



# Passion to excel

HEG Limited | Annual report 2010-11



Registered Office:  
Mandideep (Near Bhopal)  
Distt. Raipur - 462046, Madhya Pradesh, India  
website: [www.heg ltd.com](http://www.heg ltd.com)/[www.lnjbhilwara.com](http://www.lnjbhilwara.com)



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# The LNJ Bhilwara Group.

\*Established in 1961 \*A USD 1-billion conglomerate \*Among the leading business groups in India \*Diversified interests in textiles, graphite electrodes, power generation, power engineering, ITes and consultancy services \*Promoted by Shri L. N. Jhunjhunwala.

### Pioneering pedigree

- Possesses India’s second-largest spindle capacity
- Largest Indian producer and exporter of polyester/viscose blended yarn
- Provides largest range in grey, dyed and mélangé yarn
- Possesses the world’s largest single-location plant for graphite electrodes with an installed capacity of 66,000 TPA
- Commissioned India’s first hydropower project financed by the International Finance Corporation, Washington
- Emerged as the first merchant power producer in India’s hydro sector

### Awards and recognition

- Winner of the SRTEPC (The Synthetic and Rayon Textiles Export Promotion Council) award for exports for the last 17 years – a record in the Indian textiles space and Rajiv Gandhi National Quality Award (RSWM Ltd.)
- Recipient of the CAPEXIL award for 19 consecutive years and the prestigious Rajiv Gandhi National Quality award (HEG Ltd.)
- Awarded the Greentech Environment Excellence Award (Malana Power Company Ltd)

### 50 glorious years

A journey that began in 1961 with a single textile unit in the lesser known region of Bhilwara, Rajasthan has, over five decades, created one of India’s leading business conglomerates, firmly etching itself in the global space.

### Group statistics

Number of Companies	Number of Manufacturing facilities	Human capital
14	24	25,000
March 31, 2011	March 31, 2011	March 31, 2011

### Business verticals

#### Graphite electrodes

- The Group operates in this business through HEG Ltd, India’s leading manufacturer and exporter of graphite electrodes
- The Group is one of the lowest cost producers of graphite electrodes in the world with a strong presence in the value-added ultra high power (UHP) segment

	₹ cr	
Metric	2010-11	2009-10
Sales	1,300	1,279
EBIDTA	262	354
Profit after tax	129	171
Capital employed	1,092	915

#### Textiles

- The Group manufactures India’s largest range of yarns through six companies
- Its fabrics include polyester, denim, worsted, automotive fabric and technical textiles, among others
- RSWM Ltd is the flagship of the business and the Group
- Other business entities include BSL Ltd, Maral Overseas Ltd, BMD Pvt. Ltd, Cheslind Textiles Ltd and BTTL Ltd

	₹ cr	
Metric	2010-11	2009-10
Sales	3,166	2,450
EBIDTA	499	323
Profit after tax	174	63
Capital employed	2,384	2,075

#### Power

- The Group possesses expertise in thermal and hydropower generation with an installed capacity of 412 MW in India (120 MW for thermal and 292 MW for hydro power) and power consultancy
- It provides 100% of its power requirements
- The Group has five companies in this vertical – Bhilwara Energy Ltd, Malana Power Company Ltd, AD Hydro Power Ltd, NHPL and ICCS Ltd

