



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

HEG/SECTT/2020

14th August, 2020

1	BSE Limited 25 th Floor, P J Towers Dalal Street MUMBAI - 400 001. Scrip Code : 509631	2	National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No.C/1, G Block, Bandra - Kurla Complex Bandra (E), MUMBAI - 400 051. Scrip Code : HEG
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Sub: Investors presentation on the Unaudited Financial Results of the Company for the quarter ended 30th June, 2020.

Dear Sirs,

Please find enclosed a copy of Investors Presentation on the Unaudited Financial Results of the Company for the quarter ended 30th June, 2020 for your information and record please.

The copy of same is also being uploaded on the website of the Company.

Thanking you,

Yours faithfully,
For **HEG Limited**

Vivek Chaudhary
Company Secretary
A-13263

heg.investor@lnjbhilwara.com

Encl: as above

HEG LIMITED

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Website: www.hegltd.com

ISO 9001
BUREAU VERITAS
Certification



ISO 14001
BUREAU VERITAS
Certification



Corporate Identification No.: L23109MP1972PLC008290



**PROUD TO BE INDIAN
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HEG LIMITED
Investor Presentation

Performance Highlights
Q1 of FY 2020-21

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



PROUD TO BE INDIAN
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THE FAMILY TREE

IT Enabled Services

Buds flower in our service sector offerings.

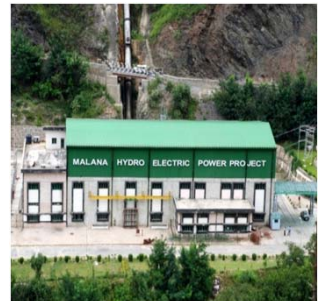
- Bhilwara Infotech Ltd. – IT Software
- Bhilwara Scribe Pvt. Ltd. – Medical transcription



Power Generation & Power Consultancy

The branches spread forth, powered by

- Bhilwara Energy Ltd.
- Malana Power Company Ltd.
- AD Hydro Power Ltd.



Textiles

The roots of our Group heritage

- RSWM Ltd.
- Maral Overseas Ltd.
- BSL Ltd.
- BMD Pvt. Ltd.
- Bhilwara Technical Textiles Ltd.



