

# Reaching Out To New Horizons

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Annual Report 1997-98



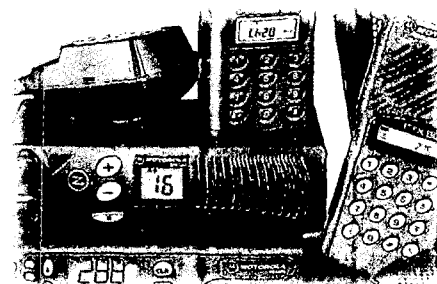
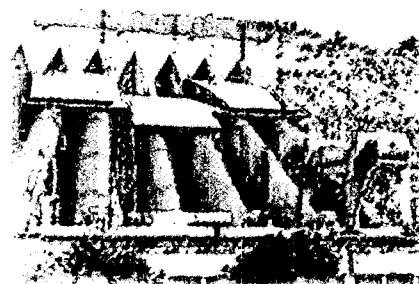
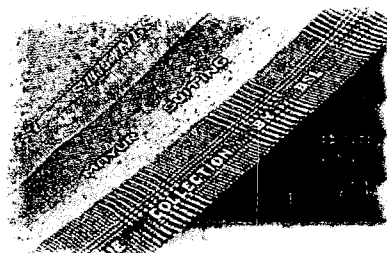
## HEG LIMITED

Reaching Out To The World



## The World of LNJ Bhilwara Group

*Quality manifests itself  
in various forms.  
Excellence, leadership status  
and rapid growth being  
some important  
benchmarks.*



*We, the LNJ Bhilwara Group,  
are a multi-product Group  
with interests in diverse fields  
like Textiles (spinning, weaving, knitting,  
processing and garment making),  
Graphite Electrodes, Sponge Iron, Hydro-Electric Power,  
Telecommunications and Financial Services.*

## GROUP HIGHLIGHTS

- ◆ India's largest producer and exporter of Polyester/Viscose yarn and Graphite Electrodes.
- ◆ Almost 39% of the Group's turnover comes from Exports alone.
- ◆ Winner of CAPEXIL-Top Export Award for Graphite Electrodes for the last 12 years in a row.
- ◆ Winner of SRTEPC Highest Export Award for Polyester / Viscose Yarn exports for consecutive 8 years.
- ◆ Maral Overseas Ltd., is the winner of TEXPROCIL Silver Trophy for the second highest Export Award in the 100% EOU/EPZ category.
- ◆ HEG's graphite electrodes plant is the largest in the whole of South Asia.
- ◆ MARAL is India's only fully integrated 100% EOU cotton knitwear unit with Spinning, knitting processing & garment making.
- ◆ The Group also enjoys prestigious foreign collaborations and technologies of several world leaders:
  - Hydro Quebec of Canada for Hydro Electric Power.
  - Motorola of USA for 'Public Mobile Radio Trunked Services' (PMRTS)
  - Melba Industries of Australia and De Witte Lietaer of Belgium for Specialised Automotive fabrics.
  - RSW International of Canada for Power Consultancy Services.
- ◆ Rajasthan Spinning & Weaving Mills Ltd. and Maral Overseas Ltd., are 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	
		1997-98	1996-97
1.	Turnover	1370	1202
2.	Exports	526	407
3.	PBIDT	250	202
4.	PBDT	150	117
5.	PBT	83	57
6.	PAT	77	51
7.	Gross Fixed Assets	1268	1070



## HEG LIMITED

### FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	1995-96	1996-97	1997-98
Turnover	284.76	293.00	415.51

Exports	70.61	112.37	202.68
PBIDT	48.61	64.89	97.38
Interest	13.25	25.32	45.73
PBDT	35.36	39.57	51.65
Depreciation	10.35	14.14	18.51
Taxation	0.04	3.26	2.63
PAT	24.97	22.17	30.51

Net Worth	143.53	158.75	180.96
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EPS (Rs.)	6.12	5.50	7.49
CEPS (Rs.)	8.70	9.00	12.08
Book Value per share (Rs.)	34.79	38.43	43.43





## 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

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of HEG Limited will be held on Friday, the 25th September, 1998 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, 1998 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 D N Davar, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Shri N V Khote, who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint a Director in place of Shri P. Murari who retires by rotation and being eligible, offers himself for reappointment.
- 6) To appoint Auditors and to fix their remuneration. In this connection, to consider and if thought fit, to pass with or without modification(s), 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 as 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 an ORDINARY RESOLUTION :-

"RESOLVED that Shri B.V. Bhargava, who was co-opted as an Additional Director by the Board of Directors with effect from 14th May 1998, and who holds office as such till the date of this Annual General Meeting, be and is hereby appointed as a Director liable to retire by rotation."

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

- a) Industrial Development Bank of India, (IDBI) for their Term Loan of Rs 15 crores,
- b) State Bank of India, (SBI) for their Term Loan of Rs 25 Crores,
- c) The Industrial Credit & Investment Corporation of India Ltd., (ICICI) for their Term Loans of Rs 10 Crores and Rs 19.44 Crores, and



- d) State Bank of India, (SBI), (on second charge basis), in respect of working capital facilities aggregating Rs 169 crores sanctioned in participation with other consortium Banks, as per details given below:

<i>Bank Name</i>	<i>Sanctioned Limit (Rs in Crores)</i>
1. State Bank of India	109.40
2. State Bank of Bikaner and Jaipur	11.65
3. State Bank of Patiala	6.35
4. Bank of Baroda	16.17
5. Bank of Rajasthan	10.93
6. Standard Chartered Bank	14.00
7. Central Bank of India	0.50
<b>TOTAL</b>	<b>169.00</b>

