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HEG/SECTT/2026 July 14, 2026

1	**BSE Limited** P J Towers Dalal Street MUMBAI - 400 001. **Scrip Code : 509631**	2	**National Stock Exchange of India Limited** Exchange Plaza, 5th Floor Plot No.C/1, G Block, Bandra - Kurla Complex Bandra (E), MUMBAI - 400 051. **Scrip Code : HEG**

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Rating Assigned to Wholly Owned Subsidiary for its Bank Loan Facilities

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that India Ratings and Research (Ind-Ra) has assigned a credit rating to the bank loan facilities of our wholly owned subsidiary, TACC Limited. The assigned rating is 'IND A-' with Outlook Stable, as detailed in the attached rating rationale.

This is for your information and record.

Thanking you,

Yours faithfully,
For **HEG Limited**

HEG LIMITED LNJ NOIDA

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Encl: as above

India Ratings Assigns TACC's Bank Loan Facilities 'IND A-'; Outlook Stable

Jul 14, 2026 | TACC Limited | Other Industrial Products

India Ratings and Research (Ind-Ra) has rated TACC Limited's bank loan facilities as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	RBI	-	-	-	12,300	IND A-/Stable/IND A1	Assigned

Analytical Approach

Ind-Ra has assessed the standalone profile of TACC while factoring in support from its 100% parent company - HEG Ltd ('IND AA-'/Rating Watch with Developing Implications, post amalgamation and implementation of the scheme of arrangement - HEG Greentech), while assigning the ratings, given the strong legal, operational, and strategic linkages between TACC and HEG (post demerger, HEG Greentech).

Detailed Rationale of the Rating Action

The ratings reflect TACC's strong parentage, with HEG/HEG Greentech demonstrating significant strategic intent and financial commitment through equity infusion, quasi-equity support, and guarantees for the project debt. Ind-Ra believes TACC will be integral to the LNJ Bhilwara group's long-term strategy of building an integrated energy transition platform, HEG Greentech. HEG's established track record in high-temperature graphitisation, backed by decades of experience in graphite electrode manufacturing, provides comfort with respect to process understanding, raw material sourcing, and operational execution, partially mitigating technology risks. Ind-Ra expects the parent and the group to continue extending need-based financial and operational backing to TACC's project.

The demand outlook for synthetic graphite anode material remains favourable, driven by policy-led domestic capacity expansion, import substitution opportunities due to limited local manufacturing, and export potential under the China Plus One strategy. This is expected to support revenue visibility and healthy EBITDA margins for the project. The project further benefits from comfortable funding visibility, a structured debt profile with a moratorium period, and adequate debt protection mechanisms.

However, the ratings are constrained by project execution, technology, and stabilisation risks, given the greenfield nature of the project and the complexity of the graphitisation process, which requires consistent quality and precision. The EBITDA profile would remain sensitive to synthetic anode product realisations, raw material price volatility, and the ramp up of capacity utilisation. Additionally, Ind-Ra expects the operations to remain working capital-intensive due to import dependency, graphitisation processing cycles, and an extended inventory holding period.

Timely project execution, successful stabilisation, customer qualification, and efficient working capital management will remain key rating monitorables.

List of Key Rating Drivers

Strengths
- Strong parental support
- Favourable demand outlook supported by policy push and import substitution opportunities
- Comfortable funding visibility for project with strong financial flexibility
- Revenue and EBITDA profile supported by export-led demand; although realisation and capacity utilisation risks persist

Weaknesses
- Exposure to raw material price fluctuations and import dependency
- Project execution, technology and stabilisation risks
- Operations likely to be working capital-intensive

Detailed Description of Key Rating Drivers

Strong Parental Support: The rating factors in the strong parental support from HEG (post amalgamation and implementation of the scheme of arrangement - HEG Greentech), given TACC's strategic importance for the LNJ Bhilwara group's energy transition platform strategy. TACC has been incorporated for setting up the manufacturing facility for lithium-ion battery-grade synthetic graphite anode material with a capacity of 20,000 tonnes per annum (TPA) at Sirsoda Industrial Area in Dewas, Madhya Pradesh. The estimated project cost of INR18,927 million is proposed to be funded at a debt-to-equity ratio of 65:35. The present parent, HEG, has fully guaranteed TACC's sanctioned term loan of INR12,030 million, extended INR4,000 million of optionally convertible debentures (OCDs) at a nominal 0.01% coupon rate for 10 years and infused equity amounting INR1,600 million as of end-March 2026. The total project funding required from the sponsor is estimated at around INR6,620 million, of which 88% has been infused till end-March 2026. Furthermore, the presence of HEG's managing director and chief executive officer on TACC's board reflects strong managerial oversight and strategic alignment.

The primary business of HEG is manufacturing graphite electrodes and has a 100,000-tonnes-per-annum graphite electrode manufacturing capacity in Madhya Pradesh. Pursuant to the board approval on 10 March 2025 of the modified scheme of arrangement among HEG, Bhilwara Energy Ltd ('IND A+'/Rating Watch with Developing Implications) and HEG Graphite Limited, Bhilwara Energy (held 42.06% by promoters and promoter entities, and 40.43% by HEG at end-March 2026) will be merged into HEG to form HEG Greentech. The promoters are likely to hold around 60% of HEG Greentech, with the remaining shares held by public shareholders and investors.

