



HEG/SECTT/2022

22<sup>nd</sup> August, 2022

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

**Sub: Transcript of Earnings Conference Call on Q1 FY23 of HEG Limited**

Dear Sir/Madam,

Please refer to our Earnings Conference Call scheduled on 17<sup>th</sup> August, 2022 intimated vide our letter dated 15<sup>th</sup> August, 2022. 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.heg ltd.com.

This is for your kind information and records.

Yours faithfully,  
For HEG Limited

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

Encl: as above

**HEG LIMITED**

**Corporate Office:**

Bhilwara Towers, A-12, Sector-1  
Noida - 201 301 (NCR-Delhi), India  
Tel.: +91-120-4390300 (EPABX)  
Fax: +91-120-4277841  
GSTN No.: 09AAACH6184K2Z6  
Website: www.lnjbhilwara.com

**Regd. Office:**

Mandideep (Near Bhopal) Dist. Raissen - 462046  
(Madhya Pradesh), India  
Tel.: +91-7480-405500, 233524 to 233527  
Fax: +91-7480-233522  
GSTN No.: 23AAACH6184K1ZH  
Website: www.heg ltd.com





“HEG Limited Q1 FY23 Earnings Conference Call”

**August 17, 2022**



**MANAGEMENT:** **MR. MANISH GULATI – EXECUTIVE DIRECTOR, HEG LIMITED**  
**MR. GULSHAN KUMAR SAKHUJA – CFO, HEG LIMITED**

**MODERATOR:** **MR. NAVIN AGARWAL – HEAD INSTITUTIONAL EQUITIES, SKP SECURITIES LIMITED**



*HEG Limited  
August 17, 2022*

**Moderator:**

Ladies and gentlemen, good day and welcome to the HEG Limited Q1 FY23 earnings conference call hosted by SKP Securities Limited. As a reminder, all participants' 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 the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Navin Agarwal – Head Institutional Equities at SKP Securities Limited. Thank you and over to you, sir.

**Navin Agarwal:**

Good afternoon, ladies and gentlemen. It's my pleasure to welcome you on behalf of HEG Limited and SKP Securities to this financial results conference call. We have with us Mr. Manish Gulati – Executive Director along with Mr. Gulshan Kumar Sakhuja – CFO. We'll have the opening remarks from Mr. Gulati followed by a Q&A session. Thank you and over to you Manish ji.

**Manish Gulati:**

Good afternoon, friends, and welcome to our Q1 FY22-23 con call. Let me start with a disclaimer first. Before we proceed with this call, I would like to take this opportunity to remind everyone about the disclaimer related to this call. Today's discussion may be forward looking in nature based on management's current beliefs and expectations. It must be viewed in conjunction with the risk that our business faces that could cause future results, performance or achievements to differ significantly from what may be expressed in such forward-looking statements.

So, friends, in comparison with the last few quarter results, performance this quarter was the strongest in terms of all parameters, volumes, revenue, EBITDA and operating margins. Coming to steel as per the recent data released by World Steel Association, global crude steel production for January to June 22 was 949.9 million metric tons, down by 5.5% compared to 2021. Steel production ex-China was down by 4.2%, while Indian steel production increased by 8.8% compared to 2021. Chinese steel exports seem to be proceeding at the same level as past year 2021. In China, EF steel still constitutes around 11% to 12% of their steel production, up almost double of in 2016 and is expected to be 20% by 2025. This has to be seen in the backdrop where rest of the world produces around 47% of its steel through EF. Due to Russia Ukraine crisis causing steep prices, energy and electricity prices in EU and some other countries, supply chain disruptions and subdued steel demand global steel output has recently begun to fall. With steel production declining year on year in all major steel producing regions and inflated input costs impacting margins, the outlook for the rest of the year remains unclear. We have been participating in steel conferences in US for last several years, and we have seen increasing focus and serious efforts towards decarbonization in US. Steel industry contributes almost 8% of industrial pollution and last one is BOF route, emits four times more greenhouse gases compared to EF. Almost 20 million metric tons of EF capacities are already announced and under construction in US, some of which will start coming off steam from end 2022 onwards. Besides US, in Europe there have been announcements of conversion of steel capacities to the tune of 15 to 16 million metric tons from glass furnace route to EF route.



