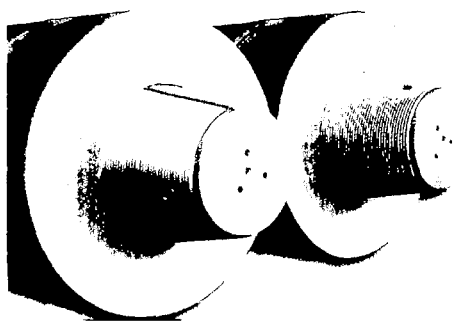
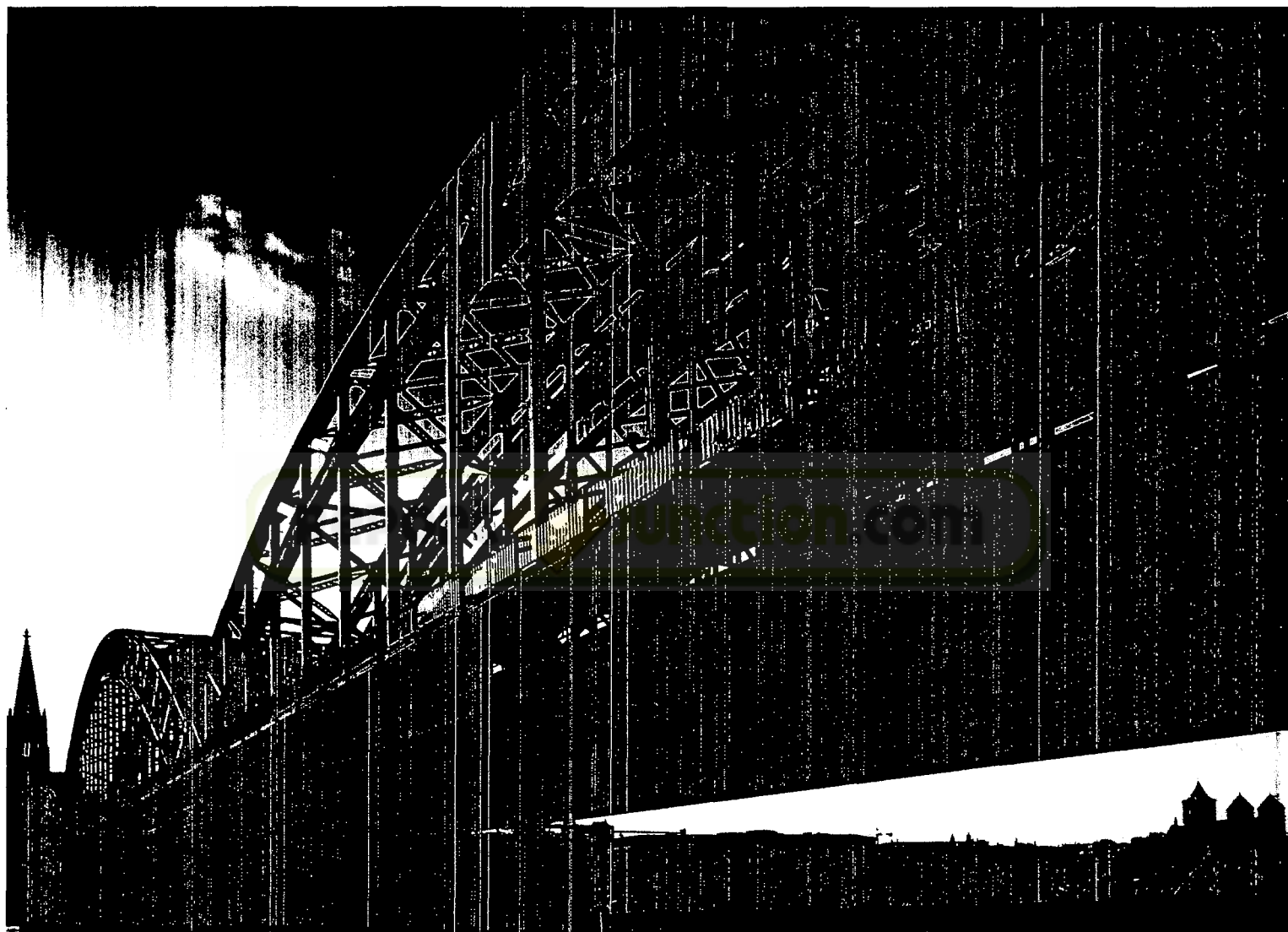


Annual Report 2007-2008



Sustaining the leadership edge world wide



Some of the world's most renowned steel manufacturers are HEG customers. HEG graphite electrodes are critical to the steel manufacturing process. In any structure or product made of steel - whether a sprawling bridge, a soaring sky scraper, a flashy automobile, or even a stylish electronic appliance - chances are, HEG has played a small but vital role in ensuring the pedigree of the end product.