Graphite Electrodes

Standing tall, the shaft supports the branches

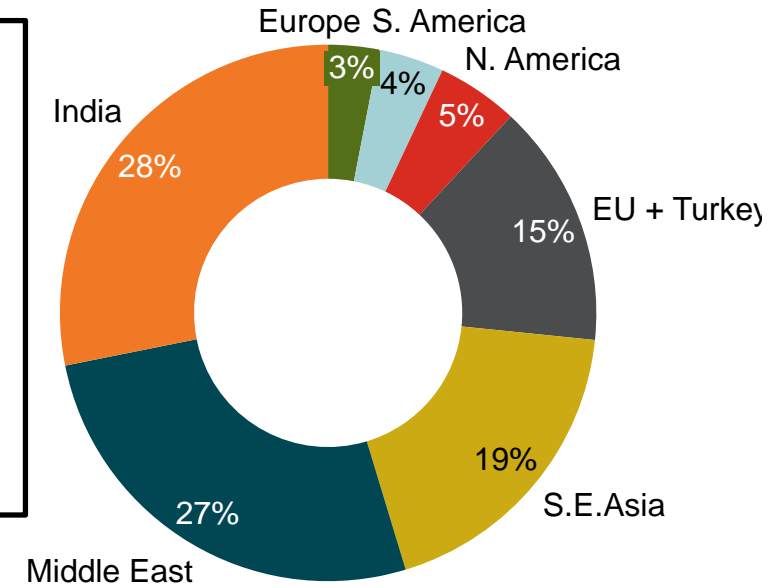
- HEG Limited



HEG Limited – Profile



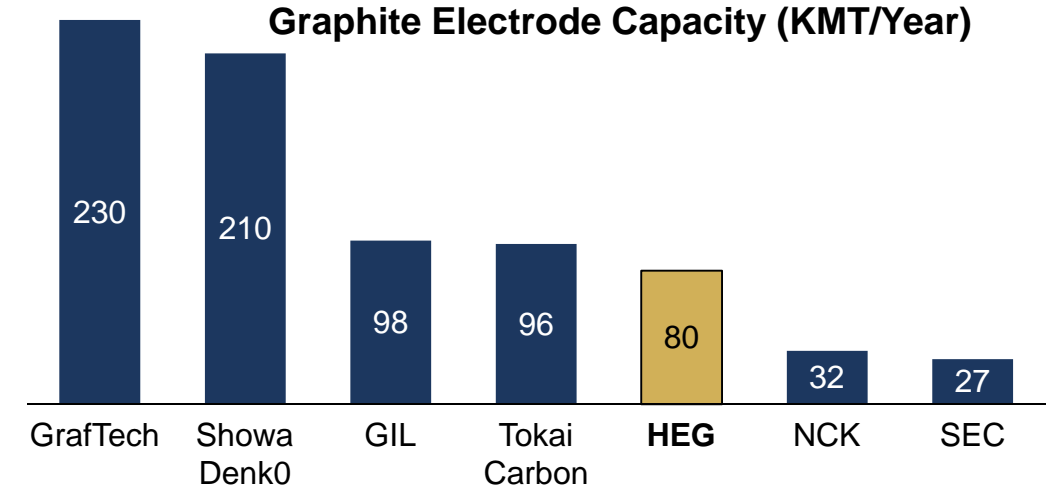
- HEG Limited is a leading graphite electrode manufacturer & exporter globally.
- Exports approximately 70% of its production to about 30 countries around the world.
- Diversified customer portfolio –supplying large proportion of our volumes to top 20 steel companies of the world.
- Graphite electrodes manufacturing plant (capacity of 80,000 tons /Year) 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)



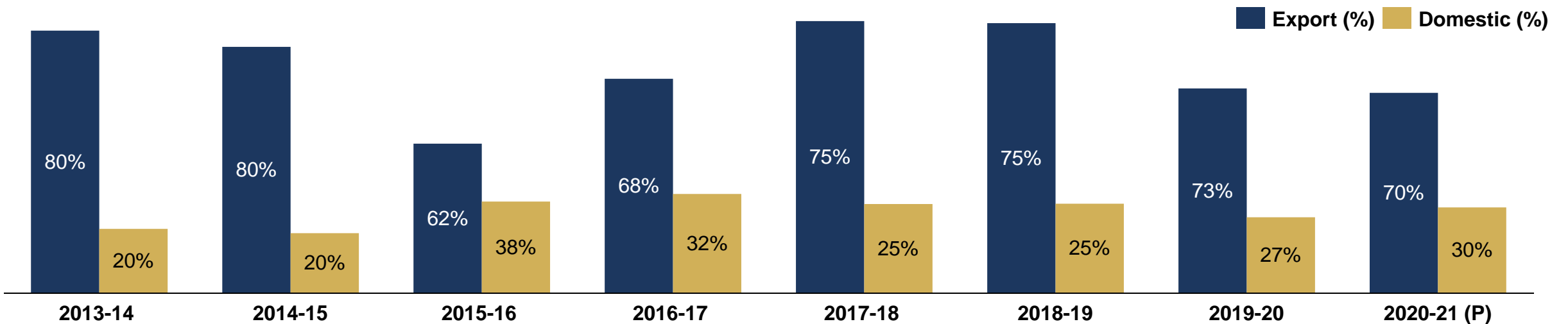
Business Overview

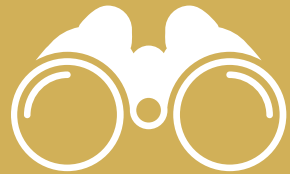


- HEG is among the world's top five graphite electrode manufacturers
- Global slowdown in steel production has impacted the demand of electrodes worldwide.
- Also, current ongoing COVID-19 pandemic has slowed down the pace of destocking of electrode inventory at customer end
- Needle coke prices have also fallen down reacting to drop in GE pricing, but not fully in line with the current electrode prices



