



PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL

HEG/SECTT/2019

23<sup>rd</sup> May, 2019

1	<b>BSE Limited</b> 25 <sup>th</sup> Floor, P J Towers Dalal Street MUMBAI - 400 001. <b>Scrip Code : 509631</b>	2	<b>National Stock Exchange of India Limited</b> Exchange Plaza, 5th Floor Plot No.C/1, G Block, Bandra - Kurla Complex Bandra (E), MUMBAI - 400 051. <b>Scrip Code : HEG</b>
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**Sub: Q4 and FY 2019 Investor update presentation.**

Dear Sirs,

Please find enclosed a copy of Q4 and FY 2019 Investor update presentation for your information and record please.

The copy of same will also be uploaded on the website of the Company.

Thanking you,

Yours faithfully,  
For **HEG LIMITED**

  
(VIVEK CHAUDHARY)  
COMPANY SECRETARY



heg.investor@lnjbhilwara.com

Encl : as above

## HEG LIMITED

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ISO 9001

BUREAU VERITAS  
Certification



ISO 14001

BUREAU VERITAS  
Certification



Corporate Identification No.: L23109MP1972PLC008290



**PROUD TO BE INDIAN  
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**Q4 and FY19 Investor Update Presentation**

HEG is part of LNJ Bhilwara group a diversified, reputed and large Indian business house having more than five decades of industrial experience and presence in



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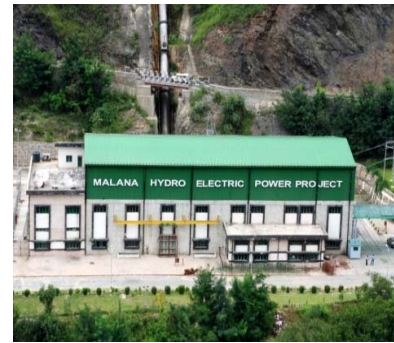
Textiles



Graphite Electrodes



Power Generation &  
Power Consultancy



IT Enabled Services





- HEG Limited is a leading graphite electrode manufacturer & exporter Globally
- The company produces two grades of graphite electrodes - Ultra High Power (UHP) & High Power (HP) - used in producing steel through the Electric Arc Furnace (EAF) route.
- Exports approximately 70% of its production to about 30 countries around the world.
- Diversified customer portfolio –supplying large proportion of our volumes to top 20 steel companies of the world.
- 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)



## World's Largest Single Site Graphite Electrode Plant





## R&D Center



- R&D set up to corroborate the Quality & Improvement Drives with small scale production facilities
- The focus is also on development of new product lines
- Development is focused towards Carbon

## Graphite Electrode (GE) Industry – Our Unique Strengths



- GE- An indispensable material for Electric Arc Furnaces (EAF) for Steel production
- EAF accounts for approx 45% of total World Steel Production (Without China)
- High Entry Barrier – HEG the last new entrant in the world -1977
- State of the art manufacturing facility – due to constant expansions & investments
- Capable of producing 100% UHP Electrodes
- Facilities suitable for manufacturing up to 32” electrodes



### 2019 off to slow start

Global steel markets began 2019 in a lack luster fashion with ample supply & tepid demand putting pressure on steel prices.

Macroeconomic data has revealed some downstream weakness, particularly in manufacturing segments

#### US

US, crude steel utilization rates remain strong at around 82% but **high output along with imports have boosted inventories**, allowing buyers to negotiate hard with sellers.



#### China

China was **more positive, with stronger than expected Q1 GDP growth of 6.4%** buoying sentiment and stimulating steel prices.

#### Europe

Key markets such as Germany have bemoaned downstream demand that **is not strong enough** to absorb production volumes, with many expecting **Q3 to remain weak**.

#### Turkey

**Mills have cut back production dramatically** as domestic rebar demand failed to recover after the recent Turkish elections, and they remain locked out of key export markets, notably the US.