Sustaining the leadership edge world wide!

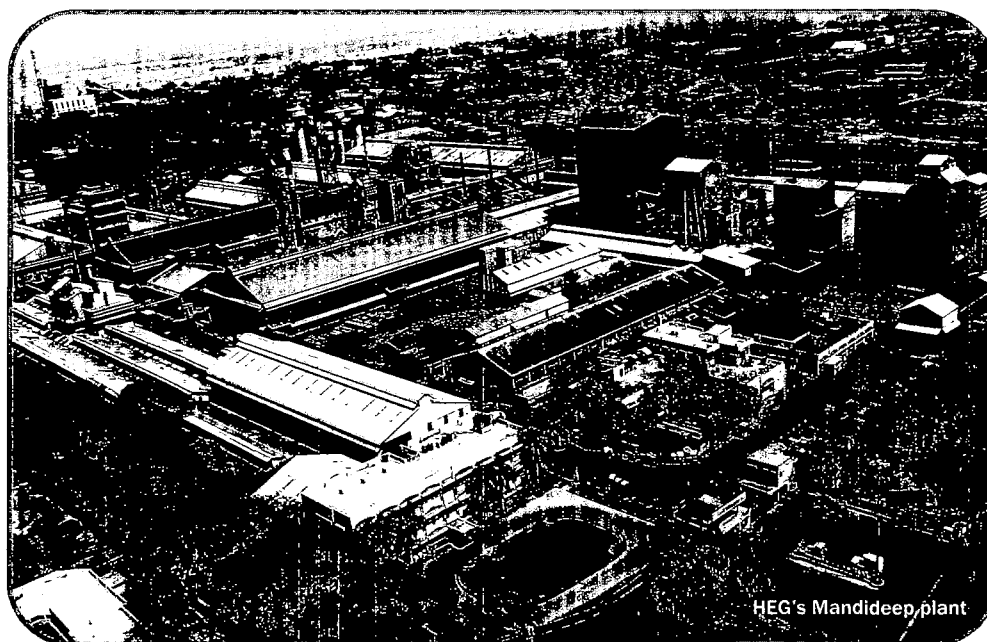
A pioneer in the Indian graphite electrode space, HEG has, in a short time, forged ahead in the leadership rankings. Transforming the technological landscape of one of the most globally competitive markets through scale, ingenuity and engineering skill.

Its Mandideep plant, post the ongoing 20,000 TPA capacity expansion, is set to become the world's largest single location facility for manufacturing graphite electrodes.

As a technology-driven corporation, HEG has set world standards in manufacturing, R&D and product quality. It has pioneered graphite electrode exports from India, gate-crashing in to some of the most demanding markets in the world. What's more, it has successfully harnessed the world's best technological ideas to enrich its products.

