



MD	✓			BKC	✓
CS	✓			DPY	✓
RO	✓			DEV	✓
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		✓

QUALITY
the
HALLMARK
of our
PROGRESS



HEG LIMITED

Annual Report 1996-97



L.N. JHUNJHUNWALA
Chairman Emeritus

*Our inspiration,
visionary par excellence,
a legend in his time
and the guiding light.*



HEG LIMITED

Regd. Office: Mandideep (Near Bhopal), Distt. Raisen, MADHYA PRADESH - 462 046.

Corporate Office : Bhilwara Towers, A-12, Sector-1, Noida Distt. Gautam Budh Nagar, (U.P.) 201 301

NOTICE OF 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fifth Annual General Meeting of HEG Limited will be held on Monday, the 29th of September, 1997, at 4.30 p.m. at Bhilwara Sabha Grah, Mandideep (Near Bhopal), Distt. Raisen, Madhya Pradesh 462 046, to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date, and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity and Preference Shares.
3. To appoint a Director in place of Shri A de Lastours, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri V. K. Mehta who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Kamal Gupta who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration and in this connection, to consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 224-A and other applicable provisions, if any, of the Companies Act 1956, the retiring joint Auditors viz. M/s M C Bhandari & Co. and M/s S S Kothari & Co. Chartered Accountants, from whom certificates pursuant to Section 224 (1B) of the Companies Act, 1956 have been received, be and are hereby reappointed as joint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors plus out of pocket expenses that may be incurred by them in the course of audit."

AS SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without

modification(s), the following Resolution as Ordinary Resolution:-

"RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act 1956, to mortgage and / or charge all the immovable and movable properties of the Company wheresoever situate, both present and future, and the whole of the undertaking of the Company and / or conferring power to enter upon and take possession of the assets of the Company in certain events to, in favour of the following, namely:-

1. The Industrial Credit and Investment Corporation of India Ltd (ICICI Ltd.) for their Foreign Currency Loan of US \$ 54,79,452 equivalent to Rs 2000 lacs approx.,
2. The Industrial Credit and Investment Corporation of India Ltd (ICICI Ltd.) for their Foreign Currency Loan of US \$ 9,49,668 equivalent to Rs 300 lacs approx.,
3. Industrial Development Bank of India (IDBI) for their Foreign Currency Loan of US \$ 0.754 Million, equivalent to Rs 270 lacs approx.,
4. State Bank of India (SBI), (on second charge basis), in respect of working capital limits aggregating Rs 137.10 crores sanctioned in participation with other consortium Banks, as per details given below:

BANK NAME	SANCTIONED LIMIT (Rs in Lacs)
1. State Bank of India	8475
2. State Bank of Bikaner and Jaipur	1165
3. State Bank of Patiala	560
4. Bank of Baroda	1617
5. Bank of Rajasthan	1093
6. Standard Chartered Bank	800
TOTAL	13710



(the said Banks hereinafter collectively referred to as "the Bankers"), to secure the financial assistances, lent / agreed to be lent and advanced to the Company, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, guarantee commission, costs, charges, expenses and other monies payable by the Company to ICICI, IDBI and the Bankers under the Loan Agreements / Letters of Sanction / Memorandum of terms and conditions entered into / to be entered into by the Company in respect of the said financial assistances ;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with ICICI Ltd, IDBI and the Bankers, the documents for creating the aforesaid mortgages and / or charges and to do all such acts and things as may be necessary or incidental thereto for giving effect to this Resolution ;

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

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

"RESOLVED THAT pursuant to section 309 (4) and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of section 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company (other than Managing Director / Whole-time Director/s) in such amount or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payment shall be made in respect of the profits of the Company, calculated in the manner hereinbefore stated, for each year of the period of five years commencing from 1st April, 1997."

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

"RESOLVED THAT pursuant to section 370(1) (b) of the Companies Act, 1956 and such other provisions of the

law as may be applicable from time to time, approval of the members be and is hereby accorded to the Board of Directors of the Company to give, on such terms and conditions as it may deem fit, guarantees or provide security in connection with the financial assistances to be provided to the following Companies:-

1. Quickcalls Private Ltd., Rs 4.03 Crores.
2. Bhilwara Telenet Services Private Ltd., Rs 3.67 Crores.
3. Smartalks Private Ltd., Rs 4.6 Crores.

for repayment of the loan together with interest, commitment charges, and all other moneys etc., as may be due thereon, on the terms and conditions as may be agreed to;

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such things, deeds and matters as may be necessary from time to time in this regard, and all the acts done in terms of this Resolution by and with the authority of the Board of Directors, be and are hereby approved, confirmed and ratified."

By Order of the Board
For HEG Limited

PLACE: Noida

(RAVI JHUNJHUNWALA)

DATE: 3rd September, 1997 Chairman Cum Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy must be lodged at the Registered Office of the Company at least 48 hours prior to the time of the Meeting.
3. Explanatory statement in respect of item nos. 7, 8 and 9 pursuant to the provisions of section 173 (2) of the Companies Act, 1956 are annexed herewith and form part of the notice
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 23rd September 1997 to Monday, the 29th of September 1997 (both days inclusive).
5. The dividend, if declared at the Meeting, will be paid to those shareholders, whose names appear on the



Company's Register of Members as on 29th of September, 1997.