HEG Sales share among Exports & Domestic Market





Our Growth

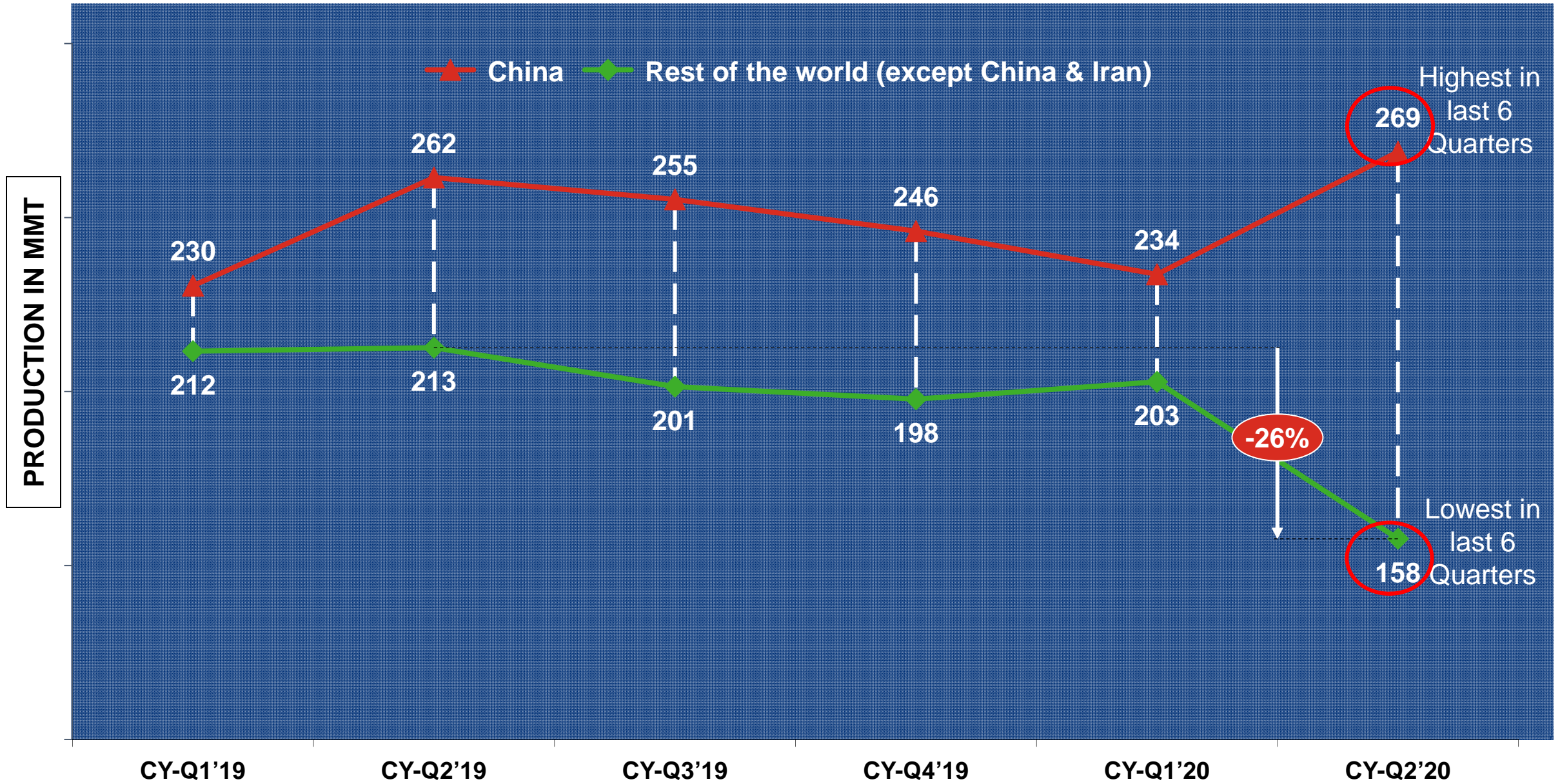
- 1977 - Established in Financial (appx 25% equity) / Technical participation of Pechiney, France
- 1992 - Pechiney sold their Graphite business to SGL, Germany & Indian Promoters bought these shares in HEG
- 1995 / 2011 – Kept expanding from 10,000 mt in small tranches & in 2011 took a quantum leap from 60,000 to 80,000 mt
- Single largest Graphite plant in the world under one roof.
- Consistently exporting appx 65-70% of production to more than 30 countries and to more than 100 customers around the world incl ArcelorMittal, Nucor, Posco, Tata, Sail, Jindals, Sabic, Gerdau, Ferroatlantica, Celsa etc.
- Capacity Expansion to 100,000 mt in next 24 months.



