Management Discussion

Prateem Roy - Research Analyst / Moderator, 361 Capital Markets Private Limited
Hi, good afternoon everyone. On behalf of 361 Capital Markets Research, I welcome you all To the Q2 and H1 FY27 earnings conference call of HEG Advanced Materials Limited, we are pleased to have with us today Mr. Bijay Vindinwala, Chairman, Managing Director, and CEO; Mr. Om Prakash Ajmera, Joint Managing Director, CEO, Hydro Business, and Director of Director and Group CFO; Mr. Puneet Anand, Group CSO; Mrs. Neha Rajavanshi, CFO, Mr. Ravi Gupta, Company Secretary and Compliance Officer, Mr. Hiren Praveen Shah, Managing Director and CEO, Ariplus Ingetech Private Limited, and Mr.

Ankur Khetan, Managing Director and CEO, TACC Limited. Before we begin, I'd like to remind everyone that today's discussion may contain forward-looking statements. These statements are based on the company's current expectations, assumptions, and estimates regarding future events and are subject to various risks and uncertainties. Actual results may differ materially from those expressed or implied in these statements. We encourage participants to refer to the company's filings with the stock exchange for a detailed discussion of the risk factors.

Now I would, I would like to hand over the call to Mr. Riju Dhunjanwala for his opening remarks. Over to you, sir.

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
Thank you and good afternoon everyone. Thank you for taking the time to join us today for our Q2 '27 earnings call. Before we dive into the numbers, I want to take a moment to celebrate a major milestone in our corporate journey- the successful completion of our demerger with HEG Limited, now operating as a pure clay graphite electrode platform. And HEGAM stands proudly on its feet as a dedicated, future-facing advanced materials and clean energy powerhouse. This gives both entities the clarity to execute their distinct strategies unhindered, and I want to sincerely thank our shareholders, regulators, and legal teams for making this smooth transition a reality.

For those who are new to our story, HEGAM is built on the LNG Bhilwara Group's solid 65-year-plus legacy of scaling large industrial projects into highly profitable ventures. Our core motto across what we do here is simple: research to revenue. Today we operate through 3 fantastic pillars. TSCC, focusing on advanced carbon, battery anodes, and graphene. RE+ Engitec, driving battery energy storage solutions. And EV solutions, and of course our green power business, which provides stable debt-free cash flows to back our high-growth ambitions.

When we look at the micro environment, the tailwind could not be stronger. The global shift towards clean energy is moving faster than ever. Global lithium-ion battery project, uh, production is projected to climb from roughly 3 terawatt-hour in 2026 to 8 terawatt-hour by 2035. Naturally, graphite anode demand is tracking right along with it, expected to jump from nearly 2.9 million metric tons today to 8 million metric tons over the same time frame. Crucially, as global supply chains diversify, non-China anode demand alone is set to exceed 1 million tons by 2030.

Thanks to forward-looking policies of the Government of India, PLI schemes, etc., our domestic cell capacity is projected to reach 250 gigawatts by 2035. On top of that, stationary BESS is turning into our fastest growing segment, driven by data centers and grid stability, accounting for nearly 28% of the total lithium-ion BESS market. By 2030. We are sitting right where the market needs us to be. Looking at how we plan to capture this growth over the next 2 or 3 years, our execution map is fully underway.

On the anode front, our Phase 1 20,000 metric ton plant at Dewas is already 61% complete, tracking for commercial commissioning by June 2027. We are already in advanced discussions for over 100,000 metric tons of customer MOUs. Looking further ahead, we have already laid out our Phase 2 expansion to scale total capacity to 44,000 metric tons by March 2029 on the same land and on the same power footprint. As part of this scale-up, we are strategically driving backward integration into manufacturing our own graphitized crucibles in-house.

On graphene- graphene is a revolutionary single-layer carbon wonder material whose multi-use properties transform performance across segments like concrete, paints, batteries, textiles, lubricants, and data center thermal management, among many other things. Our 10 metric ton graphene pilot plant is set up and running, and we are targeting 500 tons metric ton commercial plant to be operational by September 2028, with 90 tons of confirmed orders and LOIs already in hand. On RE+, we are aggressively scaling our operational 1 gigawatt footprint towards a 6 gigawatt total capacity to capture the booming demand across EV mobility and stationary grid storage.

As we talk, we are in active execution of around 1.5 to 2 gigawatt-hour of solutions. In closing, Q2 has laid down a very solid foundation for us. Our green power cash flows give us financial resilience. Our technology sets us apart. And our team's execution discipline keeps us firmly on track. None of this would be possible without the relentless hard work of our leaders, engineers, plant workers, and to everyone across the group who embody our core values every day. To our board, our continuous supporters, thank you.

We are building HEGAM not just for the next quarter but for sustainable long-term value creation. Lastly, just to share with you all, our core values that we are operating on remain: think scale, perfect execution, hardcore R&D and innovation, invest in our team, speed of delivery, maintaining a healthy risk-free balance sheet. And lastly, what we follow in our group- absolute gold standard business ethics. To walk you through the specifics of our financial performance for the quarter, I would now like to hand over the call to our CFO, Ms.

Neha Raghavanshi. Neha, over to you.

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Thank you, sir, and good afternoon everyone. It's an absolute pleasure to connect with all of you today following a truly pivotal quarter for HEG Advanced Materials. As our Chairman, sir, outlined, our structural reorganization has given us the absolute clarity needed to build a world-class, globally competitive advanced material platform. I will now take you through the financial performance of HEG Advanced Materials Limited for the 2nd quarter and first half of FY27. Before discussing the numbers, I would like to highlight that Following the recent demerger of Graphite Undertakings from HEG Limited, the comparative financial information for FY26 has been reinstated to exclude the demerged graphite business.

This ensures a consistent like-for-like basis for comparison and provides investors with a clearer understanding of HEG Advanced Materials' financial performance. Coming to Q2 FY27 performance, Our consolidated revenue from continuing operations stood at Rs 430 crores compared with Rs 176 crores in the corresponding quarter last year. Our total income for the quarter is Rs 547 crores. EBITDA from continuing operations stood at Rs 313 crores compared with Rs 129 crores in Q2 FY26, translating into an EBITDA margin of 57%.

Profit after tax from continuing operations increased to Rs 209 crores compared with Rs 69 crores in the corresponding quarter last year. Moving to our H1 FY27 performance, consolidated revenue from

continuing operations stood at Rs 726 crores compared with Rs 329 crores in H1 FY26. Our total income for the first half stood at Rs 871 crores. EBITDA from continuing operations was Rs 438 crores compared with Rs 270 crores in the corresponding period last year, with an EBITDA margin of 50%. Profit from tax from continuing operations is at Rs 269 crores compared with Rs 168 crores in H1 FY26.