*HEG Limited  
August 17, 2022*

In the backdrop of decarbonization efforts in the steel industry at global level to reduce carbon emissions, we believe that the EF steel production in the world will continue to grow as the world keeps adding more and more electric arc furnaces in the immediate and foreseeable future. Thus, the demand for high quality electrodes is likely to keep increasing. Most of these would be large size furnaces using ultra high-power grade electrodes which we are fully equipped to cater to. The electrode prices improved for both UHP and non-UHP grades in Q1 FY22-23. However, the electrode prices have now stabilized and so have the needle coke prices.

The sales volumes might face some pressure in July to September and October to December quarter, due to order push backs from some customers due to decline in steel production. But we are upbeat that as soon as the steel production starts to grow, the demand for electrodes will come back, particularly when we see that electric arc furnace production will grow much faster.

Our expansion to increase capacity from 80,000 tons to 100,000 tons is going on with full steam and we are confident of completing it by end 2022 and be ready with commercial production from early 2023. This will increase our capacity to 100,000 tons under one roof, making us one of the most cost competitive graphite electrode plants in the World.

I would now hand over the floor to Mr. Gulshan Sakhuja, our CFO, to take you through all the financial numbers and then together we'll be very happy to answer any queries that you have, over to Mr. Sakhuja.

**Gulshan Kumar Sakhuja:** Thank you Manish ji. Good afternoon, friends. I will now briefly take you through the Company's operating and financial performance for the quarter ended 30<sup>th</sup> June 2022. For the quarter ended June 2022 HEG recorded revenue from operations of Rs. 722 crores as against Rs. 673 crores in the previous quarter and Rs. 414 crores in the corresponding quarter of the previous financial year. Revenue for the quarter saw an increase of 7% as compared to the previous quarter, while it witnessed an increase of 75% on a QoQ basis. Since turnover is a sector of both volume and prices, we are happy to inform you that the company has been able to achieve healthy growth in both aspects. During the quarter ended 30<sup>th</sup> June 2022, the company has delivered EBITDA including other income of Rs. 205 crores as against Rs. 174 crores in the previous quarter and Rs. 94 crores in the corresponding quarter of the previous financial year. The EBITDA for the quarter ended 30<sup>th</sup> June has increased vis-à-vis previous quarter and corresponding quarter of the previous year due to increase in both the sales quantity and price realization of graphite electrodes. The increase in employee benefit expenses over the previous quarter and corresponding quarter of the previous year is on account of annual increment in salary, incentive to employees and provisioning for the profit related commission payable to CMD and ED of the company under contractual terms of their appointment.

The increase in expenses pertaining to power and fuel is on account of higher production and the increase in the price of LNG furnace oil, et cetera. The reason for the increase in finance cost is on account of two factors. First, the RBI has revised the interest subvention from 3% to 2%.



*HEG Limited  
August 17, 2022*

2nd, there is an increase in the working capital requirement on account of increased sales and production which has led to the higher utilization of our working capital limits.

Further, the fall in other expenses as compared to previous quarter is because the company has incurred expenditure on account of CSR amounting to Rs. 19 crores during the quarter ended 31st March 2022, the corresponding amount for the current quarter is 0.61 crores.

The company recorded a net profit after tax of Rs. 134 crores in the first quarter of FY23 as against Rs. 113 crores in the previous quarter and Rs. 55.8 crores in the corresponding quarter of the previous financial year. I would also like to inform you that India Rating and Research have affirmed our long-term rating at AA- with a stable outlook and a short term at A1+. Expansion plan from 80K to 100K is going on a full swing and we expect the expansion project will be completed by December 2022 and ready with a commercial production by early 2023.

The company is a long-term debt free and has a treasury size of approximately Rs. 1,150 crores at cost as on 30th June 2022 yielding an average return of approximately 6% per annum.

Now we would now like to address any questions, queries you have in your mind. Thank you. friends, over to Navin.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question comes from the line of Dhaval Doshi from Pinpoint Asset Management. Please go ahead.

**Dhaval Doshi:**

I just wanted your views on the near-term demand and supply scenario for the industry. If you look at the cost structures in the global markets which is US and Europe, the costs have gone up significantly higher. Can we see some supply disruption arising out of it the way we've started seeing other commodities like aluminum and zinc? Can we see some plant closures just because the costs are not sustainable?