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

World Crude Steel Production Last six Quarters (CY Jan 19 – Jun 20)



Outlook for Steel Industry



Short-Term Forecast for Steel World steel Association

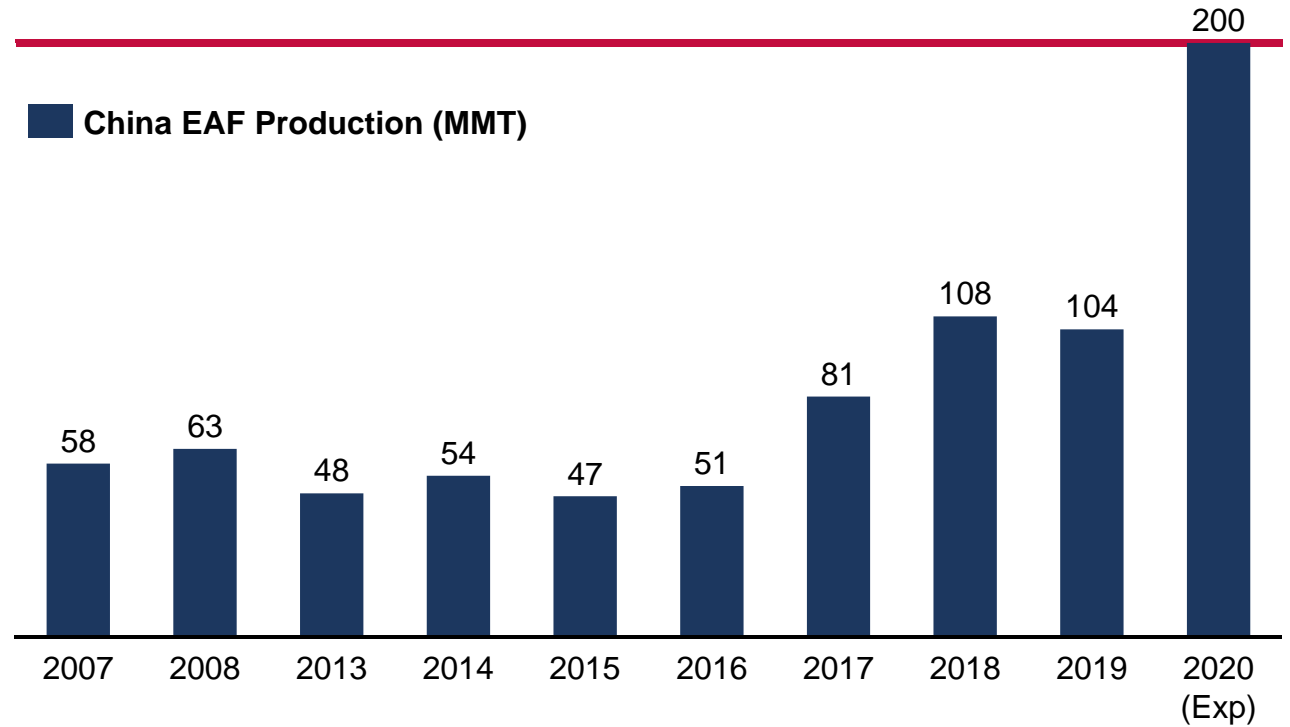
- The situation to gradually improve in the third quarter, but the recovery path will be slow.
- In many developed economies, steel demand was already at a low level, having still not fully recovered from 2008
- In China the recovery of steel demand will be more visible in H2-20 & we expect Chinese steel demand to increase by 1.0% in 2020.

