PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

HEG/SECTT/2014/ 17th November, 2014

BSE Ltd, Mumbai (Fax No.022-22723121/3719/2039/2041/2061
25th Floor, P J Towers
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MUMBAI - 400 001

National Stock Exchange of India Ltd. (Fax No. 022-2659 8237/38) 26598347/48
Exchange Plaza, 5th Floor
Plot No.C/1, G Block, Bandra - Kurla Complex
Bandra (E), MUMBAI - 400 051

Madhya Pradesh Stock Exchange,
201, Palika Plaza-II,
MTH Compound,
INDORE - 452001 Fax No. # 0731 2432849

Dear Sir,

Sub: Investors presentation on the Unaudited Financial Results of the Company for the quarter and half year ended 30th September, 2014.

Please find enclosed a copy of Investors presentation on the unaudited financial results of the Company for the quarter & half year ended 30th September, 2014 for your information and record please.

Thanking you,

Yours faithfully,
For **HEG Limited**

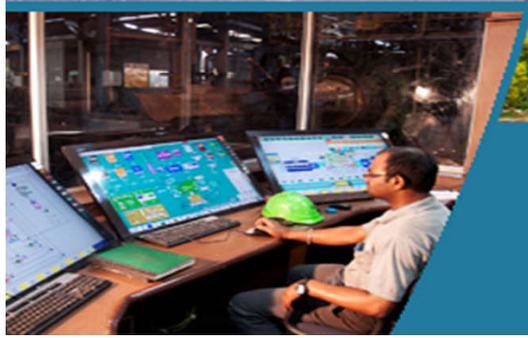
(ASHISH SABHARWAL)
COMPANY SECRETARY

Encl: as above.

ashish.sabharwal@lnjbhilwara.com









HEG Limited
World Winning Quality

Q2 FY15 Investor Update Presentation

HEG Limited - Profile

HEG Limited (henceforth HEG) is a leading graphite electrode manufacturer & exporter

HEG produces two grades of graphite electrodes - High Power & Ultra High Power - used in manufacturing steel through the Electric Arc Furnace (EAF) route

Exports over 75% of its production to more than 25 countries of the world

Diversified customer portfolio - ArcelorMittal, Nucor, POSCO, Emirate Steel Ind, Dongkuk Steel, Severstal, SAIL, Tata Steel, Jindal Group etc.

Graphite electrodes manufacturing plant (capacity of 80,000 tons per annum) located at Mandideep in Madhya Pradesh - is the largest single-site facility in the world

Captive power generation capacity of around 77 mw (thermal power - 64 mw & hydro power - 13.5 mw)