**Manish Gulati:**

To answer your question is that, yes in Europe the impact of higher electricity cost is felt the most. Today all these electric arc furnace-based steel companies are running at off peak hours because of which the production is slow. We can feel it because we have been receiving several requests to push back our orders. There is no problem in US as such. This is something which is unique only to the European block. For them, the electricity costs have gone up three times or four times. Some of the steel companies do have contracts with the utilities in which 50, 60, 70% of their power is covered, since this is not going to be something forever. Of course, there has to be timelines to that because not only steel industry, all industry in Europe is suffering on account of electricity cost. If you ask me, there's no closure, I've not heard of it that any electrode plant to close or something because on this account, however their costs have definitely gone up. Our peer group, I mean who operate plants in Europe, costs must have certainly gone up even if they are hedged for some portion of the electricity with the utility providers.



*HEG Limited  
August 17, 2022*

**Dhaval Doshi:** Okay, but does that kind of help us in terms of the overall electrode pricing, sir? Because either through supply tightness or through costs, essentially the prices have to start moving up, right?

**Manish Gulati:** Yes, that's true. See, the European plants, definitely the electrode plants must be facing higher electricity prices and definitely that provides some base for the electrode prices because they cannot go below a certain point. Otherwise, it becomes unviable for European plants. Anyway, I can't be commenting on their costs really.

**Dhaval Doshi:** In your discussions with the customers, are you seeing some kind of uptick in the overall pricing for our electrodes or that really is not the case?

**Manish Gulati:** For the time being, the European all these steel plants are pushing back their orders with us and with our competitors. Right now, it's not that situation about this pricing. The demand has to be there. Right now, there's pushback of electrodes. This pricing power will return later, but once the demand returns. Right now the price have stabilized at a point they are not falling as such, but they have stopped increasing, that has been the impact of these pushback of orders, some inventories there in Europe. Prices are not increasing, but they're not dropping either because as you said about the rise in energy costs, electricity costs, logistic costs, everything is going up still. It's still at an elevated level.

**Dhaval Doshi:** Okay, so alternatively, sir, how do you see the needle coke pricing given crude has started, correcting? Do we eventually start see that in our overall needle coke prices as well?

**Manish Gulati:** See the needle coke prices thankfully, for the last two quarters, our purchase prices have been at almost the same level. One odd supplier tried to raise prices but more or less you can say for these two quarters. Our purchase price for April to June and July to September for majority of our supplies are remaining the same. So, they're not increasing. That's a good part. Yes, it has some relationship with crude but still is more driven by demand and supply rather than the crude oil prices.

**Dhaval Doshi:** Can we expect some relief going ahead?

**Manish Gulati:** I'm not sure actually I will definitely accept some relief from their account, they know their economics they know what is the crude oil price, they know how much demand for their needle coke is there. Right now, the supply of needle coke is eased. There is no shortage as such, and I would really expect if they could provide some breather, but we are negotiating with them quarter by quarter and I'm sure they are also seeing the markets they are seeing the markets stabilizing or plateauing for a while. Maybe that's up to them. But so far there's no indication. So far the prices they've continued with the same prices for the last two quarters.

**Dhaval Doshi:** So, is it safe to say that there can be some near-term challenges as far as the operating environment is concerned before things actually start cooling down in terms of the overall energy cost in Europe and post which we can expect a good recovery?



*HEG Limited  
August 17, 2022*

**Manish Gulati:** That is exactly how I think. Let's see we are talking in the middle of August, so of course I know very well what is going to happen in this quarter. The volumes are subdued the price is stable for both electrodes as well as needle coke. Volumes just because of the order pushback from some predominantly from Europe and some other customers, there'll be lesser volumes expected in July to September and maybe the same, probably some of it to continue, same phenomena to continue for October to December, at least in HEG, I definitely expect things to turn around. The steel production has to turn around. We'll see how it behaves in the next one or two quarters. I think in this quarter in the middle of which we are already and the next which is very foreseeable, it seems the volumes will be subdued. See right now, April to June we were working at 92% capacity utilization. We could sell each and every ton we could make. We worked at record low inventory levels. Our closing inventory of 30th June was record low. I mean, it's not even workable inventory. So far so good. Starting July, we started receiving I think the impact of Russia Ukraine thing started to settle in and customers calling us every now and then to push back their orders by 2 months, 3 months that as we book 3 months to 6 months maximum at a time. That impact is being felt that some volumes are spilling over from this quarter to next, from next to next. So, our volumes are expected to be down in this quarter. Not drastically, but somewhat I would say, I can't still put a number on it because I'm still hoping to make it up. I still have 1.5 months to run. Maybe we can make it up, maybe we cannot, but they might be subdued with a stable price. The price the same as April to June quarter, but lesser volume is expected.