	2019	2020f	2021f	2019	2020f.	2021f.
EU(28)	158.1 M	133.1 M	147.0 M	-6%	-16%	10%
Europe (other)	33.8 M	33.3 M	36.5 M	-10%	-2%	10%
CIS	58.8 M	52.7 M	56.5 M	6%	-10%	7%
NAFTA	135.0 M	108.0 M	114.7 M	-4%	-20%	6%
Latin America	42.4 M	35.1 M	39.3 M	-4%	-17%	12%
Africa	36.4 M	33.0 M	34.9 M	0%	-9%	6%
The Middle East	48.7 M	40.2 M	45.4 M	-2%	-17%	13%
Asia and Other	1,253.3 M	1,218.6 M	1,243.2 M	7%	-3%	2%
Global	1,766.5 M	1,654.0 M	1,717.5 M	3.4%	-6.4%	3.8%

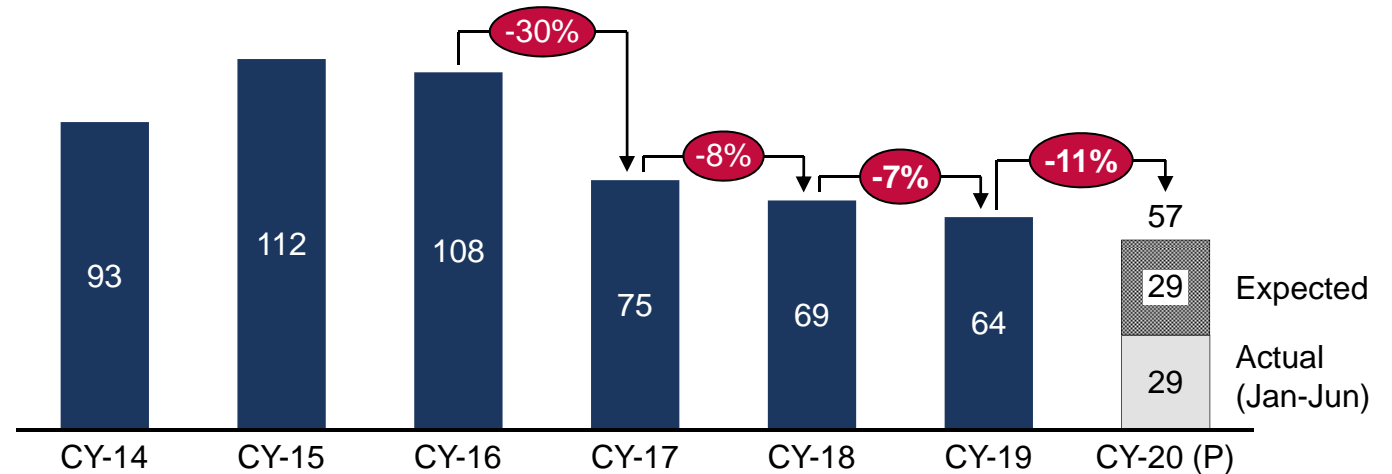
China's EAF steel Production & Finished steel exports



- As per Chinese Blue Sky policy, Country planned to produce 20 % of the steel production by EAF route by year 2020, Hence target steel production for current year should be 200 MMT (20 % of 1 Billion steel production of China)
- However as per 2019 production fig. recently released by WSA, China is majorly running behind on achieving this target, resulting in excess GE capacity within China which came online in anticipation.



- China's steel exports fell to seven-year low in June & expected to stay low in July and August, on a preference for local demand.
- This gives rest of the world opportunity to produce more steel