I would also like to highlight that a significant portion of the group operations in the Hydro is in the hydro and wind power businesses apart from our growing BESS business. The green power business is seasonal in nature and highly dependent on weather conditions, wind patterns, and water availability, with a substantial portion of power generation typically concentrated between April to September. Accordingly, the financial performance is subject to seasonal variations, and the results of different reporting periods may not be directly comparable.

To give you the exact snapshot of our consolidated balance sheet as on 30th September 2026, our total consolidated equity stands exceptionally strong at Rs 2,510 crores. Our asset base- we hold a formidable consolidated total asset base of Rs 4,436 crores backed by Rs 1,300 crores of cash and bank balances. Against our long-term borrowing of Rs 1,036 crores, which renders us comfortably net cash positive on an overall cash-to-borrowing basis. On the financial and strategic front, our priority remains to maintain a prudent balance between growth investments and financial flexibility.

We will continue to focus on disciplined capital allocation, efficient utilization of resources, and timely execution of our ongoing capacity extension projects across advanced materials and energy storage. As these businesses scale up, our emphasis will remain on operational readiness, manufacturing efficiency, and building a sustainable financial foundation to support the company's long-term growth ambitions. With this, I would like to thank our shareholders, our customers, business partners, lenders, and employees for their continued trust and support I would like to open the floor and hand it back to the moderator to take your questions, please.

Thank you.

Operator
Thank you. Yeah, Prateem, Prateem, sir. Thank you very much. Yes, sir, please. So

Prateem Roy - Research Analyst / Moderator, 361 Capital Markets Private Limited
Thank you, thank you, Neha ma'am. So now I like to open the floor for Q&A.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Mr. Jatin Raghuvanshi from Avexat Equity. Please go ahead.

Unidentified Participant - Analyst
Good afternoon and congratulations on good set of numbers. Am I audible?

Operator
Yes, sir, you are audible. Please.

Unidentified Participant - Analyst
So my first question is on possible backward integration. Like you have told, like Rs 475 crore capex is going to happen and it will be replaced Rs 17 million So I just want to know, like, saving flow in EBITDA margin, or it's already in our guidance of 30 to 35%? And one more, like, in technology, this is in-house or we have license for this manufacturing process?

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
Yeah, hi, thank you for the question. I believe, I mean, you're wanting to understand about the crucible project that we are doing as backward integration. So crucibles are a very, uh, important portion for the graphitizing of the anode powder. And, uh, you know, the project that we have made will make us completely self-sustaining, and we will not have to import the crucibles from China. In addition to that, we will be in fact selling crucibles outside after using half the crucibles ourselves. Tell you more about the crucibles, I have Ankur here with me.

Hi. Who's the managing director of PSEC, and he would, you know, tell, tell you more about the economics of it.

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Hi, so as you mentioned, this is a very integral part of the production at the graphitization process. This is a cylindrical-shaped graphite which is today largely concentrated in China, but we know it very well how to make. That's why we have taken up this project, and the first intent is to be very self-sufficient because this is the only raw material which today is coming from China. Rest, we are completely non-China- we're completely non-China dependent. And second part is that we will have sufficient capacity of crucibles which we can actually sell outside as well in the longer run.

So this whole project is planned in a way that we are able to have a very healthy EBITDA as well as a very healthy payback over a short period of time.

Unidentified Participant - Analyst
And this technology in-house, or we are licensing this?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
We, we know the technology very well. Uh, with HEG, we've been, uh, we've been working on crucible since last many, many years. We know the crucible technology very well.

Unidentified Participant - Analyst
Okay. And my second question is on like Indian Gigafactory has been delayed. Like, so what volume did we assume in our earlier- Your voice is

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Very, very heavy. Unfortunately, we can't understand what you're saying.

Unidentified Participant - Analyst
Sir, I'm saying like Indian

Operator
Sir, are you on loudspeaker sir? Please, Mr. Jatin.

Unidentified Participant - Analyst
No sir, no no. Like is it audible now?

Operator
It is audible but sir, it is a little bit yeah.

Unidentified Participant - Analyst
So I'm asking like Indian hello.

Operator
You can proceed yes.

Unidentified Participant - Analyst
Okay, so Indian visa factory has been delayed. So in starting, like, what was our volume assumption and how we are planning to fill this gap?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Honestly, honestly, sir, we are unable to get the- are you talking about demand and supply of

Unidentified Participant - Analyst
Like volume assumptions?

Kevin Gandhi - Analyst, Capgro Capital
I think if you could repeat his question, please.

Operator
I think so, he will rejoin the queue. We have the next question from Nishita from Sapphire Capital. Please go ahead.

Nishita - Analyst, Sapphire Capital
Yes, hello, thank you for taking my question. So I'm looking over the company for the first time, so I'm sorry if my question would be repetitive. I just wanted to understand what is the total CAPEX for all of these expansions that we are doing. So like we are making anode material capacity and then graphene capacity, also crucible. So what is the total CAPEX for this?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
The total CAPEX number including the existing 20,000-ton capacity that we are building plus the RISF expansion and the expansion to 44,000-ton capacity, crucibles and graphene It's Rs 5,500 crores.

Nishita - Analyst, Sapphire Capital
Okay, can you break this up?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
So if I break it up, my current 20,000-ton capacity, the total CAPEX is approximately Rs 2,350 crores. Uh, my new additional capacity will come at comparatively per megawatt per metric ton very less CAPEX cost, so around that Rs 1,600 ton for additional 24,000-ton capacity. Uh, we'll be spending 1,600 crores.

Nishita - Analyst, Sapphire Capital
I'm sorry, 1,600 crores for additional 24,000, right?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Doing 4,000 capacity. Uh, we'll be spending 500 crores on graphene and 475 crores on my crucible, 80,000 unit, uh, facility that we'll be developing. We are already spending 250 crores on my RE+ expansion from my 1 gigawatt to Uh, 6 gigawatt capacity and another Rs 230 crores on one of my best IPP projects that currently we are doing in Gujarat.

Nishita - Analyst, Sapphire Capital
Right, okay. Um, so, uh, the crucible capacity is going to be 85,000 units, right?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
80,000, yeah.

Nishita - Analyst, Sapphire Capital
80,000, okay. And what is the asset turn that we can expect from this

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
See, my different businesses have different asset turnover ratios. While for the factory, the asset turnover ratio is approximately 1:1. The same is different for my anode business where it is comparatively higher.

Nishita - Analyst, Sapphire Capital
Okay, so what, what will it be in anode business?

