulated depreciation as at 1st April, 2018 | - | 190.90 | 12,920.82 | 66,801.77 | 431.62 | 509.87 | 857.77 | 1,845.03 | 361.31 | 83,919.12 |
| Depreciation for the year | - | 15.57 | 1,016.55 | 5,673.50 | 19.06 | 167.53 | 89.64 | 190.00 | 41.59 | 7,213.44 |
| Disposals/deletions | - | - | (93.06) | (594.18) | (4.21) | (213.84) | (25.15) | (12.80) | - | (943.24) |
| Accumulated depreciation as at 31st March, 2019 (C) | - | 206.47 | 13,844.31 | 71,881.10 | 446.48 | 463.56 | 922.26 | 2,022.24 | 402.90 | 90,189.32 |
| Depreciation for the year | - | - | 937.71 | 5,707.14 | 21.04 | 205.98 | 75.37 | 172.40 | 41.64 | 7,161.28 |
| Disposals/deletions | - | (206.47) | (43.51) | (331.31) | (8.86) | (143.46) | (119.93) | (12.75) | - | (659.82) |
| Amount reclassified to Right of use asset under Note-7 (As per Ind-AS 116) | - | - | - | - | - | - | - | - | - | (206.47) |
| Accumulated depreciation as at 31st March, 2020 (D) | - | (0.00) | 14,738.51 | 77,256.93 | 458.66 | 526.08 | 877.70 | 2,181.89 | 444.54 | 96,484.31 |
| Net carrying amount as at 31st March, 2019 (A)-(C) | 317.81 | 633.69 | 11,763.77 | 63,022.43 | 126.75 | 630.07 | 243.36 | 1,191.79 | 518.79 | 78,448.45 |
| Net carrying amount as at 31st March, 2020 (B)-(D) | 317.81 | 0.00 | 11,681.31 | 58,589.26 | 139.12 | 743.19 | 246.64 | 1,163.46 | 477.15 | 73,357.94 |

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

b) Property, plant & equipment pledged as security

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

c) The borrowing cost capitalized during the year is NIL (Previous year NIL)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 5 : Capital Work In Progress

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Plant and equipment under erection/installation (including project and pre-operative expense) (also refer Note - 44) | 10,060.75 | 1,857.51 |

Capital work in progress includes capital goods lying at stores ₹621.41 lakhs (Previous year ₹17.69 lakhs).
For details on capital commitments refer Note - 38(2)

Note 6 : Right of Use Asset

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------------|---------------------------|---------------------------|
| Carrying amount of | | |
| Land | 618.10 | - |
| Building | 121.41 | - |
| Total | 739.51 | - |

| Particulars | Land | Building | Total |
|---|---------------|---------------|---------------|
| Gross carrying amount as at 1st April, 2019 | - | - | - |
| Amount reclassified from property, plant & equipment under Note-4 (As per Ind-AS 116) | 840.16 | - | 840.16 |
| Additions | - | 131.62 | 131.62 |
| Disposals/deletions | - | - | - |
| Adjustments | - | - | - |
| Gross carrying amount as at 31st March, 2020 (A) | 840.16 | 131.62 | 971.78 |
| Accumulated depreciation as at 1st April, 2019 | - | - | - |
| Amount reclassified from property, plant & equipment under Note-4 (As per Ind-AS 116) | 206.47 | - | 206.47 |
| Depreciation for the year | 15.59 | 10.21 | 25.80 |
| Disposals/deletions | - | - | - |
| Accumulated depreciation as at 31st March, 2020 (B) | 222.06 | 10.21 | 232.27 |
| Net carrying amount as at 31st March, 2020 (A)-(B) | 618.10 | 121.41 | 739.51 |

Notes

(i) Transition as per Ind AS 116

Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" applied to all lease contracts existing on 1st April, 2019 using the modified retrospective method along with the transition option to recognise Right-of-use asset (ROU) at an amount equal to the lease liability. On transition the leases that were classified as finance leases, applying Ind AS 17, an amount of ₹633.69 lakhs has been reclassified from property, plant and equipment to Right of use assets. An amount of ₹1.20 lakhs has been reclassified from other financial liability - current to lease liability - current and an amount of ₹41.31 lakhs has been reclassified from other financial liability - non current to lease liability - non current. Consequently there has been no adjustment to the opening balance of retained earnings. The lease term in respect of all operating leases ends within 12 months of the date of initial application and accordingly the Company has elected to account for such leases as short term lease and has recognised the lease payments as rental expense. The adoption of this standard does not have any significant impact on the profit and earning per share of the current period.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The aggregate depreciation expense on right of use asset is included under depreciation and amortization expense in the Statement of Profit and Loss Account.

(ii) Refer Note 41 for other disclosures related to leases.

Note 7 : Investment Property

Carrying amount of Investment Property

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------|---------------------------|---------------------------|
| Building | 337.33 | 354.14 |

| | Building |
|-------------------------------------|---------------|
| Gross Block | |
| As at 1st April, 2018 | 440.83 |
| Additions | - |
| Disposals | - |
| As at 31st March, 2019 (a) | 440.83 |
| Additions | - |
| Disposals | - |
| As at 31st March, 2020 (b) | 440.83 |
| Accumulated Depreciation | |
| At 1st April, 2018 | 69.03 |
| Charge for the year | 17.66 |
| Disposals | - |
| As at 31st March, 2019 (c) | 86.69 |
| Charge for the year | 16.80 |
| Disposals | - |
| As at 31st March, 2020 (d) | 103.50 |
| Carrying value | |
| As at 31st March, 2019 (a-c) | 354.14 |
| As at 31st March, 2020 (b-d) | 337.33 |

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

(₹ in Lakhs)

| Particulars | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
|--|--------------------------------|--------------------------------|
| Rental income | 133.35 | 81.06 |
| Direct operating expenses from property that generated rental income | 4.53 | 4.54 |
| Profit from Investment Properties before depreciation | 128.81 | 76.52 |
| Depreciation | 16.80 | 17.66 |
| Profit from Investment Properties | 112.01 | 58.86 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(ii) Fair value of Investment property

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------------------------|------------------------|------------------------|
| Fair value of Investment property | 5,360.05 | 5,344.03 |

The Company obtains Independent Valuations of its investment property as per requirement of Ind AS 40. 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.

The fair values of investment properties have been determined by the independent chartered valuer. All fair value estimates for Investment properties have been categorized as level 3.

Note 8 : Intangible Assets

Carrying amount of intangible assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------------|------------------------|--------------------------|
| Software | 30.05 | 35.22 |
| | | Amount |
| Gross Block | | Computer Software |
| As at 1st April, 2018 | | 490.78 |
| Additions | | 8.50 |
| Disposals | | - |
| As at 31st March, 2019 (a) | | 499.28 |
| Additions | | 4.10 |
| Disposals | | - |
| As at 31st March, 2020 (b) | | 503.37 |
| Amortisation | | |
| As at 1st April, 2018 | | 455.96 |
| Charge for the year | | 8.10 |
| Disposals | | - |
| As at 31st March, 2019 (c) | | 464.06 |
| Charge for the year | | 9.26 |
| Disposals | | - |
| As at 31st March, 2020 (d) | | 473.32 |
| Carrying value | | |
| As at 31st March, 2019 (a-c) | | 35.22 |
| As at 31st March, 2020 (b-d) | | 30.05 |

Note: The Company has not internally developed computer softwares.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 9 : Investments

(₹ in Lakhs)

| No of Units | Particulars | Face Value | Non - current | | Current | |
|----------------|---|------------|------------------------|------------------------|------------------------|------------------------|
| | | | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| | 9A. Investments in Associate Companies | | | | | |
| | Investments carried at cost | | | | | |
| | Investments in equity instruments | | | | | |
| | (a) Equity Instruments in Associate Companies (Unquoted) | | | | | |
| 8,12,32,560 | (Previous year 4,88,81,556) Fully paid up equity shares of Bhilwara Energy Ltd.* | 10 | 30711.50 | 14,506.88 | - | - |
| 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 | - | - |
| | Add: Share of profit in Associates up to reporting date | | 8883.98 | 7,468.75 | - | - |
| | Total (A) | | 40,014.48 | 22,394.63 | - | - |
| | 9B. Other instruments | | | | | |
| | 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) | | | | | |
| Nil | (Previous Year-68061.749) HDFC Mutual Fund | 1,000 | | | - | 2,503.51 |
| Nil | (Previous Year-905745.251) ICICI Mutual Fund | 100 | | | - | 2,503.63 |
| Nil | (Previous Year-38912.924) Invesco India Liquid Fund | 1,000 | | | - | 1,001.01 |
| 2,52,97,878.79 | (Previous Year-NIL) ICICI Prud. Equity -Arbitrage | | 6,825.90 | | - | - |
| 2,34,92,086.44 | (Previous Year-NIL) Kotak Equity Arbitrage Fund | | 6,828.91 | | - | - |
| 40,04,902.00 | (Previous Year-NIL) IDFC Arbitrage Fund | | 1,030.49 | | - | - |
| 2,74,46,136.96 | (Previous Year-NIL) AXIS Bank Arbitrage Fund | | 4,077.97 | | - | - |
| | (c) Investments in Fixed Maturity Plans Scheme (Quoted) | | | | | |
| 10,00,00,000 | (Previous Year-10,00,00,000) ICICI Prudential FMP Series 83 1406 Days Plan D- Direct Growth | 10 | 12,056.60 | 10,944.90 | - | - |
| 2,50,00,000 | (Previous Year-2,50,00,000) ICICI Prudential -FMP -Sr 83 - 1100 Days Plan | 10 | 2,937.75 | 2,690.05 | - | - |
| 2,50,00,000 | (Previous Year-2,50,00,000) SBI Debt Fund Series C-19(1100 days) | 10 | 2,929.28 | 2,685.33 | - | - |
| 75,00,000 | (Previous Year-75,00,000) Axis Fixed Term Plan - Series 95 (1185 days) | 10 | 882.56 | 807.20 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Kotak FMP Series 235 - 1140 | 10 | 1,763.15 | 1,610.15 | - | - |
| Nil | (Previous Year-5,00,00,000) Reliance Fixed Horizon Fund-XXXVIII-Series 6 | 10 | - | 5,328.90 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) Reliance Fixed Horizon Fund-XXXIX-Series 6 | 10 | 1,179.57 | 1,072.39 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) ABSL FTP Series QN | 10 | 1,149.17 | 1,069.90 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) SDFS C20 - 1100 Days | 10 | 1,749.50 | 1,603.65 | - | - |
| 2,50,00,000 | (Previous Year-2,50,00,000) HDFC FMP 1105D August 2018 (1) | 10 | 2,911.85 | 2,659.23 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) HDFC FMP 1105D August 2018 (2) | 10 | 1,745.09 | 1,595.54 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Kotak FMP Series 240-1160 | 10 | 1,755.32 | 1,599.72 | - | - |
| 2,00,00,000 | (Previous Year-2,00,00,000) Aditya Birla Sunlife Fixed Term Plan Series RC (1295 days) | 10 | 2,332.82 | 2,129.74 | - | - |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(₹ in Lakhs)

| No of Units | Particulars | Face Value | Non - current | | Current | |
|-------------|--|------------|------------------------|------------------------|------------------------|------------------------|
| | | | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| 1,70,00,000 | (Previous Year-1,70,00,000) Aditya Birla Sunlife Fixed Term Plan Series QV (1100 days) | 10 | 1,967.80 | 1,807.75 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Aditya Birla Sunlife Fixed Term Plan Series QU (1100 days) | 10 | 1,744.55 | 1,596.11 | - | - |
| 3,00,00,000 | (Previous Year-3,00,00,000) Aditya Birla Sunlife Fixed Term Plan Series RN (1240 days) | 10 | 3,455.22 | 3,151.20 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) UTI Fixed Term Income Fund Series XXX - II (1107 days) | 10 | 1,746.90 | 1,595.91 | - | - |
| 2,00,00,000 | (Previous Year-2,00,00,000) ICICI Pru Fixed Maturity Plan-Sr 84 - 1245 days Plan N | 10 | 2,317.12 | 2,103.50 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) RELIANCE FX HRZ FUND XXXIX S15 | 10 | 1,740.59 | 1,580.33 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) ICICI Pru Fixed Maturity Plan-Sr 84 - 1288 days Plan O | 10 | 1,156.43 | 1,048.90 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) Kotak FMP Series 251-1265 days | 10 | 1,156.15 | 1,050.67 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) HDFC FMT 1246D November, 2018 (1) - Series 43 | 10 | 1,155.16 | 1,049.51 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Kotak FMP Series 242-1152 | 10 | 1,751.31 | 1,596.99 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Kotak FMP Series 243 - 1319 days | 10 | 1,769.49 | 1,608.50 | - | - |
| 1,50,00,000 | (Previous Year-1,50,00,000) Reliance Fixed Horizon Fund-XXXIX Series 2 | 10 | 1,772.39 | 1,611.23 | - | - |
| 1,20,00,000 | (Previous Year-1,20,00,000) ICICI Prudential -FMP -Series 83 - 1101 Days Plan Z | 10 | 1,396.21 | 1,276.33 | - | - |
| 1,00,00,000 | (Previous Year-1,00,00,000) Reliance Fixed Horizon Fund-XXXIX Series 9 | 10 | 1,169.84 | 1,063.48 | - | - |
| | (d) Investments in Non Convertible Debentures (Quoted) | | | | | |
| Nil | (Previous Year-200) KOTAK MAHINDRA PRIME LIMITED - BR NCD | 10,00,000 | - | - | - | 2,126.60 |
| Nil | (Previous Year-250) HDB FINANCIAL SERVICES LIMITED - SR-A/1/77 8.48 NCD | 10,00,000 | - | - | - | 2,689.24 |
| 150 | (Previous Year-150) HDB FINANCIAL SERVICES LIMITED - SR A/O(ML)/1 BR NCD # | 10,00,000 | - | 1,516.05 | 1,653.30 | - |
| 150 | (Previous Year-150) HDB FINANCIAL SERVICES LIMITED - SR 2019 A/O(ML)/2 BR NCD | 10,00,000 | 1,637.55 | 1,500.90 | - | - |
| | (e) Investments in Infrastructure Trust (Unquoted) | | | | | |
| 44,00,000 | (Previous Year-NIL) ORIENTAL INFRATRUST | 100 | 4,715.04 | - | - | - |
| | Total (9B) | | 82,807.65 | 60,954.02 | 1,653.30 | 10,823.99 |
| | Total (9A+9B) | | 1,22,822.13 | 83,348.65 | 1,653.30 | 10,823.99 |
| | Aggregate amount of quoted investments | | 78,092.61 | 60,954.02 | 1,653.30 | 10,823.99 |
| | Market value of quoted investments | | 78,092.61 | 60,954.02 | 1,653.30 | 10,823.99 |
| | Aggregate amount of unquoted investments | | 44,729.52 | 22,394.63 | - | - |
| | Aggregate amount for impairment in value of investments | | 0.00 | 0.00 | - | - |

* Investments having maturity period of less than 12 months from 31st March, 2020 i.e. balance sheet date have been reclassified as current investment

Note 1 :- Refer Note: 47 for Classification of Financial Assets

For change in Company's ownership interest in Bhilwara Energy Ltd.

During the financial year ended 31st March 2020, the Company has acquired 3,23,51,004 equity shares of Bhilwara Energy Ltd. from other shareholders for a consideration of ₹16,204.62 Lakhs. Post the above acquisition of shares, the holding of Company in BEL, an associate company, has increased from 29.48% to 49.01%.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 10 : Trade Receivables

(₹ in Lakhs)

| Particulars | Current | |
|--|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| a) Trade receivable considered good-secured | - | - |
| b) Trade receivable considered good-unsecured | 39,906.12 | 1,18,459.25 |
| c) Trade receivable which have significant increase in credit risk; and | 138.78 | 483.66 |
| d) Trade receivable credit impaired | 572.19 | 691.76 |
| Less: Expected Credit Loss Allowance | (676.28) | (945.73) |
| Debts due from directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private company respectively in which any Director is a partner or a Director or a member. | - | - |
| Total | 39,940.82 | 1,18,688.94 |

Refer Note: 48 For credit risk and expected credit loss related to Trade receivables

Refer Note: 47 for Classification of Financial Assets

Refer to note no. 49 for information of trade receivables pledged as security by the Company.

Note 11 : Financial Assets-Loans

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Security deposits | 1,692.11 | 1,092.32 | - | - |
| Loans to employees | - | - | - | - |
| a) Loans considered good-secured | - | - | - | - |
| b) Loans considered good-unsecured | 49.45 | 26.24 | 77.90 | 62.01 |
| c) Loans which have significant increase in credit risk; and | - | - | - | - |
| d) Loans credit impaired | - | - | - | - |
| Total | 1,741.56 | 1,118.56 | 77.90 | 62.01 |

Refer Note: 47 for Classification of Financial Assets

Note 12 : Other Financial Assets

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Interest accrued but not due | - | - | 686.07 | 465.79 |
| Derivative financial instruments | - | - | - | 72.40 |
| Total | - | - | 686.07 | 538.19 |

Refer Note: 47 for Classification of Financial Assets

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 13 : Other Assets

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Unsecured, considered good unless stated otherwise | | | | |
| Capital advances | 13,951.38 | 1,391.54 | - | - |
| Other advances (excluding advances to related parties) | - | - | 719.84 | 2,361.69 |
| Advances to related parties | - | - | 0.11 | 3.28 |
| Prepaid expenses | 13.71 | 12.04 | 1,358.49 | 988.06 |
| Balances with statutory authorities | - | - | 1,866.51 | 8,291.26 |
| GST refunds receivable | - | - | 11,386.58 | 4,770.12 |
| Payments under protest (other than direct taxes) | 499.89 | 323.46 | - | - |
| Export benefits receivable (including MEIS Licenses in hand) | - | - | 3,401.26 | 9,882.24 |
| Other employee advances | - | - | 51.76 | 103.31 |
| Gratuity fund receivable (also refer note 40) | - | - | 292.24 | 157.48 |
| Others | - | - | 210.66 | 309.53 |
| Total | 14,464.98 | 1,727.04 | 19,287.46 | 26,866.96 |

a) Detail of payments under protest (other than direct taxes) is as follows:

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------|------------------------|------------------------|
| Entry tax | 219.85 | 197.22 |
| Central sales tax | 57.09 | 24.53 |
| Excise duty/service tax | 79.62 | 79.57 |
| MPST/MPCT | 3.29 | 3.29 |
| Tax deducted at source | 62.01 | 18.85 |
| Commercial legal cases | 78.04 | - |
| Total | 499.89 | 323.46 |

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 14 : inventories (Valued at lower of cost and net realizable value)

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| Raw materials [Includes material in transit ₹342.98 lakhs ; Previous year: ₹23,809.22 lakhs] | 23,791.36 | 50,355.48 |
| Finished goods | 36,566.62 | 37,749.92 |
| Work-in-progress | 34,539.11 | 39,650.33 |
| Stores and spares | 5,616.76 | 3,082.92 |
| [Includes stores in transit ₹2,489.35 lakhs ; Previous year: ₹304.65 lakhs] | | |
| Total | 1,00,513.85 | 1,30,838.65 |

(a) The cost of inventories recognised as an expense during the year was ₹1,36,720.53 lakhs (Previous year ₹1,36,108.38 lakhs)

(b) The cost of inventories recognised as an expense includes ₹45,910.08 lakhs (31st March, 2019 ₹ Nil) in respect of write down of inventories to net realisable value (included in raw material ₹32,620.56 lakhs and in change in inventories of finished goods & WIP ₹13,289.52 lakhs).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(c) The cost of inventories recognised as an expense includes ₹522.00 lakhs (31st March, 2019 ₹604.01 lakhs) in respect of write down of inventories on account of slow moving items.

(d) Inventory pledged as security

Refer to note no. 49 for information of inventory pledged as security by the Company.