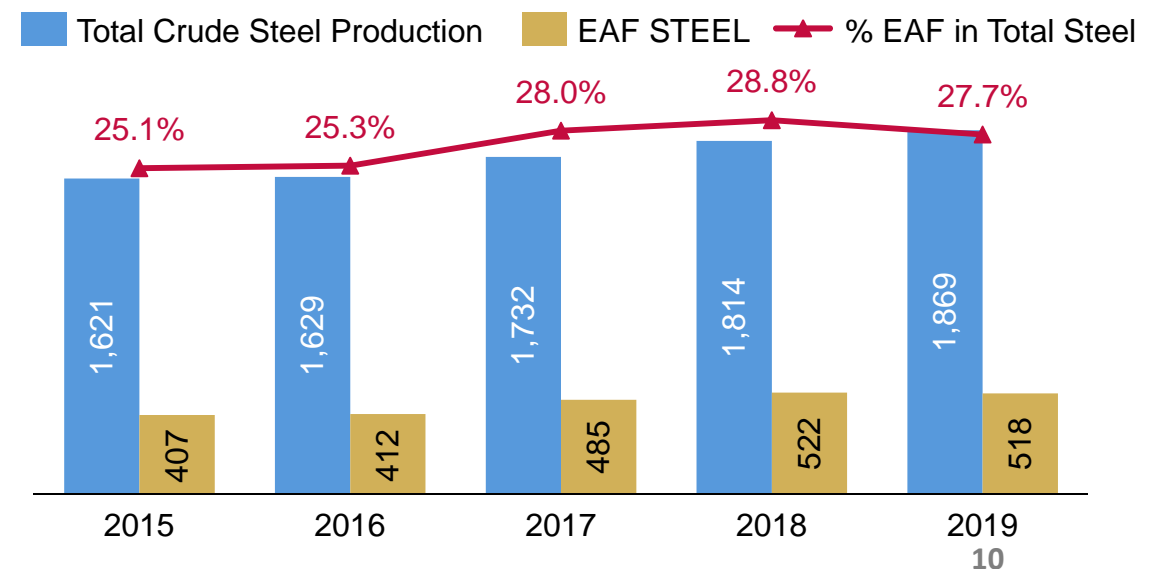
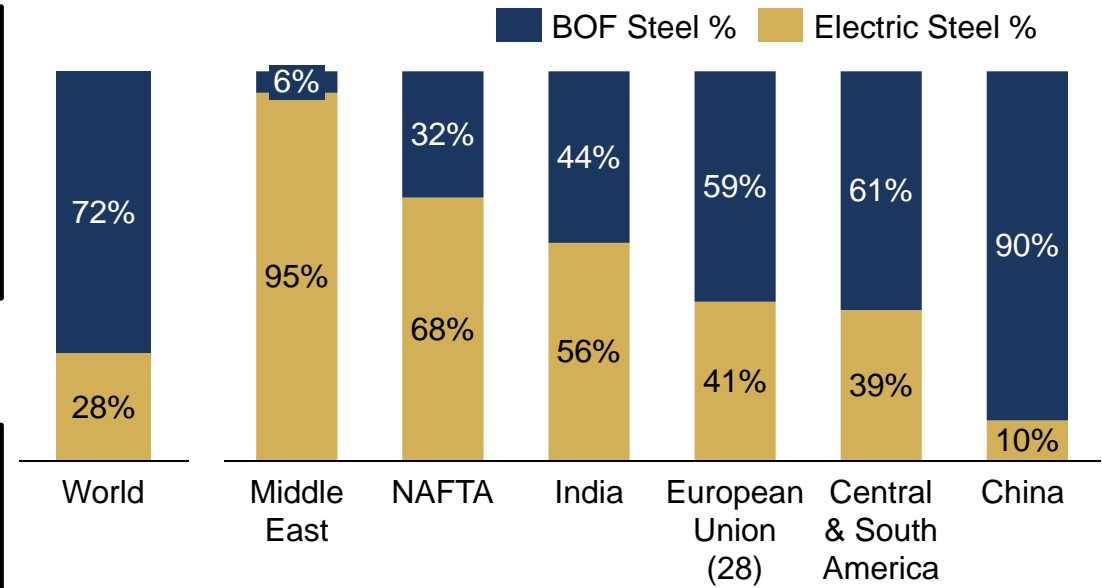


Benefits of EAF Steelmaking & Graphite Electrode (GE) Industry



- EAF Growth rate in longer term is positive (~3%)
- EAF Route is environmentally advantageous as it emits 75% less carbon.
- These mills are flexible to operate & low capital intensive in cost structure.