Global Steel Industry

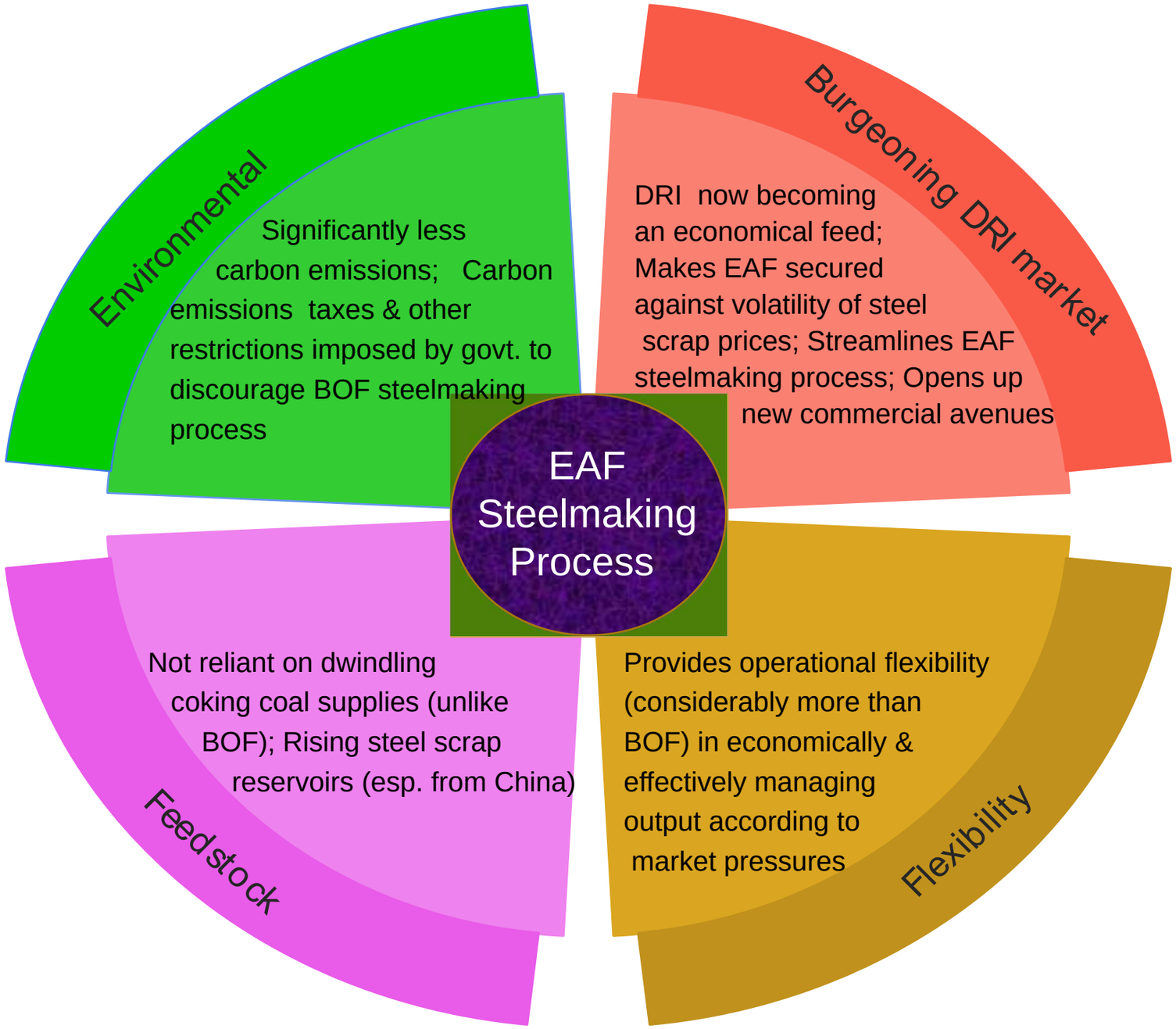
- **World crude steel production for the 65 countries, which produces 99 % of the alloy,** during first 9 months of 2014 was up by 2.1 % to 1230.8 MT.
- The EU showed an increase of 2.9% while Asia and North America reported growth of 2.5% and 2.3% respectively in the first Nine Months of 2014. South America and C.I.S. produced 2.6% and 1.6% less respectively.
- According to the WSA' s **Short Range Outlook for 2014 - 15, the global steel use will increase by 2.1** percent **to 1,562 MT in 2014 following growth of 3.8** percent **in 2013.**
- In India steel demand expected to grow by 3.4% to 76.2 Million tons in 2014 against an actual growth of only 1.8% in 2013.
- In 2015 , due to increased investor confidence, a growth of 6% in Steel demand is forecasted.

Graphite Electrodes Market & EAF

- Graphite electrodes find their biggest industrial use in Electric Arc Furnace (EAF) used in steel plants to melt steel scrap
- Graphite electrodes market has a current market size of over 1.1 million tonnes per year (US$ 3.5 billion); with the steel industry being the largest consumer
- The demand for graphite electrodes is therefore sensitive to steel production via EAF
- Efficiency, feedstock flexibility and environmental advantages make EAFs a much more attractive investment for future capacities
- Share of EAF in the global steel production is currently around 30%
- EAF's share of crude steel making likely to grow exponentially and is estimated to overtake BOF steelmaking routes by 2030