Note 15 : Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|------------------------|------------------------|
| Balances with banks (A) | | |
| In Current accounts | 1,589.14 | 2,505.50 |
| In Cash Credit accounts | 1,682.45 | 386.90 |
| Cheques, drafts in hand (B) | - | 20.06 |
| Cash on hand (C) | 8.73 | 3.45 |
| Total cash and cash equivalent (A+B+C) | 3,280.33 | 2,915.91 |

Refer Note: 47 for Classification of Financial Assets

Note 16 : Other Bank balances

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| I. Earmarked deposits with banks | | |
| a) As margin money against LC for raw material & LC for capital equipments * | 12,562.45 | 16,590.43 |
| b) Escrow Account for buyback of shares | 0.00 | 900.02 |
| c) As margin money against bank guarantee* | 20.88 | 254.10 |
| d) Held for Unpaid dividend/unclaimed dividend | 612.84 | 431.95 |
| II. Deposits with banks/financial Institutions | | |
| Original maturity of more than 3 months but less than 12 months | 27,251.90 | 34,640.00 |
| Total | 40,448.07 | 52,816.50 |

* (a) & (c) includes interest accrued.

Refer Note: 47 for Classification of Financial Assets

Note 17 : Equity Share Capital

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| 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 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

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

| Particulars | 2019-20 | | 2018-19 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | 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 | 3,99,59,142 | 3,995.91 |
| Change during the year - Buyback of equity shares | - | - | (13,63,636) | (136.36) |
| 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. The 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.

During the year ended on 31st March, 2020, the Company has paid an amount of ₹50 per Equity Share (500%) as final dividend for the financial year 2018-19 to the equity shareholders of the Company and also ₹25 per share (250%) as interim dividend for the financial year 2019-20.

c) Detail of Shareholders holding more than 5% Shares in the Company

| Name of the Shareholder | As at 31st March, 2020 | | As at 31st March, 2019 | |
|-------------------------------------|------------------------|--------------|------------------------|--------------|
| | 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 |
| Life Insurance Corporation of India | 24,25,714 | 6.28 | 32,32,046 | 8.37 |
| Bharat Investments Growth Limited | 24,64,913 | 6.39 | 24,64,913 | 6.39 |

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 the significant beneficial owner is Shri Ravi Jhunjhunwala, Chairman, Managing Director & CEO, who is also the promoter of the Company and exercise 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 | | | | |
|---|-------------------------|-----------|---------|---------|---------|
| | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
| 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) Buy Back of shares: During the previous financial year (i.e. 2018-19), the Company after obtaining shareholder approval, had bought back 13,63,636 (Thirteen lakhs sixty three thousand six hundred and thirty six) fully paid-up equity shares of face value of ₹10/- (Rupees ten only) each, representing approximately 3.41% of the total number of equity shares in the paid-up equity share capital of the Company

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

as at 30th September 2018, from the shareholders/beneficial owners of equity shares of the Company as on the record date i.e. 9th February, 2019 on a proportionate basis, through the "tender offer" under stock mechanism route at a price of ₹5,500/- (Rupees five thousand five hundred only) per equity share for an amount of ₹7,49,99,98,000/- (Rupees Seven hundred forty nine crore ninety nine lakhs ninety eight thousand only) excluding expenses incurred in this connection thereto.

The Company concluded the Buy Back proceedings on 29th March, 2019 and equity shares were extinguished. The Company has utilized its Securities Premium, General Reserves and Retained Earnings for Buyback of its equity shares and post completion of same, the paid up capital is reduced from ₹39,95,91,420/- (3,99,59,142 Equity Shares) to ₹38,59,55,060/- (3,85,95,506 Equity Shares).

Note 18 : Other Equity

| Particulars | (₹ in Lakhs) | |
|--|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| A. Capital Reserves | | |
| Balance as per the last financial statements | 10,726.49 | 10,726.49 |
| Add: Additions during the year | - | - |
| Closing balance | 10,726.49 | 10,726.49 |
| B. Capital Redemption Reserve | | |
| Balance as per the last financial statements | 2,029.93 | 1,893.57 |
| Add: Amount transferred from retained earnings upon Buyback (Refer Note 17(e)) | - | 136.36 |
| Closing balance | 2,029.93 | 2,029.93 |
| C. Securities Premium | | |
| Balance as per the last financial statements | - | 1,269.61 |
| ADD/LESS : Received/Utilized during the year (Refer Note 17(e)) | - | (1,269.61) |
| Closing balance | - | - |
| D. General Reserve | | |
| Balance as per the last financial statements | - | 39,823.38 |
| Add: Transfer from Statement of Profit and Loss during the year | - | - |
| Less: Amount utilized in Buy back of shares (Refer Note 17(e)) | - | 39,823.38 |
| Closing balance | - | - |
| E. Retained Earnings | | |
| Balance as per the last financial statements | 3,62,729.69 | 1,32,962.00 |
| Add: Amount transferred from Statement of Profit and Loss | 6,762.96 | 3,02,615.66 |
| Less: Dividend paid | 28,946.63 | 31,967.31 |
| Less: Dividend distribution tax on paid on dividend | 5,950.06 | 6,570.92 |
| Less: Amount utilized in Buy Back of Shares (Refer Note 17(e)) | - | 33,770.63 |
| Less: Buy back expenses (net of Income tax benefit) | - | 402.75 |
| Less: Amount Transferred to Capital Redemption Reserve upon Buy Back | - | 136.36 |
| Closing balance | 3,34,595.95 | 3,62,729.69 |
| F. Items of other comprehensive income | | |
| Balance as per the last financial statements | 22.91 | 81.34 |
| Remeasurement of defined benefit plans | (62.96) | (58.43) |
| Closing balance | (40.05) | 22.91 |
| Total | 3,47,312.32 | 3,75,509.02 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

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) Securities Premium:

This represents amount of premium recognised on issue of shares to shareholders at a price more than its face value. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

4) General Reserve

This represents retained earnings which are kept aside out of company's profits. It is a free reserve which can be utilized to meet any future contingencies and to pay dividend to shareholders.

5) 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.

6) 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.

Note 19 : Borrowings

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Loans repayable on demand from banks | | | | |
| Working capital loans from banks | - | - | 59,261.72 | 66,636.47 |
| Total | - | - | 59,261.72 | 66,636.47 |

Current Borrowings

(₹ in Lakhs)

| Particulars | Maturity date | Terms of Repayment | Interest Rate | As at | |
|----------------------------|-------------------|--------------------|---------------------|------------------|------------------|
| | | | | 31st March, 2020 | 31st March, 2019 |
| Loans repayable on demand | Payable on demand | Payable on demand | At negotiated rates | | |
| Secured | | | | | |
| Working capital from banks | | | | 48,261.72 | 54,336.47 |
| Unsecured | | | | | |
| Working capital from banks | | | | 11,000.00 | 12,300.00 |
| Total | | | | 59,261.72 | 66,636.47 |

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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

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: 47 for Classification of Financial Liabilities

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

Note 20 : Trade Payables

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| (A) Total outstanding dues of micro enterprises and small enterprises | 658.05 | 398.82 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | 12,722.65 | 37,608.08 |
| Total | 13,380.70 | 38,006.90 |

Refer Note: 47 for Classification of Financial Liabilities

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:-

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year (1+2) | 658.05 | 398.82 |
| 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 21A : Lease Liabilities

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Lease liability - land (refer Note - 41) | 40.00 | 41.31 | 1.32 | 1.20 |
| Lease liability - building (refer Note - 41) | 74.38 | - | 48.47 | - |
| Total | 114.38 | 41.31 | 49.78 | 1.20 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 21B : Other Financial Liabilities

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Security deposits | - | - | 137.86 | 155.71 |
| Unpaid dividends-unclaimed* | - | - | 612.84 | 431.95 |
| Derivative financial instruments | - | - | 118.20 | - |
| Creditors for capital purchases | - | - | 2,041.92 | 467.87 |
| Other payables | | | | |
| Employees related | - | - | 899.01 | 9,555.99 |
| Others | - | - | 2,712.11 | 2,404.77 |
| Total | - | - | 6,521.94 | 13,016.29 |

* Unclaimed dividends do not include any amount which is required to be transferred to the Investor's Education and Protection Fund.

Refer Note: 47 for Classification of Financial Liabilities

Note 22 : Provisions

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Provision for employee benefits | | | | |
| Compensated absences | 391.34 | 387.08 | 67.26 | 67.08 |
| Other provisions | | | | |
| Provision for custom duty | - | - | - | 1,376.76 |
| Provision against indirect taxes (pending litigations) | - | - | 568.90 | 534.07 |
| Total | 391.34 | 387.08 | 636.17 | 1,977.91 |

Movement of provision against indirect taxes (pending litigations)

(₹ in Lakhs)

| Nature of Provisions | Non-Current | | Current | |
|---|-------------|----------|---------------|---------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Carrying amount at the beginning of the year | - | - | 534.07 | 548.13 |
| Additional provision made during the year | - | - | 53.87 | 19.03 |
| Amount reversed during the year | - | - | 19.03 | 33.09 |
| Carrying amount at the end of the year | - | - | 568.90 | 534.07 |

Note 23 : Deferred Tax Liabilities (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|------------------------|------------------------|
| Deferred tax liabilities (A) | | |
| Difference between written down value of property, plant and equipment as per books of account and income tax | 8,743.95 | 12,333.88 |
| Fair valuation of investments | 1,787.38 | 940.12 |
| Deferred tax assets (B) | | |
| Items deductible on payment basis under Income tax | 155.99 | 330.87 |
| Allowances for expected credit loss | 170.21 | 330.48 |
| Net Deferred tax Liability (A)-(B) | 10,205.13 | 12,612.65 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Reconciliation of Deferred tax asset/(liability)

Movement in deferred income tax assets and liabilities for the year ended 31st March, 2020

(₹ in Lakhs)

| Particulars | As at 1st April, 2019 | Changes through profit and loss | Changes through OCI | As at 31st March, 2020 |
|---|-----------------------|---------------------------------|---------------------|------------------------|
| Deferred tax liabilities (A) | | | | |
| Difference between written down value of property, plant and equipment as per books of account and income tax | 12,333.88 | (3,589.92) | - | 8,743.95 |
| Fair valuation of investments | 940.12 | 847.26 | - | 1,787.38 |
| Deferred tax assets (B) | | | | |
| Items deductible on payment basis under Income tax | 330.87 | (192.49) | 17.62 | 155.99 |
| Allowances for expected credit loss | 330.48 | (160.27) | - | 170.21 |

Movement in deferred income tax assets and liabilities for the year ended 31st March, 2019

| Particulars | As at 1st April, 2019 | Changes through profit and loss | Changes through OCI | As at 31st March, 2020 |
|---|-----------------------|---------------------------------|---------------------|------------------------|
| Deferred tax liabilities (A) | | | | |
| Difference between written down value of property, plant and equipment as per books of account and income tax | 12,221.24 | 112.64 | - | 12,333.88 |
| Fair valuation of investments | - | 940.12 | - | 940.12 |
| Deferred tax assets (B) | | | | |
| Items deductible on payment basis under Income tax | 145.61 | 150.93 | 34.33 | 330.87 |
| Allowances for expected credit loss | 158.83 | 171.65 | - | 330.48 |

Unrecognised deferred tax assets:

Deferred tax asset have not been recognised in respect of unabsorbed depreciation during the financial year ended 31st March, 2020.

The unabsorbed depreciation has no expiry under Income tax Act.

Note 24 : Other Liabilities

(₹ in Lakhs)

| Particulars | Non-Current | | Current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Deposits from employees against various schemes | 301.21 | 239.59 | 93.53 | 67.31 |
| Advance from customers | - | - | 163.65 | 98.80 |
| Statutory dues payable | - | - | 827.35 | 1,205.03 |
| Others payable | - | - | 170.21 | 233.89 |
| Total | 301.21 | 239.59 | 1,254.73 | 1,605.03 |

Note 25 : Current Tax Asset & Liabilities (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------|------------------------|------------------------|
| Income tax assets | 14,393.15 | 3,995.09 |
| Income tax liabilities | (546.18) | (542.77) |
| Total | 13,846.96 | 3,452.32 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 26 : Revenue From Operations

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|------------------------|-------------------------------------|-------------------------------------|
| Sale of Products | | |
| Manufactured goods | | |
| Graphite electrodes | 2,08,411.35 | 6,42,911.38 |
| Power | 1,777.16 | 720.22 |
| Other operating income | | 6,43,631.60 |
| REC sales | 1,273.07 | 163.53 |
| Fly ash income | 67.54 | 171.30 |
| Export incentives | 3,373.35 | 15,316.09 |
| | 4,713.95 | 15,650.92 |
| Total | 2,14,902.47 | 6,59,282.52 |

Note: 27 Other Income

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest income from financial assets measured at amortized cost | 3,543.50 | 4,974.75 |
| Interest income from financial assets measured at fair value through profit or loss | 48.49 | - |
| Rental income | 138.12 | 88.68 |
| Net gain on sale of investment measured at fair value through profit or loss | 1,416.96 | 1,151.21 |
| Net gain on fair valuation of investments measured at fair value through profit or loss | 5,908.29 | 3,997.63 |
| Liabilities / provisions written back (including allowances for expected credit losses) | 454.51 | 255.71 |
| Dividend income from financial assets measured at fair value through profit or loss | 124.67 | - |
| Foreign currency fluctuation (net) | 1,531.54 | - |
| Miscellaneous | 1,209.60 | 451.20 |
| Total | 14,375.68 | 10,919.18 |

Note: 28 Cost of Material Consumed

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|----------------------------------|-------------------------------------|-------------------------------------|
| Raw Material Consumed | | |
| Opening stock | 26,546.27 | 12,942.18 |
| Add : Purchases | 1,52,715.24 | 1,74,788.06 |
| | 1,79,261.51 | 1,87,730.24 |
| Less: Closing stock | 23,448.37 | 26,546.27 |
| Cost of Material Consumed | 1,55,813.14 | 1,61,183.97 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 29 : Changes In Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|-------------------------------------|-------------------------------------|
| (1) Inventories at the beginning of the period | | |
| Finished goods | 37,749.92 | 10,166.41 |
| Work-in-progress | 39,650.33 | 17,528.15 |
| Total | 77,400.25 | 27,694.56 |
| (2) Inventories at the end of the period | | |
| Finished goods | 36,566.62 | 37,749.92 |
| Work-in-progress | 34,539.11 | 39,650.33 |
| Total | 71,105.73 | 77,400.25 |
| Net (increase)/decrease | 6,294.52 | (49,705.69) |

Note : 30 Employee Benefits Expense

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|-------------------------------------|-------------------------------------|
| Salaries and wages | 5,592.68 | 18,894.86 |
| Contribution to provident and other funds | 536.37 | 507.62 |
| Staff welfare expenses | 431.42 | 354.14 |
| Total | 6,560.47 | 19,756.62 |

Note: 31 Finance Costs

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|-------------------------------------|-------------------------------------|
| (i) Interest on working capital borrowings | 3,635.21 | 1,788.46 |
| (ii) Others | | |
| - Interest on lease liabilities | 6.10 | - |
| - Others | 9.86 | 8.44 |
| Total | 3,651.17 | 1,796.90 |

Note: 32 Depreciation and Amortisation Expenses

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|-------------------------------------|-------------------------------------|
| (1) Depreciation of property, plant and equipment (Refer note 4) | 7,161.30 | 7,213.44 |
| (2) Depreciation of right of use assets (Refer note 6) | 25.80 | - |
| (3) Depreciation on investment property (Refer note 7) | 16.80 | 17.66 |
| (4) Amortisation of intangible assets (Refer note 8) | 9.26 | 8.10 |
| Total | 7,213.16 | 7,239.20 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 33 : Other Expenses

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|-------------------------------------|-------------------------------------|
| Consumption of stores and spare parts (including refractory blocks) | 8,362.08 | 11,644.50 |
| Job/process charges | 446.51 | 490.33 |
| Power and fuel | 16,330.61 | 18,321.19 |
| Repairs and maintenance | | |
| Plant and machinery | 3,419.43 | 4,897.33 |
| Building | 536.65 | 359.61 |
| Others | 923.11 | 801.81 |
| Insurance | 886.22 | 892.16 |
| Rent (Refer note 41) | 93.02 | 89.13 |
| Rates and taxes | 76.72 | 106.50 |
| Directors' sitting fees and incidental expenses | 69.70 | 90.58 |
| Commission paid to directors | 225.00 | 200.00 |
| Freight & forwarding | 6,412.19 | 12,656.73 |
| Packing expenses (including packing material consumption) | 1,288.70 | 1,819.61 |
| Commission | 1,429.13 | 2,862.14 |
| Claims and Rebates | 425.54 | 166.35 |
| Donations | 271.65 | 10.34 |
| Contribution made to political parties | 400.00 | 800.00 |
| Power generation charges | 252.00 | 78.55 |
| Travelling expenses | 410.10 | 408.65 |
| Postage and communication | 86.83 | 86.31 |
| Payment to auditors (Refer details below*) | 24.16 | 29.50 |
| Contribution towards Corporate Social Responsibility (Refer Note 43) | 2,217.31 | 827.92 |
| Legal and professional | 748.39 | 1,257.68 |
| Vehicle running & maintenance | 57.48 | 65.86 |
| Allowances for expected credit losses | - | 534.52 |
| Bad debts | 78.92 | 22.30 |
| Duties and taxes | 91.08 | 134.32 |
| Net loss on sale/discard of property plant and equipments | 87.87 | 335.49 |
| Foreign currency fluctuation (net) | - | 1,044.05 |
| Miscellaneous | 1,166.59 | 1,189.36 |
| Total | 46,816.99 | 62,222.82 |

*Payments to the statutory auditors (excluding GST)

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---------------------------|-------------------------------------|-------------------------------------|
| As auditor | | |
| Statutory audit | 15.00 | 12.50 |
| Other services | | |
| Tax audit | 2.00 | 2.00 |
| Certification fees | 1.42 | 8.78 |
| Reimbursement of expenses | 5.75 | 6.22 |
| Total | 24.16 | 29.50 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 34 : Tax Expense

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|-------------------------------------|-------------------------------------|
| A) Tax Expense recognised in the Statement of Profit and Loss | | |
| 1) Current tax | | |
| Income tax | - | 1,62,032.53 |
| Income tax -previous year | (18.55) | (97.89) |
| 2) Deferred tax | (2,389.90) | 730.18 |
| | (2,408.45) | 1,62,664.82 |
| B) Tax Expense recognised in Other Comprehensive Income | | |
| 1) Current tax | - | - |
| 2) Deferred tax | (17.62) | (34.33) |
| | (17.62) | (34.33) |
| C) Tax expense/(Income) relating to items that are charged or credited directly to equity | | |
| 1) Current tax | - | (216.33) |
| 2) Deferred tax | - | - |
| | - | (216.33) |
| Total | (2,426.07) | 1,62,414.15 |

The deferred tax income recognized during the year includes deferred tax income of ₹3,265.52 lakhs relating to changes in tax rates in current year vis-à-vis previous year.

(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:

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|-------------------------------------|-------------------------------------|
| Accounting profit before tax | 2,928.70 | 4,67,707.88 |
| India's statutory income tax rate | 25.168 | 34.944 |
| Tax as per accounting profit (A) | 737.10 | 1,63,435.84 |
| Add/(Less) : | | |
| Effect of expenses that are not deductible in determining taxable profits | 728.63 | 226.21 |
| Tax rate differential and other adjustments on gain on sale /fair valuation of investments | (639.74) | (456.81) |
| Effect of expenses that are deductible in determining taxable profits | (14.05) | (148.62) |
| Effect of income that is not taxable in determining taxable profits | (31.38) | - |
| Effect of carry forward of unused tax losses | 58.88 | - |
| Effect on expenses incurred on buy back of shares | - | (216.33) |
| Effect of change in tax rate | (3,265.52) | 115.70 |
| Others | 18.57 | (443.95) |
| Current tax adjustment related to earlier years | (18.55) | (97.89) |
| Total (B): | (3,163.16) | (1,021.69) |
| Income tax expense recognised for the year (A+B) | (2,426.07) | 1,62,414.15 |

The applicable Indian corporate statutory tax rate for the year ended 31st March, 2020 is 25.168% vis-à-vis 34.944% for the year ended 31st March, 2019 as the Company has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 35 : Other Comprehensive Income

| Particulars | (₹ in Lakhs) | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| (i) Items that will not be reclassified to profit or loss | | |
| -Remeasurement of defined benefits plans | (70.00) | (98.25) |
| Total | (70.00) | (98.25) |

Note 36: Earnings per share

| Particulars | (₹ in Lakhs) | |
|--|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Profit attributable to equity shareholders | 6,762.96 | 3,02,615.66 |
| Weighted average number of equity shares | 3,85,95,506 | 3,99,47,934 |
| Basic and diluted earning per share (₹) | 17.52 | 757.53 |

* There are no potential equity shares

Note 37 : Segment Information

The Company's Chief Operational Decision Makers consisting of Chief Executive Officer and Chief Financial 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.