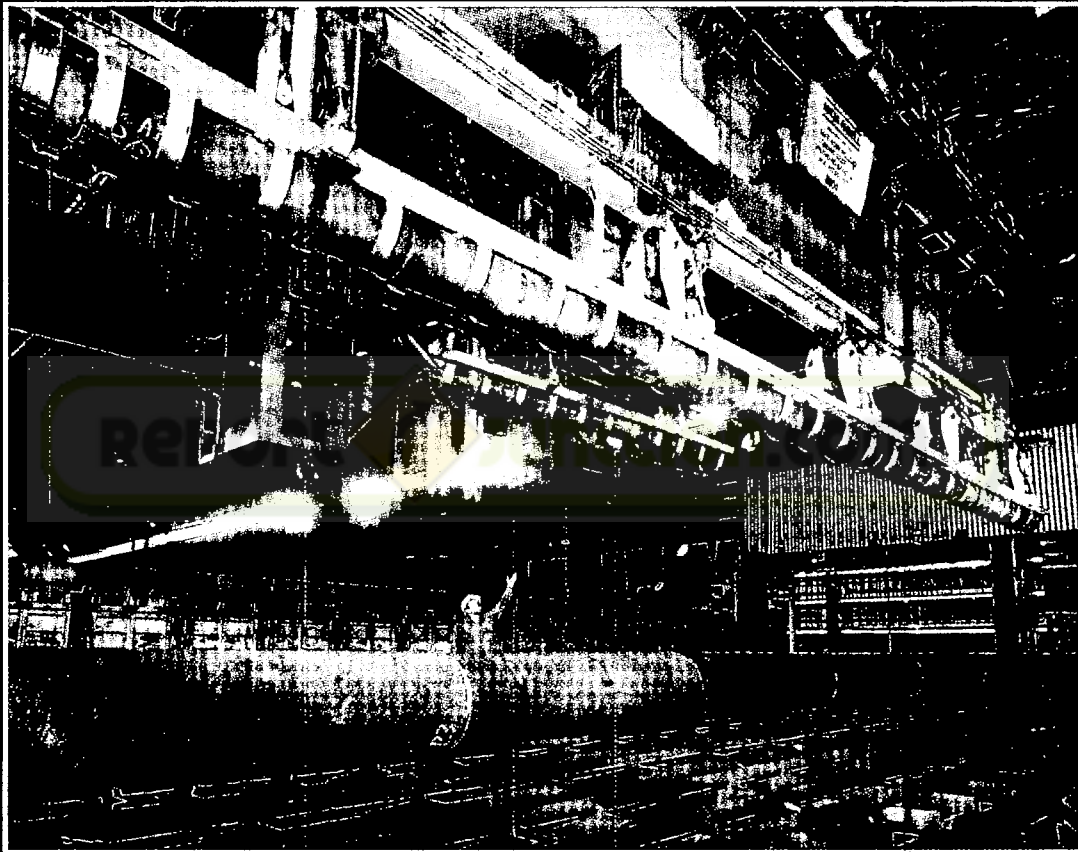
An important dimension of its leadership edge is its sharp market focus and understanding of customers' needs. Besides off-the-shelf products, it offers tailor-made solutions and advanced technical support to customers. HEG products have found acceptance in over 25 countries.

HEG's all-round leadership has positively impacted its fiscal health. Placing it firmly on the road to sustained growth and profitability. Looking ahead, HEG is strongly positioned to emerge as a dominant global player in its chosen field.