Prateem Roy - Research Analyst / Moderator, 361 Capital Markets Private Limited
0.8.

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Yeah, for anode it is 0.8.

Nishita - Analyst, Sapphire Capital
Anode, uh, acetone is 0.8 times, so that's lower than the gasoline, right? You said it's high.

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Yeah, it's low.

Nishita - Analyst, Sapphire Capital
Okay, okay, um, understood. And, uh, I wanted to understand, uh, what sort of EBITDA margins can we expect from these businesses?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Yeah, EBITDA margins from our anode, I- because it's a Again, if there's a price-sensitive information, but on a broader range, for the node it will be somewhere in the range of, uh, 28 to 33%. My graphene will be higher.

Nishita - Analyst, Sapphire Capital
Okay, so, uh, higher than 33%?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Yeah, it's higher than 45%.

Nishita - Analyst, Sapphire Capital
Okay, okay. And With the foreseeable backward integration, our margins in anode will reach 35%, is that right?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Right.

Nishita - Analyst, Sapphire Capital
Okay, okay, understood. Um, and, uh, my next question is on- so we've already listed the HEG Advanced Materials, uh, company. When are we going to list the HEG Limited, the original business?

Puneet Anand - Group Chief Strategy Officer, HEG Advanced Materials Limited
So, hi, Nishita, Puneet on this side. So, uh, we are expecting the listing of HEG Graphite, uh, very soon. So I think by 3rd week of November it will be listed. So we are waiting for our last approvals, and once we get the approvals, we'll come up with the date. But most probably it is the 3rd week of November.

Nishita - Analyst, Sapphire Capital
Right, okay. And, um, so I wanted to understand, so for graphene capacity we already have 9 metric tons of orders in hand, but our demo capacity is just 10 metric tons. So how are we going to like do this order? How are we

Kaushal Sharma - Analyst, Equinox Capital
Going

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
To- So ma'am, graphene is a- graphene is basically a nanomaterial, and the process of And this is like a- this is not just a- this will not be a commodity, it's like a service as well. So what happens is there's a journey behind it that once we've- since we've been working for more than 2 years on this, uh, at the, at the current facility, we have been catering in smaller batches, which is already like a commercial-scale plant today while the capacity is small. And based on this, the timeline is very well agreed for supply of the 90 metric ton orders what we have.

So, and this is very well aligned with our plant coming up, which is the first phase would be, uh, live by next year. So the 90 metric ton will be the first, uh, will be serving the first from the main commercial plant, which is agreed with the customer,

Nishita - Analyst, Sapphire Capital
Right? So by when do we need to execute this? What's the timeline?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
So it will start by second half of next year.

Nishita - Analyst, Sapphire Capital
Okay, so the execution of this Order will start by H2FY28. Understood, understood. Right. And once the capacity- like, once we have the capacity, so 20,000 metric tons of anode material capacity also. And in the presentation, we've mentioned that we already see visibility of 100,000 metric tons

in that. So how fast can we ramp up these facilities that we are coming up with?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
So it's only the first year. First year, as you can see, we have taken a very humble capacity utilization of 35% because it's a construction plant. It's a large construction plant which is never a plug-and-play plant, and that is why the first year will have its own challenges which we are, which we are mitigating as, as for the time. But at the same time, we are confident that once the, once the capacity goes beyond 50%, then ramping it from 50 to 90 and even beyond is not a problem because the equipment are very similar and the capacity is in a very- and the capacity as well as the equipment are in a very linear way.

So while we are- once we start with the 35, then 35 to 90 is not a problem. And at the same time, the additional 24,000 tons is also not a problem. So this is what we are committing to ourselves as well as our shareholders as well as our customers.

Nishita - Analyst, Sapphire Capital
Right. And are we also going to export?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Yes, the first 20,000 tons will be majorly exports.

Nishita - Analyst, Sapphire Capital
Okay, okay, understood. Um, yeah, thank you so much.

Operator
Thank you, sir. Thank you, ma'am. The next question is from Nilesh Jain from Astute Investment Management. Please proceed, Mr. English.

Unidentified Participant - Analyst
Hi, thank you for the opportunity. Uh, my first question is to Neha. Uh, so obviously you've given us the total CapEx in terms of Rs 5,500 crores. Uh, can you broadly split it by each financial year? Maybe for the next 3 financial years, how much we will be capitalizing it?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
So my year-on-year CapEx out of this is a major part of the CapEx comes in FY27 and FY28. Approximately Rs 2,300 crore in the current year, followed by Rs 1,600 to Rs 1,700 crore of CAPEX in next year. The balance will be incurred in financial year '29.

Unidentified Participant - Analyst
Okay. And, uh, just wanted to get clarification. Uh, so we had, uh, we were planning to do 2, uh, projects on solar, CNI, and hydro. In hydro, we decided we will not be going ahead. Uh, on the solar, uh, what is the status? Are we looking to go ahead with that, or we will, uh, not going ahead with that?

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
So hi, I have Mr. Ajmera with us who's heading the hydro and the IPP division. He will just tell you a little more about that.

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited

Okay. Yeah, hi. As far as solar side is concerned, we are working on the 300 megawatt power project, so standalone solar project on a C&I basis. And most probably this project will come in line 12 months from now.

Unidentified Participant - Analyst
Uh, what would be the, uh, amount we would be spending for this?

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
We will be spending about 200 crore.

Unidentified Participant - Analyst
Hello, sorry.

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
200 crore.

Unidentified Participant - Analyst
Okay, um, sure. My, uh, the question is, uh, to Angeli

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
On the- Still under signing, so

Unidentified Participant - Analyst
That's

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
The reason. Uh, currently in the CapEx number it is not included, so we will share the details once, once as and when. And if

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
It happens, it will be a very good, you know, kind of IRR project. And actively we are not really looking at many more CNI projects But since this one is in our hand and it is, uh, you know, kind of very good double-digit, uh, IRRs, uh, in this, then we'll go ahead with this project.

Unidentified Participant - Analyst
Sure, sure. Uh, my other question is, uh, for Ankur on graphene. So obviously we initially, we were planning to add 150 metric tons. Uh, so broadly wanted to understand this 500 metric tons, uh, so 150, uh, Like incremental capacity would be the following year, uh, and, uh, so obviously, uh, based on the conversation which you would have with your customers, so, uh, uh, if it would be at the same location, the, uh, entire 500 metric ton, or it would be at a different location as well?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
The 150 tons, actually it was about 150 to 200 tons what we had been contemplating earlier, but again The, the graphene has got a major impact not only at the, not only at the, at the final usage level but also at the environment level. And that is how we have also, we have also contemplated on the, on the volumes and the kind of traction we are getting with graphene in Indian as well as overseas geography. It made us, it made more sense to go up to 500 tons. And we have, uh, we

have, we are going into a new location for graphene.

