HEG/SECTT/2026 July 28, 2026

1	**BSE Limited** 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**

Subject: Transcript of Earnings Conference Call on Q1 FY27 of HEG Limited

Dear Sir/Madam,

Please refer to our Earnings Conference Call scheduled on July 24, 2026 intimated vide our letter dated July 21, 2026. Please find enclosed the transcript of the said Earnings Conference Call.

The said transcript is also available under the Investors Section of the website of the Company i.e. www.hegltd.com.

This is for your kind information and records.

Thanking You,

Yours faithfully,
For **HEG Limited**

VIVEK CHAUDHARY
Digitally signed by VIVEK CHAUDHARY
Date: 2026.07.28 17:16:10 +05'30'

Vivek Chaudhary
Company Secretary
A-13263
heg.investor@lnjbhilwara.com

Encl: As Above

"HEG Limited

Q1 FY '27 Earnings Conference Call"

July 24, 2026

MANAGEMENT: **MR. RAVI JHUNJHUNWALA – CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – HEG LIMITED**
MR. RIJU JHUNJHUNWALA – VICE CHAIRMAN – HEG LIMITED
MR. MANISH GULATI – EXECUTIVE DIRECTOR – HEG LIMITED
MR. OM PRAKASH AJMERA – GROUP CHIEF FINANCIAL OFFICER – HEG LIMITED
MR. RAVI TRIPATHI – CHIEF FINANCIAL OFFICER – HEG LIMITED
MR. PUNEET ANAND – GROUP CHIEF STRATEGY OFFICER – HEG LIMITED
MR. ANKUR KHAITAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – TACC LIMITED
MS. NEHA RAJVANSHI – CHIEF FINANCIAL OFFICER, HEG ADVANCED MATERIALS – HEG LIMITED
MR. SALIL BAWA – GROUP HEAD, INVESTOR RELATIONS – HEG LIMITED

MODERATOR: **MR. RAJESH MAJUMDAR – 360 ONE CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to HEG Limited Q1 FY '27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your smartphone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajesh Majumdar from 360 ONE Capital. Thank you, and over to you, sir.

Rajesh Majumdar: Yes. Good afternoon, everyone, and welcome to the Q1 FY '27 Earnings Call of HEG Limited. We have with us today Mr. Ravi Jhunjhunwala, Chairman, Managing Director and CEO; and Mr. Riju Jhunjhunwala, Vice Chairman; along with their colleagues, Mr. Manish Gulati:, Executive Director; Mr. Om Prakash Ajmera, Group CFO; Mr. Ankur Khaitan, MD and CEO, TACC Limited; I have Mr. Ravi Tripathi, CFO, HEG Limited; Mr. Puneet Anand:, Group CSO. Also on the call are Ms. Neha Rajvanshi, CFO, HEG Advanced Materials; and Mr. Salil Bawa, Group Head, Investor Relations. So first of all, sir, congratulations on a very good quarter on the first quarter.

And without much ado, I would like to hand over the call for the opening remarks of the management.

Ravi Jhunjhunwala: So good afternoon, everyone, and welcome to our conference call for the first quarter of financial year '26-'27. The year began in a shadow of an ongoing war in the Middle East, which materially impacted energy prices globally, besides disturbing world trade and pushing shipping costs disproportionately very high in some cases and also increased transit times.

In this backdrop, let me give you a broader picture of the global steel industry and its resulted impact on our company. According to World Steel Association's data, global steel production during the first half of calendar year '26 showed signs of gradual stabilization, declining by a marginal 0.7% year-on-year to around 931 million tons. This indicates that the contraction is bottoming out and global steel demand is beginning to find its floor.

Surprisingly, steel production outside of China remained highly resilient, expanding by 2.1% year-on-year to 431 million tons after many years. This positive momentum in the world steel, excluding China represents a supportive demand environment for our products. While HEG does not sell electrodes directly to China, Chinese domestic steel market dynamics continue to influence global pricing. A weak real estate sector in China has forced domestic mills to export surplus production of steel.

While Chinese steel exports for the first half of 2026 eased slightly to 55 million tons, which is a 5.6% decline from the peak of 2025, they still remain at historically elevated levels. This sustained export pressure has prompted a broad wave of defensive trade measures, including antidumping and safeguard duties across key regions like the U.S., EU and India.

Among key steel producing regions, India remained one of the strongest performing markets with crude steel output increasing by approximately 7.1% year-on-year to around 87 million tons in the first half of 2026. This growth was supported by robust domestic demand for infrastructure development, construction and manufacturing activities.

In matured economies, we saw a solid broad-based recovery. Steel production in the United States recorded an year-on-year growth of 6.3% in the first half of 2026 to reach 43 million tons. While Germany's output also rose to -- rose close to 9% to 18.6 million tons. We also saw an exceptional growth in Vietnam, which surged by as high as 27% year-on-year to over 15 million tons, cementing its position as a major Southeast Asian steel powerhouse.