- GE- An indispensable material for Electric Arc Furnaces (EAF) for Steel production
- High Entry Barrier – HEG the last new entrant in the world -1977
- HEG is capable of producing 100% UHP Electrodes with State of the art manufacturing facility – due to constant expansions & investments
- EAF accounts for approx. 45% of total World Steel Production (W/o China)
- EAF's route in global steel production increased from 25% in 2015 to 28% in 2019



Financial Snapshot (Standalone)



in Rs. Crore (except EPS)

PARTICULARS	Q1 FY'21	FY 19-20	FY 18-19	FY 17-18
REVENUE FROM OPERATIONS	233	2,149	6,593	2,758
EBITDA*	35	138	4,767	1,734
EBIT	17	66	4,695	1,661
PAT	11	53	3,050	1,081
EPS	2.79	13.83	763.60	270.61
EBITDA Margin (%)	15%	6%	72%	63%
EBIT Margin (%)	7%	3%	71%	60%
PAT Margin (%)	5%	2%	46%	39%

* EBITDA includes Other Income

Profit & Loss for the Quarter ended 30th June 2020- Standalone



in Rs. Crores

Sl. No.	Particulars	Quarter Ended			Year Ended
		30-06-2020	31-03-2020	30-06-2019	31-03-2020
		Unaudited	Audited	Unaudited	Audited
I	Revenue from Operation	233.29	374.44	816.51	2,149.02
II	Other Income	46.03	42.29	39.16	143.76
III	Total Revenue (I+II)	279.32	416.73	855.67	2,292.78
IV	Expenses				
	Cost of materials consumed	86.53	468.61	494.35	1558.13
	Purchase of stock -in-trade	-	-	-	-
	Changes in inventories of finished goods, work-in- progress and stock-in-trade	66.12	294.81	(191.75)	62.95
	Employee benefits expense	13.77	(3.75)	28.50	65.60
	Finance cost	5.97	8.58	9.25	36.51
	Depreciation and amortisation expense	17.77	18.88	17.72	72.13
	Power and Fuel (Net of Interdivisional Purchases)	27.90	34.56	48.56	163.31
	Other Expenses	50.28	77.64	89.06	304.86
	Total expenses (IV)	268.34	899.32	495.69	2,263.49
V	Profit/(Loss) before exceptional items and tax (III-IV)	10.98	(482.59)	359.98	29.29
VI	Exceptional Items	-	-	-	-
VII	Profit/(Loss) before Tax (V-VI)	10.98	(482.59)	359.98	29.29

Profit & Loss for the Quarter ended 30th June 2020- Standalone



in Rs. Crores

Sl. No.	Particulars	Quarter Ended			Year Ended
		30-06-2020	31-03-2020	30-06-2019	31-03-2020
		Unaudited	Audited	Unaudited	Audited
VIII	Tax expense				
	(1) Current Tax	-	(120.79)	121.78	(0.19)
	(2) Deferred Tax	0.22	4.20	3.81	(23.90)
IX	Net Profit/(Loss) for the period (VII-VIII)	10.76	(366.00)	234.39	53.37
X	Other Comprehensive Income (Net of Taxes)				
	A (i) Items that will not be reclassified to profit or loss	-	(0.98)	-	(0.70)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	0.25	-	0.18
	B (i) Items that will be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
XI	Total Comprehensive Income for the period	10.76	(366.73)	234.39	52.85
XII	Paid -Up Equity Share Capital (Face Value ` 10/- per share)	38.60	38.60	38.60	38.60
XIII	Reserves (Excluding Revaluation Reserves)	-	-	-	3,384.28
XIV	Earnings Per Share (`) - Basic (Rs.)	2.79	(94.83)	60.73	13.83
	- Diluted (Rs.)	2.79	(94.83)	60.73	13.83