And we have split that into 2 parts. One is the 200 tons, the other is the additional 300 tons. And the reason of delaying of this additional 300 tons is because, uh, because there are certain permissions, etc., which are- which will be required for the additional quantity in terms of the land, environment, etc., due to which it will come- it can come a little later. But 200 tons, since the work we had already started, it can start much earlier. But yes, uh, the reason of Going up 500 tonnes is absolutely a customer pull, and we are very confident that this 500 tonnes is just a beginning.

Unidentified Participant - Analyst
Sure. Just one clarification. For the H1, we've done CapEx of almost Rs 490 crores. Last part would be for the anode business?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Large part of that is coming from the anode business, yes.

Unidentified Participant - Analyst
Okay, sure. Thank you and all the best.

Operator
Thank you. Ladies and gentlemen, for fairness to all, please limit your questions to 2 per participant. Should you have a follow-up question, we will request you to rejoin the queue. The next question is from Mr. Kevin Gandhi from Capgro Capital. Please go ahead.

Kevin Gandhi - Analyst, Capgro Capital
Hello, sir. Yeah, uh, thanks for taking my question. I hope my voice is audible. Good afternoon. Yeah, yeah. So my question was actually on the graphite electrode business. The sales have actually gone down by 20 to 23% on QOQ basis as the utilization decrease or the realization per ton has actually reduced. What's the reason for the downfall?

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
So actually, you know, I mean, uh, on the graphite electrode, we will be having a full, uh, conference call, uh, about the results, I think, uh, around 1 week after Diwali. And all these, uh, you know, the specific questions related to graphite electrodes can be answered then. But yes, what you're saying is more or less true. Everything is going- pointing towards the higher trajectory, including the margins, etc., there. But more about it later, I think, in the specific, uh, graphite electrode.

Kevin Gandhi - Analyst, Capgro Capital
Okay, got it. No issues. Thank you.

Operator
Thank you. The next question is from Anukul Arora from Sagon Capital. Please go ahead.

Unidentified Participant - Analyst
Yeah, hi sir, thanks for the opportunity. So I had a few questions on the RE+ division. Uh, firstly, on the front, what kind of sustainable EBITDA margins are we seeing in the RE+ division?

Hiren Praveen Shah - Managing Director and CEO, Ariplus Ingetech Private Limited, HEG Advanced Materials Limited
Um, hi, this is

Unidentified Participant - Analyst
Yeah,

Hiren Praveen Shah - Managing Director and CEO, Ariplus Ingetech Private Limited, HEG Advanced Materials Limited
I'm here, sir. So, uh, firstly, when we started this RE+ with 1 gigawatt-hour capacity, uh, since we had limited, uh, production, uh, capacity available, uh, we targeted only electric vehicle, high voltage range, and some specific, uh, products, uh, in the, uh, UPS segment. And now we have the 5 gigawatt-hour capacity which is coming in and will be operational from, uh, next year. COD is March 27th. Uh, we will be manufacturing the BSS containers locally, and we have done the entire localization cycle, uh, and we have also made products for the data center category.

So with this focus I want to highlight that we are the company who have in-house capability of BMS, EMS, thermal management design and engineering. So with this kind of capability and this kind of production capacity, I think definitely we are shifting from what we were doing traditionally in the last 2-3 years as a, you know, EPC to product manufacturing and supply. So definitely with the localization and all these factors coming in, uh, definitely the- there is much more scope to improve the EBITDA margins and make this business more and more sustainable.

Currently I'm not factoring the facts that a lot of thrust- and you must have seen in the new tenders which are coming with VGF and also NTPC- that there is a, you know, local content requirement. So all those factors will only add on. I'm just saying purely by the capability point of view, uh, we're definitely working on the improvements of margins and sustainability.

Unidentified Participant - Analyst
So any ballpark number that you could provide us? And if you could also provide us what was the rationale behind going into this business?

Hiren Praveen Shah - Managing Director and CEO, Ariplus Ingetech Private Limited, HEG Advanced Materials Limited
Uh, so basically rationale is, uh, very simple that more and more localization, like we have seen the trend In solar, initially most of the projects- and because there is a huge demand, so let me start from the demand side- that RE business, renewable energy business, definitely needs battery energy storage solutions. And in the next 10 years, the demand is 480 gigawatt-hour just for the renewable energy storage. So You have seen that the multiple CEA guidelines that have come starting from 1% going up to 10% will go up to 30% of storage, which will be mandatory with every renewable park.

To top it up, there is a strong EV demand coming from OEMs, and not every OEM has the capability of doing battery, you know, battery packs. Third, Huge demand coming from data center. 4, there is a huge demand for DG replacement and the traditional technology of lead-acid battery replacement by, you know, future technologies like lithium-ion batteries. So all of this put together, almost it's close to more than 1,000 gigawatt-hour of, you know, lithium-ion battery demand in the next 10 to 12 years.

So definitely, you know, there's a huge potential in this industry and a huge business opportunity for all of us. To add to that, globally what is happening, we know the geopolitical situation and everybody is looking for China plus one option. So we have an office in, you know, we have representatives and we have office in Dubai and we are getting solid traction from the EMEA market

as well. Which is just a buildup at this moment. Not much of business has been converted, but there is a lot of traction which is happening globally.

Everybody looking at China Plus One option. So this is all helping us and it's definitely a huge potential business. So I mean, I cannot name a perfect number for the EBITDA, but definitely double digit and also for different category of business. There will be different EBITDA margins. Like, center has the best EBITDA margin, followed by EV or by BSS and the UPS inverters. So I can just say that.

Unidentified Participant - Analyst
Okay, sir. Uh, so are we doing EPC or boot? And if we are doing boot, so how much CAPEX are we thinking? And I think, uh, and, and on the working capital side, I think on the RE+, the working capital is generally stretched. So if you could just throw some light on that side.

Hiren Praveen Shah - Managing Director and CEO, Ariplus Ingetech Private Limited, HEG Advanced Materials Limited
So actually, when we started, while we were building up the factory and while we were developing the products and getting the products certified- so at this point of time, let me pause and also share that all the products that we have designed and manufactured are all certified for all the global standards. Even the BSS container, we have received, you know, the all the international standard certifications for our BASS container. Data center products are all UL certified. Our telecom products are TSEC approved.