**Participant:** Thanks a lot, sir.

**Moderator:** Thank you. Next question comes from the line of Sonal Salgaonkar from Jefferies. Please go ahead.

**Sonal Salgaonkar:** My first question is what has been the capacity utilization in this quarter versus same quarter last year?

**Manish Gulati:** It was 92% for Q1 2022-2023 versus 85% year-on-year a few quarter and if you just compare it with the last quarter, January to March was 87%. So, our volumes of Q1 have been the most in the last 10-11-12 quarters. We have sold the highest volumes in Q1. Highest capacity utilization of 92%. That's probably the best we can do. We cannot go beyond it. It's very difficult to read the name plate capacity so 92% was our best ever capacity utilization April to June quarter.

**Sonal Salgaonkar:** Understand. Sir, and as of mid of August currently how much are we running at?

**Manish Gulati:** We continue to run at full blast, full level because, as I said, Sonal, we have record low level of inventory closing of 30th June. So, we really don't mind. We want to run full till we can for a couple of months even if sales are slightly lower, but because when the things turn around these



*HEG Limited  
August 17, 2022*

volumes will be required in the market. So, we'll continue to go full blast for the next three to four months.

**Sonal Salgaonkar:** So, we are planning at 90% capacity utilization even in the current quarter, right?

**Manish Gulati:** Yes, absolutely. We are making product where capacity will be utilized to 90%, for sure. 90%, you can imagine. Sales may not be as much, but 90% will be the plant's capacity utilization.

**Sonal Salgaonkar:** Understand. Sir, in terms of our export, now we export 70%, close to 70% of our top line. Could you broadly elaborate what is the country wise export mix and how much especially Europe is contributing in that?

**Manish Gulati:** See, we are its all total about 35 countries and it's very well diversified. Our main, if you say the main areas other than excluding India, of course, we are talking about, let's say US, and then followed by Middle East, followed by Europe, followed by Southeast Asia. And if you ask how much has our sales been in Europe, then I would say in 2021-2022 it was to the order of 10% or 11%.

**Sonal Salgaonkar:** Understand. Fair enough. Sir, you talked about inventory position being that record low levels for yourself as of the quarter ending June. Sir, how is it for the industry per se?

**Manish Gulati:** I think their inventory levels are higher than us. I think we had probably the lowest inventory level. But I also do not mean to say that they were significantly...

**Sonal Salgaonkar:** Sorry, sir.

**Manish Gulati:** No, that's fine, but I think I cannot have a peek into their plants. But I'm reasonably confident that our inventory levels were the lowest or one of the lowest. But all the industry has been working full, but I think we have been able to sell more in April to June resulting in low inventory levels closing 30th.

**Sonal Salgaonkar:** Understand. So, you would say industry inventory levels are probably optimal or normal, and we are below normal.

**Manish Gulati:** I think so. Again, this is my judgment. I cannot peek into our peers and make an estimate on what they must be carrying, but just by the market, what they have in the market and how they sell, I can have some idea.

**Sonal Salgaonkar:** I understand. Sir, now my next question is regarding price hikes. You did mention that there were price hikes in this quarter. Could you give us the quantum or the delta of price hikes in this quarter? In the quarter that went by Q1?