6. In order to avoid fraudulent encashment of Dividend Warrant(s), members are advised to inform details of their Bank A/c number, name and address of the Bank, for incorporating the same in the Dividend Warrant.
7. Members holding shares in odd lots are advised to send the respective Share Certificates for consolidation into marketable lot of 50 shares.
8. Members are requested to notify any change in their address immediately to the Company at its Corporate Office i.e. **Bhilwara Towers, A-12, Sector-1, Noida - 201 301 Distt. Gautam Budh Nagar (U.P.)**.
9. All documents referred to in the accompanying Notice and the Explanatory Statements are available for inspection at the Registered Office of the Company on all working days between 11.00 A.M. and 1.00 P.M. upto the date of this Annual General Meeting.
10. **MEMBERS ARE REQUESTED TO NOTE THAT ALL CORRESPONDENCE, INCLUDING SHARES FOR TRANSFER / CONSOLIDATION / SPLIT-UP ETC., SHOULD ALWAYS BE ADDRESSED TO THE COMPANY SECRETARY, HEG LIMITED, BHILWARA TOWERS, A-12, SECTOR-1, NOIDA-201 301, DISTT. GAUTAM BUDH NAGAR (U.P.) FOR EXPEDITIOUS DISPOSAL THEREOF.**
11. As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, it is confirmed that unpaid / unclaimed dividend declared for the financial year ended 31st March, 1993 was transferred to the General Revenue Account of the Central Government within the prescribed time as per details given below :-

Dividend declared for the year ended	Number of Share holders	Amount (Rs.)	Date of Transfer
31st March 1993	2,169	1,76,455/-	1.10.96
12. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Chamber of Commerce and Industry Building, Dharma Mandir Road, Lashkar, Gwalior, Madhya Pradesh, 474 001. In case of any assistance, members are advised to write to the Company.
13. The unpaid Dividends that are due for transfer to the

Central Government are as under :-

Financial Year ended	Date of Transfer
31st March 1994	13.11.1997
31st March 1995	14.11.1998
31st March 1996	15.11.1999

14. Shareholders who have not encashed the dividend warrants for the above referred financial years, are advised to write to Company Secretary, HEG Limited **Bhilwara Towers, A-12, Sector-1, Noida - 201 301, Distt. Gautam Budh Nagar (U.P.)** quoting their full details.
15. Members, in their own interest are advised to:-
 - send the shares held in identical names for consolidation into a single folio.
 - get their holding transferred into joint names by executing a valid Transfer Deed, wherever the present shareholding is in single name.
 - ensure that correct PIN Code number is informed to the Company to expedite delivery of mail.

Explanatory statements pursuant to section 173 (2) of the Companies Act, 1956.

Item No. 7

In order to part finance the ongoing modernisation cum expansion programme, the Company has been inter-alia, sanctioned financial assistance of US \$ 54,79,452, and US \$ 9,49,668 equivalent to about Rs 2000 lacs and Rs 300 lacs approx., by Industrial Credit and Investment Corporation of India Ltd (ICICI), and US \$ 0.754 Million, equivalent to Rs 270 lacs approx., by Industrial Development Bank of India (IDBI). The Company is also enjoying working capital limits from consortium of Banks which are being raised to Rs 137.10 Crores, to be secured inter-alia by second charge on the company's immovables. In order to secure the same, as per the terms and conditions relating thereto, the Company is required to create mortgage or charge on its various immovables.

As the mortgage or charge on properties as aforesaid may be regarded as disposal of the whole or substantially the whole of any of the undertaking(s) of the Company, it is considered necessary to seek members' approval pursuant to the provisions of section 293 (1) (a) of the Companies Act, 1956.

Copies of the Letters of Intent / sanction letters received from the said Institutions / Banks, in respect of the aforesaid



HEG LIMITED

financial assistance and copies of the relevant documents / agreements / correspondence exchanged with them are available for inspection by the members at the Registered Office of the Company on all working days, between 11.00 A.M. to 1.00 P.M. upto the date of this Annual General Meeting.

The Directors recommend the proposed Resolution for your approval.

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

Item No. 8

Section 309 (4) of the Companies Act, 1956 provides that in the case of a director who is neither Managing Director nor in the wholetime employment, the Company may, by special resolution, authorise the payment of commission for a period of five years in addition to the fee for attending meetings of the Board where the directors are rendering specific useful services to the Company. In view of the greater involvement of the Directors in the affairs of the Company, it is desirable that they should be paid commission upto one per cent of the net profits of the Company. The proposed resolution, therefore, seeks authority for such payment to the Directors.

All the directors may be deemed to be concerned or interested to the proposed Resolution to the extent of commission payable to them, except Shri Ravi Jhunjunwala, who, although will not receive any commission in terms of the proposed arrangement, but is interested being related to Shri L N Jhunjunwala and Shri Shekhar Agarwal.

The Directors recommend the proposed Resolution for your approval.