All our, you know, home residential UPS products are IEC approved. So EV is basically all ARAI and, you know, ICAT approved. So while we were doing all of this, we were building up all these things, Uh, basically, uh, we took a position of, uh, doing EPC business so that we can keep a connect in the market and we can also have a relationship, uh, you know, establish, uh, working relationships with the IPPs and the developers, uh, not to forget the, uh, you know, the, uh, utilities, and also study the market.

So We build up the EPC business as a first step, and then going forward, we are going more towards the product sales. We are more focusing on manufacturing and supply of our products. The ratio of EPC business over a period of time will come down. At this point of time, around 70 to 80% of the business is EPC, and the 20 to 30% of the business is manufacturing and supply. From next year, from the next one, we will keep only for strategy projects, uh, and then focusing more on the supply side. Uh, this is how, uh, we plan to roll this out.

Unidentified Participant - Analyst
Anything on the working capital side? I think working capital requirements are pretty high, uh, in this domain. So anything you can throw some light on this?

Hiren Praveen Shah - Managing Director and CEO, Ariplus Ingetech Private Limited, HEG Advanced Materials Limited
EPC projects, and we know the- and we know how these projects are, are dependent on multiple factors like land connectivity and so many things. So I think the ratio will focus more on the production and supply chain. It will improve. Currently, because we're doing 80% from EPC, yes, the cycles are longer. But yes, over a period of time, uh, this will also change.

Unidentified Participant - Analyst
Okay, sir, got it. Uh, so my last question would be on the side of graphene business. Uh, so what

kind of realizations are we seeing in the graphene domain?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
It's difficult to talk about realizations on graphene part because as we said, it's a very customized product, changes a lot from industry to industry. And both from the technical perspective as well as the usage perspective. So while we cannot comment on the realization perspective, but we can definitely say with quite confidence that nothing is spoken less than 35-40% of EBITDA margins right now, 35-40%.

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
And also like we're putting up a 500-tonne plant at around Rs 500 crores with around 1:1 capital output ratio. So you can do the math yourself. I mean, the average would come out to be something around that, and with a healthy 40-45% EBITDA margin.

Unidentified Participant - Analyst
Okay, sir, got it. Thank you so much, sir. Those were my questions. Thank you.

Operator
Thank you, sir. Participants, we request you all to please limit your questions to 2 per participant. The next question is from Mr. Rajat Sethiya from iThought PMS. Please go ahead.

Unidentified Participant - Analyst
Yeah, hi, uh, sir, just wanted to check about the capacities that we are putting up. Uh, do we have confirmed orders from our clients in the future, or how is it that we are getting the confidence about putting up so much of money?

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
So I'll take that question. I think it's the most appropriate question in terms of, you know, we have set up a pilot plant around 2 and a half years back through which we've had around more than 1,500 to 2,000 rounds of sampling of our products going to customers. Now, the customers that you're talking about are all the non-Chinese cell makers. Which could be in Korea, which could be in Japan, it could be large automotive players based out of the US, based out of Germany, Middle East, etc. Even Indian companies who are coming up with the cell companies.

So I mean, while almost all these contracts that we have signed and are in the process of signing, they are very, very clear with us that, you know, there are absolute kind of, uh, no-name basis. But I can tell you, on a cumulative volume front, I think our decision to go up from 20,000 to 44,000 was led more by customer demand and less by intent. So, you know, while, uh, we are in the process of signing all these documents, I think if we stuck to our plant of 20,000, we would not be able to provide even more than 25% of what the customer needs are.

So 44,000 tons, I mean, we can- once the plant is, uh, absolutely stable, which I think in 6 months it would be after our commissioning, it would absolutely not be an issue to sell 44,000. And we would be looking at our next portion of growth over there. 44,000, we have limited ourselves right now because the current site that we are working on at the 105-acre site at Devas After all kind of engineering and trying to fit in as many tons over there as possible, this is the number that maximum we could come up with-44.

We would have been happy if we could set up 60,000 in the same capacity. So getting customer traction is not a problem today, in fact. And this I'm talking about only the global customers today.

But don't forget, I mean, once the Indian customers start coming, let's say even 100 gigawatts. Starts by 2030, that translates into 100,000 tons of anode material only which would be needed by the Indian players. And we believe that we are far ahead of the curve of any other company that plans to set up the anode material because everyone has to go through that cycle of 12 to 18 months of pilot plant testing, accreditation, etc., by the global players.

So we are in a very comfortable situation over there. I mean, in terms of, uh, the overall plan, the kind of government support that we are getting. I mean, in a few days we'll be able to talk about it more in terms of the, uh, the different programs that the government is running in terms of subsidy, etc., there. And, uh, so that's to answer your question. I mean, the customer demand is not at all an issue, and we already have around 3 or 4 confirmed signed letter of intent, and in the next, uh, 3 months we will be signing at least 3 or 4 more, which will probably take the capacity for more than 44,000 if you actually add them all up.

So that's what gave us the confidence to do the initial 20,000 and then to increase it to 44,000.

Unidentified Participant - Analyst
Sure, thanks for the detailed answer, sir. One more thing, uh, In India, I think we are the only suppliers, going to be the only suppliers for these anode and graphene, right?

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
I think I'll let Ankur answer that question.

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Well, on anode, you, you know, there are players who are working on it, so, but we have the first mover advantage, that is for sure, that when we are talking about 2027, then we will be the first to move ahead in India. There are players who are working, you know them, you must, you know them very well. And in graphene, at the scale we are talking about, yes, we are the first to be supplying and working at that scale and to such a large base customers, because we don't- we are not limited to one or two customers in one or two industries alone.

We have a very big basket of industries which we are catering to for our graphene.

Unidentified Participant - Analyst
Got it. And sir, these margins that we are making obviously is bound to attract a lot of competition in the market, and maybe, maybe from outside as well. So how do you see overall market spanning in the next 3-4 years and the consequent effect on the economics of the business? Because right now it looks very attractive.

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
So see, I mean, in terms of, you know, initially also what we said, I mean, the, uh, today the global demand is around 3 terawatts, which will go up to around 8 terawatts, which takes up the, uh, anode demand that, uh, that the total anode demand that is, uh, there, which would be around 3 million tons today to around 8 million tons. So demand-wise, the way the lithium-ion ecosystem is moving, anode with graphite will always be in a short supply. Any graphite-related product in the next, uh, 5 years, or 10 years I should say, is going to be in extreme short supply.

Having said that, of course we are competing. We are one of the first plants that would be coming up outside of China. And when we are starting this particular plant, it's with this very clear intention that we are able to compete with the Chinese at every stage. So the power rates, the power rates

that we've been able to get from the government, the raw materials that we have been working on from our parent company, HEG, for a long time, our technology readiness in terms of This thing, uh, and especially now adding this 24,000 tons to the 20,000 tons, therefore, uh, you know, kind of, uh, we were putting up this 20,000 tons at Rs 11 lakh per ton.