*HEG Limited  
August 17, 2022*

- Manish Gulati:** Yes, understood, ma'am. You can consider 3.5% to 4% price, the difference between the Q1 of 2023 and Q4 of 2022.
- Sonal Salgaonkar:** Understand. And this quarter largely up till now it's been stable.
- Manish Gulati:** It's going to be stable. I can see that because one and a half months has already gone and it's probably it's going to be stable. I mean, I'm talking overall global average.
- Sonal Salgaonkar:** Of course. Sir, cumulative, over the past four to five quarters how much do you think could be the price hikes? Because every quarter you have given the quantum of price hikes, and in the preceding quarters they were as high as 7% to 8% as well. So cumulative, do you think it is about 15% to 20% price hike over the past four quarters?
- Manish Gulati:** Past four quarters is going to be much more. If you compare the price level which we have in April to June with what we had in the April to June of 2021, it's going to be more than 50%. More than that. It depends upon the grade and markets, but anywhere, I mean, 50% odd...
- Gulshan Kumar Sakhuja:** It is more than 50%.
- Manish Gulati:** Its more than 50%.
- Sonal Salgaonkar:** Understand. Sir, also on the CAPEX bit you talked about commissioning, but I think your overall CAPEX is Rs. 12 billion. So, how much of that is already spent and how much are you planning to spend in the remainder of the year.
- Manish Gulati:** See, against that 1200 number, almost 900 has already been spent and 300 would be spent in, yes, all of it by March 2023.
- Sonal Salgaonkar:** Understand. Sir, in your opening remarks you talked about 15 to 16 million of EF capacities in Europe converting from BOF.
- Manish Gulati:** Sonal, from BOF to EAF, not otherwise.
- Sonal Salgaonkar:** Yes. So, by when do we expect that to happen?
- Manish Gulati:** See, the projections which they have because it's a big thing, blast furnaces to electric arc furnaces, all these steel making companies, I mean, we have heard public announcements of, let's say, the biggest steel company called Arcelor Mittal, they have blast furnaces in Spain, Belgium, Germany, France. So, what they are doing is these steel companies, they have made some targets to cut their carbon emissions and they want to be converting gradually and the timelines would be what they have mentioned is starting 2025 to 2030. So, there's a time frame for these 15-16 million metric tons which I said, and the 20 million metric tons which I said about US, they would be up to 25 or 26. From now, starting this year they'll start coming on



*HEG Limited  
August 17, 2022*

stream by end of 2022 and going up to 2025 or 2026. So, next three years, four years, we'll definitely see the arrival of this 20 million metric tons capacity on the ground. This we can see it happening. We know the companies were making it. We know the plants were coming up. And Europe is starting 24 or 25, and they want to do it by 2030.

**Sonal Salgaonkar:** Understand. Sir, last question from my side. Any update on the China electrode supply?

**Manish Gulati:** Not really anything different we can say what we have always said that we do not compete with them in the ultra-high power grid market. They have lots of capacity. There's no doubt about it. Their own electric arc furnace portion is only 11% to 12% which should go up to 20% soon, I mean, next 2-3 years. And the excess capacity of electrodes which they have will certainly some of it will get absorbed in the domestic market. They still continue to export lot of electrodes to a lot of countries in the world, but we do not have any head on that competition with them in the ultra-high power grid segment. And in the non-ultra-high-power grid the small size, it's okay, we do face some competition, but we have several customers in several countries who still prefer to use our electrodes.

**Sonal Salgaonkar:** Right. Sir sorry, just one more question if I may squeeze in. In terms of Europe exposure, you mentioned that 11% of your sales emanates from Europe. So, how much of your production emanates from Europe, if at all?

**Manish Gulati:** Our production? I didn't get this. You asked how much we sell in Europe, I said 11%.

**Sonal Salgaonkar:** In the sense, do you have any manufacturing facilities or planning to do that in Europe?

**Manish Gulati:** No Sonal, we do not have any manufacturing capacity other than this part in India.

**Sonal Salgaonkar:** Sure. Thank you very much, sir. Have a good day.

**Moderator:** Thank you. The next question comes from the line of Pranao Jain from HDFC Securities. Please go ahead.

**Pranao Jain:** Do you foresee any problem in selling our incremental volumes of 20,000 tons considering the situation in Europe? And how is the demand outlook going forward?