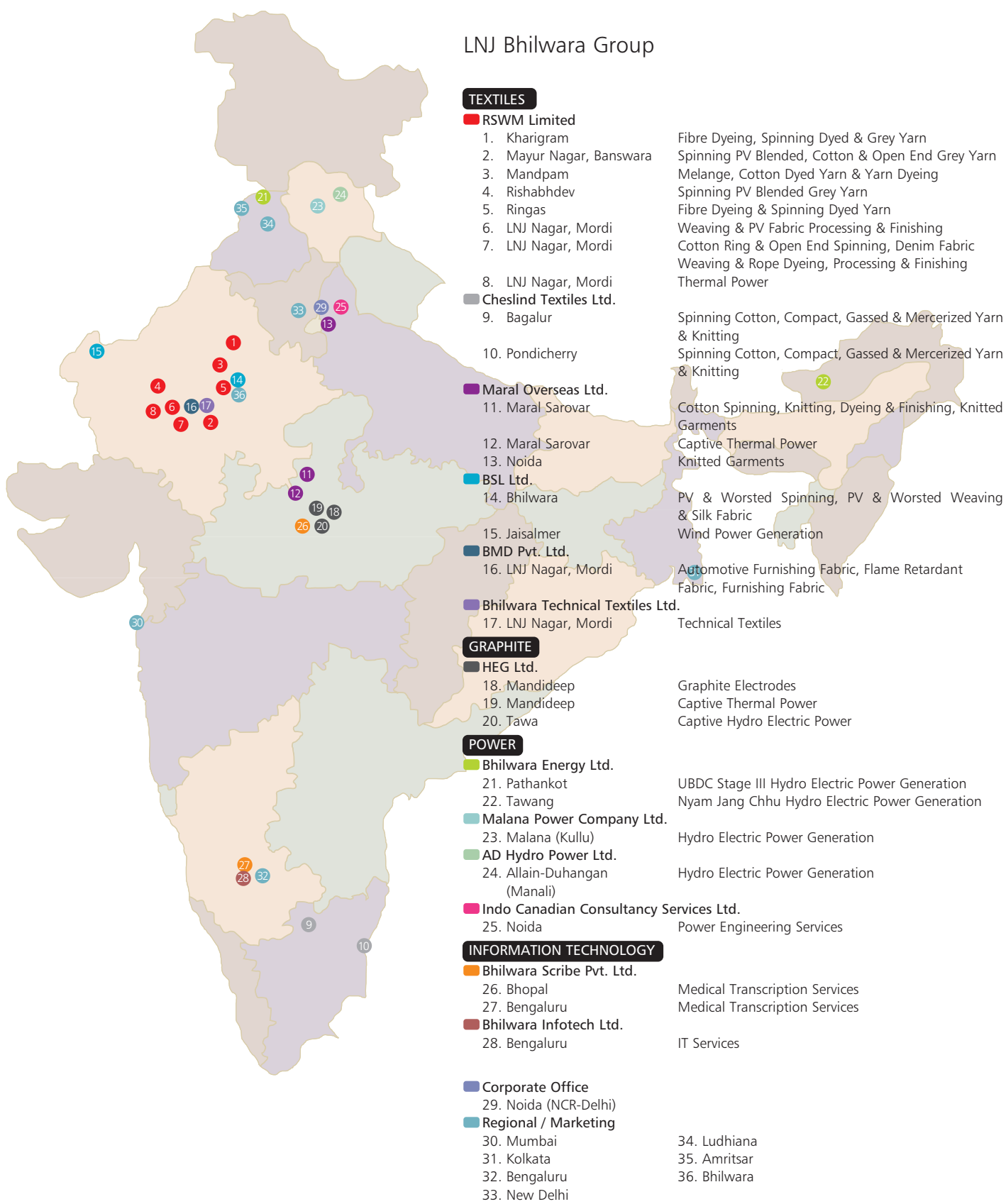
	₹ cr	
Metric	2010-11	2009-10
Sales	241	215
EBIDTA	119	181
Profit after tax	(79)	98
Capital employed	3,518	3,335

#### ITes

- The Group has two companies in this business vertical, Bhilwara Infotech Ltd and Bhilwara Scribe Pvt. Ltd
- The Group provides services in IT consultancy and healthcare BPO

	₹ cr	
Metric	2010-11	2009-10
Sales	19	13
EBIDTA	3	2
Profit after tax	2	(4)
Capital employed	7	4

### LNJ Bhilwara Group



This is an indicative map only.



# ‘Passion to excel!’

This organisational DNA inspires out-of-the-box thinking, challenging the status quo and walking the road not traveled.