Profit & Loss for Quarter ended 30th June 2020 - Consolidated



in Rs. Crores

Sl. No.	Particulars	Quarter Ended			Year Ended
		30-06-2020	31-03-2020	30-06-2019	31-03-2020
		Unaudited	Audited	Unaudited	Audited
I	Revenue from Operation	233.29	374.44	816.51	2,149.02
II	Other Income	46.03	42.29	39.16	143.76
III	Total Revenue (I+II)	279.32	416.73	855.67	2,292.78
IV	Expenses				
	Cost of materials consumed	86.53	468.61	494.35	1558.13
	Purchase of stock -in-trade	-	-	-	-
	Changes in inventories of finished goods, work-in- progress and stock-in-trade	66.12	294.81	(191.75)	62.95
	Employee benefits expense	13.77	(3.75)	28.50	65.60
	Finance cost	5.97	8.58	9.25	36.51
	Depreciation and amortisation expense	17.77	18.88	17.72	72.13
	Power and Fuel (Net of Interdivisional Purchases)	27.90	34.56	48.56	163.31
	Other Expenses	50.28	77.64	89.06	304.86
	Total expenses (IV)	268.34	899.32	495.69	2263.49
V	Profit/(Loss) before exceptional items and tax (III-IV)	10.98	(482.59)	359.98	29.29
VI	Exceptional Items	-	-	-	-
VII	Profit/(Loss) before Tax (V-VI)	10.98	(482.59)	359.98	29.29

Profit & Loss for Quarter ended 30th June 2020 - Consolidated



in Rs. Crores

Sl. No.	Particulars	Quarter Ended			Year Ended
		30-06-2020	31-03-2020	30-06-2019	31-03-2020
		Unaudited	Audited	Unaudited	Audited
VIII	Tax expense				
	(1) Current Tax	-	(120.79)	121.78	(0.19)
	(2) Deferred Tax	0.22	4.20	3.81	(23.90)
IX	Share of Profit/ (loss) of associates	3.57	(10.96)	9.09	14.26
X	Net Profit/(Loss) for the period (VII-VIII)	14.33	(376.96)	243.47	67.63
XI	Other Comprehensive Income (Net of Taxes)				
	A (i) Items that will not be reclassified to profit or loss	-	(0.98)	-	(0.70)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	0.25	-	0.18
	B (i) Items that will be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	C. Share of Other comprehensive Income of Associates	(0.05)	(0.08)	0.01	(0.11)
	Total Comprehensive Income for the period	14.28	(377.78)	243.48	67.00
XII	Paid -Up Equity Share Capital (Face Value ` 10/- per share)	38.60	38.60	38.60	38.60
XIII	Reserves (Excluding Revaluation Reserves)	-	-	-	3,473.12
XIV	Earnings Per Share (`) - Basic (Rs.)	3.71	(97.67)	63.08	17.52
XV	- Diluted (Rs.)	3.71	(97.67)	63.08	17.52

Impact on Business and actions taken by the Company:

- ❑ World Health Organization (WHO) declared outbreak of coronavirus disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared nationwide lockdown on March 23, 2020 and the company temporarily suspended the operations of the company in compliance with the lockdown instructions issued by central and state governments and resumed the operations from 23rd April 2020.
- ❑ Corporate and regional offices were also opened with the permitted employees adhering to adhering to strict safety norms prescribed by Government of India.
- ❑ Most of all our end user industries have been impacted in varying degrees owing to spread of the pandemic related contraction and its consequent effects on global supply chains. The ripple effect of this, like in most industries, is also faced by our customers and in extension by us, which in turn has impacted the profitability.

Impact on Business and actions taken by the Company:

- ❑ The company has made detailed assessment of its liquidity position and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the company expects to recover the carrying amount of these assets.
- ❑ The company has been functioning through Audio-Video conferencing calls for communicating with the stakeholders.
- ❑ To ensure the smooth functioning of the works at our plant, we have taken necessary steps to communicate with our employees, stakeholders, customers and vendors about the company's status and updated them on a regular basis.

Company's Position:

- ❑ The liquidity position of the company is quite robust and do not foresee any major issues in the near term.
- ❑ The company is having a treasury size of more than Rs. 1250 Crores at the end of June 2020. Further, the company is long term debt free.
- ❑ The company has also implemented stringent cost control measures across the organization to conserve cash to address any evolving situation resulting from the pandemic.
- ❑ The company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Thank You



Mr.Manish Gulati	:	Executive Director
Mr.Om Prakash Ajmera	:	Group CFO
Mr.Gulshan Kr.Sakhuja	:	CFO

HEG Limited

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