**Manish Gulati:** For the next two quarters which I said, the July to September in which we are and October to December, it looks subdued, but this is not something which is going to last forever. See, even the common man today has started feeling the impact of climate change. The seriousness towards that is only growing every day and the developed companies are becoming very-very serious about it and serious about it to the extent that they have actually started putting those electric arc furnace steel plants. This is one of the surest ways to reduce carbon emissions, putting up electric arc furnaces instead of glass furnaces. We have seen that happen in US. We have seen it happen in Europe and likewise this trend will continue. So, this is something which is irreversible. With



*HEG Limited  
August 17, 2022*

steel industry being one of the biggest polluters of the world I think the trend is going to be toward electric arc furnaces. So, the expansion, I would say it is a modest expansion of just 20,000 tons and it's only a matter of time, maybe it takes a year or so to get fully absorbed in the market. So, it all depends how soon things turn around. The long-term medium-and-long-term fundamentals of electric arc furnaces are unquestionable and robust, and they stay in place. The world is not going to go turn around and say, oh, let's go for blast furnaces. No, that's not going to happen. But yes, what you said is the demand outlook for these two quarters look difficult. Of course, they're all being precipitated by the Russia Ukraine thing. The sooner it gets over and economies get back on track, steel production will grow as the economies grow, out of which electric arc furnace will grow faster.

**Pranao Jain:** Okay, second question would be how much would be the incremental depreciation in quarter four of the financial year and Q1 of the next financial year? Like after the additional capacity expansion?

**Manish Gulati:** Yes, our CFO, Mr. Sakhuja will answer this question for you.

**Gulshan Kumar Sakhuja:** Yes, we are coming to the capitalization of 1200 crores in the next financial year, so considering that 4% to 5% average depreciation on that, so that is going to come around 10 crores to 12 crores per quarter of additional depreciation in the next financial year.

**Pranao Jain:** Okay, so this would be the added, 10-12 crores additional depreciation, right? Apart from the current. Okay, so just one more question. The share of associate in this quarter was around 25 crores versus 1 crore in Q4 of the last financial year. So, what is the reason behind such a big jump?

**Gulshan Kumar Sakhuja:** This is on account of that we are having a stake in Bhilwara Energy, and they are into this hydro power. So, out of 25.44 crores around 24 crores have come from only Bhilwara Energy. So, they have shown a very good profit in the first quarter, Bhilwara Energy Limited. We are having a stake of 49%.

**Pranao Jain:** Okay, so what is the outlook regarding these associates going forward considering we haven't got so much of share from these associates previously?

**Gulshan Kumar Sakhuja:** If I talk about Bhilwara Energy, the future looks bright and going forward the profitability ratios and all this profitability remain would be on our robust side.

**Pranao Jain:** Okay. Thank you so much, sir.

**Moderator:** Thank you. Next question comes from the line of Rajesh Agarwal from Moneyore. Please go ahead.

**Rajesh Agarwal:** How is the outlook in the US in terms of demand and supply?



*HEG Limited  
August 17, 2022*

**Manish Gulati:** Very good. US is, I would say, more resilient, if I may. But yes, the US steel production is doing good. The capacity utilization of steel companies there are in excess of 80% and it is 70% portion is through electric arc furnaces. Besides that, they are already putting new ones there which will start coming on stream from the end of this year. So, the outlook in US steel production as well as demand for electrodes is good.

**Rajesh Agarwal:** What is our percentage of supply to US?

**Manish Gulati:** If you want me to put a percentage on that, it is going to be around 13% maybe roughly. I'm just giving you a rough number, See, we are very well diversified that way. As I said, I mentioned about US, Europe, Middle East, Southeast Asia, so we are serving almost 35 countries and we are not dependent on any one country, whichever it is. So, our sales that way is very well spread out globally.

**Rajesh Agarwal:** Thank you, sir.

**Moderator:** Thank you. A reminder to all the participants that you may press '\*' and '1' to ask a question.

**Navin Agarwal:** Since there are no further questions, I would now like to hand over the conference back to Mr. Gulati for his closing remarks.

**Manish Gulati:** Thank you very much. Thank you, friends for listening to us. I will just close this by saying that we are very optimistic, or I would say upbeat about prospects of electric arc furnace industry, steel making. And we are a company which is making very good quality, ultra-high powered grade electrodes as good as anybody in the world makes and we are very cost competitive being a large plant on one roof, we are cost competitive also. And this year we are completing 50 years of company's existence. So, we are very optimistic about our company's prospects. Thank you very much and I look forward to talking to you again next quarter. Thank you very much.

**Moderator:** Thank you. On behalf of SKP Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.