**The result:** We have grown our business every single year since 1977.



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# Corporate Information

## Board of Directors

L. N. Jhunjhunwala, *Chairman-Emeritus*

Ravi Jhunjhunwala, *Chairman & Managing Director*

Shekhar Agarwal, *Vice-Chairman*

D. N. Davar, *Director*

K. N. Memani, *Director*

Kamal Gupta, *Director*

P. Murari, *Director*

Lalit Mohan Lohani, *Nominee Director - LIC*

O. P. Bahl, *Director*

Riju Jhunjhunwala, *Director*

## Chief Operating Officer

K. Vaidyanathan

## Chief Strategy & Project Officer

Jacob Mani

## Chief Financial Officer

Manvinder Singh Ajmani

## Chief Human Resource Officer

T. Dev Joshi

## Company Secretary

Ashish Sabharwal

## Bankers

State Bank of India

Punjab National Bank

HDFC Bank Ltd

The Hongkong &

Shanghai Banking Corp.

IDBI Bank Ltd

DEG, Germany

Central Bank of India

Kotak Mahindra Bank

Standard Chartered Bank

## Auditors

Doogar & Associates

S. S. Kothari Mehta & Co.

## Registrar

M/s. MCS Ltd

F-65, First Floor,

Okhla Industrial Area,

Phase-I, New Delhi – 110020

## Stock Exchanges where the Company's shares are listed:

Bombay Stock Exchange Ltd

National Stock Exchange of India Ltd

Madhya Pradesh Stock Exchange Ltd

## Corporate Office

Bhilwara Towers, A-12, Sector-1

Noida - 201301, U.P., India

Phone: +91 (0120) 4390300

Fax: +91 (0120) 2531648

## Registered Office

Mandideep (Near Bhopal)

Distt. Raisen - 462046

Madhya Pradesh, India

Phone: +91 (07480) 233524, 233527,

Fax: +91 (07480) 233522

## Works

### Graphite Electrodes & Thermal Power Plant

Mandideep (Near Bhopal)

Distt. Raisen - 462046

Madhya Pradesh, India

Phone: +91 (07480) 233524, 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

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# Right product

At HEG, our passion to excel is highlighted in our proactive ability to identify long-term opportunities and capitalise on them with speed.

- We recognised that as customer preferences became more demanding, graphite electrode technologies would need to evolve to meet emerging standards.
- As the steel industry moved towards bigger and better electric arc furnaces using UHP electrodes, we made corresponding investments in capacity, capable of producing 100% UHP electrodes.





# 100,000

The projected demand addition  
of UHP grade graphite electrodes  
(tonnes) over the next five years

- Our product basket comprises graphite electrodes ranging from 12 to 30 inches in diameter and lengths of 72" to 110", addressing a wide spectrum of users

**The result:** Our sales volume grew 9.5% CAGR over the five years leading to 2010-11.

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# Growing capacity

At HEG, we demonstrated our business commitment through a willingness to expand capacities in good markets and bad.

- We increased our installed capacity from 24,000 MT in 2000-01 to 66,000 MT in 2010-11 for a cumulative investment of over Rs 600 crore; an average 4,200 MT was added every year across the last decade; we multiplied our capacity 2.5x in the last decade in line with the steel sector uptrend, the fastest capacity growth in our sector; we are investing Rs 225 crore in production capacity enhancement to 80,000 TPA (first phase commenced in 2010-11)





# 8%

The percentage of the global graphite electrode supply provided by HEG

- We invested Rs 73 crore in technologically-efficient equipment in our current capacity expansion
- We operated our manufacturing plants at about 85% capacity utilisation; significantly higher than the global average, even in adverse market conditions

**The result:** We possess the world's largest single-site graphite electrode plant.

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# Cost advantage

At HEG, our competitive advantage is derived from our positioning as one of the world's lowest cost graphite electrode manufacturers.

- We have completed successive project expansion at competitive costs.
- We invested in global capacities, resulting in attractive economies of scale
- We optimised raw material use and facilities to achieve cost-competencies
- We invested in a 77-MW captive power generation capacity (includes 13.5-MW hydroelectric power), enhancing our competitiveness in a power-intensive business (a tonne of output needs about 5,000-6,000 units of power); the incremental power generated provides stable revenues