1) Segment Revenue and results

| Particulars | (₹ in Lakhs) | | | | | | | |
|--|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Graphite (including other carbon products) | | Power | | Unallocable items/ Others | | Total | |
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Segment Revenue | | | | | | | | |
| Turnover | 2,11,784.15 | 6,58,226.74 | 6,943.89 | 12,146.70 | 0.55 | 0.73 | 2,18,728.59 | 6,70,374.17 |
| Less: Inter segment turnover | - | - | 3,826.12 | 11,091.65 | - | - | 3,826.12 | 11,091.65 |
| External turnover | 2,11,784.15 | 6,58,226.74 | 3,117.77 | 1,055.05 | 0.55 | 0.73 | 2,14,902.47 | 6,59,282.52 |
| Segment result before interest & taxes | (3,579.88) | 4,61,756.90 | 1,355.46 | (1,762.27) | (2,112.95) | (613.44) | (4,337.37) | 4,59,381.19 |
| Add: Interest income | | | | | | | 3,591.99 | 4,974.75 |
| Add: Gain on sale of investments (including gain/(loss) on fair valuation) | | | | | | | 7,325.25 | 5,148.84 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| Particulars | (₹ in Lakhs) | | | | | | | |
|--|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Graphite (including other carbon products) | | Power | | Unallocable items/ Others | | Total | |
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Less: Finance cost | | | | | | | 3,651.17 | 1,796.90 |
| Profit before tax | | | | | | | 2,928.70 | 4,67,707.88 |
| Less: Income tax (including deferred tax) | | | | | | | (2,408.45) | 1,62,664.83 |
| Add: Share of profit of Associates | | | | | | | 1,425.81 | (2,427.40) |
| Net Profit for the period | | | | | | | 6,762.96 | 3,02,615.66 |
| Depreciation | 5,983.05 | 5,988.06 | 1,172.53 | 1,192.49 | 57.56 | 58.65 | 7,213.16 | 7,239.20 |
| Non Cash Expenses other than depreciation and amortization | 93.29 | 346.94 | 0.83 | - | 0.88 | 0.36 | 95.00 | 347.30 |

2) Segment assets, liabilities and other details

| Particulars | (₹ in Lakhs) | | | | | | | |
|--|--|------------------------|------------------------|------------------------|---------------------------|------------------------|------------------------|------------------------|
| | Graphite(including other carbon products) | | Power | | Unallocable items/ Others | | Company Total | |
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| Segment assets | 2,46,473.56 | 3,47,910.97 | 14,743.18 | 14,313.05 | 1,82,618.46 | 1,52,211.79 | 4,43,835.19 | 5,14,435.81 |
| Segment liabilities | 79,910.62 | 1,12,061.96 | 863.20 | 961.73 | 11,889.46 | 22,043.53 | 92,663.28 | 1,35,067.23 |
| Capital expenditure incurred during the year | 11,017.26 | 4,778.17 | 34.46 | 31.38 | 72.52 | 69.27 | 11,124.24 | 4,878.82 |

3) Details of Unallocated Items

| Assets | (₹ in Lakhs) | |
|--|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Property, plant & equipments | 215.26 | 194.49 |
| Investment property | 337.33 | 354.13 |
| Investments | 1,24,475.43 | 94,172.64 |
| Inventories | 14.68 | 14.68 |
| Trade receivables | - | 0.32 |
| Cash and cash equivalents | 1,385.09 | 62.42 |
| Bank balances other than cash & cash equivalents | 40,485.97 | 52,836.57 |
| Financial assets-loans | 47.49 | 26.54 |
| Other assets | 1,264.04 | 554.92 |
| Income tax asset | 14,393.15 | 3,995.09 |
| Total:- | 1,82,618.46 | 1,52,211.79 |
| Liabilities | (₹ in Lakhs) | |
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Deferred tax liability | 10,205.13 | 12,641.15 |
| Income tax liability | 546.18 | 542.77 |
| Other financial liability | 776.25 | 8,209.65 |
| Other liabilities | 233.08 | 489.06 |
| Provisions | 128.81 | 160.91 |
| Total:- | 11,889.46 | 22,043.53 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

4) Geographical Information:

(₹ in Lakhs)

| Particulars | Within India* | | Outside India | | Total | |
|--------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| a) Segment Revenue | 51,416.92 | 1,67,929.22 | 1,63,485.55 | 4,91,353.30 | 2,14,902.47 | 6,59,282.52 |

5) The Company is domiciled in India. The Company's revenue from operations from external customers by location of the customers is as follows:

(₹ in Lakhs)

| Revenue from External Customers | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---------------------------------|-------------------------------------|-------------------------------------|
| India* | 51,416.92 | 1,67,929.22 |
| Korea (South) | 30,561.39 | 43,278.73 |
| Egypt | 22,849.22 | 38,688.34 |
| United Arab Emirates | 15,412.97 | 26,596.78 |
| Turkey | 14,801.72 | 57,641.07 |
| Spain | 12,649.50 | 48,762.75 |
| USA | 10,413.34 | 62,481.59 |
| Saudi Arabia | 3,032.25 | 38,595.51 |
| Iran | 0.00 | 15,849.88 |
| Others* | 53,765.14 | 1,59,458.66 |
| Total | 2,14,902.47 | 6,59,282.52 |

*Others includes revenue from countries having less than 5% of total revenue from outside India

*Export incentives have been included in segment revenue 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 2019-20 and 2018-19.

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

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------------------|------------------------|------------------------|
| For Taxation matters | | |
| a) Excise duty under appeal | 230.80 | 230.80 |
| b) Service tax | 824.66 | 1,879.70 |
| c) Income tax | 7,866.98 | 7,651.21 |
| d) Sales tax | 759.17 | 477.40 |
| Other than Taxation matters | | |
| a) Power related | 3,780.75 | 3,123.37 |
| b) Labour related matters | 41.48 | 59.98 |
| c) Advance Licence & EPCG | 12,401.68 | - |
| d) Others | 63.81 | 117.41 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

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 has been shown as payment under protest in note 13 of Other assets.

2) Commitment Outstanding

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| a) Estimated value of contracts remaining to be executed on capital account and not provided for [(net of advances of ₹13,951.38 lakhs, (previous year ₹1,391.54 lakhs.))] | 57,490.79 | 28,686.17 |

3) Financial Guarantee

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| The Company has with RSWM Ltd. and Bhilwara Energy Limited on joint and several basis provided Guarantee in favor of International Finance Corporation (IFC) on behalf of AD Hydro Power Ltd. against loan availed by AD Hydro Power Ltd. from International Finance Corporation (IFC).* | 600.00 | 600.00 |

*Note- Since the loss allowance was estimated to be nil, the guarantee is not recognised in the books of account.

Note 39 : Related Party Disclosure

A) Names of related parties and transactions taken place during the year

| Relationship | Related Parties | |
|--|-----------------------------------|---|
| | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| I) Associates | (i) Bhilwara Energy Limited | (i) Bhilwara Energy Limited |
| | (ii) Bhilwara Infotechnology Ltd. | (ii) Bhilwara Infotechnology Ltd. |
| II) Individuals having significant influence over the enterprise, and close family members of such individual. | Sh. L.N. Jhunjunwala | Sh. L.N. Jhunjunwala |
| | Smt. Mani Devi Jhunjunwala | Smt. Mani Devi Jhunjunwala |
| | Sh. Ravi Jhunjunwala | Sh. Ravi Jhunjunwala |
| | Sh. Riju Jhunjunwala | Sh. Riju Jhunjunwala |
| | Sh. Rishabh Jhunjunwala | Sh. Rishabh Jhunjunwala |
| | Smt. Rita Jhunjunwala | Smt. Rita Jhunjunwala |
| | Sh. Nivedan Churiwal | Sh. Nivedan Churiwal |
| | Smt. Shubha Churiwal | Smt. Shubha Churiwal |
| | Smt. Sudha Churiwal | Smt. Sudha Churiwal |
| | III) Key Management Personnel | Sh. Ravi Jhunjunwala-CMD & CEO |
| Sh. Riju Jhunjunwala - Non-Executive Director | | Sh. Riju Jhunjunwala - Non-Executive Director |
| Sh. Shekhar Agarwal | | Sh. Shekhar Agarwal |
| Sh. Dharmendar Nath Davar * | | Sh. Dharmendar Nath Davar |
| Sh. Satyendra Nath Bhattacharya | | Sh. Satyendra Nath Bhattacharya |
| Sh. Satish Chand Mehta | | Sh. Satish Chand Mehta |
| Dr. Kamal Gupta | | Dr. Kamal Gupta |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| Relationship | Related Parties | |
|--|---|---|
| | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | Dr. Om Parkash Bahl | Dr. Om Parkash Bahl |
| | Smt. Vinita Singhanian | Smt. Vinita Singhanian |
| | Smt. Ramni Nirula | Smt. Ramni Nirula |
| | Sh. Jayant Davar (w.e.f. 14th August, 2019) | |
| | | Late Sh. Raju Rustogi- Chief Operating Officer and Chief Financial Officer (till 26th January 2019) |
| | Sh. Vivek Chaudhary-Company Secretary | Sh. Vivek Chaudhary-Company Secretary |
| | Sh. Manish Gulati - Executive Director, Chief Operating Officer & Chief Marketing Officer (Executive Director w.e.f. 1st March, 2020) | Sh. Manish Gulati - Chief Operating Officer & Chief Marketing Officer (w.e.f. 31st October 2018) |
| | Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Sh. Gulshan Kumar Sakhuja - Chief Financial Officer (w.e.f.12th February 2019) |
| IV) Close family members of Key Management Personnel | Sh. L.N. Jhunjunwala | Sh. L.N. Jhunjunwala |
| | Smt. Mani Devi Jhunjunwala | Smt. Mani Devi Jhunjunwala |
| | Sh. Rishabh Jhunjunwala | Sh. Rishabh Jhunjunwala |
| | Smt. Rita Jhunjunwala | Smt. Rita Jhunjunwala |
| V) Post employment benefit plan trust | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust |
| | (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust | (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust |
| VI) Enterprises in which KMP is able to exercise significant influence | RSWM Ltd. | RSWM Ltd. |
| | Malana Power Company Ltd. | Malana Power Company 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. |
| | AD Hydro Power Ltd. | AD Hydro Power Ltd. |
| | Maral Overseas Ltd. | Maral Overseas Ltd. |
| | BMD Pvt. Ltd. | BMD Pvt. Ltd. |
| | Bharat Investments Growth Limited | Bharat Investments Growth Limited |
| | Deepak Pens & Plastics Pvt. Limited | Deepak Pens & Plastics Pvt. Limited |
| | 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 |
| | Sandhu Auto Deposits Limited | Sandhu Auto Deposits Limited |
| | Raghav Commercial Limited | Raghav Commercial Limited |
| | Norbury Investments Limited | Norbury Investments Limited |
| | Mekima Corporation | Mekima Corporation |
| | Microlight Investments Limited | Microlight Investments Limited |
| | Ravi Jhunjunwala - HUF | Ravi Jhunjunwala - HUF |

* Shri Dharmender Nath Davar who was on the Board resigned from the Directorship w.e.f. 24th July, 2019. The transactions till the date of resignation have been reported in Part-B below.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

B. Transaction during the year with related parties

(₹ in Lakhs)

| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
|---|---|--|-----------------------------|-----------------------------|
| 1) Associates | Bhilwara Energy Ltd. | Reimbursement received | 0.34 | 2.41 |
| | | Reimbursement made | 8.30 | 12.78 |
| | | Maintenance charges | 0.57 | - |
| 2) Individuals having significant influence over the enterprise, and close family members of such individual. | Sh. L.N. Jhunjunwala | Dividend paid | 127.33 | 143.79 |
| | | Amount paid on buyback of equity shares | - | 548.08 |
| | Smt. Mani Devi Jhunjunwala | Dividend paid | 73.22 | 82.68 |
| | | Amount paid on buyback of equity shares | - | 315.10 |
| | Sh. Ravi Jhunjunwala | Salary and allowances (including perquisites and contribution in pf and superannuation)* | 240.54 | 246.48 |
| | | Commission | - | 11,881.00 |
| | | Dividend paid | 96.39 | 108.85 |
| | | Amount paid on buyback of equity shares | - | 1,069.59 |
| | Sh. Riju Jhunjunwala | Sale of furniture | - | 8.39 |
| | | Director sitting fee | 4.20 | 6.65 |
| | Sh. Rishabh Jhunjunwala | Commission | 25.00 | 25.00 |
| | | Dividend paid | 165.27 | 186.63 |
| Amount paid on buyback of equity shares | | - | 711.37 | |
| Sh. Rishabh Jhunjunwala | Reimbursement of expenses | 0.30 | 0.42 | |
| | Dividend paid | 131.86 | 148.90 | |
| Smt. Rita Jhunjunwala | Amount paid on buyback of equity shares | - | 567.55 | |
| | Dividend paid | 158.91 | 179.45 | |
| Sh. Nivedan Churiwal | Amount paid on buyback of equity shares | - | 683.98 | |
| | Rent paid | 12.00 | - | |
| | Dividend paid | 5.31 | 9.00 | |
| Smt. Shubha Churiwal | Amount paid on buyback of equity shares | - | 34.27 | |
| | Dividend paid | 3.71 | 6.28 | |
| Smt. Sudha Churiwal | Amount paid on buyback of equity shares | - | 23.87 | |
| | Dividend paid | 1.18 | 2.00 | |
| | | Amount paid on buyback of equity shares | - | 7.59 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | |
|---|---------------------------------|--|-----------------------------|-----------------------------|
| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| 3) Key Management Personnel and close family members of Key Management Personnel | | | | |
| (a) Key Management Personnel | Sh. Ravi Jhunjhunwala-CMD & CEO | Salary and allowances (including perquisites and contribution in PF and Superannuation)* | 240.54 | 246.48 |
| | | Commission | - | 11,881.00 |
| | | Dividend paid | 96.39 | 108.85 |
| | | Amount paid on buyback of equity shares | - | 1,069.59 |
| | | Sale of furniture | - | 8.39 |
| | Sh. Riju Jhunjhunwala | Director sitting fee | 4.20 | 6.65 |
| | | Commission | 25.00 | 25.00 |
| | | Dividend paid | 165.27 | 186.63 |
| | | Amount paid on buyback of equity shares | - | 711.37 |
| | | Reimbursement of expenses | 0.30 | 0.42 |
| | Sh. Shekhar Agarwal | Director sitting fee | 7.90 | 9.00 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.36 | 0.36 |
| | Sh. Dharmendar Nath Davar | Director sitting fee | 4.75 | 18.40 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.36 | 1.23 |
| | | Dividend paid | - | 1.20 |
| | Sh. Satyendra Nath Bhattacharya | Director sitting fee | 3.00 | 3.00 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.12 | 0.12 |
| | Sh. Satish Chand Mehta | Director sitting fee | 8.25 | 7.50 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.48 | 0.30 |
| | Dr. Kamal Gupta | Director sitting fee | 14.10 | 19.40 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.96 | 1.26 |
| | | Dividend paid | 0.14 | 0.16 |
| | | Amount paid on buyback of equity shares | - | 0.61 |
| | Dr. Om Parkash Bahl | Director sitting fee | 12.70 | 15.20 |
| | | Commission | 25.00 | 25.00 |
| | | Reimbursement of expenses | 0.75 | 0.63 |
| | Smt. Vinita Singhania | Director sitting fee | 2.25 | 3.75 |
| | | Commission | 25.00 | 25.00 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | |
|---|---|--|-----------------------------|-----------------------------|
| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | | Reimbursement of expenses | 0.18 | 0.24 |
| | Smt. Ramni Nirula | Director sitting fee | 5.65 | 3.00 |
| | | Commission | 25.00 | - |
| | | Reimbursement of expenses | 0.27 | 0.12 |
| | Sh. Jayant Davar | Director sitting fee | 3.00 | - |
| | | Commission | - | - |
| | | Reimbursement of expenses | 0.12 | - |
| | Late Sh. Raju Rustogi- Chief Operating Officer and Chief Financial Officer | Salary and allowances (including perquisites and contribution in PF and Superannuation)* | - | 161.14 |
| | Sh. Vivek Chaudhary- Company Secretary | Salary and allowances (including perquisites and contribution in PF and Superannuation)* | 28.90 | 30.76 |
| | Sh. Manish Gulati - Executive Director, Chief Operating Officer & Chief Marketing Officer | Salary and allowances (including perquisites and contribution in PF and Superannuation)* | 128.02 | 119.72 |
| | Sh. Gulshan Kumar Sakhuja - Chief Financial Officer | Salary and allowances (including perquisites and contribution in PF and Superannuation)* | 45.38 | 44.90 |
| | | Housing loan given | 8.00 | - |
| | | Housing loan repayment - principal | 0.89 | - |
| | | Housing loan repayment - interest | 0.10 | - |
| | | Closing balance as at end of year | 7.11 | - |
| (b) Close family members of Key Management Personnel | Sh. L.N. Jhunjhunwala | Dividend paid | 127.33 | 143.79 |
| | | Amount paid on buyback of equity shares | - | 548.08 |
| | Smt. Mani Devi Jhunjhunwala | Dividend paid | 73.22 | 82.68 |
| | | Amount paid on buyback of equity shares | - | 315.10 |
| | Sh. Rishabh Jhunjhunwala | Dividend paid | 131.86 | 148.90 |
| | | Amount paid on buyback of equity shares | - | 567.55 |
| | Smt. Rita Jhunjhunwala | Dividend paid | 158.91 | 179.45 |
| | | Amount paid on buyback of equity shares | - | 683.98 |
| | | Rent paid | 12.00 | - |
| 4) Post employment benefit Plan Trust | (a) Hindustan Electro Graphites Staff Gratuity Fund Trust | Contribution in employee benefit scheme | - | - |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | |
|--|---|---|-----------------------------|-----------------------------|
| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | (b) Hindustan Electro Graphites Ltd. Senior Executive Superannuation Fund Trust | Contribution in employee benefit scheme | 184.10 | 157.03 |
| 5) Enterprises in which KMP is able to exercise significant influence. | RSWM Ltd. | Rent paid | 43.52 | 43.52 |
| | | Rent received | - | - |
| | | Reimbursement received | 8.99 | 39.82 |
| | | Reimbursement made | 36.23 | 30.42 |
| | | Dividend paid | 541.49 | 782.40 |
| | | Amount paid on buyback of equity shares | - | 2,982.27 |
| | | Purchase of shares of bel | 8,484.54 | - |
| | Shashi Commercial Co. Ltd. | Rent paid | 30.55 | 29.60 |
| | | Dividend paid | 506.65 | 572.15 |
| | | Amount paid on buyback of equity shares | - | 2,180.81 |
| | Purvi Vanijaya Niyojan Ltd. | Rent paid | 3.50 | 3.50 |
| | | Reimbursement made | 0.33 | 0.33 |
| | | Dividend paid | 1,236.44 | 1,396.28 |
| | | Amount paid on buyback of equity shares | - | 5,322.19 |
| | Giltedged Industrial Securities Ltd. | Rent paid | 25.92 | 24.19 |
| | | Dividend paid | 357.52 | 403.73 |
| | | Amount paid on buyback of equity shares | - | 1,538.85 |
| | Malana Power Co. Ltd. | Reimbursement received | 0.44 | 3.13 |
| | BSL Ltd. | Rent received | 12.18 | 12.18 |
| | | Purchase of fabrics | 4.50 | 3.40 |
| | AD Hydro Power Ltd. | Reimbursement received | 0.25 | 1.79 |
| | Maral Overseas Ltd. | Reimbursement received | 0.76 | 5.44 |
| | BMD Pvt. Ltd. | Reimbursement received | 0.54 | 3.86 |
| Bharat Investments Growth Limited | Dividend paid | 1,848.68 | 2,087.68 | |
| | Amount paid on buyback of equity shares | - | 7,957.68 | |
| Deepak Pens & Plastics Pvt. Limited | Dividend paid | 352.37 | 397.92 | |
| | Amount paid on buyback of equity shares | - | 1,516.74 | |
| India Texfab Marketing Limited | Dividend paid | 155.04 | 175.08 | |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| (₹ in Lakhs) | | | | |
|--------------|---------------------------------|---|-----------------------------|-----------------------------|
| Relationship | Name of the Related Party | Nature of Transaction | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| | | Amount paid on buyback of equity shares | - | 667.32 |
| | Investors India Limited | Dividend paid | 27.19 | 30.71 |
| | | Amount paid on buyback of equity shares | - | 117.04 |
| | LNJ Financial Services Limited | Dividend paid | 1,011.24 | 1,141.97 |
| | | Amount paid on buyback of equity shares | - | 4,352.81 |
| | Nivedan Vanijya Niyojan Limited | Dividend paid | 50.01 | 56.48 |
| | | Amount paid on buyback of equity shares | - | 215.22 |
| | M.L. Finlease Pvt. Limited | Dividend paid | 259.85 | 293.44 |
| | | Amount paid on buyback of equity shares | - | 1,118.48 |
| | Sandhu Auto Deposits Limited | Dividend paid | 401.83 | 453.78 |
| | | Amount paid on buyback of equity shares | - | 1,729.59 |
| | Raghav Commercial Limited | Dividend paid | 1,086.12 | 1,226.53 |
| | | Amount paid on buyback of equity shares | - | 4,675.17 |
| | Mekima Corporation | Dividend paid | 1,299.29 | 1,431.63 |
| | | Amount paid on buyback of equity shares | - | 3,143.14 |
| | Microlight Investments Limited | Dividend paid | 3,499.18 | 3,732.46 |
| | Norbury Investments Limited | Dividend paid | 4,022.24 | 4,290.39 |
| | Ravi Jhunjunwala - HUF | Dividend paid | 152.10 | 171.77 |

