

Immediate Release

Noida, Saturday, May 04, 2013

FINANCIAL HIGHLIGHTS:

- Total income from operations in FY2013 rises by 14% at ₹ 1,622.6 crore as compared to ₹ 1,424.6 crore in FY2012
- EBIDTA (before exceptional items) in FY2013 increases by 19% at ₹ 306.7 crore from ₹ 258.6 crore in FY2012
- EBIT (before exceptional items) in FY2013 higher by 22% at ₹ 244.1 crore from ₹ 200.7 crore in FY2012
- EBT (before exceptional items) in FY2013 increases by 13% at ₹ 180.5 crore from ₹ 160.0 crore in FY2012
- PAT in FY2013 rises by 70% at ₹ 105.8 crore from ₹ 62.3 crore in FY2012
- EPS (Basic) in FY2013 at ₹ 26.5 from ₹ 15.3 in FY2012
- Graphite electrode prices continue to contract further
- Needle coke prices for CY2013 fixed at lower rates as compared to previous year
- Power division performance robust
- Exceptional item represents FX gain of ₹ 2.6 crore
- Healthy balance sheet continues to support operations

SECTOR HIGHLIGHTS:

- World crude steel production (ex-China) for Q1 CY2013 was 3.6% lower as compared to the corresponding period
- 2013 global apparent steel use expected to increase by 2.9 %, to 1,454 Mt, following growth of 1.2% in 2012

(Source: World Steel Association)

- Graphite Electrodes demand based on steel produced via the EAF route
 - Continued growth trajectory expected for steel produced through the EAF route in the long run
- Pricing pressure on graphite electrodes and needle coke expected to continue

Commenting on the current scenario, Mr. Ravi Jhunhunwala, Chairman and Managing Director, HEG Limited, said:

“The global economic scenario has shown signs of improvement, though recovery continues to drag. Emerging markets continue to gather economic momentum owing to better local demand. The United States is delivering mildly positive growth whereas the Euro zone continues to be affected on account of debt & sovereign crisis. The steel industry, which is a barometer of global growth, has been cast into challenging times, where barring China, growth is turning out to be negative. We have seen an impact on graphite electrode prices, which have moved into softer territory as a result.

Given this scenario HEG has delivered an operating performance that is in line with our projections. Overall, the Company has shown healthy capacity utilisation rates leading to stable volumes as compared to the previous year. We continue to lay emphasis on production of world-class quality products and aim to deliver better operational and financial performance going forward.

We are cautious in our outlook given the short-term downward bias in prices of graphite electrodes. Prices for needle coke, which is our key input, too have seen a similar trend in the current year and should help translate into volumes and margins that are similar to the levels seen this year.”

Commenting on the results, Mr. Manvinder Singh Ajmani, Head – Corporate Strategy, HEG Limited, said:

“I am pleased that we have achieved full year capacity utilisation at around 75%, in an environment marred by weaker demand for steel in the key developed countries. Graphite electrodes have mirrored this trend with prices trending lower as steel makers chose to defer orders.

Our focus during the quarter and much of last year has been to enhance the operating metrics of graphite electrodes manufacture. The emphasis has been to drive up process efficiencies, reduce wastage and benefit from lower consumption of power.

We have secured our needle coke supplies for the full year at lower prices as compared to last year. Benefits of reduced pricing of needle coke are likely to be largely offset due to lower pricing of graphite electrodes during the year, but going forward we expect to hold on to a steady level of margins.

Full year performance of the power division was robust, resulting in margin expansion. Due to the seasonality factor, operations at the hydel power plant in Tawa will resume post commencement of monsoons.”

Q4 FY2013 review

Q4 FY2013 Net Revenues were higher by 9.5% at ₹ 446.3 crore as compared to ₹ 407.6 crore in Q4 FY2012. In Q4 FY2013 revenues in graphite electrode division were higher by 9.5% at ₹ 438.3 crore as compared to ₹ 400.3 crore in Q4 FY2012. Revenues in the Power division were higher by 22.9% at ₹ 66.7 crore from ₹ 54.2 crore.