Various changes in the trade policy in several countries and the ongoing geopolitical tensions remain key sources of near-term uncertainty. Changes in U.S. trade policies, including tariffs and several country and product-specific measures are disrupting the established global trade channels.

At the same time, tensions in the Middle East are affecting the oil and gas market, contributing to severely higher freight and energy costs and creating a challenging business environment across industries. These pressures are also being felt across all raw materials like needle coke and other key inputs in the supply chain, which are gradually getting reflected in our input costs.

We continue to manage these developments through operational efficiencies. Despite all this, the medium- to long-term outlook for graphite electrodes demand remains highly positive. Decarbonization policies, including EU's carbon border adjustment mechanism, CBAM, are accelerating the global shift from carbon-heavy blast furnace steel to lower emission electric arc furnaces. This structural trend is heavily supported by latest OECD steel outlook, which highlights that approximately 71 million tons of new electric arc furnace steelmaking capacity is planned globally for completion between now and end of 2028.

As graphite electrodes are indispensable for steelmaking -- electric arc furnace steelmaking, these planned capacity additions support a favorable long-term demand outlook for the industry and validate the strategic rationale for our recent expansion from 80,000 to 100,000 tons and a further expansion that we are currently undertaking to reach 115,000 tons, which is on track and should be in operation by early 2028.

Against this backdrop, we remain confident of HEG's long-term growth prospects, and we believe that we are very well positioned to benefit from the continued transition towards electric arc furnace steelmaking, resulting into increase in demand for electrodes.

Our plant with an installed capacity of 100,000 tons per annum remains by far the world's largest single location plant in the world. Its scale and cost-efficient operations place HEG among the most competitive producers globally.

During the past quarter, we operated the plant at an average capacity utilization of more than 90%, reflecting strong operating efficiency and expect to continue operating at more than 90% in the forthcoming quarters as well.

Further expansion that we undertook to reach 115,000 tons is likely to be commissioned by early 2028. This will further increase the gap between our plant and the next 2 largest plants in the world, which are in the region of 70,000 tons per annum. With our scale, competitive cost position, location, high utilization levels and expanding capacities, we believe HEG is very well placed to capture the long-term growth opportunities emerging across the global electrode industry worldwide.

Now update on demerger, which my colleague, Puneet is going to do.

Puneet Anand: Hi. Good afternoon, everyone. So we are pleased to inform you that the company -- the composite scheme of the arrangement is progressing very well. The NCLT has reserved its order and the company is awaiting pronouncement of the order. The company will provide an update shortly on the time line of effecting the scheme and the record date. We will also hold an investor call to explain the HEG Advanced Materials business once the order is pronounced and a copy of it has been received.

Ravi Jhunjhunwala: With that, I'll now hand over to our CFO, Ravi Tripathi, to take you through the quarterly financial performance, after which we will open the floor for Q&A. Thank you.

Ravi Tripathi: Thank you, sir. Good afternoon, everyone, and thank you for joining us. I will briefly take you through our financial and operational performance for the first quarter of FY '26, '27. We have begun the financial year on a strong note, delivering a meaningful improvement in profitability despite a marginal decline in volumes. The quarter demonstrates the strength of our operating model, supported by improved realization driven by product and geographical mix, disciplined cost management and continued focus on operational excellence.

On a stand-alone basis, revenue from operations increased by 11% on a year-on-year basis to INR681 crores compared with INR613 crores in Q1 of the previous year. Total income also increased by 11% to INR731 crores from INR660 crores. On a consolidated basis, revenue from operations also grew by 11% to INR681 crores, while total income increased by 8% to INR724 crores from INR673 crores in the corresponding quarter the last year.

Stand-alone EBITDA increased by 38% on a year-on-year basis to INR211 crores from INR154 crores, with EBITDA margins also improved to 29% compared with 23% in the corresponding quarter of last year. At the consolidated level, EBITDA increased by 17% to INR194 crores from INR166 crores, while EBITDA margins improved to 27% from 25% of the last year.

Stand-alone profit after tax increased by 53% on a year-on-year basis to INR110 crores from INR72 crores, while consolidated profit after tax increased by 23% to INR122 crores from INR100 crores. Capacity utilization during the quarter stood at 90% plus, which is marginally lower than the corresponding period of last year. However, the impact of lower volumes was more than offset by better realization, improved operating efficiencies and effective cost management, resulting in a healthy expansion in both margins and earnings.

Sequentially, the business witnessed a strong recovery compared with the previous quarter. Stand-alone revenue increased by 13% over Q4 FY '25-'26. More importantly, the stand-alone EBITDA improved from a loss of INR126 crores in the previous quarter to a positive EBITDA of INR211 crores in the current quarter. Stand-alone profit after tax also recovered from a loss of INR163 crores to a profit of INR110 crores. Similarly, on a consolidated basis, EBITDA improved from a loss of INR108 crores in Q4 FY '25-'26 to INR194 crores, while profit after tax improved from a loss of INR119 crores to a profit of INR122 crores.