Ind-Ra believes that TACC's operations will be integral for HEG and post the amalgamation exercise, the ultimate entity, HEG Greentech to create an integrated energy transition platform. By leveraging HEG's decades of experience in graphite technology, the LNJ Bhilwara group is now setting up this venture for the manufacturing of synthetic graphite for anode material used in lithium-ion batteries to address the growing demand for batteries for electric vehicles (EVs) and battery energy storage systems amid the government's emphasis on promoting local battery manufacturing. The proposed amalgamation aims to develop an integrated energy transition platform with a strong focus on scaling its advanced battery materials segment. Ind-Ra, therefore, views TACC as strategically important in furthering the group's plans to expand in the EV and energy storage value chains, and establish itself as an integrated energy transition platform. Ind-Ra expects the parent and the group to continue extending need-based financial and operational support to TACC.

Favourable Demand Outlook Supported by Policy-Led Import Substitution and Export Opportunities: The demand outlook for synthetic graphite anode material remains favourable, supported by structural growth in the domestic lithium-ion battery ecosystem and policy-driven localisation initiatives. Ind-Ra believes the government of India's Production-Linked Incentive scheme for advanced chemistry cells (ACC), with a target of 50GWh capacity, will drive significant capacity additions and enhance domestic value addition, thereby supporting demand for anode materials. Furthermore, with an additional 178GWh of battery capacity announced by multiple players, demand visibility remains strong over the medium term.

Given the requirement of about 1 tonne of anode material per MWh of battery capacity, the announced pipeline translates into an estimated 1,78,000 TPA of anode demand. However, domestic production remains limited, resulting in continued reliance on imports, primarily from China, thereby providing a significant import substitution opportunity for domestic manufacturers. Additionally, Ind-Ra expects global supply chain diversification under the China Plus One strategy to support export opportunities. As per management, TACC has ongoing engagements with global and domestic cell, and original equipment manufacturers, and is in discussions for long-term offtake agreements, with demand visibility for complete 20,000TPA capacity in the near term.

Ind-Ra believes that graphite will remain the dominant anode material across major battery chemistries, thereby supporting sustained demand over the medium-to-long term. However, the extent of demand realisation will be contingent upon manufacturers' ability to achieve cost competitiveness and maintain consistent product quality, which will remain key differentiating factors.

Comfortable Funding Visibility for Project with Strong Financial Flexibility: The project cost of INR18,927 million is funded in a 65:35 debt-equity mix. The financial closure has been achieved for a INR12,300 million term loan. The balance promoter contribution of INR6,627 million is being infused through a mix of equity and OCDs/compulsory convertible debentures, with strong promoter support from HEG/HEG Greentech. Based on the Treatment and Notching of Hybrids in Non-financial Corporates and Investment Trusts Criteria, the agency has given 100% equity treatment to the OCDs. As per management, despite forex-related capex increase for importing machinery, overall costs remain controlled. Ind-Ra believes even in case of likely cost escalations in the final project cost incurred, the financial flexibility due to parentage provides comfort for meeting potential cost overruns. Further, the company plans to augment the capacity of the plant in the medium term; however, as per management, the definite funding and execution plans are still at a nascent stage, and hence, not factored into the ratings.

The term loan has a tenor of about 12 years (including one and a half years of construction, one-year moratorium and nine and a half years of repayment), coupled with a debt service reserve account (DSRA), equivalent to one quarter of debt obligations and defined cash sweep mechanisms. The ratings factor in the adequate debt protection mechanisms embedded in TACC's sanctioned term loan. The structure is supported by strong sponsor undertakings from HEG/HEG Greentech to fund any project cost overruns, meet debt servicing shortfalls, and ensure timely creation of security. The term loan has a one-year moratorium, thereby providing adequate time for ramp-up and stabilisation of operations. Further, a cash sweep is triggered if the debt service coverage ratio (DSCR) exceeds 1.2x, wherein 100% of the surplus cash is utilised towards prepayment. The sponsor guarantees, DSRA and adequate parental liquidity provide comfort on funding and debt servicing for the project.

Revenue and EBITDA Supported by Export-Led Demand; Although Realisation and Capacity Utilisation Risks Persist: Management expects TACC's revenue visibility to be supported by export-led sales in the initial years of operations, benefiting from the China Plus One opportunity and favourable tariff structures in key markets such as the U.S. Ind-Ra believes this is likely to support healthy gross margins and EBITDA margins of around 55% and 30%, respectively, with the project remaining comfortable for debt servicing even at EBITDA margins of about 20% over the loan tenure. However, the credit profile remains sensitive to synthetic anode product realisations, capacity utilisation levels, and raw material cost movements, with any adverse deviation potentially moderating profitability and debt service coverage. While state incentives on capex reimbursement provide potential upside, these have not been factored into Ind-Ra's base case and remain contingent upon eligibility and timely receipt.

