

FINANCIAL HIGHLIGHTS:

- Net Sales in Q2 FY2013 higher by 38% at ` 439.8 crore as compared to ` 319.2 crore in Q2 FY2012
- EBIDTA (before exceptional items) in Q2 FY2013 rises by 48% at ` 71.2 crore from ` 47.9 crore in Q2 FY2012
- EBIT (before exceptional items) in Q2 FY2013 increases by 64% at ` 55.5 crore from ` 33.9 crore in Q2 FY2012
- EBT (before exceptional items) in Q2 FY2013 higher by 52% at ` 39.7 crore from ` 26.1 crore in Q2 FY2012
- PAT in Q2 FY2013 rises robustly by 165% at ` 35.9 crore from ` 13.5 crore in Q2 FY2012
- EPS (Basic) in Q2 FY2013 at ` 9.0 from ` 3.3 in Q2 FY2012
- Graphite electrode prices stable
- Lower cost needle coke inventory acquired last year has been exhausted; current year needle coke stock acquired at increased but competitive rates
- Power division profits robust as compared to corresponding period
- Exceptional item represents FX gain of ` 3.6 crore
- Hedging Reserve owing to adverse currency fluctuations on derivatives at ` 0.65 crore
- Balance sheet continues to remain strong and sustainable

SECTOR HIGHLIGHTS:

- World crude steel production for nine months of 2012 was 1,149 Mt, a marginal increase of 0.6% compared to the same period of 2011
 - July - September 2012 production was higher as compared to the corresponding period

(Source: World Steel Association)

- Global apparent steel use expected to increase by 2.1% in 2012, following growth of 6.2% in 2011

(Source: World Steel Association)

- World steel demand in 2013 is expected to grow further by 3.2 % to a record high of 1,455 Mt

(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
- Industry majors have announced price hikes of 8-9% for new orders

OPERATIONAL HIGHLIGHTS:

- HEG reflects robust operational performance
- Capacity utilization at around 85% for the quarter
 - Going forward capacity utilization rates expected to remain good
- Graphite electrode demand expected to be supported by steel demand
- Exports continue to maintain momentum
- HEG consolidates position as world's largest single site plant of Graphite Electrodes

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

“The current macro-economic situation is defined by problems in the European markets and sluggish growth in USA. Overall volatile market conditions continue to impact most sectors unfavorably.

The steel industry has grown moderately over the quarter under review and revised forecasts indicate lower but sustainable growth rates. Production of steel through the EAF route continues to grow at a stable pace and is expected to convert into higher demand for graphite electrodes.

HEG Limited has evolved over the years, into a competitive and reputed global manufacturer of graphite electrodes. I am pleased to share that despite the current challenging business environment, HEG Limited’s operational and financial performance has been positive.

Going forward, the Company’s unique strengths and business advantages are expected to encourage greater flexibility and faster growth in a conducive business environment.”

Commenting on the results, Mr. Manvinder Singh Ajmani, Chief Financial Officer, HEG Limited, said:

“The Company has delivered robust operational and financial performance during the quarter under review; for both graphite electrode and power divisions.

Capacity utilisation of graphite electrodes has shown remarkable improvement. We continuously work towards enhancing productivity whilst focusing on cost efficiencies. Needle coke stock procured last year at lower prices has now been exhausted and we have started operating with needle coke which was procured in the current year at higher but competitive rates. The order book is steadily firming up in the current sustainable EAF environment.

The power division has been performing well supported by linkage coal for the thermal plants and resumption of operations of the hydel power plant.

Going forward, we aim at further optimizing our earnings and enhancing further operational efficiencies”

Q2 FY2013 review

Q2 FY2013 Net Revenues increased by 37.8% at ` 440.0 crore as compared to ` 319.3 crore in Q2 FY2012. Revenues in graphite electrode division were higher by 37.4% at ` 430.2 crore in Q2 FY2013 as compared to ` 313.0 crore in Q2 FY2012. Revenues in the Power division rose by 19.5% at ` 67.7 crore from ` 56.7 crore.

EBIDTA higher by 48.4% at ` 71.2 crore in Q2 FY2013 from ` 47.9 crore in Q2 FY2012. PBIT of the graphite division rose by 55.6% in Q2 FY2013 at ` 31.3 crore from ` 20.1 crore and PBIT for the power division was increased by 87.9% at ` 23.1 crore from ` 12.3 crore.

In Q2 FY2013, the Company reported a forex gain of ` 3.6 crore. In Q2 FY2013 Profit Before Tax increased by 197.9% at ` 43.3 crore as compared to ` 14.6 crore in Q2 FY2012. The Company's Net Profit was higher by 165.2% at ` 35.9 crore in Q2 FY2013 as compared to ` 13.5 crore in Q2 FY2012. The Net Profit gave a basic EPS of ` 8.99 for Q2 FY2013 as compared to ` 3.29 of Q2 FY2012.