Now the balance 24,000 will be coming up at Rs 6 lakh per ton. So the average goes down to Rs 9 lakh per ton, making us very, very competitive and making us a factory of scale. So in terms of margin, I mean, we are very confident that with the backward integration combined of the crucible project, we'll be able to do north of 35% in terms of the EBITDA margins in the anode. And in graphene, today we do not really see any major competition over there per se, and tomorrow even if there is competition, the market is very large.

And it's a custom-made product, so we will not be doing that at anything less than around 40-45% EBITDA margin there.

Unidentified Participant - Analyst
And sir, are we the only company going to be, uh, which is doing backward integration, or the competitors are also planning the same?

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
I mean, I'm absolutely in no state to say that whether competition would be planning or not. What sets us apart from competition is one thing, is that since we have been producing graphite electrodes for a long time, the technology to make something like crucibles, etc., also does not come cheap. And it's available to us, and how it is available to our competition is, you know, kind of up to them. But we are very, very confident that we will be able to use, uh, all these crucibles and export half of them at a very, very healthy rate.

Unidentified Participant - Analyst
All right, uh, so one last one of the other income. What are the major constituents of this high other income that we have? I'll

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
Let Neha- I'll let- sorry, Mr. Ajmera talk about the other income, but I can tell you that, uh, if you see the breakup of the other income, half of it would be something that would be recurring every year. And half of it would have been one time, but Ajviraj, you can explain better.

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
Yeah, let me explain you that, uh, most of the other income right now is coming from the transmission line. We have one dedicated transmission line of 175 kilometers, and that has been converted recently into the green ISTS transmission lines. This transmission line was built up in- way back in 2000 2011, and since then this transmission line is being used by the couple of other, other developers also. So we have, we had been talking to the government to, to, to get the revenue out of it because other people are using our transmission line.

And finally we were able to get the order recently, about a year back, that yes, this transmission line is deemed to be an STS. Uh, with retrospective effect from August 2011. And therefore there is a one-time income, which is the area for last 10 years we received last year, and some of the portion is coming this year also. And that is why this portion is giving the other income at a higher level.

Besides this, we have a regular transmission income also from the same transmission line, and recently There's, uh, some of the income is coming from the insurance claim, which is not going to be there in the future.

So these 2 components are there. Otherwise, there is an income, other income coming from the REC sale also, because this- our hydro projects are eligible for issuance of renewable energy certificates. So this is also, uh, is a regular income. So there are partly- there's a regular income, partly is a one-time income.

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Overall basis in other income, this, uh, as I said, is the regular income. So half of the income is related to the interest what we have earned on the bank deposit and on our mutual funds.

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
Yeah, yeah, one thing I mentioned too,

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Yeah,

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
Forgot to mention that the company is sitting on a large amount of cash into the fixed deposit. So this is a recurring income coming from the interest on FD.

Unidentified Participant - Analyst
Okay, sir. Thank you so much. Thank you. Thank

Operator
You, sir. The next question is from Janish Chheda from Kemfin Family Office. Please go ahead.

Janish Chheda - Analyst, Kemfin Family Office
Good afternoon, sir. I'm audible?

Operator
Yes, sir.

Kaushal Sharma - Analyst, Equinox Capital
Yeah,

Janish Chheda - Analyst, Kemfin Family Office
So I have one single question. It's related to your segment financials. If I look at the segment financials, the power- the Revenue from Power grew by 15% on a quarter-on-quarter basis to about Rs 212 crores, but the segment EBIT went up by 64% to Rs 190 crores. So what was the reason for this higher increase in the EBIT margin?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
It's basically because of the higher receipt of the one-time income in the second quarter. As Ajmera sir was explaining, which is in the form of interest what we have received on our transmission line and the insurance claim amount, which leads to the higher EBIT in the 2nd quarter.

Janish Chheda - Analyst, Kemfin Family Office
So if you can help me break this Rs 190 crores of power segment EBIT, how much would be on steady-state basis and how much would be one-time?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
So approximately 40% of that is one-time and remaining 60% is the regular EBIT.

Janish Chheda - Analyst, Kemfin Family Office
Okay, got it. Thank you so much. So that, uh, 40% will not be recurring in Q3 and Q4, right?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Uh, yes, you're

Unidentified Participant - Analyst
Right.

Janish Chheda - Analyst, Kemfin Family Office
Okay, thank you so much.

Operator
Thank you. The next question is from Shaini from Central- Centra Insights. Please go ahead.

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Yeah, uh, good afternoon. So as a new investor to your company, I wanted to obtain understanding on your business. So could you help me understand the raw material composition of your finished anode product material, both in terms of volume and value? And could you provide the details of the sourcing mix, including which countries or suppliers this material are procured from and what proportion is sourced domestically versus imported?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Thank you, ma'am. It's- so I'll help you give an overall detail, but there might be something things I cannot, I cannot say outrightly. So first of all, when you're talking about the raw materials, the basic, the most- there are 2 most important raw materials. One is the coke, which is basically a green petroleum coke. The other is power. And together they take more than, more than 60% of the overall cost. When I talk- and when you talk about the suppliers, then there are- we are focusing on non-Chinese suppliers because that's the demand from our customers.

And since, you know, HEG is operating at more than 100,000 tonnes today, so basically the suppliers are the same and they have very independent feedstock for the anode material, anode raw material. So we are in advanced discussions with them where they have given us full confidence that the supplies will not be a problem over the kind of quantities we are targeting. And the main geographies from where they come is again US, UK, and Japan. And about the pricing, I'm sorry, I mean pricing is not something which can be very well discussed because there are larger ranges and at the same time there are a couple of grades between anode material itself where the different grade of raw material goes.

So I think- and anything else you want to know on the raw material side?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
No, that's helpful.

Harshit Chheda - Analyst, Centrine Sites
Other

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Than that, one of my questions is, could you provide like comparative breakdown of the current landed cost of imported crucibles versus the expected in-house manufacturing cost? And also, what percentage of our total crucible requirement can be met through in-house manufacturing at initial stages?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
So in a range, you can say about, about, about 40%. We are- we'll be 40% cheaper compared with the imported But here it's not only about the cost, but it is also about the dependency. And again, you can, you can, when we make a business plan, then for imported crucibles, there are certain amount of working capital which goes up, goes up drastically high, which will be able to reduce it in a big way. So it's not only the cost of the crucible, but overall the economics of the project which makes us very happy, makes it very healthy.

