

Immediate Release

Noida, Friday, April 30, 2010

FINANCIAL HIGHLIGHTS:

- **Healthy growth rate in FY2010 despite challenging market conditions**
 - **Net Sales at Rs. 1131.40 crore , increase by 10% from Rs. 1029.00 crore**
 - **EBIDTA (After Exceptional Items) at Rs. 354.00 crore, higher by 29% from Rs. 274.74 crore**
 - **EBT (After Exceptional Items) rises 50% to Rs. 242.32 crore from Rs.161.39 crore**
 - **PAT reported at Rs. 171.06 crore, a growth of 60% to Rs.171.06 crore from Rs. 106.99 crore**
 - **Basic EPS at Rs.41.10 from Rs.24.36**
 - **Board recommends dividend of 100% (Rs.10 per equity share of Rs. 10 each) for FY2010**

OPERATIONAL HIGHLIGHTS:

- **Demand for graphite electrodes improving steadily**
- **Revenue contribution from stabilized capacities in power division enhances on y-o-y basis**
- **Realizations from selling power on merchant basis moderated at lower levels**

CAPACITY EXPANSION OF GRAPHITE ELECTRODES:

- Capacity expansion from 66,000 TPA to 80,000 TPA has commenced in March, 2010
 - Expansion anchored by revival in demand growth of graphite electrodes and is to be supported by increased demand of steel produced through the EAF route
- Expansion is expected to be completed within 18 months
- An investment of approximately Rs. 225 crore earmarked for the expansion
- Expansion will consolidate the position of HEG as the largest single-site producer of Graphite Electrodes in the world and improve economies of scale
- Captive power facilities already established to support increased capacity
- Needle coke supplies to be adequate at current and expanded levels as per the present market situation
- Timing of capacity expansion is well positioned for the next up cycle

Commenting on these results, Mr. Ravi Jhunjhunwala, Chairman and Managing Director, HEG Limited, said:

“HEG has shown encouraging performance in a challenging environment. We have better visibility of performance given the recovery seen in the steel industry. The Graphite Electrode volumes are witnessing good traction in demand and HEG has commenced an expansion initiative, to enhance capacities to 80,000 MT per annum to benefit from this expected trend. The Company is adequately protected on chief raw material and power supply, at existing and enhanced capacities. With the given expansion we are looking to consolidate the advantage of being the largest single site graphite electrode producer. We are confident of our execution capabilities and expect to complete the expansion with an attractive payback period.”

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

“At HEG we have built world class capabilities & capacities and strive to improve further in this direction. During the last quarter HEG has seen a balanced performance with capacity utilization improving strongly. We remain supported by adequate needle coke supplies. The focus at our end remains on supporting cost efficiency measures so as to bring further improvement in contribution to earnings. Our captive power set-up will continue to back the enhancement in the graphite electrode capacities. We have made long strides towards operational excellence and continue to aim for better overall performance”

Q4 FY2010 review

Net Sales for Q4 FY2010 stood at Rs 335.81 crore from Rs. 253.65 crore in Q4 FY2009, on account of stronger volumes in graphite electrode and power division. Exports grew by 23% to Rs. 262.80 crore as compared to Rs. 213.27 crore last year, while domestic sales grew by 61% at Rs. 113.17 crore as against Rs.70.32 crore. Revenues from graphite electrode division stood at Rs. 321.52 crore from Rs. 251.53 crore, which was higher by 28% on the back of higher volume sales. Power division, which now includes 30 MW and 33 MW thermal power plants at Mandideep and 13.5 MW hydel plant at Tawa reported Rs. 54.55 crore towards revenues from Rs. 28.41 crore of the corresponding quarter last year, implying a 92% increase.

Capacity expansion from 66,000 TPA to 80,000 TPA has commenced in March, 2010, anchored by revival in demand growth of graphite electrodes and remains supported by increased demand of steel produced through the EAF route

Power and fuel costs remained stable relative to higher capacity utilization levels in the graphite electrodes unit given the additional power from the new 33 MW captive power plant and better generation of power from the hydel unit, given adequate rainfall in the catchment area. Power and fuel costs reduced by 2% to Rs.14.07 crore from Rs. 14.30 crore. EBIDTA was at Rs. 77.39 crore – on the back of contained power & fuel costs and cost efficiency measures implemented in the operations. Interest / finance cost reduced by 47% to Rs. 10.58 crore from Rs. 20.06 crore, given repayment of debt, negotiation of rates to lower levels and better working capital management.

PBIT from the graphite segment stood at Rs. 45.33 crore from Rs. 52.16 crore on account of lower realisation and higher other costs. PBIT in the power segment stood at Rs. 13.24 crore as compared to Rs. 3.37 crore in the corresponding quarter last year due to second thermal power plant coming into operations. In spite of lower realizations at Energy Exchange after Q1, the averaged-out realizations for FY2010 remained healthy. The expanded power capacity is likely to be close to self-sufficient for 80,000 TPA of graphite electrodes production.