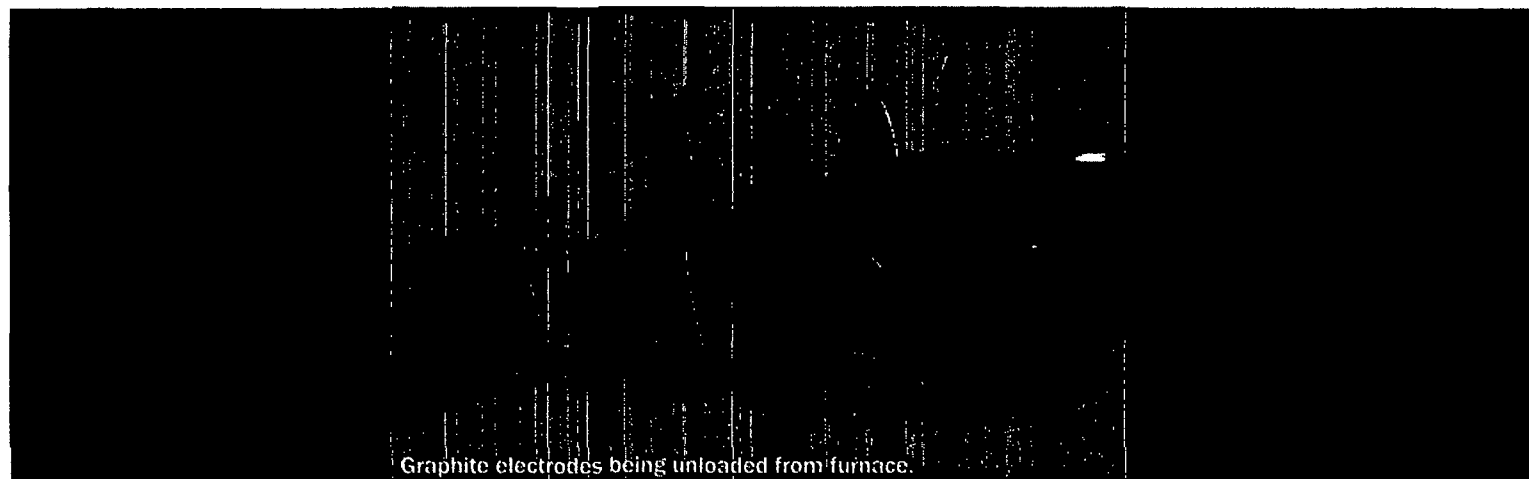


HEG's Mandideep plant

Leveraging the world's best graphite electrode technology



Graphite electrodes being loaded in a LWG furnace.



Graphite electrodes being unloaded from furnace.

Established in 1977, in technical collaboration with SERS, a subsidiary of Pechiney, France, the Mandideep plant continues to be a role model for the industry. The last green-field plant to be set up in the world, Mandideep has set standards for automation, productivity, error-free manufacturing and cost effectiveness.

At present, Mandideep has an aggregate production capacity of 60,000 TPA. Post capacity expansion of 80,000 TPA, which will be completed by 2009, Mandideep will account for 9.5 per cent of world graphite electrode production, and emerge as the world's largest, fully integrated manufacturing plant in the field.

Our leadership position is built around the world's largest, most sophisticated manufacturing plant.

We specialize in manufacturing ultra-high-power (UHP) graphite electrodes, which are tailored to the needs of our customers. A high-tech, high-value segment, UHP has a dominant share in our production.



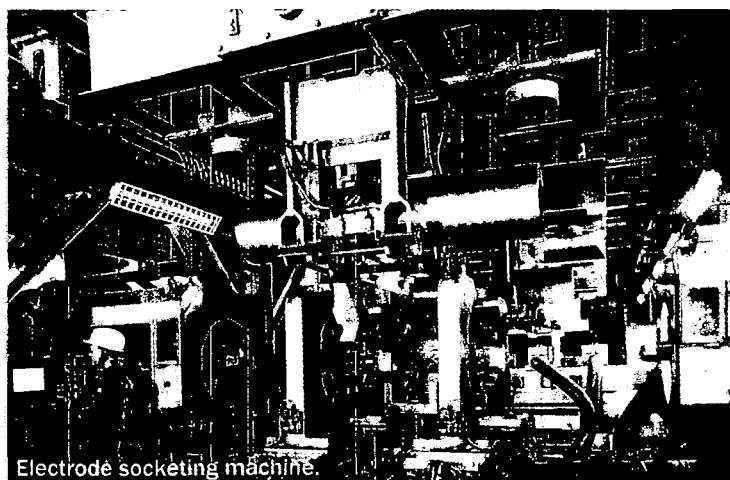
We have two captive power plants, which provide more than 90 per cent of our power requirements. The cheap and easy availability of power (which forms a major part of manufacturing expenditure) has made our products more cost effective.

The state-of-the-art power plant control room.

Striving for continuous improvement



As a global player, we have aligned our Quality Control standards with the highest international benchmarks. Pictured here, graphite electrodes lined up for final packing.



Electrode socketing machine.

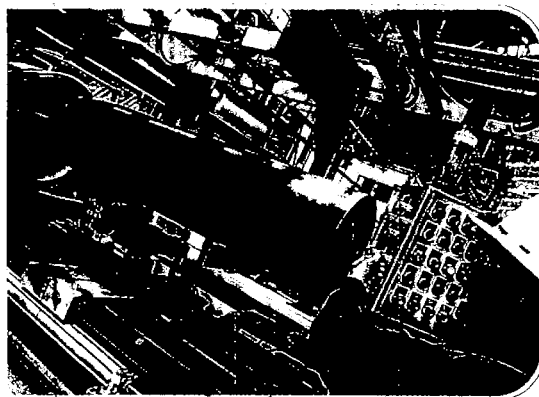
As a Total Quality corporation, we strive for continuous improvement, every single day. We have consciously fostered a quality culture, taking care to upgrade our knowledge base, skill sets and manufacturing technologies on a regular basis.