In previous quarter, the loss reported due to MTM loss in foreign equity investments. Our balance sheet continues to remain one of our key strengths. The company remains debt-free with no long-term loan borrowings, and our treasury stood at approximately INR858 crores as of 30th June 2026. This strong liquidity position provides us with the financial flexibility to pursue future growth opportunities while maintaining resilience across business cycles.

Overall, we are encouraged by the strong start to the year. While the external environment continues to evolve, our focus remains on enhancing operational efficiency, maintaining cost discipline, strengthening our competitive position and creating sustainable long-term value for our stakeholders. For a more detailed discussion on the quarterly performance, I would request you to refer to the investor presentation, which has been uploaded on the company's website as well as the stock exchanges.

With that, I would now like to hand over the call to for Q&A questions. Thank you. Over to you.

Moderator: Thank you very much. The first question is from the line of Amit Lahoti from Aditya Birla. Please go ahead.

Amit Lahoti: My first question is on revenue mix. How much was the share of Middle East in Q1 and which region did we divert lost volumes?

Manish Gulati: Sorry, Amit, can you repeat this for us? Actually, the voice was echoing. Go ahead. Please repeat it.

Amit Lahoti: Yes. So my question was on revenue mix. How much was the share of Middle East? And to which region did we divert lost volumes due to war?

Moderator: Sir, your voice is not clear.

Manish Gulati: But, I have understood the question anyway. We understood the question. So Amit is asking what was our share in Middle East. See, over the year, it's around 20%. And it hardly matters because we are so well diversified across countries. Some temporary delay in shipping, etcetera, was easily spread over to the rest of 30 countries we operate.

Amit Lahoti: Okay. So did we not lose any volumes in Q1?

Manish Gulati: No, no. We didn't lose any volume. As you can see, we still operated in excess of 91%.

Amit Lahoti: Okay. And my second question is on implied price realizations, which I calculate using the revenue and the volumes. So it appears that the benefit of any recent price hike is yet to flow into earnings. So how much of price increase can we expect in the coming quarters?

Manish Gulati: See, in -- for companies like us in this electrode business, normally, we are always booked 3, 4 months ahead. So whoever is announcing a price hike and we also -- I mean, we have to start raising prices will only happen October onwards because we anyway committed up to

September. So whatever price hikes which will come in, will come in later, will actually start showing up later in the year. However, in our existing markets, whether it's India or elsewhere, whatever new business we are booking are at higher prices. So we continue to gradually raise prices and our input costs are increasing and also needle coke prices are increasing.

Moderator: The next question is from the line of Ahmed from Unifi Capital.

Ahmed: Congratulations on great set of numbers and execution in the tough environment. Same follow-up question to what Amit was asking. If we have had 20% roughly volumes from Middle East market over the years, then can you elaborate a little bit which markets we have diverted those volumes to where you see the better demand and has absorbed your balance volumes? And also, you can quantify, if possible, how much the Middle East volumes have de-grown by?

Ravi Jhunjhunwala: Ahmed, it is not the right forum to talk in so much of details. I mean, obviously, it's a listed company. We have competitors all over the world. So we should not be divulging these kinds of numbers. But suffice it to say that our exports continue to be in the region of 70%, 75%, which has been the case for not now, but last 25, 30 years. And we are practically exporting our electrodes to each part of the world to the smallest countries sometimes in Africa, to Latin America, to the largest consuming country, which is U.S. and Europe.

So more than that, I mean, we should not be talking in public about how much we are selling to whom, how much has our market share come up or come down. And it happens from quarter-to-quarter. It's nothing so special about this particular quarter. The world is large enough to take a small piece of drop in one region to some other region.

Ahmed: Sure, sir, I understand it. The question why I was coming from was, if we look at whatever the regulatory action being planned in the U.S. market, so in terms of both CVD and ADD. So in that case, what rate in your internal assumptions you would have considered so that the U.S. volumes for us continue to hold or grow? My question was coming from that angle.

Manish Gulati: Okay. Let me try and take this question. See first, when we talk about Middle East, we're not talking about 1 or 2 countries or Strait of Hormuz or whatever. We are talking about the bigger MENA region, Middle East, North America. So only 3, 4 countries are impacted. Rest of the business is still ongoing. And they just postponements. I mean, of course, if they don't take it this one, they will take it next one.

So there is no connect between this and the U.S. business per se. The CVDs and ADs, which you are mentioning, that thing will keep ongoing, and we will see what results come and we'll see. I mean, right now, of course, as we are -- as Chairman said, we are very -- we have very well diversified markets. So it remains to be seen. Maybe we'll come to around September, what was the final result of the CVDs and antidumpings.

Ahmed: In terms of the pricing, obviously, you would have had some all committed volumes and you are saying from October onwards, there will be price hike. And there will be -- I'm assuming there will be proportionate hike in the needle coke as well. So how would you assume in terms of your net EBITDA expansion, whether the price hike will be much higher than the cost increase we have seen? Any sort of sense you can give?

