

## **FINANCIAL HIGHLIGHTS:**

- Total income in 9M FY2013 higher by 16% at ₹ 1,182.7 crore as compared to ₹ 1,017.0 crore in 9M FY2012
- EBIDTA (before exceptional items) in 9M FY2013 rises by 29% at ₹ 233.8 crore from ₹ 181.00 crore in 9M FY2012
- EBIT (before exceptional items) in 9M FY2013 increases by 34% at ₹ 185.9 crore from ₹ 138.6 crore in 9M FY2012
- EBT in 9M FY2013 higher by 22% at ₹ 81.3 crore from ₹ 66.9 crore in 9M FY2012
- PAT in 9M FY2013 rises by 23% at ₹ 70.7 crore from ₹ 57.3 crore in 9M FY2012
- EPS (Basic) in 9M FY2013 at ₹ 17.7 from ₹ 14.0 in 9M FY2012
- Graphite electrode prices display nominal downward bias
- Needle coke price movement in line with movement in graphite electrode prices, thus far
- Power division performance superior as compared to corresponding period
- Exceptional item represents FX loss of ₹ 13.0 crore
- Balance sheet continues to remain strong and robust

## **SECTOR HIGHLIGHTS:**

- World crude steel production reached record levels of 1,548 Mt for the year 2012, up by 1.2% compared to 2011

(Source: World Steel Association)

- Growth led by China, India, Middle East and North America while Europe and South America registered negative growth.

(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
- In spite of Industry majors having announced price hikes of 8-9% for new orders, prices expected to remain moderate given the market situation
- Corresponding pressure on Needle Coke prices observed

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

*“The year 2012 saw the world economy further weakening. A growing number of developed economies are witnessing sustained recession which is having a negative impact on the global economic growth outlook.*

*Though the steel industry has moderately grown during 2012, visibility for the future is still not very clear. On the other hand, the EAF route of steel production has witnessed better growth as there is a clear shift to EAFs from blast furnaces.*

*Being a well established and experienced organization, HEG Limited continues to be a reputable producer of graphite electrodes, which are used in EAFs around the world. The prices of graphite electrodes are showing a moderating trend and we expect a similar trend in raw material prices. We are in the process of entering into further supply and procurement contracts for graphite electrodes and our key raw materials, and should have greater clarity on the outlook a few months down the line.”*

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

*“In the year to date period, HEG Limited has delivered moderate operational and financial performance. The quarter under review has seen some decline in capacity utilization and a shift of sales from the current quarter to the next quarter.*

*The Power division performed well during the quarter. Operationally the quarter under review is considered as the best quarter for the power plant at Tawa, due to effect of seasonality, and the same has contributed in improvement of margins.*

*Our focus is on aligning costs and productivity metrics so as to improve our margin profile going forward. We remain confident that for the year as a whole, we should be able to maintain our utilisation levels at over 75%.”*

**Q3 FY2013 review**

Q3 FY2013 Net Revenues were at ₹ 358.1 crore as compared to ₹ 418.0 crore in Q3 FY2012. In Q3 FY2013 revenues in graphite electrode division were at ₹ 337.9 crore as compared to ₹ 404.0 crore in Q3 FY2012. Revenues in the Power division were at ₹ 64.2 crore from ₹ 64.6 crore.

EBIDTA was at ₹ 57.2 crore in Q3 FY2013 from ₹ 90.1 crore in Q3 FY2012. PBIT of the graphite division was ₹ 13.4 crore from ₹ 51.7 crore and PBIT for the power division was ₹ 25.4 crore from ₹ 20.7 crore.

In Q3 FY2013, the Company reported a forex loss of ₹ 13.0 crore. In Q3 FY2013 Profit Before Tax was ₹ 12.6 crore as compared to ₹ 27.3 crore in Q3 FY2012. The Company's Net Profit was ₹ 11.5 crore in Q3 FY2013 as compared to ₹ 24.0 crore in Q3 FY2012. The Net Profit gave a basic EPS of ₹ 2.88 for Q3 FY2013 as compared to ₹ 5.89 of Q3 FY2012.

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### **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*