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

| (₹ in Lakhs) | | | | | |
|--------------|--|------------------------------|-------------------|------------------------|------------------------|
| Sl. No. | Related Party | Name of the Related Party | Particulars | As At 31st March, 2020 | As At 31st March, 2019 |
| 1 | Associates | Bhilwara Energy Ltd. | Investments | 30,711.50 | 14,506.88 |
| | | | Loan and advances | 0.11 | 0.11 |
| | | Bhilwara Infotechnology Ltd. | Investments | 419.00 | 419.00 |
| 2 | Enterprises over which any person described in (b) or (c) is able to exercise significant influence. | RSWM Ltd. | Loan and advances | - | 0.18 |
| | | Malana Power Co. Ltd. | Loan and advances | - | 1.90 |
| | | AD Hydro Power Ltd. | Loan and advances | - | 1.09 |

There is no provision for doubtful debts related to amount of outstanding balances due from related parties.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

D) Commitments with Related Parties

(₹ in Lakhs)

| Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|--------------------------------|--------------------------------|
| 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. | 600.00 | 600.00 |

E) Transactions with Key Managerial Personnel

(₹ in Lakhs)

| Particulars | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
|---|--------------------------------|--------------------------------|
| Short term employee benefits | 398.88 | 12,436.80 |
| Post employment benefits* | 43.95 | 47.21 |
| Sale of furniture | - | 8.39 |
| Rent paid | - | - |
| Payment against buy back of shares by Company | - | 1,781.57 |
| Director's sitting fee | 65.80 | 85.90 |
| Commission paid to independent directors | 225.00 | 200.00 |
| Reimbursement of expenses and incidental expenses | 3.90 | 4.68 |
| Dividend paid by the Company | 261.80 | 296.84 |
| Housing loan given | 8.00 | - |
| Housing loan repayment - principal | (0.89) | - |
| Housing loan repayment - interest | (0.10) | - |
| Total | 1,006.34 | 14,861.38 |

* 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:

(i) The Company has paid/provided managerial remuneration of ₹240.54 lakhs to Mr. Ravi Jhunjhunwala, Chairman, Managing Director & CEO of the Company, during the year ended 31st March, 2020 which exceeds by ₹87.57 lakhs vis-a-vis limits specified under section 197 of the Act read with Schedule V thereto on account of inadequacy of profits computed under Section 198 of the Act. The Company is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders in the ensuing Annual General Meeting, as necessary and the said excess remuneration paid/provided is held in trust for the Company by the said Director till the necessary compliance is made.

(ii) Mr. Manish Gulati has been appointed as an Executive Director of the Company with effect from 1st March, 2020 subject to approval of Shareholders. The Company has paid remuneration in accordance with the provisions of Section 197 of the Act read with Schedule V as approved by the Board of Directors upon the recommendation of Nomination & Remuneration Committee at their meeting held on 11th February, 2020 which is subject to approval of members in ensuing Annual General Meeting.

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 to the financial statements under the head "Contribution to provident and other funds". The details are as under:

(₹ in Lakhs)

| Particulars | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
|--|--------------------------------|--------------------------------|
| Employer's contribution to Provident Fund | 291.45 | 258.47 |
| Employer's contribution to Superannuation Fund | 163.55 | 170.73 |
| Employer's contribution to ESIC | 43.58 | 59.50 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(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.

(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 sets out the funded status of the gratuity plan and amounts recognised in the balance sheet: (₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| I. Movement in the present value of defined benefit obligation: | | |
| Present value of defined benefit obligation at the beginning of the year | 1,240.30 | 1,156.36 |
| Current service cost | 69.61 | 72.00 |
| Interest cost | 96.12 | 90.19 |
| Past service cost including curtailment (gains)/losses | - | - |
| Benefits paid | (262.18) | (164.25) |
| Actuarial changes (gain)/loss | 31.92 | 86.00 |
| Present value of defined benefit obligation at the end of the year | 1,175.77 | 1,240.30 |
| II. Movement in fair value of plan assets: | | |
| Fair value of plan assets at the beginning of the year: | 1,397.76 | 1,307.99 |
| Interest income | 108.33 | 102.02 |
| Company's contribution | - | - |
| Benefits paid | - | - |
| Remeasurement- return on plan assets excluding amount included in interest income | (38.08) | (12.25) |
| Fair value of plan assets at the end of the year | 1,468.01 | 1,397.76 |
| III. Net Assets/(liability) recognized in Balance Sheet: | | |
| Present value of defined benefit obligation | 1,175.77 | 1,240.30 |
| Fair value on plan assets | 1,468.01 | 1,397.76 |
| Surplus/(deficit) | 292.24 | 157.47 |
| Effect of asset ceiling if any | - | - |
| Net assets/(liability) recognized in Balance Sheet | 292.24 | 157.47 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| Particulars | (₹ in Lakhs) | |
|--|------------------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| IV (a) Amount recognized in Statement of Profit and Loss | | |
| Current service cost | 69.61 | 72.00 |
| Net interest expense on net defined benefit liability / (asset) | (12.21) | (11.83) |
| Net cost | 57.41 | 60.17 |
| 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 | (31.92) | (86.00) |
| Remeasurement- return on plan assets (excluding amount included in net interest on net defined benefit liability/(asset)) | (38.08) | (12.25) |
| Net Income/(Expense) for the period Recognised in OCI | (70.00) | (98.25) |
| V. Bifurcation of actuarial gain/loss on obligation. | | |
| 1. Actuarial changes arising from changes in demographic assumptions (gain/ (loss)) | (0.19) | - |
| 2. Actuarial changes arising from changes in financial assumptions (gain/ (loss)) | (11.34) | (45.06) |
| 3. Actuarial changes arising from changes in experience adjustments (gain/ (loss)) | 43.45 | (40.94) |
| 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) | 6.76% | 7.75% |
| Salary escalation (per annum) | 0.00% for 1st year & thereafter 5% | 6.00 |
| Retirement age | 58/60 | 58/60 |
| Mortality rate during employment | 100% of IALM (2012 - 14) | 100% of ALM (2006-08) |
| 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 | (44.71) | (44.91) |
| Impact due to decrease of 0.50 % - increase(decrease) in obligation | 47.98 | 48.14 |
| b) Impact of the change in salary increase | | |
| Impact due to increase of 0.50% - increase(decrease) in obligation | 42.96 | 42.89 |
| Impact due to decrease of 0.50 % - increase(decrease) in obligation | (40.66) | (40.84) |
| X. The defined benefit obligation shall mature after the year end as follows: | | |
| a) 0-1 year | 120.23 | 121.51 |
| b) 1-2 year | 80.07 | 19.85 |
| c) 2-3 year | 87.96 | 70.72 |
| d) 3-4 years | 77.14 | 92.56 |
| e) 4-5 years | 103.21 | 141.08 |
| f) More than 5 years | 707.16 | 794.56 |

The estimate of future salary increase considered in actual valuation takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

XI. The Company expects to contribute ₹57.76 lakhs to the gratuity trusts during the financial year 2020-21.

(C) 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 ₹70.31 lakhs (previous year ₹81.69 lakhs)

(ii) Liability towards compensated absences as at the end of the year is as under:

| Particulars | (₹ in Lakhs) | |
|-----------------------|---------------------------|---------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| Current liability | 67.26 | 67.08 |
| Non-current liability | 391.34 | 387.08 |

Note 41 : Leases

(i) Company as a lessee

(a) The depreciation expense on ROU assets of ₹25.80 lakhs is included under depreciation and amortization expense in the Statement of Profit and Loss.

(b) Interest expense on the lease liability amounting to ₹6.10 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 | (₹ in Lakhs) | | |
|---|----------------------|---------------|--------------------|
| | Gross Carrying Value | Depreciation | Net Carrying Value |
| (i) Land | | | |
| As at 1st April, 2019 | - | - | - |
| Reclassified on account of adoption of Ind AS 116 | 840.16 | 206.47 | |
| Addition during the year | | - | |
| Depreciation during the year | - | 15.59 | |
| As at 31st March, 2020 | 840.16 | 222.06 | 618.10 |
| (ii) Buildings | | | |
| As at 1st April, 2019 | - | - | - |
| Reclassified on account of adoption of Ind AS 116 | - | - | |
| Addition during the year | 131.62 | - | |
| Depreciation during the year | - | 10.21 | |
| As at 31st March, 2020 | 131.62 | 10.21 | 121.41 |

(d) The following is the break-up of current and non-current lease liabilities as at 31st March, 2020

| Particulars | (₹ in Lakhs) | |
|-------------------------------|---------------------------|--|
| | As at 31st March, 2020 | |
| Current lease liabilities | 49.78 | |
| Non current lease liabilities | 114.38 | |
| Total | 164.16 | |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(e) The following is the movement in lease liabilities during the year ended 31st March, 2020:

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 |
|---------------------------------------|------------------------|
| Balance at the beginning of the year | - |
| Transition effect | 42.51 |
| Additions during the year | 131.62 |
| Finance cost accrued during the year | 6.10 |
| Payment of lease liabilities | 16.06 |
| Balance at the end of the year | 164.16 |

(f) The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2020:

(₹ in Lakhs)

| Particulars | For the Year Ended 31st March, 2020 | |
|---|-------------------------------------|---------------------------|
| | Minimum payments | Present value of payments |
| With in one year | 55.79 | 53.42 |
| After one year but not more than 5 years | 101.08 | 86.69 |
| More than 5 years | 103.11 | 24.05 |
| Total minimum lease payments | 259.98 | 164.16 |
| Less: Amount representing finance charges | 95.82 | - |
| Present value of minimum lease payments | 164.16 | 164.16 |

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) The Company incurred ₹93.02 lakhs for the year ended 31st March, 2020 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:

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 |
|--------------------|------------------------|
| Less than one year | 33.19 |

(ii) Company as a lessor

The Company has given on lease building under operating lease. The Rental income recorded for the year ended 31st March, 2020 is ₹138.12 lakhs (previous year - ₹88.68 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:

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--|------------------------|------------------------|
| (i) Not later than one year | 135.72 | 124.93 |
| (ii) Later than one year and not later than five years | 494.86 | 488.92 |
| (iii) Later than five years | 252.36 | 377.18 |
| Total | 882.94 | 991.03 |

Note 42 : Events after the Reporting Period

The Board of directors have recommended the payment of final dividend of Nil per equity share (previous year ₹50 per equity share) which is subject to the approval of shareholders in the Annual General Meeting.

Note 43 : Corporate Social Responsibility(CSR)

As per section 135 of the Company Act, 2013, a company meeting the applicable threshold, need to spend atleast 2% of the average net profit for the immediate preceding three financial years on CSR activities as defined in schedule VII of the Companies Act 2013.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(a) Gross amount required to be spent by the Company during the year ₹4,179.54 lakhs (previous year ₹1,036.61 lakhs)

(b) Amount spent during the period :

(₹ in Lakhs)

| CSR Activities | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|-------------------------------------|-------------------------------------|
| (i) Construction/acquisition of any assets | - | - |
| (ii) On purpose other than (i) above | 2,217.31 | 827.92 |
| | 2,217.31 | 827.92 |

Amount unspent during the year was ₹1,962.23 lakhs (previous year ₹208.69 lakhs)

Note 44 : Capitalization of Pre-Operative Expenditure

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

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------|------------------------|------------------------|
| Bank and LC charges | 179.79 | - |
| Travelling expenses | 6.02 | - |
| Power cost | 8.61 | - |
| Total | 194.42 | - |

The amount capitalized during the year is ₹ Nil (previous year ₹ Nil)

Note 45 : Details of Loans given, Investments made and Guarantee given covered u/s 186(4) of The Companies Act, 2013

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------|------------------------|------------------------|
| Loan given | - | - |
| Guarantee given | 600.00 | 600.00 |
| Investment made | 31,130.50 | 14,925.88 |

Note 46 : Capital Management**(a) Risk Management**

The Company's objective when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital using a gearing ratio, which is net debt (net of cash and cash equivalents) divided by total equity.

The Company is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(i) The gearing ratios were as follows:

| Particulars | (₹ in Lakhs) | |
|---------------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| a) Debt* | 59,261.72 | 66,636.47 |
| b) Cash & Cash Equivalents | (3,280.33) | (2,915.91) |
| (c) Net Debt (a)+(b) | 55,981.39 | 63,720.56 |
| Total equity | 3,51,171.91 | 3,79,368.61 |
| Net Debt to Equity Ratio | 0.16 | 0.17 |

* 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:

There is no long term debt during the reporting period.

(b) Dividends

| Particulars | (₹ in Lakhs) | |
|---|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| i) Equity Shares | | |
| Final dividend paid for the year ended 31st March, 2019 of ₹50 per fully paid equity share (previous year ₹50 per fully paid equity share) | 19,297.75 | 19,979.57 |
| Interim dividend paid during the year ended 31st March, 2020 of ₹25 per fully paid equity share (previous year ₹30 per fully paid equity share) | 9,648.88 | 11,987.74 |
| ii) Dividends not recognised at the end of the reporting year | | |
| In addition to above dividends, the directors have recommended the payment of a final dividend of Nil per equity share (previous year ₹50 per equity share) | - | 19,297.75 |

Note 47 : Financial Instruments - Accounting Classification and Fair Value Measurement

As at 31st March, 2020

| 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 | | | | 57,691.78 | 57,691.78 | 57,691.78 | |
| -Mutual funds | | | | 18,763.28 | 18,763.28 | 18,763.28 | |
| -Non convertible debentures | | | | 3,290.85 | 3,290.85 | 3,290.85 | |
| -Infra trust | | | | 4,715.04 | 4,715.04 | 4,715.04 | |
| Trade receivables (Refer note 10) | 39,940.82 | | | - | 39,940.82 | 39,940.82 | |
| Cash and cash equivalents (Refer note 15) | 3,280.33 | | | - | 3,280.33 | 3,280.33 | |
| Other bank balances (Refer note 16) | 40,448.07 | | | - | 40,448.07 | 40,448.07 | |
| Loans (Refer note 11) | 1,819.46 | | | - | 1,819.46 | 1,819.46 | |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| 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 | | |
| Other financial assets (Refer note 12) | 686.07 | | | | | 686.07 | 686.07 |
| Derivative financial instruments (Refer note 12) | - | | | | | - | - |
| Total Financial Assets | 86,174.75 | - | - | - | 84,460.95 | 1,70,635.70 | 1,70,635.70 |
| Financial Liabilities | | | | | | | |
| Borrowings (Refer note 19) | 59,261.72 | | | | | 59,261.72 | 59,261.72 |
| Trade payables (Refer note 20) | 13,380.70 | | | | | 13,380.70 | 13,380.70 |
| Lease liabilities (Refer note 21A) | 164.16 | | | | | 164.16 | 164.16 |
| Other financial liabilities (Refer note 21B) | 6,403.74 | | | | | 6,403.74 | 6,403.74 |
| Derivative financial instruments (Refer note 21B) | - | | | | 118.20 | 118.20 | 118.20 |
| Total Financial Liabilities | 79,210.32 | - | - | - | 118.20 | 79,328.52 | 79,328.52 |

As at 31st March, 2019

| 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 |
| -Fixed maturity plans | | | | | 57,937.06 | 57,937.06 | 57,937.06 |
| -Mutual funds | | | | | 6,008.15 | 6,008.15 | 6,008.15 |
| -Non convertible debentures | | | | | 7,832.79 | 7,832.79 | 7,832.79 |
| Trade receivables (Refer note 10) | 1,18,688.94 | | | | | 1,18,688.94 | 1,18,688.94 |
| Cash and cash equivalents (Refer note 15) | 2,915.91 | | | | | 2,915.91 | 2,915.91 |
| Other bank balances (Refer note 16) | 52,816.50 | | | | | 52,816.50 | 52,816.50 |
| Loans (Refer note 11) | 1,180.57 | | | | | 1,180.57 | 1,180.57 |
| Other financial assets (Refer note 12) | 465.79 | | | | | 465.79 | 465.79 |
| Derivative financial instruments (Refer note 12) | - | | | | 72.40 | 72.40 | 72.40 |
| Total Financial Assets | 1,76,067.71 | - | - | - | 71,850.41 | 2,47,918.12 | 2,47,918.12 |
| Financial Liabilities | | | | | | | |
| Borrowings (Refer note 19) | 66,636.47 | | | | | 66,636.47 | 66,636.47 |
| Trade payables (Refer note 20) | 38,006.89 | | | | | 38,006.89 | 38,006.89 |
| Lease liabilities (Refer note 21A) | 42.51 | | | | | 42.51 | 42.51 |
| Other financial liabilities (Refer note 21B) | 13,016.29 | | | | | 13,016.29 | 13,016.29 |
| Derivative financial instruments (Refer note 21B) | - | | | | | - | - |
| Total Financial Liabilities | 1,17,702.16 | - | - | - | - | 1,17,702.16 | 1,17,702.16 |

Investment value excludes investment in Associates of ₹40,014.48 lakhs (31st March, 2019: ₹22,394.63 lakhs).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(i) 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.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying value largely due to the short-term maturities of these instruments.

Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. For borrowing fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-performance for the Company is considered to be insignificant in valuation.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in the active markets for identical assets or liabilities

Level 2: Other techniques for which all the inputs 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.

As at 31st March, 2020

(₹ in Lakhs)

| 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 | 57,691.78 | - | 57,691.78 | - |
| -Mutual funds | 18,763.28 | - | 18,763.28 | - |
| -Non convertible debentures | 3,290.85 | - | 3,290.85 | - |
| -Infra trust | 4,715.04 | - | - | 4,715.04 |
| Total | 84,460.96 | 0.01 | 79,745.91 | 4,715.04 |
| Financial Liabilities measured at Fair Value through Profit or Loss | | | | |
| Derivative financial instruments | 118.20 | - | 118.20 | - |
| Total | 118.20 | - | 118.20 | - |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

As at 31st March, 2019

(₹ in Lakhs)

| 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 | 57,937.06 | - | 57,937.06 | - |
| - Mutual funds | 6,008.15 | - | 6,008.15 | - |
| - Non convertible debentures | 7,832.79 | - | 7,832.79 | - |
| | 71,778.01 | 0.01 | 71,778.00 | - |
| Derivative financial instruments | 72.40 | - | 72.40 | - |
| Total | 71,850.41 | 0.01 | 71,850.40 | 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: 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 various 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.