Ravi Jhunjhunwala: We have seen 2 of our colleagues announcing fairly steep increases, the American company and a Japanese company. And obviously, their costs have also gone up, so have our costs gone up. And I think one of them has announced a price increase of between $600 to $1,200, depending on the size and quality. The other one has given one number of $930. So they have just been talking about these in the last 6, 7 weeks.

And as Manish said, we are more or less booked. Each one of it is more or less booked at least for the next 1 quarter or 2 quarters. So the trend is -- it's a very favorable trend that -- and it had to happen in any case. I mean the world has seen so much -- so many different kinds of problems relating to several price increases in raw material, oil, shipments, this, that, that like anything else, I mean, prices are going up for everything.

So, we will obviously follow and we are following. There are only 3, 4 of us in the world. So 2 of them have already announced their intent. They have given the numbers. They are all available in the public domain. So apart from these 2, 3 companies that we spoke about, then there is only we and our Indian colleagues. So obviously, so we will follow suit.

But nothing substantial is going to happen in the next 1 quarter or next 2 quarters because more or less, everybody is booked more or less fully, if not fully, more or less fully for the next 2 quarters. So is the case with -- so is the case with our raw material. I mean whatever prices of raw material will go up like needle coke and all, the impact of that product will only come by November, December, January. Everybody is covered or everybody has ordered needle coke at the old price.

Ahmed: Sure. Just one accounting question. If I look at the -- our other income number, that's close to INR43 crores, and there will be about INR7 crores, INR8 crores interest income, which you have disclosed in the segmental numbers. So CFO, sir, if you can explain what the balance component is? Is it forex gain or anything else?

Ravi Tripathi: **This is** fair valuation gain on the investments shown in segmental reporting.

Ahmed: Sorry, can you come again, please?

Ravi Tripathi: **this is** fair valuation gain on the investments.

Moderator: The next question is from the line of Akhilesh Kumar from Emkay Global.

Akhilesh Kumar: First of all, congratulations on the good set of numbers. So I have a couple of questions. So my first question is on the EAF capacity commissioning. So we were talking about 30 million tons of capacity commissioning in CY '26. So now since 1H is already passed, so how much of that has already been kind of commissioned? Or what's the status on that as of now?

Ravi Jhunjhunwala: You see a lot of this has been in operation and balance is going to be in operation in the next 2, 3 quarters. We are tracking each and every new facility. And whatever we have been talking about in terms of new capacity for the last 2 years, we are very happy to say that they're all happening. I mean these are all $1 billion, $2 billion kind of a greenfield expansion. So a couple of weeks or a couple of months delay or in some cases, early implementation is very, very practical.

But between 25 million, 30 million tons has already come in the last 3, 4, 5 quarters. And from all our conversations with our existing customers, and from whatever we hear from the market, we are seeing that whatever numbers that we have been talking about, about new electric arc furnaces coming up in the next 2, 3 years and then, let's say, in '29, '30 is more or less correct. It could be out by 10%, 15%, 20% plus/minus here and there, but they are all on the anvil and they're all coming.

Akhilesh Kumar: Right. So is it fair to say since 2025, close to 18 million tons of capacity got commissioned. So first half should be somewhere around 8 million to 10 million tons already being commissioned now?

Manish Gulati: Yes. Between these 2 years '25 and '26 -- sorry, '24 and '25 about 20 million, 21 million metric tons has certainly come up. I have the name if you would like to know offline. And then in these 3 years, '26, '27, '28, we are talking about almost 60 million metric tons to come. And during the year, half year has gone by, I think, 8 million, 10 million metric tons has already come up. So if you really want -- really very interested in knowing which customer where, I'll be happy to provide, but offline.

Akhilesh Kumar: Sure, sure. My second question is on price hike. So there were a lot of concerns which were coming up regarding the GrafTech's price hike that it is not getting absorbed in the market. So what's the status on that since now Tokai Carbon has also come up with big price hike. So how does the situation improves for us from Q3 to Q4? And do we see that sustenance of price hikes in further years also FY '28 and FY '29, for example?

Manish Gulati: We would not like to really comment upon the GrafTech and Tokai pricing, except sharing with you what we have seen in the public domain. So this is an intent to raise prices. How much gets eventually absorbed by the steelmakers, that remains to be seen, and that will be known in next 1 or 2 quarters. But yes, these are the announcements. And of course, we also have to raise prices because in our case, the energy cost, the ocean freights and even needle coke is now going to go so far, it was not, but now going to go up.

So I think as an industry, we all need a price increase. Now how much actually gets translated and what is anybody's basket is every company thing, how much is already booked, now being booked, something like that. So we can't really say about if GrafTech prices getting absorbed or not absorbed, it is not good for us to comment and neither we are aware.

Akhilesh Kumar: Got it. Got it. Fair point. My another question is on Greentech. So how much of that 20,000 tons of anode volumes is already contracted or let's say, in the advanced stages of the contracts so that, because FY '28 is now only 8 months away. So any clarity on that?

Manish Gulati: Ankur?