We have strictly benchmarked each and every step in the manufacturing value chain against international standards. Right from raw material sourcing and processing, to extrusion, baking, impregnation, graphitisation and machining, each graphite electrode undergoes stringent quality tests.

Our vendors are carefully picked after due diligence, with whom we work closely, each step of the way. HEG vendors have to adhere to the highest quality standards; and are regularly trained in using quality tools for solving problems.

Our products deliver a compelling value proposition: higher furnace productivity, low electrode consumption, high arc stability and lower operating costs.

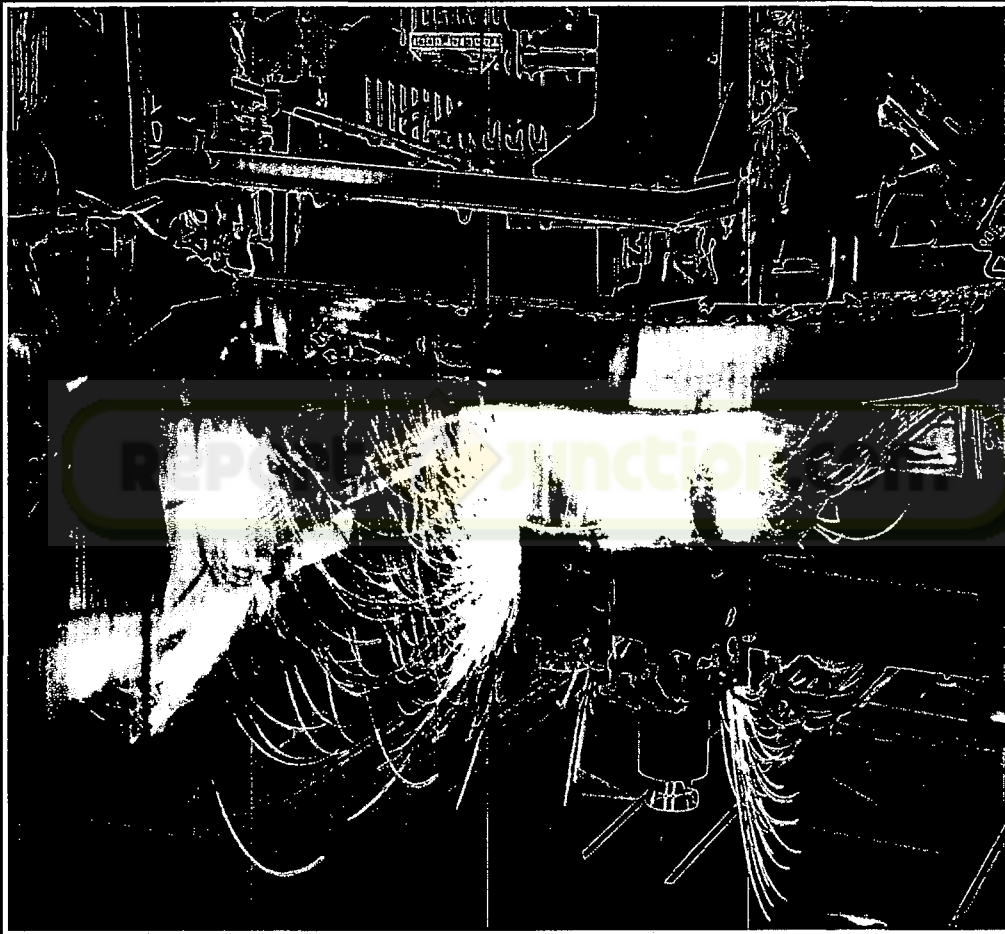
Not surprisingly, our products deliver a compelling value proposition: higher furnace productivity, low electrode consumption and lower operating costs - benefits for which HEG is renowned the world over.