Note 48 : 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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(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, 2020 | | | As at 31st March, 2019 | | |
|---------------------|----------|--------|------------------------|------------------|------------------|------------------------|----------------|------------------|
| | | | No. of contracts | (USD) (in Lakhs) | (INR) (in Lakhs) | No. of contracts | (USD) in Lakhs | (INR) (in Lakhs) |
| Against receivables | USD/ INR | Sold | 2 | 40.00 | 2,921.60 | 5 | 80.00 | 5666.725 |

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 31st March, 2020 | | As at 31st March, 2019 | |
|--|-------------|-------------------------|--------------------------|-------------------------|--------------------------|
| | | Amount in FC (in Lakhs) | Amount in INR (in Lakhs) | Amount in FC (in Lakhs) | Amount in INR (in Lakhs) |
| I. Financial Liabilities | | | | | |
| Secured loan (A) | USD | - | - | - | - |
| | Euro | 20.00 | 1,669.18 | - | - |
| Creditors (B) | USD | 30.99 | 2,335.21 | 63.24 | 4,374.72 |
| | Euro | 6.47 | 540.09 | 0.04 | 3.11 |
| Other payables (C) | USD | 23.86 | 1,797.89 | 19.45 | 1,345.27 |
| | Euro | 3.49 | 291.68 | 14.72 | 1,143.53 |
| Total exposure to foreign currency risk (liabilities) (D=A+B+C) | USD | 54.86 | 4,133.10 | 82.69 | 5,719.99 |
| | Euro | 29.97 | 2,500.95 | 14.76 | 1,146.65 |
| II. Financial Assets | | | | | |
| Trade receivables (E) | USD | 318.71 | 24,013.18 | 957.72 | 66,246.52 |
| | Euro | 53.22 | 4,441.59 | 294.14 | 22,855.70 |
| Total exposure to foreign currency risk (assets) (F=E) | USD | 318.71 | 24,013.18 | 957.72 | 66,246.52 |
| | Euro | 53.22 | 4,441.59 | 294.14 | 22,855.70 |
| Net exposure to foreign currency risk (F-D) | USD | 263.85 | 19,880.08 | 875.02 | 60,526.53 |
| | Euro | 23.25 | 1,940.64 | 279.39 | 21,709.05 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(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 : (₹ in Lakhs)

| Particulars | Impact on Profit | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| USD Sensitivity | | |
| Increase in exchange rate by 5% (Previous year 3%) | 847.92 | 1,645.79 |
| Decrease in exchange rate by 5% (Previous year 3%) | (847.92) | (1,645.79) |
| EURO Sensitivity | | |
| Increase in exchange rate by 5% (Previous year 6%) | 97.03 | 1,302.54 |
| Decrease in exchange rate by 5% (Previous year 6%) | (97.03) | (1,302.54) |

(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: (₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--------------------------|------------------------|------------------------|
| Variable rate borrowings | - | 66,636.47 |
| Fixed rate borrowings | 59,261.72 | - |
| Total borrowings | 59,261.72 | 66,636.47 |

As at the end of the reporting period, the Company has the following borrowings outstanding:

| Particulars | As At 31st March, 2020 | | | As At 31st March, 2019 | | |
|---|--------------------------------|----------------------------------|------------------|--------------------------------|----------------------------------|------------------|
| | Weighted Average Interest Rate | Outstanding Balance (₹ in Lakhs) | % of Total Loans | Weighted Average Interest Rate | Outstanding Balance (₹ in Lakhs) | % of Total Loans |
| Term loans from banks and other parties | - | - | - | - | - | - |
| Working capital loans from banks | 5.71% | 59,261.72 | 100 | 5.69% | 66,636.47 | 100 |
| Total | 5.71% | 59,261.72 | 100 | 5.69% | 66,636.47 | 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 31st March, 2020 | For the year ended 31st March, 2019 |
| Interest Rate - increase by 60 basis points | - | (399.82) |
| Interest Rate - decrease by 60 basis points | - | 399.82 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(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.

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|------------------------|------------------------|
| Investments in fixed maturity plans, mutual fund schemes, non-convertible debentures & infrastructure trust | 84,460.95 | 71,778.00 |

(b) Sensitivity:

The below is the sensitivity analysis at the end of the year in case NAV has been 1% higher / lower.

(₹ in Lakhs)

| Particulars | Impact on Profit | |
|--------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| NAV increase by 1% | 844.61 | 717.78 |
| NAV decrease by 1% | (844.61) | (717.78) |

(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 2019-20 and 2018-19.

(i) Expected Credit Loss for Financial Assets

As at 31st March, 2020

(₹ in Lakhs)

| 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 | 127.35 | 0% | - | 127.35 |
| Security deposits | 1,692.11 | 0% | - | 1,692.11 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(₹ in Lakhs)

| Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL) | Not Due | Less than 12 months | 12 to 15 months | 15 to 18 months | 18 to 21 months | 21 to 24 months | More than 24 months | Total |
|---|---------|---------------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------|
| Trade Receivables- | | | | | | | | |
| Other than ECGC | 438.13 | 37,803.44 | - | - | 138.78 | - | 572.19 | 38,952.55 |
| Due under ECGC | - | - | - | - | - | - | 1,664.55 | 1,664.55 |
| Expected probability of default | - | - | 25% | 50% | 75% | 100% | 100% | |
| Expected credit losses | 0.00 | 0.00 | 0.00 | 0.00 | 104.09 | 0.00 | 572.19 | 676.28 |
| Carrying amount of trade receivables | 438.13 | 37,803.44 | 0.00 | 0.00 | 34.70 | 0.00 | 1,664.55 | 39,940.81 |

As at 31st March, 2019

| 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 | 88.25 | 0% | - | 88.25 |
| Security deposits | 1,092.32 | 0% | - | 1,092.32 |

| Financial assets to which loss allowance is measured using lifetime expected credit loss (ECL) | Not Due | Less than 12 months | 12 to 15 months | 15 to 18 months | 18 to 21 months | 21 to 24 months | More than 24 months | Total |
|--|----------|---------------------|-----------------|-----------------|-----------------|-----------------|---------------------|-------------|
| Trade Receivables- | | | | | | | | |
| Other than ECGC | 5,846.41 | 1,12,493.21 | 6.28 | 422.52 | 54.85 | 98.37 | 593.39 | 1,19,515.04 |
| Due under ECGC | - | - | - | - | - | - | 119.63 | 119.63 |
| Expected probability of default | - | - | 25% | 50% | 75% | 100% | 100% | |
| Expected Credit Losses | 0.00 | 0.00 | 1.57 | 211.26 | 41.14 | 98.37 | 593.39 | 945.73 |
| Carrying amount of Trade receivables | 5,846.41 | 1,12,493.21 | 4.71 | 211.26 | 13.71 | 0.00 | 119.63 | 1,18,688.94 |

Provisioning Norms of Debtors

| Ageing of debtor on the basis of invoice date | Provision in % _2019-20 | Provision in % _2018-19 |
|---|-------------------------|-------------------------|
| Upto 12 months | Nil | Nil |
| 12 to 15 months | 25% | 25% |
| 15 to 18 months | 50% | 50% |
| 18 to 21 months | 75% | 75% |
| 21 to 24 months | 100% | 100% |
| More than 24 months | 100% | 100% |

(ii) Reconciliation of loss allowance provision - Trade receivables

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model: (₹ in Lakhs)

| Particulars | Current Year ended 31st March, 2020 | Previous Financial year ending 31st March, 2019 |
|-----------------------------|-------------------------------------|---|
| As at the beginning of year | 945.73 | 458.94 |
| Provided during the year | - | 486.79 |
| Reversal of provisions | (269.46) | - |
| As at the end of the year | 676.28 | 945.73 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(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, 2020 | | | | | (₹ in Lakhs) |
|---|---------------------|---------------------|-------------------|--------------------|--------------|
| Particulars | Less than 12 months | 12months to 5 years | More than 5 years | Total | |
| Financial Liabilities | | | | | |
| Borrowings(Current) | 59,261.72 | - | - | 59,261.72 | |
| Trade payables | 13,380.70 | - | - | 13,380.70 | |
| Lease liabilities | 53.42 | 86.69 | 24.05 | 164.16 | |
| Other financial liabilities | 6,521.94 | - | - | 6,521.94 | |
| Total | 79,217.78 | 86.69 | 24.05 | 79,328.52 | |
| Financial Assets | | | | | |
| Investments (other than investment in associates) | 1,653.30 | 82,807.65 | - | 84,460.95 | |
| Trade receivables | 39,940.82 | - | - | 39,940.82 | |
| Cash and Cash Equivalents | 3,280.33 | - | - | 3,280.33 | |
| Other bank balances (other than earmarked balances) | 27,251.89 | - | - | 27,251.89 | |
| Loans | 77.90 | 1,741.56 | - | 1,819.46 | |
| Others financial assets | 686.07 | - | - | 686.07 | |
| Total | 72,890.31 | 84,549.21 | - | 1,57,439.52 | |
| As at 31st March, 2019 | | | | | (₹ in Lakhs) |
| Particulars | Less than 12 months | 12months to 5 years | More than 5 years | Total | |
| Financial Liabilities | | | | | |
| Borrowings (Current) | 66,636.47 | - | - | 66,636.47 | |
| Trade payables | 38,006.90 | - | - | 38,006.90 | |
| Lease liabilities | 4.95 | 15.69 | 21.87 | 42.51 | |
| Other financial liabilities | 13,016.29 | - | - | 13,016.29 | |
| Total | 1,17,664.61 | 15.69 | 21.87 | 1,17,702.17 | |
| Financial Assets | | | | | |
| Investments (other than investment in associates) | 10,823.99 | 60,954.02 | - | 71,778.00 | |
| Trade receivables | 1,18,688.94 | - | - | 1,18,688.94 | |
| Cash and cash equivalents | 2,915.91 | - | - | 2,915.91 | |
| Other bank balances (other than earmarked balances) | 34,640.00 | - | - | 34,640.00 | |
| Loans | 62.01 | 1,118.56 | - | 1,180.57 | |
| Others financial assets | 465.79 | - | - | 465.79 | |
| Total | 1,67,596.64 | 62,072.58 | - | 2,29,669.22 | |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 49 : Carrying Amount of Pledged Assets

| Particulars | (₹ in Lakhs) | |
|-----------------------------|------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 |
| First Charge | | |
| Current Assets | | |
| (a) Trade receivables | 39,940.82 | 1,18,688.94 |
| (b) Inventories | 1,00,513.85 | 1,30,838.65 |
| Total (A) | 1,40,454.67 | 2,49,527.59 |
| Secondary Charge | | |
| Property, plant & equipment | 83,880.78 | 78,317.19 |
| Total (B) | 83,880.78 | 78,317.19 |
| Total (A+B) | 2,24,335.45 | 3,27,844.78 |

Note 50 : Disclosure under Ind AS 115 " Revenue from Contracts with Customers "

Ministry of Corporate affairs had notified Ind AS 115 'Revenue from Contracts with customers' which is effective from 1st April, 2018. The new standard outlines a single comprehensive control based model for revenue recognition and supersedes current revenue recognition guidance based on risk and rewards. The Company had assessed the impact on the financial statement of adopting IND-AS 115 and it is not expected to have a impact on the Company's profitability, liquidity and capital resources as financial position. The Company had not applied any significant judgements in applying the revenue recognition criteria. The introduction of the standard have extended the disclosure requirements and are given below:-

(i) Disaggregation of revenue from Contracts with Customers

The table below presents disaggregated revenues from contracts with customers offerings and contract-type. (₹ in Lakhs)

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|------------------------|-------------------------------------|-------------------------------------|
| Type of Product | | |
| - Graphite Electrode | 1,99,197.76 | 6,28,323.12 |
| - Mix Graphite Product | 9,213.59 | 14,588.26 |
| - Power | 1,777.16 | 720.22 |
| Total | 2,10,188.51 | 6,43,631.60 |

Total Revenue from Contracts with Customers

| (₹ in Lakhs) | | |
|--|-------------------------------------|-------------------------------------|
| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Revenue from customers based in India | 46,702.97 | 1,52,278.30 |
| Revenue from customers based outside India | 1,63,485.55 | 4,91,353.30 |
| Total | 2,10,188.51 | 6,43,631.60 |

Timing of Revenue Recognition

| (₹ in Lakhs) | | |
|--|-------------------------------------|-------------------------------------|
| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| Revenue from goods transferred to customers at a point in time | 2,10,188.51 | 6,43,631.60 |
| Revenue from goods transferred to customers over time | - | - |
| Total | 2,10,188.51 | 6,43,631.60 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| Export benefits are in the nature of government grants covering following benefits | (₹ in Lakhs) | |
|--|------------------------------------|------------------------------------|
| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
| (a) Merchandise exports from India Scheme (MEIS) | 2,567.72 | 9,574.36 |
| (b) Duty drawback benefits | 805.63 | 5,741.73 |
| | 3,373.35 | 15,316.09 |

(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.

The revenue recognised during the year ended 31st March, 2020 includes revenue against advances from customers amounting to ₹74.86 lakhs (Previous Year- ₹1,460.95 lakhs) at the beginning of the year.

The revenue of ₹ Nil has been recognised during the year ended 31st March, 2020 (Previous Year - Nil) against performance obligations satisfied (or partially satisfied) in previous periods.

(iii) Performance obligations and remaining performance obligations

The remaining performance disclosures provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. (₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|------------------------|------------------------|
| The aggregate value of performance obligations that are completely or partially unsatisfied | NIL | NIL |

Note 51 : 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 31st March, 2020 | | For the year ended 31st March, 2019 | |
|---|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| | Borrowings (Current) | Borrowings (Non-Current) | Borrowings (Current) | Borrowings (Non-Current) |
| Opening balance of financial liabilities coming under the financing activities of Cash Flow Statement | 66,636.47 | - | 29,745.49 | - |
| Changes during the year | | | | |
| a) Changes from financing cash flow | (7,403.93) | - | 36,890.98 | - |
| b) the effect of changes in foreign exchanges rates-(gain)/loss | 29.18 | - | - | - |
| c) Changes in fair value | - | - | - | - |
| d) Other Changes | - | - | - | - |
| Closing balance of financial liabilities coming under the financing activities of Cash Flow Statement | 59,261.72 | - | 66,636.47 | - |

Note 52 : Details of Research and Development expenditure

| Particulars | (₹ in Lakhs) | |
|-------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
| a) Capital | - | - |
| b) Revenue | 169.89 | 187.16 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 53: Significant enterprises consolidated as Associates in accordance with Ind AS 28 "Investments in Associates & Joint Ventures"

Note 53A: Interest in Other Entities

The Consolidated Financial Statements present the Consolidated Accounts of HEG Ltd. with its following Associates.

| Name of company | Country of incorporation | Activities | Proportion of ownership of interest | |
|---------------------------------|--------------------------|--|-------------------------------------|------------------------|
| | | | As at 31st March, 2020 | As at 31st March, 2019 |
| A. Associates | | | | |
| Bhilwara Infotechnology Limited | India | IT enabled services | 38.59% | 38.59% |
| Bhilwara Energy Limited | India | Power generation and power consultancy | 49.01% | 29.49% |

Note 53B: Summarised financial information of Associates

| Particulars | Bhilwara Energy Limited | | Bhilwara Infotechnology Limited | |
|--------------------------------------|-------------------------|------------------------|---------------------------------|------------------------|
| | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 | As at 31st March, 2019 |
| I. Assets | | | | |
| (A) Non current assets | 1,69,622.55 | 1,78,824.29 | 1,638.75 | 860.65 |
| (B) Current Assets | | | | |
| i) Cash and cash equivalent | 5,519.06 | 2,033.40 | 464.98 | 470.44 |
| ii) Others | 12,341.13 | 33,562.05 | 2,785.06 | 3,247.91 |
| Total Current Asset | 17,860.19 | 35,595.45 | 3,250.04 | 3,718.35 |
| Total Asset (A+B) | 1,87,482.74 | 2,14,419.74 | 4,888.79 | 4,579.00 |
| II. Liabilities | | | | |
| (A) Non current liabilities | | | | |
| i) Financial liabilities | 44,082.09 | 54,259.61 | 157.19 | 32.25 |
| ii) Non financial liabilities | 479.30 | 394.10 | 116.08 | 143.23 |
| iii) Deferred tax liabilities | - | - | - | - |
| Total Non Current Liabilities | 44,561.39 | 54,653.71 | 273.27 | 175.47 |
| (B) Current liabilities | | | | |
| i) Financial liabilities | 7,205.50 | 31,786.68 | 305.18 | 420.95 |
| ii) Non financial liabilities | 765.01 | 603.03 | 116.82 | 129.40 |
| iii) Current tax liabilities | 242.90 | 72.41 | - | - |
| Total Current liabilities | 8,213.41 | 32,462.12 | 422.00 | 550.34 |
| Total Liabilities (A+B) | 52,774.80 | 87,115.83 | 695.27 | 725.82 |
| Net Assets (I-II) | 1,34,707.94 | 1,27,303.91 | 4,193.52 | 3,853.18 |

The previous year figures reported above have been reclassified to confirm with current year classification.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 53C: Summarised performance of Associates

(₹ in Lakhs)

| Particulars | Bhilwara Energy Limited | | Bhilwara Infotechnology Limited | |
|--|-----------------------------|-----------------------------|---------------------------------|-----------------------------|
| | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 | Year Ended 31st March, 2020 | Year Ended 31st March, 2019 |
| I. Summarised performance of Associates | | | | |
| (i) Revenue from operations | 35,099.81 | 36,612.07 | 4,227.55 | 5,091.37 |
| (ii) Profit/(loss) before tax | 10,718.32 | (79.01) | 433.58 | 623.40 |
| (iii) Profit/(loss) after tax (net of non-controlling interest) | 2,932.24 | (8,801.01) | 319.22 | 435.38 |
| (iv) Other comprehensive income (net of non-controlling interest) | (46.61) | (12.20) | 31.22 | 23.54 |
| (v) Total comprehensive income (for the purpose of calculation of company's share) | 2,885.63 | (8,813.21) | 350.44 | 458.92 |
| II. Company's share in associate | | | | |
| Proportion of Company's ownership in associate | 49.01% | 29.49% | 38.59% | 38.59% |
| (i) Company's share in profit after tax | 1,302.63 | (2,595.42) | 123.19 | 168.01 |
| (ii) Company's share in other comprehensive income | (22.63) | (3.60) | 12.05 | 9.08 |
| (iii) Company's share in total comprehensive income | 1,280.00 | (2,599.02) | 135.24 | 177.10 |
| III. Other information | | | | |
| (i) Depreciation and amortisation expense | 7,612.97 | 7,597.02 | 109.32 | 52.35 |
| (ii) Interest income | 906.99 | 2,531.49 | 187.76 | 128.93 |
| (iii) Interest expense | 5,719.60 | 9,188.79 | 9.07 | 6.46 |
| (iv) Tax expense | 3,219.60 | 4,059.83 | 114.35 | 188.01 |

Note 53D: Movement of investment in Associates using equity method

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|--|------------------------|
| | Investment at cost - at the beginning of the year | 14,925.88 |
| Add: Cost of investment acquired during the year (including goodwill) | 16,204.62 | 0.00 |
| Investment at cost - at the end of the reporting year | 31,130.50 | 14,925.88 |
| Profit till date at the beginning of the year | 7,468.75 | 9,890.67 |
| Add: Share of profit for the year | 1,425.81 | (2,427.40) |
| Add: Share of OCI for the year | (10.58) | 5.49 |
| Profit till date at the end of the reporting year | 8,883.98 | 7,468.75 |
| Investment at equity method - at the beginning of the year | 22,394.63 | 24,816.55 |
| Investment at equity method - at the end of the year | 40,014.48 | 22,394.63 |

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 53E. Other details mandated by Schedule III of Companies Act 2013, by way of additional information:

As at 31st March, 2020

(₹ in Lakhs)

| 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 | |
|--|--|--------------------|-------------------------------------|-----------------|---|---------------|---|-----------------|
| | 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 | Amount |
| Company | 97.47% | 3,42,287.93 | 78.92% | 5,337.15 | 83.20% | -52.38 | 78.88% | 5,284.77 |
| Associates (investment as per the equity method) | | | | | | | | |
| Indian | 2.53% | 8,883.98 | 21.08% | 1,425.81 | 16.80% | -10.58 | 21.12% | 1,415.23 |
| Total | 100.00% | 3,51,171.91 | 100.00% | 6,762.96 | 100.00% | -62.96 | 100.00% | 6,700.00 |

As at 31st March, 2019

| 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 | |
|--|--|--------------------|-------------------------------------|--------------------|---|----------------|---|--------------------|
| | 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 | Amount |
| Company | 98.03% | 3,71,899.86 | 100.80% | 3,05,043.06 | 109.39% | (63.92) | 100.80% | 3,04,979.15 |
| Associates (investment as per the equity method) | | | | | | | | |
| Indian | 1.97% | 7,468.75 | -0.80% | -2427.40 | -9.39% | 5.49 | -0.80% | -2,421.92 |
| Total | 100.00% | 3,79,368.61 | 100.00% | 3,02,615.66 | 100.00% | (58.43) | 100.00% | 3,02,557.23 |

Note 54 : There has been a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the judgement including the effective date of application. In view of the management, the liability for the period from date of the SC order to 31st March, 2019 is not significant and has been provided in the books of accounts. During the current year ended 31st March, 2020, the group has incorporated the effect of changes in the books of accounts. The group will continue to assess any further developments in this matter for the implications on financial statements, if any. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, was not ascertainable and consequently no effect was given in the accounts.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 55 : The notes disclosed in the consolidated financial Statements of Bhilwara Energy Limited, one of the associate companies, referred in the Auditor's report under 'Emphasis of Matter' paragraph are being reproduced hereunder:

(a) In case of subsidiary Chango Yangthang Hydro Power Limited, due to various socio-legal issues and non-availability of the clearances from the appropriate authorities, the Board of Directors decided to surrender the project. Accordingly, the company submitted its letter dated 11th July 2017 to Directorate of Energy, Govt. of Himachal Pradesh for surrender of the project and refund of the entire upfront premium and security deposit paid on the project. Directorate of Energy vide letter dated 03rd May 2018 had advised the company to make a presentation on 08th June 2018 with complete status followed by the meeting dated 12th Jun 2018. In the said meeting, it was decided that current situation at project site and concerned villages shall be assessed jointly by team of officers from DoE, Sr. Project Authority and District Administration to ascertain the ground realities with regard to the opposition of the local people towards implementation of Chango Yangthang HEP and to gather their views in this regard.