Ankur Khaitan: Yes. So we are talking with the customers for 3 to 5 years contracts. And almost about 70% of the contracts will be closed by the next 1, 1.5 months. And all these contracts will be long-term contracts with the top Tier 1 players across the world.

Akhilesh Kumar: So when we say 70% of the contracts, that would be how much percentage of our capacity?

Ankur Khaitan: 70% of the capacity basically.

Akhilesh Kumar: Okay. 70% of the capacity?

Ankur Khaitan: Yes.

Akhilesh Kumar: Okay. And my second question is on the BEL. How much of the debt do we have as of FY '26 in BEL as of FY '26? And how do we see it progressing for FY '27 and '28?

Om Prakash Ajmera: See, there is no BEL, there is no debt in the company.

Ravi Jhunjhunwala: It's 0. It's basically zero.

Om Prakash Ajmera: It's a debt-free company right now.

Ravi Jhunjhunwala: And it has been like this for a number of years.

Akhilesh Kumar: Okay. So if we talk about then in the case of Greentech, so let's talk about Greentech as an entity. How much of that debt would be coming to Greentech and how much would be with the graphite?

Om Prakash Ajmera: That would be INR1,500 crores.

Akhilesh Kumar: INR1,500 crores of debt. Gross debt or net debt?

Puneet Anand: It's a gross debt.

Akhilesh Kumar: Okay.

Puneet Anand: So just to explain you, till date, we haven't drawn any much money for TACC as a debt. It's just started. So when this entire demerger exercise will completed and when you see 31st March '27 balance sheet, then there will be approximately around INR1,500 crores of debt lying on the company on a gross basis.

Akhilesh Kumar: Okay. And consecutively, we'll take debt for TACC in FY '28, '29 because 70-30 kind of project financing will be there. So this INR1,500 crores would go up eventually, right? Is my understanding correct?

Puneet Anand: So TACC -- no, TACC debt, what we have secured till date is INR1,240 crores from SBI and balance is from our own capital and the internal accruals. FY '29, we will see how we have to go about the additional debt if it is required for the additional capacity per se.

Akhilesh Kumar: Okay. So out of INR3,100 crores of debt which -- out of INR1,300 crores of capex which is there for TACC, earlier our plan was that 70-30, we will do. So INR2,100 crores of debt would be...

Puneet Anand: So when you're talking about INR3,100 crores of capex, that is for 30,000 ton capacity, which the management have given a time line that will be coming in the next few years. So if you talk about in that phase, then INR3,100 crores, 70% will be through the financing. Yes, the debt will increase for that.

Moderator: The next question is from the line of Rohan from Arihant Capital.

Rohan: Congratulations for the good set of numbers. My question was, sir, you recently on the yesterday, you had announced that needle coke prices is expected to rise by another like 10% to 15%. So given the coverage cycle of our roughly... Am I audible?

Ravi Jhunjhunwala: Yes. Go ahead.

Rohan: So like given the coverage cycle of roughly 45 days of shipping and 45 days of processing, in which quarter do we expect this higher cost material to actually flow into our P&L side? And what would be the spread per ton we can expect on this, sir?

Manish Gulati: See, just to clarify the 10% to 15%, what Rijuji said yesterday was the of the total -- our cost of making electrodes. That was roughly 10% to 15%. Left to needle coke itself, then it has gone up by a higher amount. And this will start taking effect in I think towards the end of the year because, of course, because it's a long process cycle, it takes 1.5 months to make electrodes, stocks, etcetera, etcetera. So the rise will start taking effect towards the end of the year. And as we are unbooked for that quarter, we will be raising prices for the end of the year to cover the rise in cost.

Rohan: Got it, sir. And we -- like a run rate of around like 24,000 tons annualized to roughly around like 96,000 tons, sir, so against 100,000 capacity. So how much headroom we can expect to have like on the overall utilization level, what we can expect for the FY '27 level, sir?

Manish Gulati: See, production varies quarter-to-quarter. So I think there's no more headroom beyond 94% or 95%. That's about the peaking. We are running in excess of 90% at present. So quarter-on-quarter, it varies a little bit, and we think we'll close the year between 90% to 95%, something like that. But I don't think there's any more headroom because then you have to create ideal conditions to reach 100% and conditions are never ideal.

Rohan: Sorry, sir. One last question is, sir, like in the recent media interview, we said around 7% to 8% price improvement we had in the first quarter. So in last quarter con call, you've guided for like $300 to $500 per ton price increase we expect for FY '27. So what have you contracted on the new bookings in dollar-per-ton basis? And what percentage of your second half volumes is now booked at this level, sir?

Manish Gulati: Okay. So we cannot speak in terms of specific numbers or dollars. What I remember in the last con call, we said that this is the kind of which we definitely required to cover our cost. So right now, we have booked up to September or even, I would say, up to October. And we are trying various markets, what market, what customer, what price. So it's still a little while away. We'll know in next 1 or 2 months, what kind of price increase average we are able to get from various markets. Can't say, but surely, we would definitely like to cover our cost and increase margins, if possible.

Rohan: Got it, sir. And sir, if time is allowed, one last...