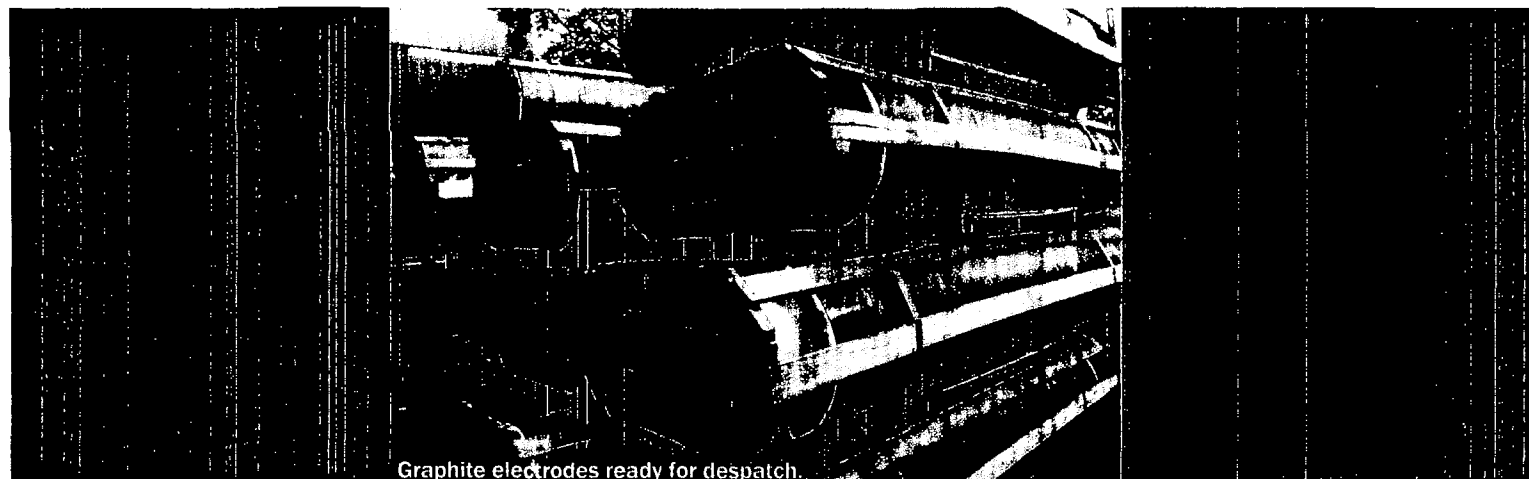
We have won the Rajiv Gandhi Quality Award; and been feted with the CAPEXIL Award 17 years in a row.

HEG is a Total Quality corporation. Quality is the guiding principle for each aspect of our business.

Our competitive advantage is our ability to custom-engineer solutions in close collaboration with our customers.



Imparting a new respectability to
the 'Made in India' label



Graphite electrodes ready for despatch.

In 1985, we pioneered exports of graphite electrodes in the country. Today, export is one of HEG's key drivers, contributing to around 70 per cent of revenues.

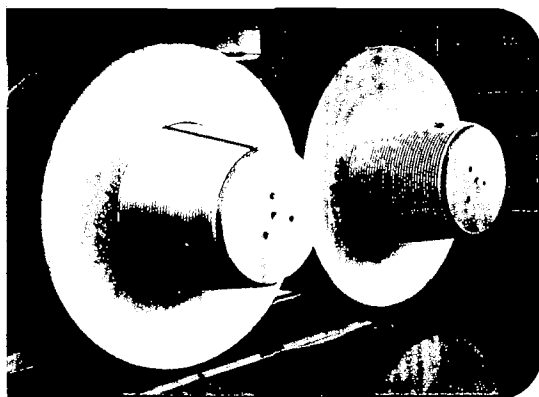
We export to over 25 countries, including highly competitive markets such as USA, Canada, Germany, France, Italy, Australia and South Korea.

At HEG, we believe that we are here not to sell graphite electrodes. We are here to help customers improve the quality and productivity of their end products. We do this by listening to the voice of our customers, anticipating and satisfying customer needs with innovative solutions.

We export graphite electrodes to over 25 countries in six continents. A strong validation of HEG's quality leadership, and the world's increasing confidence in Made in India products.

This approach has paid rich dividends. We have won the confidence and loyalty of world-renowned customers such as ArcelorMittal, Posco, ThyssenKrupp, US Dynamics, Nucor, Severstal and Usinor.

A strong validation of HEG's quality leadership, and the world's increasing confidence in Made in India products.



The machined dimensions of our products conform to the International Electro-thermic Commission standards.

Consolidating our leadership edge through R&D



We have demonstrated research leadership by setting up a state-of-the-art R&D facility - a showpiece institution in the country. Additionally, a Technology Centre has been set up to independently handle consultancy projects in the carbon and graphite domains.