STRENGTHENING OUR POSICION

HEG Limited Annual Report 2011-12

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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



2011-12 IN RETROSPECT

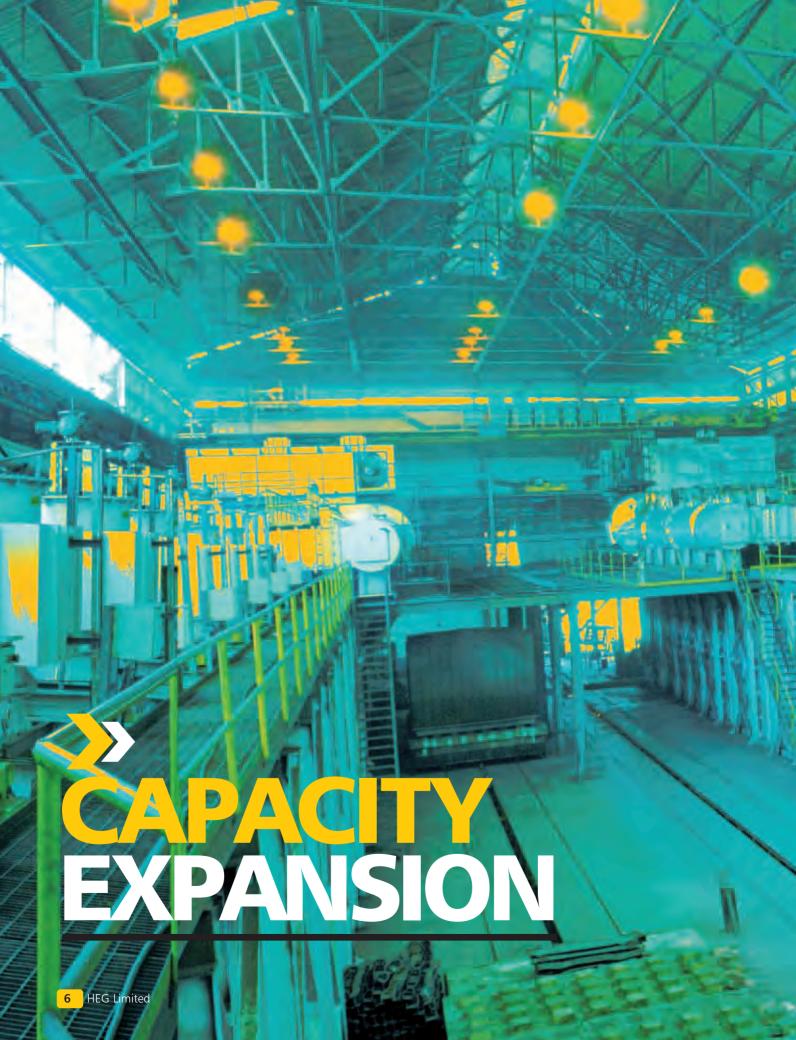
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Improved market share

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- 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



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 BASKE