



STRENGTHENING OUR **POSITION**



HEG Limited
Annual Report 2011-12



CONTENTS

Corporate identity	02
2011-12 in retrospect	04
Statement from the Chairman	16
LNJ Bhilwara Group – The Golden Jubilee	18
Management Discussion and Analysis	20
Directors' Report	28
Corporate Governance Report	35
Auditors' Report	43
Balance sheet	46
Statement of Profit & Loss	47
Notes to the financial statement	48
Cash flow statement	74
Consolidated financial statements	75



“
**KITES RISE
HIGHEST
AGAINST THE
WIND—NOT
WITH IT.**

” – Winston Churchill



At HEG Limited, we faced a challenging 2011-12. Rather than merely wait for better times, we worked harder. With the objective to restrict the downtrend effectively and capitalise on the uptrend whenever that happens.



A snapshot

HEG LIMITED TODAY HAS THE LARGEST GRAPHITE ELECTRODE PLANT IN THE WORLD AT SINGLE LOCATION BESIDES BEING ONE OF THE MOST COMPETITIVE MANUFACTURERS GLOBALLY – ACCOUNTING FOR 9% OF INDUSTRY MARKET SHARE.



Largest Indian exporter of graphite electrodes; about 85% production exported



- ▶ Flagship Company of LNJ Bhilwara Group
- ▶ Located at Mandideep (near Bhopal)
- ▶ 77-MW captive power generation facility supports graphite plant
- ▶ Footprint across more than 35 countries
- ▶ Largest Indian exporter of graphite electrodes; about 85% production exported
- ▶ Winner of the CAPEXIL Export Award for graphite electrodes for 19 years.
- ▶ An ISO 9001: 2008 and ISO 14001:2004-certified organisation

Capacity (TPA)

80,000

March 31, 2012

Team size (members)

1070

March 31, 2012

Market Capitalisation

₹ **858** crore

March 31, 2012

2011-12 IN RETROSPECT



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- ▶ Improved market share
 - ▶ Grew net sales 28% to ₹1,424 crore (₹1,114 crore in 2010-11)
 - ▶ Achieved 15% sales volume growth
 - ▶ Capacity expansion commissioned from 66,000 TPA to 80,000 TPA
 - ▶ Added 26 new customers; accounting for 9% of total sales volumes in 2011-12
 - ▶ UHP electrodes sales increased 18% y-o-y





» CAPACITY EXPANSION



IN A DIFFICULT BUSINESS ENVIRONMENT, THE USUAL RESPONSE IS TO FREEZE ALL SPENDING AND WAIT FOR BETTER TIMES.

At HEG, we took a contrarian view that a slowdown is usually the best time to expand capacity at a moderate cost and bring additional capacities on stream closer to a sectoral rebound.

- ▶ We expanded our capacity by 14,000 TPA for an investment of ₹225 crore.
- ▶ We maintained the capital cost per tonne of our new unit at the prevailing historical average
- ▶ Our expanded capacity is designed to manufacture large value-added electrodes preferred by global steel majors.
- ▶ We strengthened our relationships with needle coke suppliers besides diversifying our sources.
- ▶ No significant manpower increase

Conclusion: Our new investment incorporates upgraded technology resulting in operational efficiency and reduced costs



PRODUCT BASKET