#### Iran

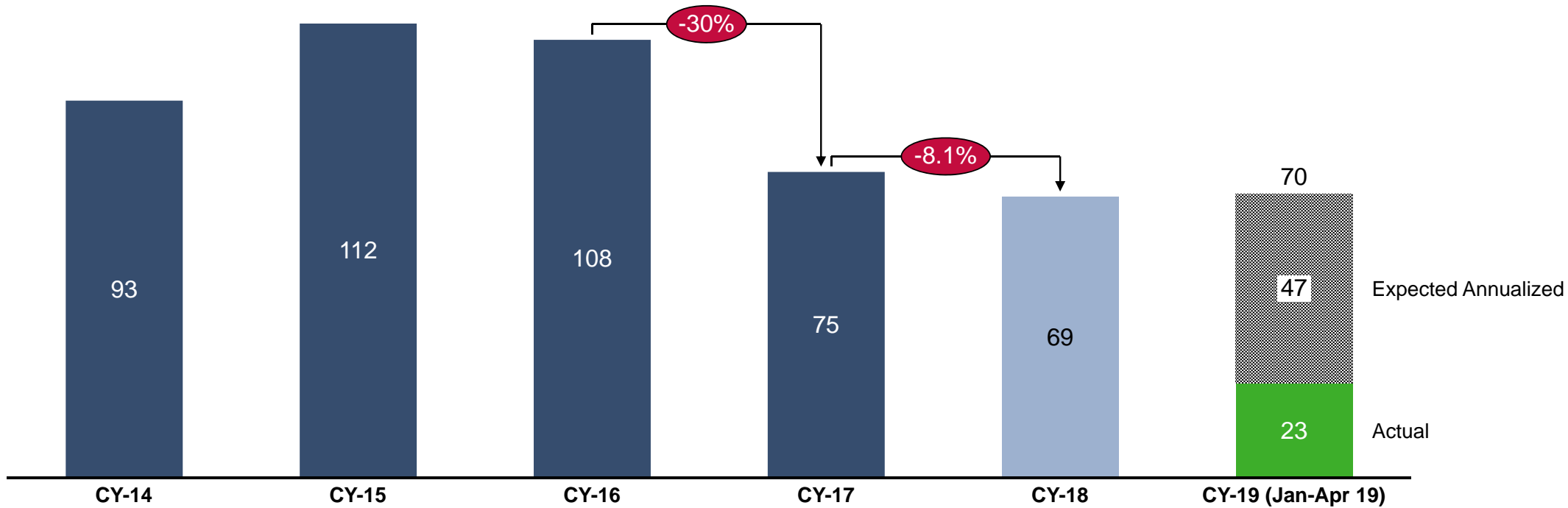
US orders new sanctions on Iranian metals, Tehran's largest non-oil related sources of export revenue. **Trade of GE with Iran was already subject to restrictions post August 2018 sanctions.**

#### India

Rebar's **Demand expected to be firm** in the immediate future. Construction sector growth to range 6.8%-7.2% next year Capital goods & railways are projected to grow by 6.4%-6.8% & 6%-6.5%, respectively



## China's finished steel exports- Monthly & Year Wise Trends



- Over January-April, China's steel export volume totalled 23.35 million MT, up 8.3% on year.
- Chinese steel exporters expects steel export volume in May would decline from April's level
- **Strong Chinese domestic market** had pushed up Chinese prices from early March, which had dented order bookings for May shipment.
- **Exporters lamented that order bookings for May had deteriorated from April, would affect export volumes in June and July.**