Item No. 9

Your Company has ventured into Telecom services and has joined hands with Motorola, one of the world's giants in Telecom sector, to undertake and operate radio-trunking services. Quickcalls Private Ltd, Bhilwara Telenet Services Private Ltd and Smartalks Private Ltd. have been primarily incorporated with a view to take up radio-trunking services independently in different cities in India. To enable these companies to raise loan from Banks, Corporate Guarantees are required in favour of the lending Banks/Institutions, for which, prior approval of the shareholders is envisaged u/s 370 (1) (b) of the Companies Act, 1956. Hence, this resolution.

None of the Directors is interested in the proposed Resolution except Shri Ravi Jhunjunwala, who is a Director of these Companies and Shri L N Jhunjunwala and Shri Shekhar Agarwal, who are related to Shri Ravi Jhunjunwala.

The Directors recommend the proposed Resolution for your approval.

By Order of the Board
For HEG Limited

PLACE: Noida

DATE: 3rd September, 1997

(RAVI JHUNJHUNWALA)

Chairman Cum Managing Director



HEG LIMITED

Regd. Office : Mandideep (Near Bhopal),
Distt. Raisen, MADHYA PRADESH - 462 046

PROXY FORM

Folio No. _____ No. of shares held _____

I/We _____ of _____ being
a member / members of HEG Limited hereby appoint _____ or
failing him _____ of _____ as
my / our proxy in my / our absence to attend and vote for me / our behalf at the Twenty Fifth Annual General Meeting
of the Company to be held on Monday, the 29th of September, 1997 at 4.30 p.m. at Bhilwara Sabha Grah, Mandideep
(Near Bhopal), District Raisen, Madhya Pradesh 462 046 and / or at any adjournments thereof.

Signed this _____ day of _____ 1997

Signature _____

Please affix
30 Paise
Revenue
Stamp here

Note

The Proxy Form, duly completed must reach the Registered Office of the Company, not less than fortyeight hours
before the time of holding this Meeting.

----- TEAR HERE -----

HEG LIMITED

Regd. Office : Mandideep (Near Bhopal),
Distt. Raisen, MADHYA PRADESH - 462 046

ATTENDANCE SLIP

Folio No. _____

No. of Shares held _____

Full name of shareholder _____

Full name of Proxy / Representative _____

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company held on Monday,
the 29th of September, 1997 at 4.30 p.m. at Bhilwara Sabha Grah, Mandideep (Near Bhopal), District Raisen,
Madhya Pradesh - 462 046

Signature of the shareholder / proxy / representative* _____

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

*Strike out whichever is not applicable





GROUP HIGHLIGHTS

- ★ **India's largest producer and exporter of Polyester/Viscose Yarn and Graphite Electrodes.**
- ★ **Winner of CAPEXIL-Top Export Award** for Graphite Electrodes for the last **11 years in a row.**
- ★ **Winner of SRTEPC Highest Export Award** for Polyester/Viscose Yarn exports for **consecutive 7 years.**
- ★ **Maral Overseas Ltd.,** is the winner of **TEXPROCIL Silver Trophy** for the **second highest Export Award** in the 100% EOU/EPZ category.
- ★ **Madhya Pradesh's first and country's second private sector 13.5 MW Hydro Electric Power Plant** is set up by HEG in a record period of 23 months at a cost of Rs. 70 crore.
- ★ The HEG graphite electrodes plant is the **largest in whole of South Asia.**
- ★ The Group also enjoys prestigious **foreign collaborations and technologies** of several world leaders.
 - Hydro Quebec** of Canada for Hydel Power.
 - Motorola** of USA for Public Mobile Radio Trunked Services.
 - Melba Industries** of Australia and **De Witte Lietaer** of Belgium for specialised Automotive fabrics.
 - RSW International** of Canada for Power Consultancy Services.
- ★ MARAL is India's only **fully integrated 100% EOU cotton knitwear unit** from Spinning till garment making.
- ★ **Rajasthan Spinning & Weaving Mills Ltd. and Maral Overseas Ltd.** have become India's first composite textile and knitting textile units to get the coveted **ISO-9002** certification. **HEG Ltd., BSL Limited and Bhilwara Processors Ltd.** also enjoy this certification.

GROUP SALIENT FEATURES

Sl. No.	Particulars	Rs. in Crores	
		1996-97	1995-96
1.	Turnover	1202	1147
2.	Exports	407	326
3.	PBIDT	202	161
4.	PBDT	117	101
5.	PBT	57	56
6.	PAT	51	56
7.	Gross Fixed Assets	1070	942



HEG LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	1994-95	1995-96	1996-97
Turnover	248.80	284.76	293.00
Exports	62.98	70.61	112.37

P B I D T	46.83	48.61	64.89
Interest	12.10	13.25	25.32
PBDT	34.73	35.36	39.57
Depreciation	8.94	10.35	14.14
Taxation	3.75	0.04	3.26
PAT	22.04	24.97	22.17

Net Worth	127.11	143.53	158.75
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EPS (Rs.)	9.28	6.12	5.50
CEPS (Rs.)	13.09	8.70	9.00
Book Value per share (Rs.)	32.33	35.60	39.38