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HEG/SECTT/2015/

3rd August, 2015

BSE Ltd, Mumbai (Fax No.022-22723121/3719/2039/2041/2061)
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MUMBAI - 400 001

National Stock Exchange of India Ltd. (Fax No. 022-2659 8237/38) 26598347/48
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Madhya Pradesh Stock Exchange Ltd,
201, Palika Plaza-II,
MTH Compound,
INDORE - 452001 Fax No. # 0731 2432849

Sub: Investors presentation on the Unaudited Financial Results of the Company for the quarter ended 30th June, 2015.

Dear Sir,

Please find enclosed a copy of Investors presentation on the unaudited financial results of the Company for the quarter ended 30th June, 2015 for your information and record please.

Thanking you,

Yours faithfully,
For HEG Limited

(ASHISH SABHARWAL)
COMPANY SECRETARY

ashish.sabharwal@lnjbhilwara.com

Encl: as above.

HEG LIMITED

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Corporate Identification No.: L23109MP1972PLC008290





Q1 - FY16 Investor Update Presentation

HEG Limited – Profile

HEG Limited is a leading graphite electrode manufacturer & exporter Globally.

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

Exports approximately 80% of its production to about 30 countries around 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 76.5 mw (2 thermal power plants & 1 hydro power plant)

Global Steel Industry

- World crude steel production reached 813 million tons in H1 2015, declining by 2.0% as compared to 830 million ton in H1 2014.
- The EU grew by insignificant 0.5% in H1 2015, whereas Asia without China and USA declined by 2.1% and 8.6% respectively. CIS dropped by 5.9%. Steel production growth was zero in South America i.e. remained exactly at the same level as H1 2014.
- Middle east has registered a moderate growth of 2.9% in the H1 2015 vis a vis same period last year.
- China's crude steel production stood at 410 million tons in H1 2015, a decrease of 1.3% over H1 2014.
- World excluding China produced 403 million tons in H1 2015, declining by 2.9% over H1 2014.

Graphite Electrodes Market & EAF

- Graphite electrodes find their biggest industrial use in Electric Arc Furnace (EAF) used in steel plants to melt steel scrap.
- World EAF steel production declined by 4.6% as compared in in H1 2015 vis-à-vis H1 2014.
- There has been a significant decline in some of the major EAF steel producing countries in H1 2015 vs H1 2014. Drop in USA EAF Steel is approximately 9 %, in South Korea the drop is 18%, Brazil EAF steel declined 16%, Turkey steel declined by 12%, Japan were EAF steel drop 6% and Germany EAF steel declined 5%.
- Graphite Electrode Industry is passing through challenging environment due to negative growth of Steel industry and China aggressively exporting 100 million tonnes to all parts of the world .

Financial Snapshot

in Rs. Crore (except EPS)

	FY 15	Q1 FY16	Q4 FY15	Q1FY15
Net Operating Income	1236.91	249.27	289.36	345.90
EBITDA*	196.78	25.15	43.85	59.98
EBITDA Margin	15.91%	10.09%	15.15%	17.34%
EBIT	121.43	6.28	25.86	40.63
EBIT Margin	9.82%	2.5%	8.94%	11.75%
PAT	39.0	(10.55)	4.01	18.94
PAT Margin	3.15%	(4.23%)	1.39%	5.48%
EPS	9.76	(2.64)	1.00	4.74

* EBITDA includes Other Income

Segmental Performance – Graphite Electrodes

in Rs. Crore

	FY 15	Q1 FY16	Q4 FY15	Q1 FY15
Net Sales	1213.28	247.73	282.97	341.20
Export (% of sales)	78.2%	65.8%	80.64	82.55
EBITDA Margin	8.7%	2.2%	7.3%	9.8%
EBIT Margin	2.9%	(4.2%)	3.4%	5.2%
Capital Employed	974.50	927.80	974.50	914.85

- Capacity utilisation at around 60% during the quarter.
- Graphite electrode volume and prices continue to be under pressure. However, we are seeing signs of shoring up of domestic demand, with the imposition of anti-dumping duty on Chinese imports into the country.
- High cost Inventory have affected margins adversely. Current year purchases of Imported needle coke, tied up at significantly lower prices than previous year.

Segmental Performance – Power

in Rs. Crore

	FY 15	Q1 FY16	Q4 FY15	Q1 FY15
Net Sales	228.07	46.73	54.84	56.14
EBITDA Margin	43.7%	43.8%	34.0%	45.2%
EBIT Margin	37.6%	35.7%	34.8%	38.1%
Capital Employed	174.0	170.54	174.0	183.23

- Lower generation (volume) in Thermal facility necessitated by reduced graphite requirement.
- Tawa hydro plant did not operate in the first quarter.
- Thermal Margins have started improving with the increased availability of linkage coal and reduced dependence on high priced market coal.

Future Outlook



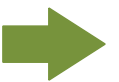
Steep fall in international prices of Iron ore and Coke vis a vis Scrap, has tilted the fortunes in favour of Blast furnaces in past 2 years. This is reflected in the weakening demand trend in the EAF segment.



China exporting cheap blast furnace steel, affecting EAF industry, world wide.



Notification of anti – dumping duty on import of Chinese electrodes into India effective Feb 15, to help the company in increasing domestic sales.



With crude stabilizing at current levels, cost of major input material is expected to stabilize at lower levels.



Improved availability of linkage coal, is expected to ease cost pressure in the power segment.

Thank You



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