Source: World Steel Association

Factors leading to rise of EAF capacities



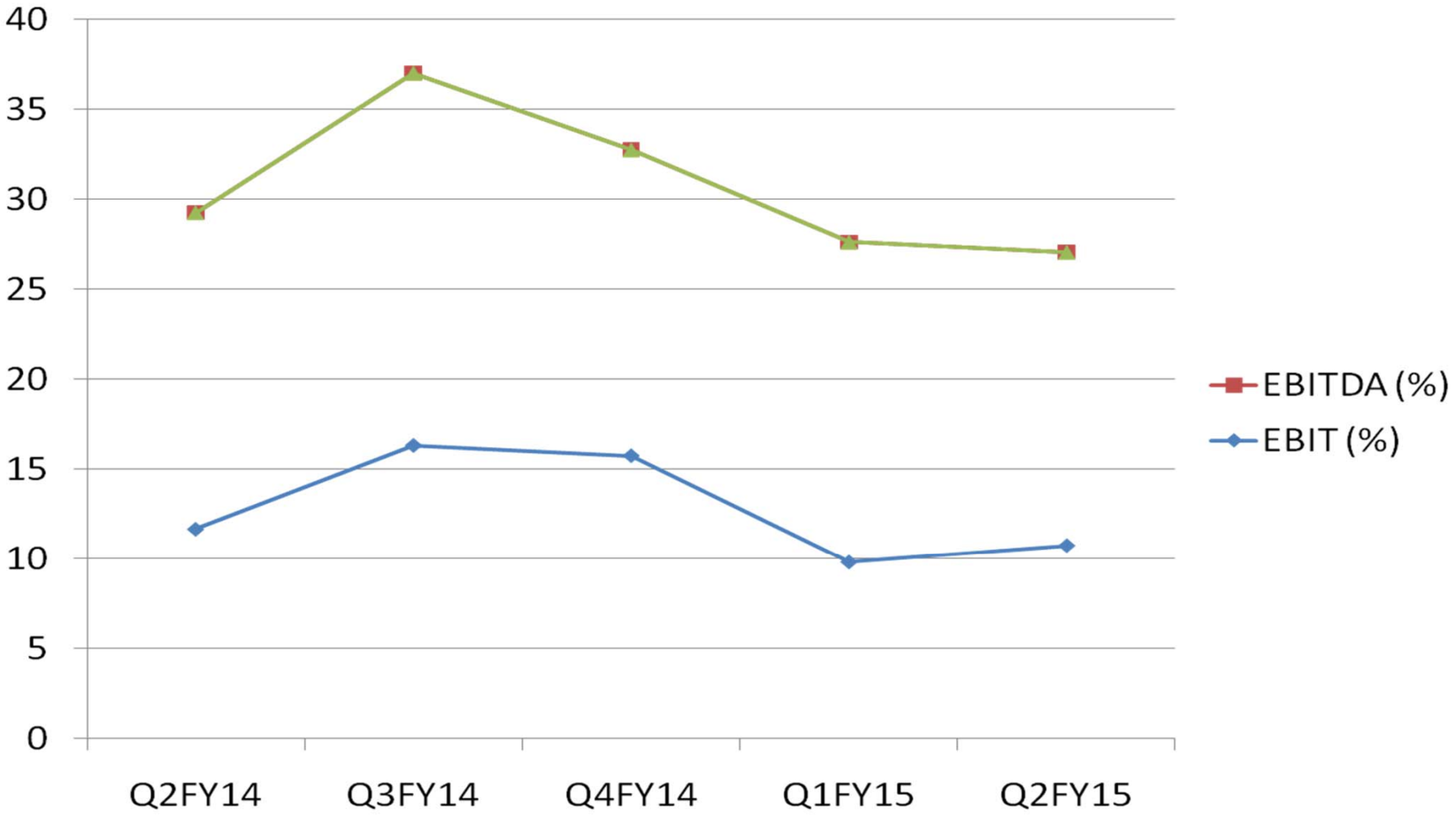
Financial Snapshot (over last 2 quarters)

In Rs. Crore (except EPS)

	Q2 FY14	Q2 FY15
Net Operating Income	301.93	323.41
EBITDA*	53.27	53.44
EBITDA Margin	17.7%	16.52%
EBIT	35.43	34.71
EBIT Margin	11.7%	10.7%
Forex gains/(loss)	(9.20)	(8.53)
PAT	5.06	5.57
PAT Margin	1.67%	1.72%
EPS	1.27	1.39

* EBITDA includes Other Income & excludes Exceptional Items

EBITDA & EBIT MARGINS



Note - EBITDA includes Other Income & excludes Exceptional Items

Segmental Performance – Graphite Electrodes

In Rs. Crore

	Graphite Electrodes		
	Q2FY15	Q1FY15	Q4FY14
Net Sales	319.47	342.61	494.31
Export (% of sales)	77%	83%	84%
EBITDA Margin	8.79%	10.30%	9.70%
EBIT Margin	4.14%	5.76%	6.60%
Capital Employed	880.63	914.85	979.97

- Capacity utilisation at around 70% during the quarter.
- Graphite electrode prices continue to be under pressure & now seems to have bottomed out at low levels.
- Improved operating parameters, partly offset by unprecedented increase in domestic input prices.
- Downward movement in Euro Dollar pair, post second half of September, yielded heavy MTM

Segmental Performance – Power

In Rs. Crore

	Power		
	Q2FY15	Q1FY15	Q4FY14
Net Sales	56.45	56.14	69.16
EBITDA Margin	43%	44%	52%
EBIT Margin	37%	38%	47%
Capital Employed	173.04	183.23	190

- Generation at Hydro plant , TawaNagar affected in the quarter, due to insufficient rains in MP and consequent late start of the unit.
- Coal ratio, one of the best in the industry.
- Downward revision in allocation of linkage coal to the captive generators, affecting margins.

Future Outlook

- Stable Outlook envisaged in the year, to bring consistency in operations.
- Drop in Crude Oil prices and poor demand, Needle coke prices expected to soften further in the coming year.
- Graphite Electrode Industry in India hopeful of getting relief, from large dumping of imports from China. Dumping investigations under way.
- The recent closure of certain manufacturing facilities announced by global players, offers opportunity for HEG's to raise its market share in those regions.
- Efforts of the Indian Govt. towards resumption of mining activities in Iron Ore and Coal, and focus on infrastructure development likely to improve prospects, for the steel Industry in India.

Thank You



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