Moderator: I'm sorry to interrupt you, Mr. Rohan, can you please rejoin the queue? The next question is from the line of Chirag from SKP Securities.

Chirag: So actually, my question was, so our total annual project cost, which has been guided for about INR2,200 crores, INR2,300 crores. So what can the phasing look like over the years to come?

Manish Gulati: You're talking about green project or what?

Ankur Khaitan: Chirag, you are asking for what?

Chirag: Anode project, the capex, INR2,200 Crores, INR2,300 crores we guided, right?

Ankur Khaitan : Yes. Yes. So I think it will be safe to assume around 4- to 5-year payback on that amount.

Chirag: No, no. So I was asking what our phasing would look like? How much our spend would be for -- how much have we spent for Q1 and for the rest of the year? '27, '28 basically?

Ankur Khaitan: Puneet, you want to get that exactly because I think...

Puneet Anand: You are asking how much capex we have spent in FY '26, '27, right? FY '27, '28, but my plant is coming on live. I'm not able to understand your question.

Chirag: Yes. I'm asking for the anode project, how much have we spent in Q1 and in Q1 FY '27? And for how much we will spend for the rest of the year and for '28?

Puneet Anand: Okay. So out of the entire INR2,200 crores, 40% is already been spent. The larger amount will be spent in next 3 quarters. And we are hoping that the entire 95% -- 90% payment will be done by FY '27 and balance 10% will be done in FY '28, first quarter.

Moderator: The next question is from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Am I audible, sir?

Puneet Anand: Yes.

Deepak Poddar: Sir, just wanted to understand on the pricing front, you mentioned that all the new business we are booking at higher prices, right? And already, we have taken a price hike of 5% to 7%. And you would like to maintain the margins. So the balance price hike could take in the range of 5% to 10% more because you mentioned your cost of production is increasing by 10% to 15%. So just wanted to understand what's the price hike we are expecting? And what is the sustainable margins we want to keep, I mean, given the scenario?

Ravi Jhunjhunwala: Rather than going into the specific number, and all, which is very risky on a call, we will -- I can only tell you that we'll be able to maintain the margins that we are now talking about. And we will have a higher margin than anybody else.

Deepak Poddar: Okay. So when we say maintain the margins, we are talking about this first quarter margin?

Ravi Jhunjhunwala: Yes. Last quarter, this quarter, I mean, not much difference.

Deepak Poddar: Yes. I mean, yes, I mean, that 28%, 29%, including other income, right? I mean that's what we are talking about.

Ravi Jhunjhunwala: Yes.

Deepak Poddar: Okay. Fair point. And my second question is on your Greentech business. So can you throw some light on the potential of revenue from the anode capex that we are doing in TACC and plus the Bhilwara Energy, what sort of potential we are looking at? So I'm not aware much on this Greentech part. So if you can just throw some light, it would be very helpful, yes. So what's the potential we are looking at in each of the segment in Greentech, yes?

Riju Jhunjhunwala: So I can take that question quickly. For the anode project, it will start commercial production Q1 of next year. So we hope to operate at around 40% to 50% capacity utilization, which should give us a revenue of around INR600 crores to INR700 crores in the first year, which would ramp up to more than INR1,200 crores in year 2. And in year 3, crossing around INR1,500 crores, INR1,600 crores.

And again, the margins that we are looking at without getting into more details, roughly an EBITDA margin of 35% for -- under all these 3 numbers. As far as Bhilwara Energy is concerned, we've got 2 hydro plants, which are totaling around 300 megawatts and they give us a free cash flow of between INR320 crores to INR350 crores of cash flow per year because both the projects are debt-free and these are the free cash flow that will come in from these 2 projects.

Apart from that, we plan to put up one more hydro project, which will start operations by 2030 and one solar project, which will start operation in the next 18 months. Both of them combined should add another INR200 crores of EBITDA over here. So basically, in a nutshell HEG Greentech, we can safely say by the year 2030, we should be aiming at a 4-digit EBITDA between all the businesses combined.

Deepak Poddar: 4-digit EBITDA. And this solar project is coming in 18 months and one more hydro project is coming by 2030?

Riju Jhunjhunwala: Yes, 2.5 years from today.

Deepak Poddar: 2.5 years, okay. So close to '29 maybe yes.

Riju Jhunjhunwala: Right.

Deepak Poddar: Yes. And what is the capacity of this hydro project?

Riju Jhunjhunwala: This is 75 megawatts, and we've actually acquired this project from our previous partner, Statkraft. So a lot of work around 30% of the work has already been done. That's why I'm saying 2.5 years. Otherwise, the normal time for a hydro plant would be anywhere between 4 to 5 years. But we are saving on that 1 year because a lot of the tunneling, etcetera, work has already been done from before.

Deepak Poddar: And the solar project capacity?

Riju Jhunjhunwala: Solar project, if it comes up, it's a 300-megawatt C&I project, which will just be a plain vanilla solar project of 300-megawatt DC capacity.

Deepak Poddar: Okay. And then all these hydro projects are IPP, right?