(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, costs, charges, expenses and other monies payable by the Company to IDBI, SBI, ICICI 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 IDBI, SBI, ICICI and the Bankers, the documents for the mortgages, charges, created/to be created 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."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT subject to the provisions contained in the Companies Act, 1956 (as amended and prevalent including any statutory modification or re-enactment thereof and any ordinance as may be enacted/promulgated from time to time), and subject to such other necessary approvals as may be required, and also subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, which may be agreed to or accepted by the Board of Directors of the Company (hereinafter referred to as 'the Board' which expression shall also include a Committee thereof), consent of the Company be and is hereby accorded to the Board for application of funds of the Company in purchase/buy-back in such quantity or quantities of fully/partly paid up shares of the Company from existing holders of shares and/or other securities as may be specified by the Government or in such proportion and manner as may be permitted by the law, at such rates and on such terms and conditions as the Board may deem proper and as may be prescribed by the law from time to time;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase/buy-back of shares or other securities."

By order of the Board  
For HEG LIMITED

Place : Noida (U.P.) (RAVI JHUNJHUNWALA)  
Dated : 21st July, 1998 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 statements 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 Saturday, the 19th September, 1998 to Friday the 25th September, 1998 (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 25th September, 1998.
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, Distt. Gautam Budh Nagar, 201 301, (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 AT ITS CORPORATE OFFICE I.E., HEG LIMITED, BHILWARA TOWERS, A 12, SECTOR 1, NOIDA, DISTT GAUTAM BUDH NAGAR, 201 301, (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, 1994 was transferred to General Revenue Account of the Central Government

within the prescribed time.

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.

12. The unpaid Dividends that are due for transfer to the Central Government are as under:-

<i>Financial Year ended</i>	<i>Due Date of Transfer</i>
31st March 1995	14.11.1998
31st March 1996	15.11.1999
31st March 1997	16.12.2000

13. Shareholders who have not encashed the dividend warrants for the above referred financial years, are advised to write to the Company at its Corporate Office i.e. Bhilwara Towers, A-12, Sector - 1, Noida, Distt. Gautam Budh Nagar, 201 301 (U.P.) quoting their full details.
14. 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**

Shri B.V. Bhargava was co-opted as an Additional Director by the Board with effect from 14th May, 1998. In terms of provisions of section 260 of the Companies Act 1956, read with Article 97 of the Articles of Association of the Company, he holds office as Additional Director till the date of this Annual General Meeting.

The Company has received a notice under section 257 of the Companies Act, 1956, proposing his candidature for election at the ensuing Annual General Meeting.



The Directors recommend the proposed Resolution for your approval.

None of the Directors may be deemed to be concerned or interested in the proposed Resolution except Shri B V Bhargava himself, who may be deemed to be concerned or interested to the extent of his appointment.

#### Item No: 8

The Company has undertaken a strategy to restructure its debts. Firstly, high cost loans were paid off and substituted with low cost loans. Secondly, the Foreign Currency loans were substituted with Rupee loans, in view of the steady depreciation of the Rupee vis-a-vis US Dollar.

The Company has also availed enhanced working capital facilities from consortium of Banks to meet the day to day requirements of funds.

As the mortgage or charge on properties to secure the aforesaid loans on first pari-passu basis and working capital facilities on second charge basis may be regarded as disposal of the whole or substantially the whole 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 in respect of the following loans/facilities:-

1. Term Loan of Rs 15 Crores from Industrial Development Bank of India (IDBI),
2. Term Loan of Rs 25 Crores from State Bank of India (SBI),
3. Term Loans of Rs 10 Crores and Rs 19.44 Crores from The Industrial Credit & Investment Corporation of India Ltd. (ICICI),
4. Working Capital facilities of Rs 169 Crores from consortium of Banks (State Bank of India as Lead).

Copies of the Letters of Intent/sanction letters received from IDBI, SBI, ICICI and Banks in respect of the aforesaid financial assistances 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, except Shri S C Nanda, Nominee Director, ICICI, who may be deemed to be interested in the matter to the extent of loans sanctioned by ICICI.

#### Item No. 9.

Presently buy-back/purchase of its own shares by the Company is not allowed by the Companies Act, 1956. The Companies Bill, 1997 contained the enabling provisions for buy-back of its own shares by the Companies. The said Bill, however, has not yet become law.

However, it is expected that buy-back/purchase of its own securities by the Company may be permitted in future. Subject to the buy-back of securities becoming legally permissible, it is proposed to enable the Company to buy-back/purchase its own shares in such manner as may be specified/permitted. The resolution under Item No. 9 is proposed for this purpose.

Since the existing Companies Act does not permit the purchase/buy-back of its securities by a Company, this resolution shall be treated as an enabling provision and shall be effective only as and when buy-back becomes legally permissible.

None of the Directors of the Company may be deemed to be concerned or interested in the proposed resolution.

By order of the Board  
For **HEG LIMITED**

Place : Noida (U.P.) (RAVI JHUNJHUNWALA)  
Dated : 21st July, 1998 **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 Sixth Annual General Meeting of the Company to be held on Friday the 25th September, 1998 at 4.30 p.m.  
at Bhilwara Sabha Grah, Mandideep (Near Bhopal), Distt. Raisen, Madhya Pradesh - 462 046 and/or at any adjournments  
thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 1998.

Signature \_\_\_\_\_

Please affix  
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 Sixth Annual General Meeting of the Company held on Friday the 25th September, 1998 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.