GoHP vide Notification dated 03rd Nov, 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 14th November 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 18th February, 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. In view of this, CYHPL has reiterated its demand for refund of money along with interest. The management is confident of recovering fully the upfront premium and security deposit.

(b) In case of Subsidiary NJC Hydro Power Limited, environmental clearance (EC) of Nyamjang Chhu HEP (6X130 MW) was challenged in National Green Tribunal (NGT) by NGO. NGT in their order dated 7th April, 2016 suspended the Environment Clearance granted to the project till the directions as given in the order are complied. NGT also directed MOEF&CC to make a separate study of E-Flow requirement for protection of Habitat of the Black Neck Crane and for the conservation of the Black Neck Crane through the Wildlife Institute of India (WII). While the studies were in progress, Government of Arunachal Pradesh issued instant notice for termination on 22nd March, 2019 invoking its right to take over the project on "AS IS WHERE IS BASIS" and allotting the same to third party. The Company filed petition challenging instant notice for termination under section 9 of Arbitration Act in District Courts of Itanagar for immediate relief to maintain the status quo which was granted vide their order dated 30th April, 2019 and the termination notice was also suspended. WII submitted its report to GoAP and the same was submitted to court on pursuance of the company. In the report, WII has recommended no construction of Nyamjnag Chhu HEP at site. The project being not viable as per WII report, an application u/s 9 was filed seeking refund of upfront premium as per provisions of MoA. District Court vides their order dated 18th March, 2020 disposed of the petition and advised to invoke arbitration within 45 days. Due to Covid 19 pandemic lockdown the company approached District Court for extension of the interim protection by another 90 days which was turned down by them. The company filed an appeal with Gauhati High Court u/s 37 of the Arbitration Act challenging the earlier orders of District Courts. An appeal was admitted by The Hon'ble High Court but interim extension was not granted. Interim order of the Gauhati High court in this regard was challenged in Supreme Court by filing Special Leave petition. Hon'ble Supreme Court vide its order dated 08th May, 2020 granted the relief for extension with notice to the other party.

(c) In case of Subsidiary BG Wind Power Limited, pending execution of the PPA expired on 31st March, 2019, the Company has recognised revenue @ ₹3.14/- 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 @ ₹0.50/- kwh.

(d) In case of Subsidiary Malana Power Company Limited, on 27th April, 2019, the Company has received provisional net demand of ₹8,069.00 lakhs in relation to wheeling charges for the period 1st April, 2008 to 31st March, 2019 from Himachal Pradesh State Electricity Board Limited (HPSEBL) based on an order passed by the Himachal Pradesh Electricity Regulatory Commission (HPERC), which is not in accordance with the agreement entered between the Company and HPSEB (now HPSEBL) in August 1999. In this regard, the Company has paid under protest an amount of ₹2,817.00 lakhs. Based on the legal opinion obtained, the Company is of the view that demand is

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

not legally tenable and would not result in any material liability for the period on or before March 2019 on the Company and accordingly has filed an appeal before Appellate tribunal, Electricity at New Delhi.

(e) In case of Subsidiary AD Hydro Power Limited, on 17th October, 2019, the Central Electricity Regulatory Commission (CERC) passed an Order on the Dedicated Transmission System of AD Hydro Power Limited (subsidiary company) in which CERC approved the capital cost of Dedicated Transmission System to ₹23,892.00 lakhs as against the capital cost submitted by the Company amounting to ₹41,661.00 lakhs (on the date of COD)/ ₹45,284.00 lakhs (with additional capitalization) and accordingly determined the annual fixed cost (Transmission Tariff) for using transmission line for the period 2011-12 to 2018-19.

The management is of the view that the methods used to derive the capital cost by the CERC are not in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations ("regulations") for the period 2009-14 and 2014-19 and Electricity Act, 2003. Further, the Company has filed an appeal against the said order before Appellate Tribunal for Electricity (APTEL) and pursuant to an appeal filed, the APTEL has passed an interim order dated 17th January, 2020 and stayed the above said demand and directed not to issue any readjustment bills along with the direction to continue to issue the future bills in accordance with the CERC Order till the appeal is finally disposed-off. The Company has accordingly started raising the invoices based on the CERC order effective 18th October, 2019 and recognized as transmission income.

Pending litigation and final decision on the appeal, the Management, based on the legal opinion, is of the view that the Order is not legally tenable and would not have any material liability on the subsidiary company and accordingly trade receivable (including unbilled revenue) aggregating to ₹3,319.88 lakhs is good and fully recoverable and no provision is required in respect of possible exposure aggregating to ₹6,121.81 lakhs towards amount already collected from the users of Dedicated Transmission Line till 31st March, 2020. Further, the management is confident that there would be no significant impact on the financial position of the subsidiary company in respect of transmission losses which is to be determined by the NRLDC as directed in the CERC Order.

Further, CERC has directed to share the losses on the basis of weekly average losses in proportion to the scheduled energy on weekly basis instead of a flat charge of 4.75% and accordingly directed the NRLDC to compute the same. However, the management is confident that there would be no significant impact on the financial position of the subsidiary company in respect of transmission losses as the actual losses during the peak season are likely to be higher."

Note 56 : Previous year figures have been reclassified, wherever necessary.

As per our report of even date
For SCV & Co. LLP
 Chartered Accountants
 Firm Regn. No. 000235N/N500089

Sanjiv Mohan
 Partner
 Membership No. 086066

Place : Ludhiana
 Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjunwala
 Chairman, Managing Director & CEO
 DIN No. : 00060972

Shekhar Agarwal
 Director
 DIN No. : 00066113

Gulshan Kumar Sakhuja
 Chief Financial Officer
 Membership No. 504626

Riju Jhunjunwala
 Vice Chairman
 DIN No. : 00061060

Satish Chand Mehta
 Director
 DIN No. : 02460558

Vivek Chaudhary
 Company Secretary
 Membership No. A13263

Manish Gulati
 Executive Director
 DIN No. : 08697512

Place : Noida (U.P.)
 Dated: 17th June, 2020

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

The Company has no subsidiaries, hence not applicable.

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 | Bhilwara Energy Ltd. | Bhilwara Infotechnology Ltd. |
|---|------------------------------------|------------------------------------|
| 1. Latest audited Balance Sheet Date | 31/03/2020 | 31/03/2020 |
| 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 | 419.00 |
| 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. Networth attributable to Shareholding as per latest audited Balance Sheet | 35,085.27 | 1,618.17 |
| 7. Profit / Loss for the year | | |
| i. Considered in Consolidation (₹ in lakhs) | 1,278.00 | 135.24 |
| ii. Not Considered in Consolidation | - | - |

*Refer Note No. 9 for details on acquisition of shares of Bhilwara Energy Ltd. during the FY 2019-20.

- Names of associates or joint ventures which are yet to commence operations: N.A.
- Names of associates or joint ventures which have been liquidated or sold during the year: N.A.

Signed in terms of our report of even date

For SCV & Co. LLP

Chartered Accountants

Firm Regn. No. 000235N/N500089

Sanjiv Mohan

Partner

Membership No. 086066

Place : Ludhiana

Dated: 17th June, 2020

For and on behalf of the Board of Directors

Ravi Jhunjunwala

Chairman, Managing Director & CEO

DIN No. : 00060972

Shekhar Agarwal

Director

DIN No. : 00066113

Gulshan Kumar Sakhuja

Chief Financial Officer

Membership No. 504626

Riju Jhunjunwala

Vice Chairman

DIN No. : 00061060

Satish Chand Mehta

Director

DIN No. : 02460558

Vivek Chaudhary

Company Secretary

Membership No. A13263

Manish Gulati

Executive Director

DIN No. : 08697512

Place : Noida (U.P.)

Dated: 17th June, 2020

Corporate Information

CHAIRMAN-EMERITUS

L. N. Jhunjunwala

BOARD OF DIRECTORS

Ravi Jhunjunwala

Chairman, Managing Director & CEO

Riju Jhunjunwala*

Vice-Chairman

Manish Gulati**

Executive Director

(earlier Chief Operating Officer
& Chief Marketing Officer)

Shekhar Agarwal[#]

Director

D. N. Davar^{##}, Director

Kamal Gupta, Director

Vinita Singhania, Director

S. N. Bhattacharya^{###}, Director

O. P. Bahl, Director

Satish Chand Mehta, 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

Punjab National Bank

HDFC Bank Ltd.

IDBI Bank Ltd.

Kotak Mahindra Bank Ltd.

Axis Bank Ltd.

YES Bank Ltd.

ICICI Bank Ltd.

CTBC Bank 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

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.hegltd.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

*Appointed as Vice-Chairman w.e.f. 17th June, 2020

**Appointed w.e.f. 1st March, 2020

*** Appointed w.e.f. 14th August, 2019

#Resigned as Vice-Chairman w.e.f. 17th June, 2020

##Resigned w.e.f. 24th July, 2019

###Resigned w.e.f. 23rd December, 2019



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL



HEG LIMITED

Registered Office:

Mandideep (Near Bhopal)

Distt. Raisen - 462046, Madhya Pradesh, India

Website: www.heg ltd.com/www.Injbhilwara.com

E-mail: heg.investor@Injbhilwara.com

CIN No. L23109MP1972PLC008290



HEG LIMITED

CIN L23109MP1972PLC008290

Registered Office: Mandideep (Near Bhopal), Distt. 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 48th Annual General Meeting (AGM) of HEG LIMITED will be held on Friday, 11th September, 2020 at 2.30 P.M. 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:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2020, 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, 2020 and the Report of Auditors thereon.
2. To confirm the payment of the Interim Dividend of ₹ 25 per Equity Share of face value of ₹ 10 each, for the financial year 2019-20.
3. To appoint a Director in place of Smt. Vinita Singhania (holding DIN: 00042983), who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.

Special Business:

4. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions, if any of the Companies Act, 2013 (the Act) and Schedule IV thereto and the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment thereof, for the time being in force), Shri Jayant Davar, (holding DIN: 00100801), who was appointed as an Additional Director (Independent) of the Company w.e.f. from 14th August, 2019 by the Board of Directors upon the recommendation of Nomination and Remuneration Committee of the Company and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and who is eligible for appointment and in respect of whom, the Company has received a notice in writing from a member under Section 160(1) of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed

as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, for a first term of five consecutive years with effect from 14th August, 2019 upto 13th August, 2024.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Schedule V thereto and the Rules made thereunder and (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force) and upon the recommendations 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 to ratify and confirm the waiver of recovery of the remuneration amounting to ₹ 87.57 Lakhs being part of Minimum Remuneration paid to Shri Ravi Jhunjhunwala (DIN: 00060972), Chairman, Managing Director & CEO of the Company for the Financial Year 2019-20, which exceeded the limits specified under Section 197 read with Schedule V of the Act to the extent as aforesaid, due to inadequacy of profits in the said Financial Year; and to the consequential retention thereof by him.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To consider and if thought fit, to pass, the following 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 and the Rules made thereunder and 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) and in furtherance of the special resolution passed in the 47th Annual General Meeting held on 20th August, 2019 (“47th AGM”) and upon the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company, the fresh approval of the members of the Company be and is hereby accorded for payment of

remuneration to Shri Ravi Jhunjunwala (DIN: 00060972), Chairman, Managing Director & CEO of the Company, as enumerated below, as minimum remuneration in case the Company has no profits or the profits of the Company are inadequate during period commencing from 1st April, 2020 to 31st March, 2022, on the terms of his appointment and remuneration already approved by the member by means of special resolution at the 47th AGM, notwithstanding that such remuneration may exceed the limits specified under Section 197 and Schedule V of the Act.

| | |
|--------------|---|
| Basic Salary | ₹ 10,00,000/- per month. |
| Commission | Not more than 2.5% 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 ₹ 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 all other existing terms and conditions of re-appointment of Shri Ravi Jhunjunwala approved by the shareholders at their 47th AGM held on 20th August, 2019 shall remain unchanged unless otherwise modified by the Board of directors of the Company upon recommendations of Nomination and Remuneration committee.

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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Manish Gulati (holding DIN: 08697512), Chief Operating Officer and Chief Marketing Officer, who was appointed by the Board of Directors upon the recommendation of Nomination and Remuneration Committee of the Company as an Additional Director (Executive Director) w.e.f. 1st March, 2020, in terms of Section 152 and 161 of the Companies Act, 2013, and who hold office as such upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160(1) of the Companies Act, 2013, from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and rules thereto."

8. To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 2(51) and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made thereunder, as amended from time to time, read with Schedule V to the Act, the consent of the Members of the Company be and is hereby accorded to appoint Shri Manish Gulati (holding DIN: 08697512), as a Whole Time Director, designated as an Executive Director of the Company, liable to retire by rotation, upon the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, for a period of 5 years with effect from 1st March, 2020 upto 28th February, 2025.

RESOLVED FURTHER THAT the remuneration payable to Shri Manish Gulati (holding DIN: 08697512) do hereby fixed for a period of three years w.e.f.1st March, 2020 upto 28th February, 2023 on the following terms and conditions:

| | |
|------------------|---|
| Basic salary | ₹ 2,94,028/- per month |
| Other Allowances | ₹ 2,37,340/- per month |
| Perquisites | In addition to the salary, Shri Manish Gulati 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, 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 and Water shall be valued as per Income-tax Rules, 1962 and will be subject to a ceiling of 10% of basic salary. |
| III) | Leave Travel Assistance | ₹ 4,000/- per month |
| IV) | Club Fees | Fees, subject to a maximum of two clubs will be allowed. This will not include admission and life membership fees. |
| V) | Personal Accident Insurance | Of an amount, the annual premium of which shall not exceed ₹ 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) | Super-annuation | Company’s contribution to super-annuation fund shall be in accordance with the rules of the Company. |
| III) | Gratuity | As per Rules of the Company. |

Category ‘C’

| | | |
|------|----------------------------|--|
| I) | Car | Provision of car for use on Company’s business. Use of car for private purpose shall be billed by the company. |
| II) | Telephone and Mobile | Reimbursement of Residential Telephone and Mobile usage expenses as per policy of the Company. |
| III) | Furnishing and other Loans | Furnishing and other Loans as per the policy of the Company. |

RESOLVED FURTHER THAT in the event of any loss or inadequacy of the profits of the Company in any financial year during the period of 3 years from the date of appointment i.e. 1st March, 2020 to 28th February, 2023, the remuneration mentioned above shall be paid to Shri Manish Gulati as minimum remuneration.

RESOLVED FURTHER THAT Shri Manish Gulati shall be a Director subject to retirement by rotation during his tenure as an Executive Director; AND THAT if he is reappointed as Director immediately on retirement by rotation, he shall continue to hold office as an Executive Director and that the retirement by rotation and re-appointment shall not be deemed to constitute a break in his appointment as an Executive Director of the Company.

RESOLVED FURTHER THAT in terms of provisions of Section 2 (51) of the Companies Act, 2013, Shri Manish Gulati, Executive Director shall also continue to act as KMP (Key Managerial Personnel) of the Company.

RESOLVED FURTHER THAT the Board of Directors upon the recommendations of Nomination and Remuneration Committee of the Company be and is hereby authorized to vary and or/modify the terms and conditions including remuneration payable to Shri Manish Gulati with his concurrence and within the limits as prescribed under the Companies Act, 2013 read with Schedule V thereto including any amendment, modification, variation or re-enactment thereof.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

9. 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, as amended from time to time, 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 2021, be paid the

remuneration of ₹ 2,00,000/- (Rupees Two Lakhs only) plus applicable taxes and out of pocket expenses that may be incurred by them during the course of audit.”

By order of the Board of Directors
For **HEGLimited**

Sd/
(VivekChaudhary)
Company Secretary
ACS: 13263

Place: Noida (U.P.)
Date : 10th August, 2020

Registered Office

Mandideep (Near Bhopal)
Distt.Raisen - 462046, (M.P.)
CIN L23109MP1972PLC008290
E-mail: heg.investor@lnjbhilwara.com
Website: www.heg ltd.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. 4 to 9 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
2. In view of continuing COVID-19 pandemic, Ministry of Corporate Affairs (MCA) vide circular dated 5th May, 2020 read with circular dated 8th April, 2020 & 13th April, 2020 and Securities and Exchange Board of India (SEBI) vide its circular dated 12th May, 2020 (collectively referred to as Circulars) permitted holding of AGM without physical presence of the members at the venue. In compliance with these Circulars, the 48th AGM of the Company will be held through VC/OAVM only without physical presence of the members at the 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).
3. Pursuant to the Circular No. 14/2020 dated April 08, 2020 read with Circular No. 20/2020 dated May 05, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the proxy form is not annexed to this notice. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting. Since, the Members are required to attend and participate in the AGM through VC/OAVM 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 50th Annual General Meeting of the Company to be held in the year 2022. Pursuant to the notification dated May 7, 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. Institutional/Corporate members are requested to send at heg.investor@lnjbhilwara.com or upload on VC/ OAVM portal, a duly certified copy (PDF/JPEG format) of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting, pursuant to Section 113 of the Act.
6. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, 5th September, 2020 to Friday, 11th September, 2020** (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.
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, as amended (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 ₹ 22.97 Lakhs for financial year 2011-12 to the IEPF within the stipulated time period.

Information regarding unpaid and unclaimed dividend in respect of dividends declared up to the financial year 2018-19 reported/filed in Form No. IEPF-2 after the 47th AGM of the Company held on 20th August, 2019, 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, the Company has also uploaded the details in respect of unpaid and unclaimed final dividend 2018-19 and interim dividend 2019-20 declared during the financial year 2019-20, on the website of the Company.

