



LNJ Bhilwara Group Company



PROUD TO BE INDIAN
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HEG/SECTT/2024

22nd May, 2024

1	BSE Limited P J Towers Dalal Street MUMBAI - 400 001. Scrip Code : 509631	2	National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No.C/1, G Block, Bandra - Kurla Complex Bandra (E), MUMBAI - 400 051. Scrip Code : HEG
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Sub: Press Release

Dear Sir/Madam,

Please find attached copy of Press Release which is being issued for Composite Scheme of Arrangement approved by the Board of Directors in their Board Meeting held today at 5.10 P.M and concluded on 9.20 P.M.

Please take the same on record.

Thanking you,

Yours faithfully,
For HEG Limited

(Vivek Chaudhary)
Company Secretary
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Encl. as above

HEG LIMITED

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Corporate Identification No.: L23109MP1972PLC008290



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PRESS RELEASE

HEG Limited Board approves demerger of its Graphite Business to a new company. In addition, the company (post the demerger) will consolidate Bhilwara Energy Limited ('BEL') with itself. TACC Limited to continue as a wholly owned subsidiary of the existing company.

- **The existing company to become a platform for green energy businesses, inter-alia, Hydro and Wind energy through merged BEL, Energy Storage Solutions through RePlus, Advanced Carbon business through TACC Limited and other opportunities in the new age businesses.**
- **Creation of two strong, independent entities able to better address growth prospects and provide focused approach and management**
- **Move is intended, inter-alia, to unlock value for shareholders**

Noida, May 22 2024: HEG Limited today, as part of its ongoing effort to enhance its shareholders' value, announced the approval of Composite Scheme of Arrangement which provides for demerger of Graphite Business ("Demerged Undertaking") into a New Company (to be incorporated) and post demerger, merger of Bhilwara Energy Limited ("Transferor Company" or "BEL") into HEG Limited ("Demerged Company" or "Transferee Company" or "Demerged/Transferee Company") ("**Scheme**") subject to various regulatory approvals and compliances. The Appointed date for the Scheme is set as 1st April 2024.

The Board has considered the proposal and followed the process laid down under the Companies Act, 2013 and Securities and Exchange Board of India Regulations. Based on the reports of the independent valuer and fairness opinion from the merchant banker, and approved following consideration for the proposed scheme as below:

- **For Demerger:** 1 (One) fully paid-up equity share of INR 10 (Indian Rupees Ten only) each of the Resulting Company, for every 1 (One) equity shares of INR 10 (Indian Rupees Ten only) each of the Demerged Company.
- **For Merger:** 8 (Eight) fully paid-up equity share of INR 10 (Indian Rupees Ten only) each of the Transferee Company, for every 35 (Thirty Five) equity share of INR 10 (Indian Rupees Ten only) each of the Transferor Company.

By segregating businesses with varying risk and return profiles, the Scheme offers the shareholders greater flexibility to align their investments with their strategies and risk preferences, effectively de-risking the graphite business. It also unlocks shareholder value by segregating Greentech businesses, providing existing HEG shareholders with shares of the two listed companies, and establishing independent brand identities for these future-oriented segments.

Additionally, the Scheme enhances efficiency by streamlining the corporate structure, consolidating entities, reducing legal and regulatory compliance burdens, and cutting administrative costs.

Mr. Ravi Jhunjhunwala, Chairman and Managing Director, CEO, HEG Limited, said, “The existing company and the New Company will script new paths as two independent, publicly listed companies. The underlying growth drivers, risk profile and capital allocation requirements are fundamentally different in the Graphite business compared to the green energy business. The Scheme will enable both companies to pursue their strategies and have focused management. This will enable the full value of each of the businesses to be unlocked for the benefit of the shareholders.”

Mr. Riju Jhunjhunwala, Vice-Chairman, HEG Limited, said, “This is a significant step forward in our company's journey towards sustainability. With the pursuit of expansion into new age and green energy businesses, this strategic decision unlocks the full potential of both businesses, allowing them to pursue focused growth strategies and maximize value for our shareholders. This step will create a more agile and competitive entity which can tap opportunities in the clean energy space. Shareholders will have shares of 2 publicly listed companies, each with a sharper strategic focus and enhanced investment profile. Shareholders will benefit from owning shares in both entities, with the potential for increased value creation in the long run. We are confident that this demerger is the right decision for our company, our employees, and our shareholders. We look forward to the exciting possibilities that lie ahead for both businesses.”

The receipt of requisite approvals relating to the Scheme, and subsequent listing of Graphite business is expected to be completed in 2025.

EY LLP are the Project and Tax advisors to the Scheme, and Khaitan & Co are the legal advisors. The valuation report for the Scheme has been issued by PwC Business Consulting Services LLP. The Fairness opinion has been issued by ICICI Securities Limited.

About HEG Limited

HEG Ltd, a premier company of the LNJ Bhilwara group, is today India’s leading graphite electrode manufacturer. It has one of the largest integrated Graphite Electrode plants in the world, processing sophisticated UHP (Ultra High Power) Electrodes. The company exports over 70% of its production to more than 30 countries of the world. The position the company enjoys today in India and abroad is largely due to its commitment to constant upgradation of its product quality to match international standards and to meet new challenges to win and excel in all situations.

About Bhilwara Energy Limited

Bhilwara Energy Limited (BEL) is the flagship entity in the power section business of the LNJ Bhilwara Group. It is the principal holding company for all the power ventures. BEL holds 51% equity stake in Malana Power Company Limited (Kullu) (MPCL), a joint venture with StatKraft, Norway. MPCL owns 86 MW Hydro Electric Project in District Kullu, Himachal Pradesh. BEL indirectly holds 44.88% holding of AD Hydro Power Limited (Manali) (ADHPL), since MPCL holds 88% stake in ADHPL. ADHPL owns 192 MW Hydro Electric Project in District Manali, Himachal Pradesh. BEL owns 14 MW wind power project at site Bhendwade, District Kohlapur, Maharashtra. BEL holds 100% equity in BG Wind Power Limited which owns 20 MW Wind power project at site Dangri, District Jaisalmer, Rajasthan.

For more information please contact:

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Disclaimer

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