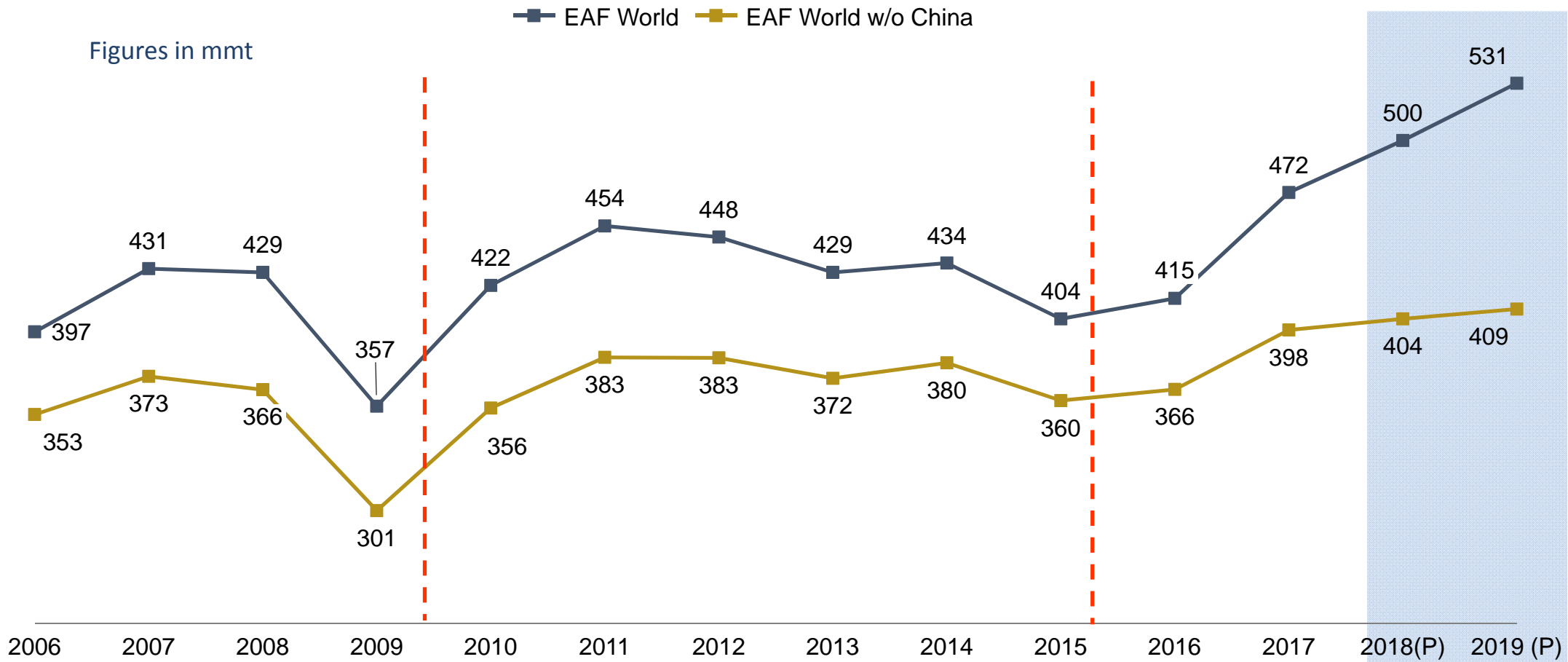
# WORLD CRUDE STEEL SCENARIO CY 2018 & 2019 (Q1 2019) MMT



% growth over Previous Year

Year	Total (mmt)	China	Rest of the World	China	Rest of the World	Overall
2,014	1,669	822	847	0.0	2.3	1.2
2,015	1,620	804	816	-2.2	-3.6	-2.9
2,016	1,627	808	820	0.5	0.4	0.4
2,017	1,730	871	859	7.8	4.8	6.3
2,018	1,809	928	881	6.6	2.5	4.6
2019 (Jan-Mar 19)	443	230	213	9.5	-0.8	4.5
<b>2019 (Annualized)</b>	1,772	920	852	-	-	-

## EAF World Production –With & Without China



Source: WSA

## Financial Snapshot



*in Rs. Crore (except EPS)*

	Q4 FY19	Q3 FY19	Q2 FY19	Q1 FY19	Q4 FY18	FY19	FY18
REVENUE FROM OPERATION	1347	1865	1794	1587	1292	6593	2758
EBITDA*	830	1351	1389	1197	954	4767	1734
EBITDA Margin	62%	72%	77%	75%	74%	72%	63%
EBIT	812	1332	1371	1180	937	4695	1661
EBIT Margin	60%	71%	76%	74%	72%	71%	60%
PAT	524	867	889	770	634	3050	1081
PAT Margin	39%	46%	50%	49%	49%	46%	39%
EPS	131.39	216.92	222.45	192.77	158.66	763.60	270.61

\* EBITDA includes Other Income

## Segmental Performance – Graphite Electrodes



	Q4 FY19	Q3 FY19	Q2 FY19	Q1 FY19	Q4 FY18	FY19	FY18
Net Sales (Rs.crores)	1344	1858	1793	1587	1288	6582	2739
Export (% of sales)	77%	80%	72%	69%	79%	75%	71%
EBITDA Margin	58%	71%	77%	75%	74%	71%	61%
EBIT Margin	57%	70%	76%	74%	73%	70%	59%



## Segmental Performance – Power



	Q4 FY19	Q3 FY19	Q2 FY19	Q1 FY19	Q4 FY18	FY 19	FY18
Net Sales (Rs.crores)	29.37	35.37	28.85	27.88	40.66	121.47	213.80
EBITDA Margin	2%	NA	(16)%	(6)%	11%	(5)%	28%
EBIT Margin	(8)%	(8)%	(26)%	(18)%	4%	(15)%	23%

1. Coal availability under FSA with Coal India acutely short. Sourcing of coal from open market adversely affecting bottom line.
2. Net sales reduced in FY 19, as company has been able to negotiate a win win deal with state electricity board since Feb 2018. Hence, own generation reduced due to commercial reasons.