Exposure to Raw Material Price Fluctuations and Import Dependency: Ind-Ra notes that the project's raw material requirement is characterised by adequate availability of key inputs, albeit with price and sourcing risks. The production of synthetic graphite is dependent on critical inputs such as green pet coke and calcined petroleum coke, with significant consumption intensity. While calcined petroleum coke and coating pitch are available from established domestic and global suppliers, anode-grade low-sulphur green pet coke is largely import-dependent, exposing the company to supply chain and forex risks. However, the company benefits from existing sourcing relationships of the group due to decades of presence in the graphite electrodes business. The company is likely to follow a multi-supplier procurement strategy across geographies, which supports supply security and mitigates concentration risk. However, raw material prices remain linked to crude oil derivatives, resulting in inherent volatility. Ind-Ra believes the EBITDA profile is likely to remain sensitive to input price fluctuations, foreign exchange movements and logistics costs; although partial pass-through ability provides some mitigation.

Project Execution, Technology and Stabilisation Risks: TACC remains exposed to project execution risks, given the greenfield nature of the project and its reliance on timely completion of construction, equipment installation and commissioning. Any delays in execution could lead to cost overruns and defer the commencement of revenue generation, thereby impacting projected cash flows.

Ind-Ra believes the project faces moderate technology and stabilisation risks, as synthetic graphite anode manufacturing, while established globally, is still at a nascent stage in the domestic market. The manufacturing process is complex and involves high-temperature graphitisation, where even minor deviations can materially affect product quality and consistency. The dependence on imported technology, and OEM support for installation and initial stabilisation further elevates risks during the ramp-up phase.

While the promoter's experience in graphite electrodes provides some comfort, battery-grade anode production requires higher precision and consistency standards. The absence of an established operating track record in this segment may also pose challenges in achieving targeted capacity utilisation and successful customer qualification. Furthermore, evolving battery chemistries necessitate continuous technological adaptability.

Consequently, timely project execution, smooth stabilisation of operations, and successful customer approvals will remain critical monitorables for achieving the envisaged operational and financial performance.

Operations Likely to be Working Capital-Intensive: Ind-Ra expects TACC's operations to be working capital-intensive, driven by its import-dependent raw material sourcing, extended inventory holding requirements due to 30-45 days of graphitisation period for a batch of process, and likely credit terms extended to customers. The company is likely to procure raw materials through letters of credit or advances, with lead times necessitating inventory holding of four-to-six months, including raw materials, work-in-progress, and finished goods. Furthermore, Ind-Ra expects the receivable cycle of two-to-three months, partially offset by creditor periods of two-to-three months. Consequently, Ind-Ra expects the net working capital-to-revenue ratio to range between 25% and 30% post the commencement of operations. Any higher-than-expected working capital cycle would lead to higher working capital borrowings and exert pressure on the credit metrics, and therefore, would remain key monitorables.

Liquidity

Adequate: Ind-Ra estimates the average DSCR for the project to be comfortable at around 1.6x. The presence of DSCR-linked cash-trap mechanisms and adequate liquidity buffers are likely to provide protection against temporary cash flow stresses. As per Ind-Ra's base case, the project's cash flows are assessed to be adequate to meet its debt obligations. During the initial years of operations, TACC benefits from relatively lower scheduled debt repayments, amounting to INR677 million in FY29 and INR1,044 million in FY30. This structure is likely to ease the repayment burden during the early stabilisation phase of operations.

The debt structure includes a requirement to create a DSRA equivalent to one quarter of principal and interest obligations, to be established within one year of the commencement of repayments. The DSRA provides an additional liquidity cushion in the event of any temporary cash flow mismatch. Furthermore, Ind-Ra expects TACC's liquidity to remain supported by HEG/HEG Greentech in case of any cash flow mismatch.

Rating Sensitivities

Positive: Commissioning of the under-construction synthetic anode project within time and cost estimates, along with operating and financial performance in line with Ind-Ra's base case estimates, could lead to a positive rating action.

Negative: A weakening in the support and linkages with the promoter entity, and/or significant cost and time overruns resulting in delays in achieving the scheduled commercial operations date, impacting the credit metrics and liquidity profile, could result in a negative rating action.

Any Other Information

Not applicable

About the Company

TACC was incorporated on 26 December 2022 as a wholly owned subsidiary of HEG for setting up the synthetic anode manufacturing project at Sirsoda Industrial Area in Dewas, Madhya Pradesh. The project envisages an installed capacity of 20,000 TPA of lithium-ion battery-grade synthetic graphite anode material, with the commercial operations likely to commence from April 2027.

Key Financial Indicators

The financial summary is not available as the project is under construction.

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook		
	Rating Type	Rated Limits (million)	Current Rating
Bank loan facilities	Long-term/Short-term	INR12,300	IND A-/Stable/IND A1

Bank wise Facilities Details

The details are as reported by the issuer as on (14 Jul 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	State Bank of India	Capex Letter of credit (Sublimit of Term loan)	4500	IND A-/Stable / IND A1
2	State Bank of India	Term loan	12300	IND A-/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

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Evaluating Corporate Governance

Corporate Rating Methodology

Treatment and Notching of Hybrids in Nonfinancial Corporates

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

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