Riju Jhunjhunwala: Yes. The hydro projects are run of the river IPPs with around 30% to 40% peak power. So average rate of selling, we've assumed that around INR5.5, which is very -- which surely we are going to attain this year because 30% to 40% of the power is sold as peaking power, which goes up as high as INR10, INR7, INR8. And the regular power that you sell most of the time is around INR4. So a weighted average would be around INR5.5 plus.

Deepak Poddar: Okay. I got it. That would be it from my side. Just one last thing, the anode capex of INR2,200 crores is for 20,000 capacity, right?

Riju Jhunjhunwala: Yes, that's for 20,000 capacity.

Deepak Poddar: And this 1 lakh, the expansion towards 1 lakh that any plan we have formed up or we have not formed up any plan as of now?

Riju Jhunjhunwala: No, no. It's -- right now, the land that we have is capable of taking around 30,000 tons. And so as soon as we complete this particular project of 20,000 tons, we'll quickly take a decision of expanding it to 10,000 tons more, and that would be done at a capex of around INR800 crores.

Deepak Poddar: Okay. Okay. That would be from my side.

Riju Jhunjhunwala: That facility would come up by 2029, not before that.

Deepak Poddar: No. But this 20,000 ton is coming by first quarter of '28. So it will hit your P&L FY '29 entire year, right?

Riju Jhunjhunwala: Yes, yes. FY '29 will be 100% there. And FY '28, it would be kind of 40% capacity utilization.

Deepak Poddar: Yes. I think that's very useful sir.

Riju Jhunjhunwala: Yes, we can send you all the details on Greentech on a separate call if you -- whenever you can touch such base...

Moderator: The next question is from the line of Kirtan Mehta from Baroda BNP.

Kirtan Mehta: Since the start of the Middle East disruptions, what kind of needle coke price increase that we have seen happening in the industry?

Manish Gulati: See, so far, I can't give a specific figure, but you can just take a ballpark number of between anywhere between $200, $250 or $300. That's the kind of increase we are now seeing because of this rise in oil prices and also increase in demand. And going forward, we really can't comment because it is done quarter-by-quarter. Can't really say what happens next. It all depends. We are just concluding quarter-by-quarter and accordingly, pricing our products.

Ravi Jhunjhunwala: But just to clarify, it will not have a very immediate effect. I mean everybody carry stock of at least 3, 4 months and then the process of converting needle coke to electrode itself is 3- to 4-months process. So the impact will not be there for, let's say, at least the next 3 to 4 months, 5 months.

Kirtan Mehta: Understood. And in terms of sort of our improvement in EBITDA from INR14 million -- sorry, the segmental profit from INR14 million to around INR140 million in this quarter. Is it primarily because of the improvement in the realization? Or are there any cost elements which has also reduced, which has helped in this improvement?

Manish Gulati: Yes, there is improvement in realization. So as we carry old stocks of needle coke, needle coke prices remains there and there's improvement in realization.

Kirtan Mehta: Would you be able to comment on regional trend in terms of are this improvement coming in any specific regions?

Manish Gulati: No, no, no. It is actually -- it's coming from everywhere, wherever -- I mean, because these are global prices. So whichever market, it's not that one market increasing and one market is not increasing at all. So proportion -- I mean, the quantum matters differs from market to market. But when the price increase happens, it happens globally.

Kirtan Mehta: Right. Just second follow-up question was on the U.S. regulatory actions. There is a potential that the preliminary results can come by July and final could be come by September. So what is our exposure to that market? How much volume we sell into U.S. at this point of time?

Manish Gulati: Hardly, I would say, less than about 10%...

Kirtan Mehta: About 10%.

Manish Gulati: But that because as a company like HEG, we are very well entrenched in so many countries, all the major steelmaking nations, HEG is present and U.S. is hardly 10% of our business. So it's fine. I mean we'll see what comes, as you rightly said, and let me explain -- tell you a little more specific. CVD is by end July. Dumping is by end September. So we'll see what they come up with. We know that we have not done dumping. That is for sure.

Kirtan Mehta: Understood. And in terms of the outlook on the prices is primarily -- would you be able to...

Moderator: Sorry to interrupt you, Mr. Mehta, can you please rejoin the queue? The next question is from the line of Ahmed from Unifi Capital.

Ahmed: If I try to understand the structure of Bhilwara Energy, the hydropower plant owning entity, it owns 51% stake in the Malana Power entity and the balance was the Statkraft, which we bought in. So to buy that stake, we have paid around INR1,200 crores -- how did we fund that amount?

Moderator: Ahmed sir, your voice...

Ahmed: Yes, I'll come back again. Is it clear?

Moderator: Yes, continue.

Ahmed: Yes. I was saying that we bought 49% stake of Statkraft in Malana Power. How did we fund that?

Om Prakash Ajmera: We borrowed money 50% from the commercial banks and 50% coming from -- partly coming from the family office and partly from BEL.

Ahmed: Yes. So when you merge it with the Greentech entity, will any of that debt come on the books is my question?