# Balance Sheet as at 31<sup>st</sup> March 2019

in Rs. Crores



	Particulars	Standalone		Consolidated	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018
		Audited	Audited	Audited	Audited
A	<b>ASSETS</b>				
(1)	<b>Non-current assets</b>				
	a) Property, Plant and Equipment	784.48	829.30	784.48	829.30
	b) Capital work-in-progress	18.58	1.61	18.58	1.61
	c) Investment Property	3.54	3.72	3.54	3.72
	d) Other Intangible assets	0.35	0.35	0.35	0.35
	e) Financial assets				
	(i) Investments	758.80	149.26	833.49	248.17
	(ii) Loans	11.19	7.43	11.19	7.43
	f) Deferred tax assets(net)	-	-	-	-
	g) Income Tax Assets(Net)	39.95	28.11	39.95	28.11
	h) Other non-current assets	17.27	5.68	17.27	5.68
	<b>Total Non Current Assets</b>	<b>1,634.16</b>	<b>1,025.46</b>	<b>1,708.85</b>	<b>1,124.37</b>
(2)	<b>Current assets</b>				
	(a) Inventories	1,308.39	511.44	1,308.39	511.44
	(b) Financial assets				
	(i) Investments	108.24	-	108.24	-
	(ii) Trade receivables	1,186.88	972.69	1,186.88	972.69
	(iii) Cash & Cash equivalents(Refer Note 4)	29.16	5.17	29.16	5.17
	(iv) Bank balances other than (iii) above	528.17	2.45	528.17	2.45
	(v) Loans	0.62	0.65	0.62	0.65
	(vi) Others Financial Assets	5.38	1.09	5.38	1.09
	(c) Other current assets	268.66	121.24	268.66	121.24
	<b>Total Current Assets</b>	<b>3,435.49</b>	<b>1,614.73</b>	<b>3,435.49</b>	<b>1,614.73</b>
	<b>Total Assets</b>	<b>5,069.67</b>	<b>2,640.20</b>	<b>5,144.36</b>	<b>2,739.11</b>

# Balance Sheet as at 31<sup>st</sup> March 2019

in Rs. Crores



	Particulars	Standalone		Consolidated	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018
		Audited	Audited	Audited	Audited
B	<b>EQUITY &amp; LIABILITIES</b>				
	<b>Equity</b>				
	(a) Equity share capital	38.60	39.96	38.60	39.96
	(b) Other equity	3,680.40	1,768.66	3,755.09	1,867.56
	<b>LIABILITIES</b>				
(1)	<b>Non-current liabilities</b>				
	(a) Financial liabilities				
	(i) Other financial liabilities-Security Deposit	0.41	0.43	0.41	0.43
	(b) Provisions	3.87	3.42	3.87	3.42
	(c ) Deferred tax liabilities (Net)	126.13	119.17	126.13	119.17
	(d) Other non-current liabilities	2.40	2.08	2.40	2.08
	<b>Total Non Current Liabilities</b>	<b>132.81</b>	<b>125.08</b>	<b>132.81</b>	<b>125.08</b>
(2)	<b>Current liabilities</b>				
	(a) Financial liabilities				
	(i) Borrowings	666.36	297.45	666.36	297.45
	(ii) Trade Payables	-	-	-	-
	(A) Total Outstanding dues of micro enterprises and small enterprises	3.99	2.46	3.99	2.46
	(B) Total Outstanding dues of creditors other than micro enterprises and small enterprises	376.08	243.98	376.08	243.98
	(iii) Other financial liabilities	130.17	72.52	130.17	72.52
	(b) Other current liabilities	16.05	48.48	16.05	48.48
	(c ) Provisions	19.78	6.17	19.78	6.16
	(d) Current Tax Liabilities (Net)	5.43	35.43	5.43	35.43
	<b>Total Current Liabilities</b>	<b>1,217.87</b>	<b>706.50</b>	<b>1,217.87</b>	<b>706.49</b>
	<b>Total Equity and Liabilities</b>	<b>5,069.67</b>	<b>2,640.20</b>	<b>5,144.36</b>	<b>2,739.11</b>