EBIDTA was at ₹ 72.9 crore in Q4 FY2013 from ₹ 76.9 crore in Q4 FY2012. PBIT of the graphite division was ₹ 36.0 crore from ₹ 48.5 crore and PBIT for the power division was ₹ 19.9 crore from ₹ 9.4 crore.

In Q4 FY2013, the Company reported a forex gain of ₹ 2.6 crore. In Q4 FY2013 Profit Before Tax was ₹ 41.4 crore as compared to ₹ 48.4 crore in Q4 FY2012. The Company's Net Profit was ₹ 35.1 crore in Q4 FY2013 as compared to ₹ 5.0 crore in Q4 FY2012. The Net Profit gave a basic EPS of ₹ 8.80 for Q4 FY2013 as compared to ₹ 1.23 of Q4 FY2012.

FY2013 review

Net Revenues for FY2013 were higher by 13.9% at ₹ 1,622.6 crore from ₹ 1,424.6 crore in FY2012. FY2013 graphite division revenues increased by 13.8% at ₹ 1,587.2 crore from ₹ 1,394.7 crore in FY2012. FY2013 Power division revenues rose by 14.7%, at ₹ 248.4 crore from ₹ 216.4 crore.

FY2013 EBITDA was increased by 18.6% at ₹ 306.7 crore as compared to ₹ 258.6 crore in FY2012. The graphite division's PBIT for FY2013 was rises by 3.7% at ₹ 147.1 crore from ₹ 141.8 crore while earnings in power division for FY2013 were higher by 14.7% at ₹ 89.7 crore as against ₹ 49.3 crore in the corresponding period.

FY2013 PBT was higher by 12.8% at ₹ 180.5 crore as compared to ₹ 160.0 crore in FY2012, while PAT for FY2013 was higher by 69.8% at ₹ 105.8 crore as compared to ₹ 62.3 crore in FY2012, implying a basic EPS of ₹ 26.5.

For further information, please contact:

Manvinder Singh Ajmani - Head

Corporate Strategy

HEG Limited

Ph: +91 120 4390 224

Fax: +91 120 254 1575

Email: manvinder.ajmani@lnjbhilwara.com

Raju Rustogi - CFO

HEG Limited

Ph: +91 120 244 4541

Fax: +91 120 254 1575

Email: r.rustogi@lnjbhilwara.com

Janki Dholakia/Siddharth Rangnekar

Citigate Dewe Rogerson

Ph: +91 22 6645 1217/1209

Fax: +91 22 6645 1213

Email: janki@cdr-india.com

siddharth@cdr-india.com

About HEG Limited

HEG Limited, a listed company of the LNJ Bhilwara Group, was established in 1977 in technical and financial collaboration with Societe Des Electrodes Et Refractaires Savoie (SERS), a subsidiary of Pechiney of France.

The Company has recently expanded Graphite Electrode capacities from 66,000 MT to 80,000 MT, consolidating its position as the largest single-site integrated graphite electrode facility in the world. The graphite electrode plant is located at Mandideep, near Bhopal.

The Company also operates three power generation facilities with a total rated capacity of about 77 MW. The hydroelectric power plant at Tawa near Itarsi, District Hoshangabad (Madhya Pradesh) has a rated capacity of 13.5 MW, while two captive thermal power plants located at Mandideep (Madhya Pradesh) have rated capacities of 30 MW and 33 MW respectively.

HEG Limited is a part of the ₹ 5,000 crore LNJ Bhilwara Group, which is a diversified conglomerate with business interests in power, graphite electrodes, textiles and IT services sector. The Group has 5 listed companies and wide range of stakeholders.

About graphite electrodes

Graphite electrodes find their biggest industrial use in Electric Arc Furnaces (EAF) used in steel plants to melt steel scrap. The demand for graphite electrodes is therefore sensitive not to steel prices but to steel production volumes through the EAF route, which accounts for 31% of the world's steel production.

Statements in this document pertaining to future status, events, or circumstances, including but not limited to statements about plans and objectives, potential product characteristics and uses, product sales potential and target dates for product launch are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are based on management's current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. HEG Limited is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise. The Company may, from time to time, make additional written and oral forward looking statements, including statements contained in its filings with the regulatory bodies and reports to shareholders