In Q4 FY2010, the Company reported a forex gain of Rs. 1.89 crore, reflected as Exceptional Items. Q4 FY2010 Profit Before Tax stood at Rs. 52.98 crore as compared to Rs. 38.11 crore. The Company's Net Profit stood at Rs. 39.26 crore as compared to Rs. 24.13 crore in Q4 FY2009. The Net Profit translated to a basic EPS of Rs. 9.29 for Q4 FY2010 as compared to Rs. 5.60 Q4 FY2009 .

FY2010 review

Net Sales at Rs. 1131.40 crore, increased by 10 % from Rs. 1029.00 crore. Company expects to maintain a healthy run rate of capacity utilization of 85% - 90% in FY2011. Graphite segment sales were at Rs. 1062.76 crore from Rs. 1024.08 crore. Export Revenues stood at Rs. 807.27 crore as compared to 832.35 crore in FY2009. The Company's power segment reported Revenues at Rs. 183.83 crore from Rs. 100.79 crore.

PBIT in the graphite segment stood at Rs. 252.41 crore from Rs. 195.95 crore.. PBIT in power segment stood at Rs. 41.86 crore as against Rs. 24.11 crore in FY2009. During FY2010, the Company reported a profit of Rs. 4.80 crore on account of foreign exchange, reflected as Exceptional Item. Foreign Exchange gain/loss comprises of Marked to Market effect of forex positions that have underlying business transactions.

PBT for the year increased by 50% to Rs. 242.32 crore as compared to Rs. 161.39 crore, while PAT was up by 60% at Rs. 171.06 crore as compared to Rs. 106.99 crore in FY2009, resulting in a Basic EPS of Rs. 41.10 as compared to Rs. 24.36 in FY2009.

Encl: Results Table

For further information, please contact:

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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.

HEG Limited currently operates a 66,000 MT graphite electrode plant at Mandideep, near Bhopal. The company has earlier invested Rs. 725 crore between 2002-09 in upgrading graphite electrode production capacity and setting up its own captive power plants.

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 Rs 3,600 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.

Graphite electrodes are manufactured using a closely guarded technology which is available with only 7-8 manufacturers globally. Globally USA, Europe, Middle East and South America have an EAF share of over 60%, 40%, 80% and 60% respectively. HEG Ltd., being one of the lowest cost but high quality producers of graphite electrodes, exports over 80% of its 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