# Profit & Loss for the period ended 31<sup>st</sup> March 2019

in Rs. Crores



Sl. No.	Particulars	Quarter Ended			Financial Year Ended		Consolidated	
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
		31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
I	Revenue from Operation(Refer Note 3)	1346.65	1864.99	1292.45	6592.83	2758.40	6,592.83	2,758.40
II	Other Income	42.28	37.20	3.79	109.19	12.37	109.18	12.37
III	<b>Total Revenue (I+II)</b>	<b>1388.93</b>	<b>1902.19</b>	<b>1296.24</b>	<b>6702.02</b>	<b>2770.77</b>	<b>6,702.01</b>	<b>2,770.77</b>
IV	<b>Expenses</b>							
	Cost of materials consumed	463.96	456.70	200.21	1611.84	575.81	1,611.84	575.81
	Purchase of stock -in-trade	-	-	-	-	-	-	-
	Changes in inventories of finished goods, work-in- progress and stock-in-trade	(117.31)	(112.04)	(54.24)	(497.06)	(97.82)	(497.06)	(97.82)
	Employee benefits expense	43.17	56.58	48.49	197.57	112.44	197.57	112.44
	Finance cost	5.86	3.57	17.64	17.97	56.42	17.97	56.42
	Depreciation and amortisation expense	18.20	18.52	17.69	72.39	72.56	72.39	72.56
	Power and Fuel (Net of Interdivisional Purchases)	46.58	49.75	53.97	183.21	164.36	183.21	164.36
	Excise Duty (Refer Note 3)	0.00	0.00	0.00	0.00	8.34	-	8.34
	Other Expenses	122.25	100.52	93.32	439.02	273.96	439.01	273.96
	<b>Total expenses (IV)</b>	<b>582.71</b>	<b>573.60</b>	<b>377.07</b>	<b>2024.94</b>	<b>1166.06</b>	<b>2,024.93</b>	<b>1,166.06</b>
V	<b>Profit/(Loss) before exceptional items and tax (III-IV)</b>	<b>806.22</b>	<b>1328.59</b>	<b>919.17</b>	<b>4677.08</b>	<b>1604.71</b>	<b>4,677.08</b>	<b>1,604.71</b>

# Profit & Loss for the period ended 31<sup>st</sup> March 2019

in Rs. Crores



Sl. No.	Particulars	Quarter Ended			Financial Year Ended		Consolidated	
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
		31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
VI	Exceptional Items	-	-	-	-	-	-	-
VII	<b>Profit/(Loss) before Tax (V-VI)</b>	<b>806.22</b>	<b>1328.59</b>	<b>919.17</b>	<b>4677.08</b>	<b>1604.71</b>	<b>4,677.08</b>	<b>1,604.71</b>
VIII	Tax expense							
	(1) Current Tax	<b>278.98</b>	<b>458.78</b>	<b>284.55</b>	<b>1619.35</b>	<b>513.56</b>	<b>1,619.35</b>	<b>513.56</b>
	- Current Year	278.98	458.78		1620.33	513.55	1,620.33	<b>513.55</b>
	- Earlier Year(s)	-	-		(0.98)	0.01	(0.98)	0.01
	(2) Deferred Tax	2.82	2.99	0.61	7.30	9.81	7.30	9.81
IX	<b>Share of Profit/ (loss) of associates</b>					<b>0</b>	<b>(24.27)</b>	<b>18.09</b>
IX	<b>Net Profit/(Loss) for the period (VII-VIII)</b>	<b>524.42</b>	<b>866.82</b>	<b>634.01</b>	<b>3050.43</b>	<b>1081.34</b>	<b>3,026.16</b>	<b>1,099.43</b>
XI	<b>Other Comprehensive Income (Net of Taxes)</b>							
	<b>A (i) Items that will not be reclassified to profit or loss</b>	0.18	0.00	0.38	(0.98)	(0.36)	(0.98)	(0.36)
	<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>	(0.06)	0.00	(0.13)	0.34	0.12	0.34	0.12
	<b>B (i) Items that will be reclassified to profit or loss</b>	-	-	-	-	-	-	-
	<b>(ii) Income tax relating to items that will be reclassified to profit or loss</b>	-	-	-	-	-	-	-
	<b>C. Share of Other comprehensive Income of Associates</b>					-	0.05	0.05
XII	<b>Total Comprehensive Income for the period</b>	524.54	866.82	634.26	3049.79	1081.10	3,025.57	1,099.24
XIII	<b>Paid -Up Equity Share Capital ( Face Value ₹ 10/- per share)</b>	38.60	39.96	39.96	38.60	39.96	38.60	39.96
XIV	<b>Reserves (Excluding Revaluation Reserves)</b>				3680.40	1768.66	3,755.09	1,867.56
XV	<b>Earnings Per Share (₹) - Basic</b>	131.39	216.92	158.66	763.60	270.61	757.53	275.13
	<b>- Diluted</b>	131.39	216.92	158.66	763.60	270.61	757.53	275.13



# *Thank You*



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