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 Members / claimants whose shares, unclaimed dividend, etc. have been transferred to the IEPF Authority may claim the shares/unclaimed dividend or by making an application to IEPF Authority in Web Form No IEPF 5 (available on iepf.gov.in) as per the procedure prescribed in the IEPF Rules.

10. 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. 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.
11. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
12. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled to RTA at their office address mentioned in Note no. 7. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
13. To support the 'Green Initiative', Members who have not yet registered their email addresses 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.
14. 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.
15. Details under Regulation 36(3) and 26(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and in terms of Secretarial Standard-2 in respect of the Directors seeking appointment/re-appointment and fixation of remuneration at the 48th Annual General Meeting are annexed hereto as Annexure II to this Notice which forms part of the explanatory statement. Requisite declarations have been received from the Directors seeking appointment/re-appointment. The Independent Director of the Company has been appointed for a consecutive term of 5 years and is not eligible to retire by rotation.
16. Non-Resident Indian members are requested to inform RTA/ respective DP's, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number, IFSC Code and address of the bank with pin code number, if not furnished earlier.
17. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, 1st April, 2019, except in case of request received for transmission or transposition of securities. 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.
18. 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. Friday, 4th day of September, 2020**. 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.
19. 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. Friday, 4th day of September, 2020, shall follow the same procedure for e-Voting as mentioned at point no 27.
20. 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.
21. In terms of Section 152 of the Act, Smt. Vinita Singhania, is liable to retire by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.
22. Shri Manish Gulati, Executive Director, has been appointed as per the provisions of the Companies Act, 2013 for a period of 5 years with effect from 1st March, 2020 upto 28th February, 2025, liable to retire by rotation.
23. **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 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of 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 holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the RTA of Company at the address mentioned at point no. 7 or email at helpdeskdelhi@mcsregistrars.com along with the copy of the signed request letter mentioning the name, folio number and address of the Member, self-attested copy of the PAN card, self-attested copy of Aadhar and copy of share certificate (front & end).

Members holding shares in dematerialized mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to the Company/RTA.

- (iii) The Notice of AGM along with Annual Report for the financial year 2019-20, 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.nsd.com.

24. PROCEDURE FOR INSPECTION OF DOCUMENTS:

- i. All the documents referred to in the accompanying Notice and Explanatory Statements, 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 at <https://www.evoting.nsd.com>.

25. 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.agm48@lnjbhilwara.com on or before Friday, 4th September, 2020, 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.agm48@lnjbhilwara.com on or before Friday, 4th September, 2020. 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.

26. 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 the same at <https://www.evoting.nsd.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/

members 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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members who need assistance before or during the AGM with use of technology, can:

- Send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990; or
- Contact Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: evoting@nsdl.co.in or AmitV@nsdl.co.in or at telephone number +91-22-24994360; or
- Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone number +91-22-24994545

3. Members are encouraged to join the Meeting through Laptops for better experience.

4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

5. 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.

6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

7. The e-voting module shall be disabled by NSDL for voting after the conclusion of the meeting.

27. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, the Company is pleased to provide the members with a facility to exercise their right to vote by electronic means for the business to be transacted at the AGM.

2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be

made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

3. The facility for voting through e-voting shall also be made available at the AGM through VC/ OAVM for members who have not already cast their vote prior to the meeting by remote e-voting. No voting by show of hands will be allowed at the Meeting.
 4. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM through VC/ OAVM but shall not be entitled to cast their vote again.
 5. Members who have casted their vote through remote e-voting and also at the AGM through VC/ OAVM, then vote casted at the meeting will be treated invalid.
 6. The remote e-voting period begins on **Monday, 7th September, 2020 at 9:00 A.M. and ends on Thursday, 10th September, 2020 at 5:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter.
28. **THE INSTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM ARE AS UNDER:**

A. INSTRUCTIONS FOR REMOTE E-VOTING PRIOR TO THE AGM

How do I vote electronically using NSDL Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

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 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password 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. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) 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.
- c) How to retrieve your 'initial password'?
 - (i) 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'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) 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.
 - b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) 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.
 - d) 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.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. 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.

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 toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in. In case of any grievance connected with facility for remote e-voting or e-voting, please contact to Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone number +91 22 24994545.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

1. 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@inibhilwara.com or helpdeskdelhi@mcsregistrars.com.
2. In case shares are held in demat mode, please contact your Depository Participant (DP) and register your e-mail address in your demat account, as per the process advised by your DP.

B. INSTRUCTIONS FOR E-VOTING DURING THE AGM

1. The procedure for e-voting during 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 cast 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 during the AGM.
3. The details of the person who may be contacted for any grievances connected with the facility for e-voting during the AGM shall be the same as mentioned above for remote e-voting.

29. DECLARATION OF RESULTS:

1. Mr. Saket Sharma, a Practicing Company Secretary (Membership No. FCS 4229), Partner, M/s. GSK & Associates has been appointed as the Scrutinizer to scrutinize the 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.

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.hegltd.com), website of NSDL (www.evoting.nsdl.com) and by filing with 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.

Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the Meeting i.e. 11th September, 2020.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 4

Members may note that the Board of Directors of the Company upon the recommendation of Nomination and Remuneration Committee, have appointed Shri Jayant Davar (holding DIN: 00100801) as an Additional Director (Independent) w.e.f. 14th August, 2019, for the first term of five consecutive year subject to the approval of Shareholders.

In terms of the provisions of Section 161(1) of the Companies Act, 2013 ('the Act'), Shri Jayant Davar hold office up to the date of this Annual General Meeting as an Additional Independent Director.

Shri Jayant Davar 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 Jayant Davar 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 Shri Jayant Davar that he meets 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, Shri Jayant Davar fulfills the conditions for appointment as an Independent Director specified in the Act and rules made thereunder and Listing Regulations. Shri Jayant Davar is independent to the management.

The Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company under Section 160 of the Act.

Shri Jayant Davar is the Founder, Co-Chairman & Managing Director of Sandhar Technologies Limited (STL). STL operates out

of 4 countries and 36 manufacturing plants. From its inception in 1985, STL has grown to be a one of the leading component suppliers to most of the Automotive OEM's and Tier 1 suppliers.

Shri Davar is a Mechanical Engineer and also an alumni of Harvard Business School. He has been conferred with the distinguished alumnus award by his High School (Spring dales School, New Delhi) and his Engineering College (Thapar Institute of Engineering and Technology, Patiala). He was the Chairman of the Confederation of Indian Industries, Northern Region and has been the president of the Auto Component Manufacturers Association in the past. He has three decades of experience in the auto components sector.

His vast and varied experience in the business and corporate world justify his appointment as an Independent Director. Further his contribution towards deliberations in the Board/Committee Meeting will be in the best interest of the Company.

He has also been actively involved in several professional bodies. He is the member of Planning and Investment Committee of the Company. Shri Davar actively participated in the meetings and has been making very valuable contribution during discussions at the Board Meetings. He is very regular and always on time for the Meetings of the Board of Directors. He always asks insightful questions and raises thought revoking perspectives. He also do follow-up on matters on which he has expressed concern.

Shri Davar always expressed his own judgment & Voices/Opinion/View freely at the Board meetings.

The Board evaluated the performance of Shri Jayant Davar on the basis of criteria laid down in the Nomination and Remuneration Policy of the Company and expressed their satisfaction over his performance as an Independent Director of the Company.

The resolution seeks the approval of members for appointment of Shri Jayant Davar as an Independent Director pursuant to Section 149 and other applicable provisions of the Act and rules made thereunder to hold office for a first term of five consecutive years w.e.f. 14th August, 2019 upto 13th August, 2024.

The Board is of the opinion that it will be beneficial to the Company to avail his services as an Independent Director of the Company and the item no. 4 of his appointment, being a special business in this Notice is unavoidable and thus commends the Ordinary Resolution for approval by the members.

A copy of the draft letter for the appointment of Shri Jayant Davar 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 Shri Jayant Davar are provided in the "Annexure II" 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 Jayant Davar is concerned or interested in the resolution of the accompanying notice relating to his appointment and his 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. 5 & 6

Members of the Company may note that Shri Ravi Jhunjunwala, Chairman, Managing Director and CEO of the Company was re-appointed and terms of re-appointment including remuneration were approved in the 47th Annual General Meeting (AGM) held on 20th August, 2019, for a period of five years w.e.f. 13th February, 2019 to 12th February, 2024.

The terms of his remuneration approved by the Members at the 47th AGM inter-alia provided that 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 approved shall be paid to Shri Ravi Jhunjunwala as minimum remuneration and the same shall be subject to the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 (the Act).

Further, the Company is going through a set of unprecedented circumstances and recorded net sales of ₹ 2,101.89 Crores during the financial year 2019-20 as compared to ₹ 6,436.32 Crores in the previous financial year. The Net Profit during the financial year 2019-20 was at ₹ 53.37 Crores as compared to a net profit of ₹ 3,050.43 Crores in financial year 2018-19. Owing to the above factors, the financial performance of the Company in the financial year ended March 31, 2020 did not meet expectations.

Further for the financial year ended 31st March, 2020, the Company had net loss as computed in accordance with provisions of Section 198 of the Companies Act, 2013.

Members may further note that in accordance with Section 197 of the Companies Act, 2013, if in any financial year, a Company has no profits or its profits as per Section 198 of Companies Act, 2013 are inadequate, the Company shall not pay to its directors, by way of remuneration any sum exclusive of sitting fees except in accordance with the provisions of Schedule V.

There are two components of remuneration of Shri Ravi Jhunjunwala, Chairman, and Managing Director & CEO of the Company:

- Salary & Perquisites
- Commission: Not more than 2.5% of the net profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013.

On the basis of Salary & Perquisites components of remuneration of Shri Ravi Jhunjunwala, a sum of ₹ 2.25 Crores was paid (excluding Provident Fund, Superannuation to the extent exempted and Gratuity) for the financial year 2019-20. Members may note that no commission was paid or accrued for financial year 2019-20 to Shri Ravi Jhunjunwala.

As a result of the above, the remuneration paid to Shri Ravi Jhunjunwala for the financial year 2019- 20 exceeded the limits specified under Section 197 & 198 of the Companies Act, 2013 (the Act) read with Section II of Part II of Schedule V thereto.

Members may note that in accordance with the provisions of Section 197(10) of the Companies Act, 2013 & rules thereto, the excess remuneration paid shall be regularized by Shareholders through Special Resolution.

Further the Company is not in default in payment of dues to any bank or public financial institution or to any other secured creditor, and accordingly their prior approval is not required, for approval of the proposed special resolutions.

Thus pursuant to Section 197(10) of the Act, the members of the Company can waive the recovery of ₹ 87.57 Lakhs, being part of Minimum Remuneration paid during the financial year 2019-20, which exceeded the limits specified under Section 197 read with Schedule V of the Act to the extent as aforesaid, due to inadequacy of profits in the said Financial Year.

Members may also note in accordance with Section V of Part II of Schedule V a managerial person shall draw remuneration from one or both companies provided that the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any one of the companies of which he is a managerial person.

Since Shri Ravi Jhunjunwala, Chairman, Managing Director and CEO of the Company is also a Chairman and Managing Director of Malana Power Company Ltd, the remuneration drawn by Shri Ravi Jhunjunwala from both the Companies does not exceed, if the higher maximum limit admissible of Malana Power Company Ltd., is taken into account.

Members may also note that in accordance with the Section II of Part II of the Schedule V, where in any financial year during the currency of tenure of managerial person the Company has no profit or its profits are inadequate the remuneration can be paid for the period not exceeding three years within the limits specified in Para 1(A), subject to the approval of shareholders and requisite disclosures as prescribed under Section II of Part II of Schedule V. The details required under Section II of Part II of Schedule V are attached as Annexure-I.

Further, Members may note that Shri Ravi Jhunjunwala had taken a Voluntary cut of 50% in basic salary for the financial year 2020-21, which has been noted by the Nomination & Remuneration Committee and Board of Directors in their respective meetings held on 17th June, 2020.

Members may also note that based on the financial position of the Company as on 31st March, 2020 and the prevailing circumstances affecting the profitability of the Company, the Company may not have adequate profits to pay minimum remuneration to Shri Ravi Jhunjunwala, Chairman, Managing Director and CEO as approved by the Shareholders at the Annual General Meeting of the Company held on the 20th August, 2019.

Further the Board of Directors of the Company believes that the remuneration as previously approved by the members of the Company is justified in terms of their key role within the Company. Further there is no increase in remuneration of Shri Ravi Jhunjunwala as envisaged in terms of the resolutions set out at Item No 5 & 6 of this notice and the same is in line with the remuneration already approved by the member at the 47th AGM.

Thus Board of Directors upon recommendation of Nomination and Remuneration Committee at its meeting held on 10th August, 2020 approved the remuneration of Shri Ravi Jhunjunwala, subject to the approval of shareholders, as per following details:

| Name of Director | Particulars | Approval sought from Shareholders in this AGM |
|--|--|---|
| Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO | Remuneration for the period 01.04.2019 to 31.03.2020 | Special Resolution for waiver/ratification of excess remuneration paid during the financial year ended 31 st March, 2020 in terms of provisions of Section 197(10) of the Companies Act, 2013 & rules thereto. |
| | Remuneration for the period 01.04.2020 to 31.03.2022 | Special Resolution for payment of remuneration from 1 st April, 2020 to 31 st March, 2022 in terms of Section II(A) of Part II of Schedule V to the Companies Act, 2013. |

In view of the above, it is also proposed to obtain the approval of the Members by way of Special Resolutions as mentioned at item no 5 & 6 of the Notice to the terms of remuneration payable to Shri Ravi Jhunjunwala.

Members of the Company may note that their approval by way of Special Resolution is also required in terms of Regulation 17(6) (e) SEBI (LODR) Regulations, 2015, for paying remuneration to Shri Ravi Jhunjunwala for an amount exceeding ₹ 5 Crores per annum or 2.5 % of net profits of the Company, whichever is higher.

Accordingly Board is of opinion that the Item No 5 & 6 are being unavoidable and thus commends the resolutions for your approval as Special Resolution.

Details of Shri Ravi Jhunjunwala 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 is as under:

| Name of Director | Shri Ravi Jhunjunwala |
|----------------------------------|--|
| Category of Directorship | Chairman, Managing Director & CEO |
| Date of Birth | 28.10.1955 |
| Age | 64 |
| Date of Appointment on the Board | 08.09.1979 |
| Qualification | B.Com. (Hons). MBA |
| DIN | 00060972 |
| Experience | Shri Ravi Jhunjunwala, age 64 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 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. |

| | |
|---|---|
| No. of other Directorships in Public Limited Companies | 8 |
| Chairman/ Member of the Committees of the Board of Directors of the Company.# | Stakeholders Relationship Committee-Member |
| Chairman/ Member of the Committee of Directors of other Companies.# | |
| Audit Committee | AD Hydro Power Limited- Chairman India Glycols Limited-Member JK Lakshmi Cement Limited- Member |
| Stakeholder Relationship Committee | BSL Limited- Member |
| No of Equity Shares held in the Company | 5,98,719 Equity Shares (including 2,02,806 Equity Shares of Ravi Jhunjunwala - HUF) as on 10 th August, 2020 |
| Number of Board Meetings attended during the year | 5 |
| Terms and conditions of re-appointment | Available on the website of the Company. |
| Remuneration sought to be paid and the remuneration last drawn | Details of remuneration sought to be paid is mentioned in Resolution No. 6. Last Remuneration drawn ₹ 12127.48 Lakhs |

Only Audit Committee and Stakeholders Relationship Committee have been considered.

A Copy of the Memorandum setting out the terms and conditions of the re-appointment of Shri Ravi Jhunjunwala under Section 190 of the Act is available on the website of the Company for inspection.

Shri Ravi Jhunjunwala, is concerned or interested in the item no 5 & 6 of the accompanying notice.

Shri Riju Jhunjunwala, Vice Chairman being relative of Shri Ravi Jhunjunwala, is also interested. 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 Resolutions. This statement may also be regard as an appropriate disclosure under the Listing Regulations.

ITEM NO. 7

The Board of Directors at their meeting held on 11th February, 2020, had upon the recommendation of Nomination and Remuneration Committee, appointed Shri Manish Gulati (holding DIN: 08697512), Chief Operating Officer and Chief Marketing

Officer of the Company as an Additional Director (Executive Director) w.e.f. 1st March, 2020, subject to the approval of shareholders. He will hold office up to the date of ensuing Annual General Meeting as an Additional Director in terms of Section 161 of the Companies Act, 2013 (the Act).

Shri Manish Gulati, aged 51 years is a BSc (Statistics) Agra University, BE Electronics, Pune University and MBA (Marketing and Finance), FMS Delhi University, having professional experience of more than 28 years.

He has been associated with our Company (HEG Limited) for more than 27 years since May 1993 and started his career with sales and marketing in India. As the Company grew in capacity, he started developing business in export markets and expanded the Company's presence in more and more countries and became the Chief Marketing Officer in 2010. Meanwhile, he also started taking care of purchase of key raw materials, equipments, shipping and logistics etc.

By then, already having spent 27 years with the Company and having developed an in-depth understanding of the customers, Product application, Quality, Customer service, Production planning etc, he was promoted to be the Chief Operating Officer and Chief Marketing Officer in Feb 2019 with the overall responsibility of Plant operations, Sales, Logistics, Customer service besides Marketing responsibility.

With his extensive industry experience, he has brought lot of value and perspectives in all key management decisions. Over some past years, he has been spending more and more time at the plant and has accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc.

The Board of Directors upon commendation of Nomination and Remuneration Committee and looking to his rich experience and keeping in mind the expansion and the growth of the Company, felt it in the best interest of the Company to appoint/co-opt him on the Board subject to shareholders' approval.

The Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company under Section 160 of the Act.

The Company has received consent in writing from Shri Manish Gulati to act as Director and intimation to the effect that he is not disqualified from being a Director under Section 164 of the Act,.

Shri Manish Gulati is liable to retire by rotation in terms of Section 152(6) of the Act and rules thereto.

Shri Manish Gulati is not debarred from holding the office of Director, pursuant to any SEBI order or any other such authority.

Details of Shri Manish Gulati are provided in the "Annexure II" 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.

The Board is of the opinion that the item no. 7 of his appointment, being a Special Business in this Notice is unavoidable and thus commends the Ordinary Resolution for approval by the members.

Shri Manish Gulati is concerned or interested in the resolution of the accompanying notice relating to his appointment and his 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 regarded as an appropriate disclosure under the Listing Regulations.

ITEM NO. 8

The Board of Directors at their meeting held on 11th February, 2020, had upon the recommendation of Nomination and Remuneration Committee, approved the appointment and terms of appointment including remuneration of Shri Manish Gulati (holding DIN: 08697512), Chief Operating Officer and Chief Marketing Officer of the Company as Whole Time Director to be designated as an Executive Director of the Company, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 (the Act), for a period of five years w.e.f. 1st March, 2020, subject to the approval of shareholders.

Shri Manish Gulati, will continue to act as a Key Managerial Personnel of the Company in terms of Section 2(51) of the Act and rules thereto.

The Board considered the feedback/views of Nomination and Remuneration Committee on the performance evaluation of Shri Manish Gulati, Chief Operating Officer and Chief Marketing Officer while approving his appointment for a period of five years, subject to the approval of shareholders of the Company.

Members may note that Shri Manish Gulati satisfies all the conditions set out in Section 196(3) of the Act read with Part-I of Schedule V to the Act for being eligible for appointment.

Members may also note that pursuant to the provisions of Section 196, 197 and 198 of the Companies Act, 2013 read with Schedule V, a company having inadequate / nil profits, may subject to certain conditions including the passing of a special resolution, pay such remuneration to its managerial personnel for the period of three years as may be decided by the Board of Directors upon the recommendation of Nomination and Remuneration Committee subject to the approval of shareholders.

Thus Board of Directors upon recommendation of Nomination and Remuneration Committee at its meeting held on 10th August, 2020 approved the remuneration of Shri Manish Gulati, subject to the approval of shareholders, as per following details:

| Name of Director | Particulars | Approval sought from Shareholders in this AGM |
|--|--|--|
| Shri Manish Gulati, Executive Director | Remuneration for the period 01.03.2020 to 28.02.2023 | Special Resolution for remuneration for the period from 1 st March, 2020 to 28 th February, 2023 in terms of Section II(A) of Part II of Schedule V to the Companies Act, 2013 |

Members may also note that proposed remuneration as set forth in the resolution is as per the Nomination and Remuneration Policy of the Company.