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
And how much of our in-house requirement will be met? Via this back-end integration?

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
100% of our in-house requirement would be met by the plant. We would require at the peak around 40,000-45,000 crucibles in-house, and the balanced crucibles we will be selling outside, which are in extreme short demand today because the only producer of crucible again today is China, and we will be one of the only companies producing from outside of China.

Nishita - Analyst, Sapphire Capital
The crucible project actually

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
Is a very, very profitable project on its own.

Operator
Thank you. Thank you. The next question is from Harshit Chheda from Centrine Sites. Mr. Harshit, please go ahead.

Harshit Chheda - Analyst, Centrine Sites
Can you hear me?

Operator
Sir, again, sir, your voice is a little bit heavy.

Harshit Chheda - Analyst, Centrine Sites
Hello, is this Ashish now?

Operator
Yes, yes, you can, you can ask. Yes, please.

Harshit Chheda - Analyst, Centrine Sites
Yeah, my first question is I wanted to obtain a brief understanding about our end-to-end

manufacturing process for graphene. What are the key processing stages involved and how does the manufacturing process work?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
So the graphene process is not a textbook graphene we make. It's a very customized process. And, uh, the- and it involves, uh, it involves various chemicals as well as the reactions in that. Unfortunately, uh, we cannot disclose that process outrightly because it's a patented process of our own where we've been working, uh, for more than last 7 years. So, uh, but basically, basically it's a, it's a kind of graphite material which has, uh, where we layer out the graphite completely using different methodologies And you can imagine the graphite material has got millions of layers and those layers are being trying to be removed where the graphene is finally produced.

And again, there are several grades in graphene where the methodology changes. So it's a highly technical process, very, very high barriers to entry in this kind of process. That's the reason we cannot explain the whole process in a very simple way.

Harshit Chheda - Analyst, Centrine Sites
All right, and a question on the anode side. Our process

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Is completely patented.

Harshit Chheda - Analyst, Centrine Sites
Have you filed a process patent for it?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Yes.

Harshit Chheda - Analyst, Centrine Sites
Okay, my other question is on the anode side. Other than raw coke, what is another raw material that we can use to make graphite anodes?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
There can be experiments, but in reality, we are- since, since we are talking about a large- we are talking about a large capacity, and we are talking about all the Class A customers whom they're supplying to. So we are not doing any kind of experimentation in our, in our plant. That is why the focus is very clear that where the, uh, today 98% of the material made in China is made with the- made with this kind of raw material, and we'll be doing the same. There'll be no new experimentation from the main plant.

Harshit Chheda - Analyst, Centrine Sites
All right. And to make anodes, what do we require other than rock hogue? Is there any Additional materials you need to add to

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
It? There are other materials which are smaller in quantities. For example, in there, there are some certain kind of pitch required, there are certain, as you, as you know, there are crucibles required and, uh, power. So overall, the number of raw materials required to manufacture anode is very limited.

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
And also, just if I can add to what Ankur is saying, this is the other thing what Ankur is talking about, are the basic anodes. But as we go forward, when we are working with our customers, and if we want to make the absolutely high-end anodes that go into drones, EV, other applications, then you have silicon-doped anode, graphene-doped anode. So we are actually working with our customers on things like this, which will completely change the entire scenario in terms of sales. So the idea is to, you know, while we sell the regular grade of anode, which will always, always be sold in large volumes, but if we can increase the sales of our specialized anodes, that will add to the top line significantly.

So there you'll be adding stuff like, uh, silicon and graphene, etc., which constant R&D is going on to and fro with all the customers for that.

Operator
Thank you. The next question is from Mr. Kaushal Sharma from Equinox Capital. Participants, please limit your questions to one. Mr. Kaushal, please go ahead.

Kaushal Sharma - Analyst, Equinox Capital
Hi sir, very good afternoon. Am I audible?

Operator
Yes.

Kaushal Sharma - Analyst, Equinox Capital
Yeah, yeah. So just want to understand your R+ side. Like you have said that you are, uh, under construction of 5 gigawatts. So what amount of CAPEX that we have involved in this, and when are we expecting to commercialize this facility, and what kind of revenue potential is there from this, and the unit economics in terms of IRR and EBITDA? Could you guide on that?

Puneet Anand - Group Chief Strategy Officer, HEG Advanced Materials Limited
Kaushal, we are not able to understand the question. Can you be clear, a bit clearer? Yeah, so my

Kaushal Sharma - Analyst, Equinox Capital
Question is on your R+ bath capacity that you are building, a 5 gigawatt additional facility. So could you Explain the unit economics in terms of EBITDA or the, uh, the IRR in this, uh, that we are going to, uh, make in this. And what amount of CAPEX has we put up in this as of now?

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
Yeah, so the total CAPEX which is put to expand the capacity from 1 to 6 gigawatts is Rs 250 crore. The EBITDA numbers, as it is a very highly competitive market So it remains in the range of, uh, say, uh, 10% plus minus 1-2% kind of. Uh, the third question, you talked about IRR. So the IRR business in RE+ because, say, it's a low CAPEX, high turnover ratio. So, uh, in that case, RE+ is having good IRR numbers on an overall basis.

Operator
Thank you. Uh, the next question is from Mr. Meet Bua. From Integrative Ventures. Please go ahead. Please limit your question to one.

Meet Bua - Analyst, Integrative Ventures
Yeah, yeah. Hi, am I audible?

Operator
Yes, sir, please.

Meet Bua - Analyst, Integrative Ventures
Yeah, so I, I have the question on crucible side. I just wanted to understand what portion of the raw material requirement is the crucible is, and the, the crucible that we are planning to sell outside, uh, what is the realization and margins on that?

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
Uh, see, the crucible raw material is basically, uh, when we graphite in our anode business. So in the anode, we have the graphiteization furnaces. So the packing media which is used in graphiteization, that ultimately becomes the raw material for crucible. So the raw material is available with us in a natural process of making anode. Secondly, realization- I mean, you can, you can connect with the numbers itself because realization The outside realization is very healthy because while we are talking about a 30-40% saving when we are, when we are using it internally, the realization outside again is about 30-40% at the EBITDA margin.

So the realization overall is, is very healthy in the crucible part.

Operator
Thank you. The next question is from Mr. Prakash as a retail investor. Please go ahead.

Unidentified Participant - Analyst
Hey, hi, good afternoon everyone. Um, so I have a question regarding, um, when you put all these things together, uh, how are we looking into the FY28 numbers in terms of the top line and margin? If you could give us some kind of indication, uh, across business line and the group together.