HEG LTD											
Corporate Office : Bhilwara Towers, A-12, Sector -1, NOIDA - 201301.											
Registered Office : Mandideep (Near Bhopal), Distt. Raisen, Madhya Pradesh-462046.											
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2010						SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED					
Particulars	Rs.in Crores					Particulars	Rs.in Crores				
	Quarter Ended		Financial Year Ended		Consolidated		Quarter Ended		Financial Year Ended		Consolidated
	Audited	Audited	Audited	Audited	Audited		Audited	Audited	Audited	Audited	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010		31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010
1 Sales / Income from Operations						1 Segment Net Sales / Income					
Sales Gross-Domestic	113.17	70.32	461.17	317.59	461.17	Graphite	321.52	251.53	1062.76	1024.08	1062.76
-Export	262.80	213.27	807.27	832.35	807.27	Power	54.55	28.41	183.83	100.79	183.83
-Gross Sales	375.97	283.59	1,268.44	1149.94	1,268.44	Others	0.19	0.22	0.70	1.09	0.70
Less: Interdivisional Sales - Power	34.96	26.51	115.89	96.96	115.89	Less: Inter segment sales	40.45	26.51	115.89	96.96	115.89
Less: Excise Duty	5.20	3.43	21.15	23.98	21.15	Net Sales / Income from Operations	335.81	253.65	1131.40	1029.00	1131.40
(a) Net Sales	335.81	253.65	1131.40	1029.00	1131.40						
(b) Other Operating Income	-	-	-	-	-	2 Segment Profit / (Loss) Before Tax					
Total Income	335.81	253.65	1131.40	1029.00	1131.40	Graphite	47.05	80.86	251.22	314.27	251.22
2 Total Expenditure						Power	13.24	3.37	41.86	24.11	41.86
a) (Increase) / Decrease in Stocks	15.42	(9.43)	7.03	(56.20)	7.03	Others	4.99	2.64	7.31	8.07	7.31
b) Consumption of Raw Materials	159.56	83.39	469.96	364.89	469.96	Less :					
c) Purchase of Traded Goods	0.00	0.00	0.00	0.70	0.00	Interest & finance charges	10.58	20.06	59.26	66.74	59.26
d) Power & Fuel (Net of Interdivisional Purchases)	14.07	14.30	52.39	77.33	52.39	Exceptional Item - Loss of Material	(3.61)	0.00	(3.61)	0.00	(3.61)
e) Staff Cost	9.59	9.47	39.02	37.08	39.02	- Foreign Exchange Gain / (Loss)	1.89	(28.70)	4.80	(118.32)	4.80
f) Depreciation & Amortisation	13.83	12.86	52.41	46.60	52.41	Profit Before Tax	52.98	38.11	242.32	161.39	242.32
g) Other Expenditure	64.91	63.43	220.38	229.09	220.38	3 Capital Employed					
Total	277.38	174.02	841.19	699.49	841.19	Graphite	633.53	639.98	633.53	639.98	633.53
3 Profit from Operations before Other Income, Interest & Exceptional Items	58.43	79.63	290.21	329.51	290.21	Power	217.96	219.07	217.96	219.07	217.96
4 Other Income	6.85	7.24	10.18	16.94	10.18	Unallocable / Others	63.14	58.52	63.14	58.52	63.14
5 Profit before Interest & Exceptional Items	65.28	86.87	300.39	346.45	300.39	Total	914.63	917.57	914.63	917.57	914.63
6 Interest & finance charges	10.58	20.06	59.26	66.74	59.26	Statement of Assets and Liabilities (Audited)					
7 Profit after Interest but before Exceptional Items	54.70	66.81	241.13	279.71	241.13						
8 Exceptional Items - Loss of Material by theft	(3.61)	0.00	(3.61)	0.00	(3.61)						
- Foreign Exchange Gain / (Loss)	1.89	(28.70)	4.80	(118.32)	4.80						
9 Profit from Ordinary Activities before Tax	52.98	38.11	242.32	161.39	242.32						
10 Provision for Taxation - Current	14.92	11.66	70.48	46.95	70.48						
- Deferred	(0.69)	(0.21)	(0.09)	1.37	(0.09)						
- Fringe Benefit Tax	(0.01)	0.12	(0.01)	0.48	(0.01)						
- Earlier Years	(0.50)	2.41	0.88	5.60	0.88						
11 Net Profit from Ordinary Activities after Tax	39.26	24.13	171.06	106.99	171.06						
12 Share in Earnings of Associates	-	0	0.00	0	14.02						
Net Profit from Ordinary Activities after Tax	39.26	24.13	171.06	106.99	185.08						
13 Paid-Up Equity Capital (Face Value Rs.10/- per share)	42.61	42.57	42.61	42.57	42.61						
14 Reserves (Excl. Revaluation Reserves)	-	-	738.40	533.70	840.02						
15 Earning Per Share (Rs.) - Basic	9.29	5.60	41.10	24.36	44.47						
(not annualised) - Diluted	9.25	5.60	40.91	24.36	44.25						
16 Debenture Redemption Reserve	4.77	0.00	4.77	0.00	4.77						
17 Debt Equity Ratio	0.28	0.48	0.28	0.48	0.28						
18 Debt Service Coverage Ratio	1.92	1.59	1.92	1.59	1.92						
19 Interest Service Coverage Ratio	6.01	2.90	5.09	3.42	5.09						
20 Public Shareholding											
- Number of Shares	20,214,666	20,770,663	20,214,666	20,770,663	20,214,666						
- Percentage of Shareholding	47.44	48.51	47.44	48.51	47.44						
21 Promoters and Promoter Group Shareholding											
a) Pledged/Encumbered											
-Number of Shares	0	4,120,000	0	4,120,000	0						
-Percentage of Shares (as % of the total shareholding of promoter and promoter group)	0.00	18.69	0.00	18.69	0.00						
-Percentage of Shares (as % of the total share capital of the company)	0.00	9.62	0.00	9.62	0.00						
b) Non-encumbered											
-Number of Shares	22,392,508	17,924,261	22,392,508	17,924,261	22,392,508						
-Percentage of Shares (as % of the total shareholding of promoter and promoter group)	100.00	81.31	100.00	81.31	100.00						
-Percentage of Shares (as % of the total share capital of the company)	52.56	41.86	52.56	41.86	52.56						
Notes:											
1 The figures of the corresponding previous period / year have been regrouped / recast / reclassified wherever considered necessary to correspond to current period / year classification.											
2 The Board has recommended dividend of Rs.10/- (Rs.Ten) per Equity Share of Rs.10/- each.											
3 In view of the average market price of the Equity Shares of the Company relevant for the quarter ended 31.03.2010 being higher than the applicable conversion price, the conversion option embedded in 1% Foreign Currency Convertible Bonds (FCCBs) is considered as diluted and has accordingly been taken into account for computation of diluted earning per share for the period.											
4 FCCBs - Total issued US\$ 28.75 million, Bought back US\$ 3 million in Q1 FY 2009-10, Converted US\$ 24.70 million into 55,92,411 Equity shares till 31 March 2010 out of which US\$ 7 million converted into 15,84,894 Equity Shares in FY 2009-10. Converted US\$ 1 million into 2,26,413 equity shares in April 2010.											
5 A total of 11 shareholders' complaints were received during the quarter and 46 during the FY 2009-10 and all of them have been resolved.											
6 The above financial results have been audited by the company's auditors and reviewed by the Audit Committee and approved & taken on record by the Board at their respective meetings held on the 30th April 2010.											
7 Since the Subsidiary Company was incorporated on 18th September,2009 the consolidated figures for corresponding previous year have not been given.											
For HEG Limited											
(RAVI JHUNJHUNWALA) Chairman & Managing Director											
Place : Noida											
Dated : 30th April 2010											