Further the Company is not in default in payment of dues to any bank or public financial institution or to any other secured creditor, and accordingly their prior approval is not required, for approval of the proposed special resolutions.

The details pursuant to the provisions of Section V of Part II of Schedule V of the Act are attached as an Annexure I.

Shri Manish Gulati 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 Whole Time Director/Executive Director.

Shri Manish Gulati is not debarred from holding the office of Director, pursuant to any SEBI order or any other such authority.

Further the Board is of opinion that his association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Executive Director thus his appointment is unavoidable and thus commends the resolution at Item No. 8 for your approval as a Special Resolution.

Shri Manish Gulati, will be appointed as an Executive Director of the Company liable to retire by rotation. Shri Manish Gulati shall continue to hold his office of Executive Director and his re-appointment as director retiring by rotation shall not be deemed to constitute a break in his office of Executive Director.

Details of Shri Manish Gulati are provided in the "Annexure II" 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 Manish Gulati, is concerned or interested in the resolution of the accompanying notice relating to his re-appointment and payment of remuneration.

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.

The above may be treated as a written memorandum setting out the terms of appointment of Shri Manish Gulati under Section 190 of the Act.

ITEM NO. 9

Upon the recommendation of the Audit Committee, the Board of Directors at their meeting held on 17th June, 2020 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, 2021, at a remuneration of ₹ 2,00,000/- (Rupees Two 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, 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. 9 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 : 10th August, 2020

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 - I

(A) Disclosure(s) in terms of Sections 197 read with Schedule V to the Companies Act, 2013, applicable Rules thereunder.

I. General information:

| | | | | | |
|----|---|--|----------------|----------------|----------------------|
| a. | Nature of Industry | The Company is in the business of manufacturing of Graphite Electrodes. | | | |
| b. | Date or expected date of commencement of Commercial Production | The Company commenced its business on 30 th June, 1973 (certificate of commencement) | | | |
| c. | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable | | | |
| d. | Financial performance based on given indicators: | | | | (₹ in Crores) |
| | Particulars | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| | Revenue from Operations (gross) | 2,149.02 | 6,592.83 | 2,758.40 | 896.02 |
| | Profit / (loss) Before Tax | 29.29 | 4,677.08 | 1,604.71 | (40.77) |
| | Profit / (loss) after Tax | 53.37 | 3,050.43 | 1,081.34 | (50.05) |
| | Paid-up Capital | 38.60 | 38.60 | 39.96 | 39.96 |
| | EPS (₹) | 13.83 | 763.60 | 270.61 | (12.52) |
| e. | Foreign investments or collaborators, if any: | At present, the Company has not made any foreign investments and has not entered into any foreign collaboration. | | | |

II. Information about the appointee to whom the remuneration is payable (s):

| Name of Directors | Shri Ravi Jhunjunwala | Shri Manish Gulati |
|--------------------------|---|--|
| Background details | Shri Ravi Jhunjunwala, age 64 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 Manish Gulati, age 51 years is a BSc (Statistics) Agra University, BE Electronics, Pune University and MBA (Marketing and Finance), FMS Delhi University, having professional experience of more than 28 years. He has been associated with our Company (HEG Limited) for more than 27 years. Starting his career from marketing, he developed an in-depth understanding of the customers, Product application, Quality, Customer service, Production planning etc. Over some past years, he has been spending more and more time at the plant and has accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc. Prior to elevation on Board, he was Chief Operating Officer and Chief Marketing Officer of the Company. |
| Past remuneration | ₹ 12127.48 Lakhs | Not Applicable (He is appointed as an Executive Director w.e.f. 1 st March, 2020). |
| Recognition or awards | Shri Ravi Jhunjunwala is active on number of National Management/Industry Forums and is associated with various Trade/Industry bodies including CII and FICCI, where is part of its National Executive Committee. He is also an active member of an exclusive club of worldwide entrepreneurs and CEOs called YPO. | Shri Manish Gulati is representing HEG with Industry bodies like CII, FICCI, FIEO, CAPEXIL etc. He is honorary member of advisory board of Amity International business school Amity University, Noida. |

| Name of Directors | Shri Ravi Jhunjunwala | Shri Manish Gulati |
|---|---|---|
| Job profile and his suitability | Shri Ravi Jhunjunwala is the 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. | Shri Manish Gulati has been associated with the company for more than 27 years since May, 1993 and started his career with sales and marketing in India. By then, already having spent 27 years with the company and having developed an indepth understanding of the customers, Product application, Quality, Customer service, Production planning etc, he was promoted to be the Chief Operating Officer and Chief Marketing Officer in Feb 2019 with the overall responsibility of Plant operations, Sales, Logistics, Customer service besides Marketing responsibility. He has also accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc. |
| Remuneration proposed | As mentioned in Resolution No.6 | As mentioned in Resolution No.8 |
| Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | Remuneration of Shri Ravi Jhunjunwala commensurate with his qualifications and experience, and with the remuneration levels in the industry and the responsibilities placed on him as Chairman, Managing Director and CEO of the Company. There is no change in the remuneration since FY 2014-15 onwards. | Taking into consideration the size of the Company, the responsibilities shouldered on him (including as an Occupier under Factory Act, 1948) and the industry benchmarks, the remuneration of Shri Manish Gulati commensurate with the remuneration packages paid to similar senior levels in other companies. Shri Manish Gulati is drawing same remuneration which he was drawing earlier as Chief Operating Officer & Chief Marketing Officer before elevation as Executive Director except few perks which are conferred on the position of Executive Director. |
| Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Apart from receiving remuneration Shri Ravi Jhunjunwala does not has any other pecuniary relationship with the company. Shri Ravi Jhunjunwala is Promoter of the Company. Shri Riju Jhunjunwala, Vice Chairman is relative to him. | Apart from receiving remuneration, Shri Manish Gulati does not has any other pecuniary relationship with the company. |

III Other Information:

1. Reasons for loss or inadequate profits:

Due to rapid closure of inefficient steel and graphite electrodes capacities in China and replacement of steel capacities by EAF units in year 2017 which will continue in year 2018 also, the Company had seen unprecedented tightness in supply of Graphite electrodes which pushed the prices upwards like anything. Steel majors across the world stocked up inventories more than required to sustain operations and optimise their cost structures. This surge helped the company enjoy exceptional profits in FY 2017-18 and 2018-19.

A year later, the landscape changed, and the steel sector headed into the red. Electrodes could not retain the heat in 2019 and a slack in demand eased the prices sequentially. But the inventory overhang did not dissipate entirely; this dimmed our performance. Our sales volumes dropped, and so did realisations. A decline in revenues hung over our profits. Our profitability fell faster in the face of high-cost inventory of needle coke.

Further, the lead-lag effect of inventory is typical to our industry owing to long production process of electrodes which entails between 6/7 weeks for some of our easiest products(Non UHP grade) to as long as over 24 weeks (UHP grade). It becomes even higher as for two thirds of our total production of electrodes (UHP grade), we import our raw material Needle , which easily adds another about 8 weeks between shipment and receipt. Therefore, at any given time we carry a fairly large amount of raw materials, WIP at different stages of production and finished products.

The resulting gains of this lead-lag effect was enjoyed at the time when prices were going up and we were sitting with low cost inventory a couple of years ago. And now the situation has reversed due to which we had to take NRV impact of ₹ 459 Crores in FY'20 which has drastically reduced the EBITDA margins for FY'20. Therefore during the year under review, as a result of significant fall in the prices of Graphite Electrodes (which resulted in a sharp compression in the spreads between GE prices and its raw material needle coke prices), coupled with a significant inventory valuation hit of ₹ 459 Crores (for the FY'20) and weak demand dynamics, EBITDA stood at ₹ 138 Crores as compared to ₹ 4,767 Crores in FY'19 & reported a net profit of ₹ 53 Crores in FY'20 as against ₹ 3,050 Crores in FY'19.

2. Steps taken or proposed to be taken for improvement:

The Company continued to strengthen relations with the existing customers. It has also worked on establishing its credentials among new buyers to widen its customer base. This should augur well for maintaining sales volumes in the prevailing ecosystem.

Firstly, continuous efforts have been made towards qualitative improvement and cost optimization across all operational and commercial areas which is expected to result in improvement in performance.

HEG stresses on people-to-people interactions to ensure the best working chemistry between the management and the workers. This has increased the operational productivity and engagement leading to a remarkable rise in effective man-hour utilisation and net scrap improvement. Also the Company has reviewed and realigned roles/responsibilities of its personnel to achieve cost efficiency.

Second, our liquidity war chest built prudently over the last two great years, powers us to tide over today's slump, even as we continue operating our plant at about 50% capacity. Additionally the Company is targeting to have free cash flows in FY'21 by reducing its inventory and receivables to further strengthen its position.

The Company's healthy cash position has been prudently deployed in liquidating debt and is parked in risk-free financial instruments. While the former has reduced interest costs significantly, the latter is providing buffer cash which can be deployed in business operations.

3. Expected increase in productivity and profits in measurable terms:

The slowdown in electrode demand caused a fall in needle coke prices bringing them to more realistic levels. Therefore the company's EBITDA margin will recover due to softer raw material prices and this would effectively support the gross margins.

Aligned to the 'slowbalisation' prevailing across the globe, our peers continue to operate at similar or lower capacity utilisation. The consequent reduction in supply should help reduce the inventory pile-up with global steel majors and rekindle demand and stabilize realisation.

Also, the pandemic has brought the spotlight on the benefits of EAF steelmaking because of its faster stoppage and inexpensive relighting as opposed to the blast furnace, which continued work even during the lockdown. This could veer new investments in steelmaking infrastructure towards EAF.

Further, the global supply of Graphite Electrodes will remain favourable as the GE capacity is likely to decline due to capacity closures in Europe. The capacity closures have been a function of unviable plant sizes, operations in high-labour cost geographies, unfavourable location of the plants within city premises and the sharp fall in GE prices, which render the plants uncompetitive.

HEG, being the largest single-location unit, provides significant economies of scale which helps optimise its cost structure which gives the company an edge over its competitors. Also the diversification in terms of markets and customers across geographies further makes the prospects brighter.

Further, the Company has negotiated a deal for low-cost power, which should reduce its operating costs. The Company has adopted the new tax regime which has optimised its tax outgo considerably. These factors have and will continue to have a positive impact on the Company's profitability.

Further, the Company has implemented stringent cost control measures across the organization to conserve cash.

IV Disclosure:

The information and disclosures of the remuneration package of the managerial personnel have been mentioned under the heading Remuneration of Directors in the Corporate Governance Report forms part of the Annual Report for the year ended 31st March, 2020.

(B) Other parameters under Section 200 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1) Financial and operating performance of the Company during the three preceding financial years:

Details provided in para A (I) (d) above.

2) Remuneration or commission drawn by individual concerned in any other capacity from the Company:

No Managerial Personnel has drawn remuneration or commission in any other capacity from the Company

3) Remuneration or Commission drawn by Managerial Personnel from any other company

| Name of Managerial Personnel | Company | Designation | Remuneration for FY 2019-20 |
|------------------------------|---------------------------|--------------------------------|-----------------------------|
| Shri Ravi Jhunjunwala | Malana Power Company Ltd. | Chairman and Managing Director | ₹ 247.51 Lakhs |
| Shri Manish Gulati | Not applicable | Not applicable | Not applicable |

4) Professional qualification and experience

Details provided in para A (II) above.

5) Relationship between remuneration and performance

The remuneration of Shri Ravi Jhunjunwala, Chairman, Managing Director & CEO of the Company has not changed from FY 2014-15 onwards. He has been entrusted with the responsibility to manage the affairs of the Company. The Company has made tremendous progress in the last 31 years. The Company has made major capacity expansions under his leadership. The Company has one of the largest integrated Graphite Electrode Plant in the World, processing sophisticated UHP (Ultra High Power) Electrodes. Further, for financial year 2020-21, Shri Ravi Jhunjunwala has taken voluntary 50% cut in his basic pay

In case of remuneration paid/payable to Shri Manish Gulati, the component of additional reward for performance (over and above the base remuneration), if any, is/was subject to business results in the previous financial year i.e. 2019-20. There is no increase in the remuneration of Shri Manish Gulati, as an Executive Director from his earlier position as Chief Operating Officer & Chief Marketing Officer except few perks which are conferred on the position of Executive Director. He devotes whole-time attention to the management of the affairs of the Company and exercises powers under the supervision of the Board of the Company.

6) The principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the company.

The Company has a strong performance management culture. Every employee undergoes evaluation of his/her performance against the goals and objectives for the year, and increase in compensation and reward by way of variable bonus is linked to the evaluation of individual's performance. The Board carries 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 Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The evaluation exercise covers various aspects of the Board's functioning such as composition of the Board & Committee(s), their functioning & effectiveness, contribution of all the Directors and the decision making process by the Board. The Independent Directors and Nomination & Remuneration Committee also evaluates on annual basis the performance of Directors. The Remuneration of Managing Director, Executive Director, Non-Executive Directors (Including Independent Directors), KMPs and Senior Management Personnel is governed by the Board-approved Nomination & Remuneration Policy. Additionally, industry benchmarks are also used to determine the appropriate level of remuneration, from time to time in respect of above.

7) Whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference

The Company has a clearly laid out Board-approved Nomination and Remuneration Policy for the following:

- I. Managing Director & Whole-time Director;
- II. Non-Executive Directors
- III. Independent Directors
- IV. Key Managerial Personnel
- V. Senior Management Personnel

The evaluation of performance of KMPs & Senior Management Personnel is done by Nomination & Remuneration Committee on annual basis. The detailed Nomination & Remuneration policy is attached as an Annexure - III to the Board's Report.

For other employees, the Company has robust appraisal system (which include mechanism of Bell curve) which goes beyond the Company and the Industry, especially in terms of benchmarks. The performance of employees is measured against KRAs or KPAs and the variable bonus is linked to the evaluation of individual's performance.

8) Securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.

- i. Shri Ravi Jhunjhunwala (including HUF) - 3,31,323 Equity Shares held as on 31st March, 2020
- ii. Shri Manish Gulati - Nil

By order of the Board of Directors
For **HEG Limited**
Sd/
(Vivek Chaudhary)
Company Secretary
ACS: 13263

Place: Noida (U.P.)
Date : 10th August 2020

Registered Office
Mandideep (Near Bhopal)
Distt. Raisen - 462046, (M.P.)
CIN L23109MP1972PLC008290
E-mail: heg.investor@lnjbhilwara.com
Website: www.heg ltd.com
Phone: 07480-233524, 233525, Fax: 07480-233522

ANNEXURE - II

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

| Name of Director | Vinita Singhania | Jayant Davar* | Manish Gulati** |
|----------------------------------|---|--|---|
| Category of Directorship | Non-Executive | Independent | Executive |
| DIN | 00042983 | 00100801 | 08697512 |
| Date of Birth | 12.03.1952 | 18.10.1961 | 29.07.1969 |
| Age | 68 years | 58 years | 51 years |
| Date of Appointment on the Board | 31 st October, 2018 | 14 th August, 2019 | 1 st March, 2020 |
| Qualification | Graduate in Arts. | Bachelors' degree in mechanical engineering from the Punjab University, Patiala, and completed owner / president management programme from the Harvard Business School. | BSc (Statistics), BE (Electronics), and MBA (Marketing and Finance). |
| Experience | Smt. Vinitia Singhania is an Industrialist with diversified business experience. She is the Vice Chairman and Managing Director of JK Lakshmi Cement Ltd and has a very long experience of managing cement business in particular. She was the First Woman President of Cement Manufacturers 'Association (CMA) as well as National Council for Cement and Building Materials (NCBM). | Shri Jayant Davar is the Founder, Co-Chairman & Managing Director of Sandhar Technologies Limited (STL). STL operates out of 4 countries and 36 manufacturing plants. From its inception in 1985, STL has grown to be a one of the leading component suppliers to most of the Automotive OEM's and Tier 1 suppliers. Shri Davar is a Mechanical Engineer and also an alumni of Harvard Business School. He has been conferred with the distinguished alumnus award by his High School (Springdales School, New Delhi) and his Engineering College (Thapar Institute of Engineering and Technology, Patiala). He was the Chairman of the Confederation of Indian Industries, Northern Region, and has been the president of the Auto Component Manufacturers Association in the past. He has three decades of experience in the auto components sector. | Shri Manish Gulati, age 51 years is a BSc (Statistics) Agra University, BE Electronics, Pune University and MBA (Marketing and Finance), FMS Delhi University having professional experience of more than 28 years. He has been associated with our Company (HEG Limited) for more than 27 years since May, 1993 and started his career with sales and marketing in India. As the Company grew in capacity, he started developing business in export markets and expanded the Company's presence in more and more countries and became the Chief Marketing Officer in 2010. Meanwhile, he also started taking care of purchase of key raw materials, equipments, shipping and logistics etc. By then, already having spent 27 years with the Company and having developed an indepth understanding of the customers, Product application, Quality, Customer service, Production planning etc, he was promoted to be the Chief Operating Officer and Chief Marketing Officer in Feb 2019 with the overall responsibility of Plant operations, Sales, Logistics, Customer service besides Marketing responsibility. With his extensive industry experience, he has brought lot of value and perspectives in all key management decisions. |

| Name of Director | Vinita Singhania | Jayant Davar* | Manish Gulati** |
|--|--|--|--|
| | | | Over some past years, he has been spending more and more time at the plant and has accumulated tremendous knowledge of all the technical processes, purchases, HR activities etc besides his core strength of marketing and purchases etc. |
| No. of other Directorships in public Ltd Companies | JK Paper Limited Udaipur Cement Works Limited Bengal & Assam Company Limited JK Lakshmi Cement Limited JKLC Employees' Welfare Association Limited | Jagran Prakashan Limited Sandhar Technologies Limited Sandhar Intelli-Glass Solutions Limited Sandhar Infosystems Limited | Nil |
| Chairman/Member of the Committees of the Board of Directors of the Company.# | Nil | Nil | Nil |
| Audit Committees | Nil | Member - Jagaran Prakashan Limited | Nil |
| Stakeholders Relationship Committee | Nil | Nil | Nil |
| No of Equity Shares held in the Company | Nil | Nil | Nil |
| Number of Board Meetings attended during the year | 3/5 | 3/5 (Appointed on the Board of the Company w.e.f. 14 th August, 2019). | NA (Appointed as an Additional Director (Executive Director) w.e.f. 1 st March, 2020) |
| Terms and conditions of appointment/re-appointment | Non-Executive Director, liable to retire by rotation. | Terms and Conditions of appointment are mentioned in draft letter of appointment. | As per the resolution at item no. 8 of the Notice convening Annual General Meeting read with explanatory statement thereto. |
| Remuneration sought to be paid and the remuneration last drawn | See Note given below. | See Note given below. | Mentioned in the item no. 8 of the Notice of AGM and explanatory statement thereto. |
| Relationship with Other Directors, Manager and Key Managerial Personnel | No relationship with other Director, Manager and Key Managerial Personnel. | 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 | NA | As per Explanatory Statement of Notice. | NA |

#Audit Committee and Stakeholders Relationship Committee have been considered.

*Shri Jayant Davar was appointed as an Additional Independent Director on the Board of the Company w.e.f. 14th August, 2019 for the first term of five consecutive years, subject to the approval of shareholders. He will be appointed as an Independent Director of the Company in the ensuing Annual General Meeting for first term of 5 (five) consecutive years with effect from 14th August, 2019 upto 13th August, 2024.



**Shri Manish Gulati was appointed as an Additional Director (Executive Director) on the Board of the Company w.e.f. 1st March, 2020, for a period of five years, subject to the approval of shareholders.

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.

Shareholders at 46th Annual General Meeting have given approval to pay commission to the Non-Executive Directors (including Independent Directors), collectively, not exceeding 1 per cent of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 and distributed among Non-Executive Directors (including Independent Directors) of the Company or some or any of them such amount or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payment may be made in respect of each year, for a period of five financial years starting from FY 2017-18, in addition to the sitting fee for attending the meeting of the Board of Directors/Committee thereof.