Neha Rajavanshi - Chief Financial Officer, HEG Advanced Materials Limited
So I'll take the steady-state numbers, which will be FY29-30 numbers. That will give me a more steady state Both in terms of my annual graphene and my RE+ numbers, which will be somewhere in the range of 7,500 to 8,000, 8,200 kind of revenue numbers. By EBITDA numbers, we talked about the percentages earlier, so the average EBITDA at the group level will remain to be in the range of 25% to 28%.

Operator
Thank you. The next question is from Mr. Ahmad Mada from Unifi Capital, please go ahead.

Unidentified Participant - Analyst
Yeah, thanks for the opportunity. Uh, firstly, just to understand the, uh, the power business, how much units one can assume annually from our 2 hydropower plants plus 1 wind plant? About 1,000 million units, is that fair to assume?

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
Yeah, you see, the normative level, normally we produce about, uh, 1 billion units every year from both the plants. But again, it depends upon the availability of the water and other factors. So it

depends on availability of water whether we can, we can produce more and less also. But on normative level, you can very well assume about 100 crore units every year. And out of 100 crore, 50% is going to the government of Himachal Pradesh free power. So balance is 80% is available for sale.

Unidentified Participant - Analyst
That's true. Okay, just quarterly sense, assuming the business is seasonal considering the water availability and skewed towards the first half in Q2, can you give some sense generally, not just a specific this year, but generally how is it distributed among 4 quarters? So 75-25%. Between the first half and second half,

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
We produce 75%, and the second half we produce 25%.

Unidentified Participant - Analyst
Understood. And I think obviously the spot pricing have been little favorable, at least in this financial year, for 6 months. So is it fair to assume depending on how the, uh, the spot prices trend, the, the profitability will be also in accordance with that?

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
Yeah, you see, the spot prices are dependent on so many factors in the country. As you know that we are selling in the exchange, Indian exchange market, and which deals with only 10% of the power of the total power consumed in this country. So it really depends on the monsoon, it depends on the availability of the coal in the thermal power plants. So these are the factors which are going to determine plus the demand of the power in the country overall. And what we have seen recently, the demand is going up and the supply is going down because of the non-availability of thermal power in the market.

And therefore the prices have gone up. And our belief is that this, this trend is going to continue for next couple of years, that's for sure. And I cannot say about more than 5 years or so, but for 5 years, next 5 years, we are projecting in the same range what we are selling today, the power is. And another thing is this, we have a, we have a reservoir for peaking power. So on normative level, we produce about 70% non-peak power and 30% peak power. So we are taking the advantage of peaking rates, which is right now going to the top of about Rs 10 or Rs 9 or something like that.

Unidentified Participant - Analyst
Understood. So sir, when we generally, we have been guiding the investors around Rs 300-350 crore EBITDA in the power business, that assumes far lower, maybe Rs 5, Rs 5.50 pricing compared to probably higher which you are getting today. Is that fair way to look at it?

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
Yes, you can see that because since we are operating in the merchant market, so we, we don't want to be very, very aggressive for next 5 years. So when we are projecting our number, we, we go with the reasonable number, of course on a conservative basis.

Unidentified Participant - Analyst
Understood, sir. So we had Rs 1,000 crore cash on books. I believe because we have now different entities, uh, have we been able to figure out the way to upstream the cash from one subsidiary to other subsidiary? Because the power businesses will have the cash accumulated and will be continue to generate incremental cash, but the other entities or the subsidiaries will need that cash flows. So have you been able to figure out a way to, uh, upstream the cash and then, uh, be distributed to our other businesses?

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
See, we are, we, we are working on this aspect. And as you know that recently we have acquired the 49% stake from Statecraft, and that has been funded by the 50% by the banking community and the 50% by our own company and family office. So there is a, there is a debt also on, you know, one of our subsidiary companies who has acquired the stake. So therefore, we are, we are working on it, and I would request Puneet to, to explain more on this.

Puneet Anand - Group Chief Strategy Officer, HEG Advanced Materials Limited
So, uh, so see, uh, we, we may evaluate all options how we can consolidate our entire power business altogether and how we have to utilize the money in the best possible way for the growth of the business. But, uh, give us, give us a few quarters, we'll update you.

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
We have something on the table, we are working on that.

Operator
Thank you, sir. We have next question from Mr. Arjun Ranjan. Please go ahead.

Unidentified Participant - Analyst
Hi, sir. Is there been a restatement in the power segment? Uh, and I just wanted to know the current PLF factor and revenue realization.

Ankur Khetan - Managing Director and CEO, TACC Limited, HEG Advanced Materials Limited
So the PLF factor that we've had is around

Kaushal Sharma - Analyst, Equinox Capital
The- PLF

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
Factor, we are working on 43 to 44%,

Kaushal Sharma - Analyst, Equinox Capital
Both the projects

Om Prakash Ajmera - Joint Managing Director and CEO, Hydro Business, HEG Advanced Materials Limited
Together. And the pricing, as you know, that we are operating in merchant market. Every day we are selling at a different price, but certainly this year our price is ranging Between 6 to 6.5.

Unidentified Participant - Analyst
Thank you,

Operator
Ladies and gentlemen. We will take this as a last question. I now hand the conference over to management for closing comments.

Riju Dhunjanwala - Chairman, Managing Director and CEO, HEG Advanced Materials Limited
So thank you everyone for joining us today and for your continued interest in, uh, HEG Advanced Materials Limited. We are building a differentiated platform across advanced materials, energy storage solutions, and green our assets while maintaining a very, very strong focus on disciplined execution and long-term value creation. We remain encouraged by the progress across our key growth initiatives and look forward to updating you on our journey in the quarters ahead. Overall summary, I mean, we are looking at a very healthy steady-state EBITDA, as Neha had mentioned.

The theme remains research to revenue. So we are spending a lot of time, money, effort on research, and ultimately it is all now coming back to us in the form of revenue in the next 2 or 3 years. And there is a lot of, uh, this thing, a good thing that we are seeing from the customer offtakes. Government incentive is something that we will be in a position to talk very soon. And that will form a very substantial portion that is, uh, added to our, uh, ROCEs, which we are talking about, uh, in all the different businesses.

In any case, more than 20%, 25%, etc. And, uh, when the government subsidies come, I think those should, uh, go ahead. Overall, thanks a lot for this call, the first call. We'd be happy to have any one-on-one meetings for anyone for further queries. Thank you. Uh, you can get in touch with Neha or the company secretary. And I would personally want to invite anyone on the call to visit our state-of-the-art R&D facilities where all this magic is happening, because I do believe seeing is believing.

Thank you once again and have a good day.

Operator
Thank you, sir. Thank you, participants. On behalf of 361 Capital Markets, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines. Thank you.