Om Prakash Ajmera: No. Actually, INR600 crores is already there in the books of BEL through subsidiaries. So that will be there. By that time, I think by that time, we will be retiring all these debts.

Ahmed: Okay. Got it. And second question is post all the consolidation and when the Greentech business list separately, what will be the outstanding shares?

Puneet Anand: So it will be around 39 crores -- sorry, 32.9 crores shares.

Ahmed: 32.9 crores -- and if we add -- got it. 32.9 crores and then there will be one more tranche of Singularity, which is left to be used, I'm assuming.

Puneet Anand: Which, no.

Ahmed: Okay. After everything, it is 32.9%.

Puneet Anand: I'll explain you today, HEG share -- number of shares are around 19.7, 19.8. So there will be around 13 crores shares, which are being issued additionally, which is to be given to Singularity for their investment and to the other shareholders, which are promoter and RSWM Limited, who is our shareholder in BEL. So after this, there is no fresh issuance of shares once this has been routed.

Ahmed: Understood. My only question was that there were 2 tranches of Singularity. So in 32.9%, both tranches are covered.

Puneet Anand: Yes, yes, yes. So it already been done.

Moderator: The next question is from the line of Ronak Agarwal from iThought PMS.

Ronak Agarwal: Congratulations. Am I audible?

Manish Gulati: Yes.

Ronak Agarwal: Congratulations on a great set of number. One I just want to understand a bit about America putting ADD and CVD. So let's say, if ADD comes just in a hypothetical scenario, how are we looking to derisk the volumes? Like I think we sell around 20% of our revenue in America. So how are we looking to derisk the same? And like what kind of contracts do we have with the players that we are selling?

Manish Gulati: First of all, it's not 20%, it was 10, I said 10. And with the kind of presence we have in the other markets, God forbid, if it happens and if something comes, which is totally unreasonable, it will not be difficult for us to absorb that volume elsewhere. So we will cross the bridge when we come to it. Right now, it's just speculation what will come, what will not come. We'll see if it makes sense, yes, we'll be there. We would love to be there. And if it doesn't, we have alternate markets.

Ronak Agarwal: Okay. So you are confident of the same that you will be able to ship it to some other countries?

Manish Gulati: Totally, totally.

Moderator: The next question is from the line of Kirtan Mehta from Baroda BNP Paribas.

Kirtan Mehta: One question on the graphite electrode market. The way -- if I understand the market, I think it's -- global market is around 600 Kt for the UHP electrodes and roughly 1/3 is supplied by the Chinese. Amongst the balance market, I think 2 Indian players and a couple of larger Western players operate. While we operate it at around 90% utilization, the Western capacity utilization is still in the range of 60%, 65%. So what gives us the confidence that the pricing can improve when the market is still sort of in a supply surplus?

Manish Gulati: Okay. Now you see if you look at the figures since that COVID times, if you look at steel production of major steel producing countries, they have been quite stagnating. So today, I can safely say that steel industry utilization is even less than 75%. The moment there is the production starts to increase and ex China is more than 50% from electric arc furnace, the graphite electrode demand will grow.

And the figures which you gave that the market of 600,000 and 200,000 is supplied by China, I tend to differ. It's not that number. It is much less, maybe half of that. So -- and we are operating at high capacity utilization, as you rightly said. So that means we have markets. We have market presence to be able to sell our product. So we are all looking at the return of demand.

We are looking at the new electric arc furnaces. Please tell me if you have ever heard of a new blast furnace coming up in Europe or U.S., no. whatever capacities are coming are coming in electric arc furnaces. So there will be increase of demand. One, by the production increasing and second, that new EAFs coming, which will add to that steelmaking capacity.

Kirtan Mehta: Right. So primarily, I think it's tied to the return of demand or new EAF as and when it comes through.

Manish Gulati: That's true.

Kirtan Mehta: If U.S. market sort of levies the ADD or something that market could become sort of relatively less lucrative for us. So then would we be more dependent on the demand coming up in Europe, which will decide where the prices would move and whether we can benefit from it.

Ravi Jhunjhunwala: Not just Europe, there is other than Europe. Steel is produced in all parts of the world.

Manish Gulati: It's Middle East, Turkey...

Ravi Jhunjhunwala: And believe me, I mean, we will retain America. I mean American prices are higher than most of the others. We might lose some sort of a market share, but we're not going to leave that country.

Moderator: The next question is from the line of Kaushal Sharma from Equinox Capital.

Kaushal Sharma: My question has been answered.

Moderator: Due to time constraints, that was the last question for today. I now hand the conference over to the management for closing comments.

Ravi Jhunjhunwala: Thank you. Thank you for a large presence today and some very, very probing questions, which obviously means that you guys are really focusing on HEG and the graphite industry. So I look forward to speaking to you in 3 months' time with maybe some better information, more knowledge. And I can only tell you that we will produce at 90%, 95% capacity utilization come what may. Thank you.

Moderator: Thank you. On behalf of 360 ONE Capital Market, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.