

Transcript of 49th Annual General Meeting of HEG Limited held on Wednesday, 28th July, 2021

Company Secretary: Vivek Chaudhary

Vivek Chaudhary: Good Morning Dear shareholders. I Vivek Chaudhary, Company Secretary of HEG Limited, participating from Noida, welcome you all to this 49th Annual General Meeting of the Company. We have to inform you that around 70 shareholders have joined as of now. As you are aware that in view of continuing COVID-19 pandemic and pursuant to MCA & SEBI circulars, the AGM is being held through VC/OAVM facility provided by NSDL without the physical presence of the Members at the venue. The venue of the AGM shall be deemed to be the Registered Office of the Company at Mandideep (Near Bhopal), Distt. Raisen – 462 046, Madhya Pradesh. Now I request all the Directors, Group CFO, CFO, Statutory Auditors & Secretarial Auditors to say their name & place from where they are participating. Over to our Chairman Shri Ravi Jhunjunwala Ji.

Ravi Jhunjunwala: Good Morning everyone. I am Ravi Jhunjunwala, Chairman, Managing Director and CEO, Member of Stakeholder Relationship Committee and Chairman, CSR Committee of the Company. I am participating from New Delhi. I now request everybody, all the other Directors to mention their name and from where they are joining.

Ramni Nirula: Good Morning everyone. I am Ramni Nirula, joining this AGM from my residence in Delhi.

Dr. Kamal Gupta: I am Kamal Gupta joining from my residence at Noida.

Vinita Singhania: Good Morning this is Vinita Singhania, Director and Member of the CSR Committee participating from Delhi. Thank you.

Shekhar Agarwal: I am Shekhar Aggrwal, joining from Noida.

Jayant Davar: My name is Jayant Davar, Independent Director, joining from Mumbai.

Satish Chand Mehta: I am Satish Chand Mehta. I am an Independent Director, Chairman of the Audit Committee and Member of the CSR committee. I am joining the meeting from Jaipur. Thank you.

Dr. O.P. Bahl: Good morning everybody. This is Dr. O. P. Bahl, Independent Director of the Company and Member of the Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee and also authorized by the Chairman of the Committee to be here in the AGM. I am participating at the AGM from my home in Mukteshwar in Uttarakhand. Thank you.

Manish Gulati: I am Manish Gulati, Executive Director of the Company and I am participating from our plant in Mandideep, near Bhopal.

Vivek Chaudhary: Group CFO, Shri O.P Ajmera Ji.

O.P. Ajmera: I am O.P Ajmera. I am joining from Noida office.

Vivek Chaudhary: CFO, Shri Gulshan Kumar Sakhuja

Gulshan Kumar Sakhuja: I am Gulshan Kumar Sakhuja, CFO of the Company and participating from Bhopal.

Sanjiv Mohan: I am Sanjeev Mohan, representing SCV & Co. LLP, Statutory Auditorsof the Company and I am participating in the meeting from Ludhiana.

Vivek Chaudhary: Shri Saket Sharma, Secretarial Auditor & Scrutinizer.

Saket Sharma: Good Morning everyone. I am Saket Sharma, representing GSK & Associates. I am Secretarial Auditor of the Company, as well as a scrutinizer for this Annual General Meeting. Thank you.

Vivek Chaudhary: Thank you all the panelists for brief introduction.

In compliance of the provisions of the Company's Act 2013, Secretarial Standard -n2 and SEBI (LODR) Regulation 2015, the remote e-voting facility was provided by the Company starting from **Saturday 24th July 2021 at 9:00 AM and ended on Tuesday 27th July 2021 at 5:00 PM.** The Company is also providing an e-voting facility during the proceedings of AGM to enable members to cast their votes who have not done through remote e-voting. Members may note that all the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection during the Annual General Meeting. The Register of Directors and Key Managerial Personnel and their Shareholding

maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection during the AGM.

Members may note that pursuant to provisions of Articles of Association of the Company, Shri Ravi Jhunjunwala, Chairperson of the Board shall preside as Chairperson at every general meeting of the Company. Now, I request our Chairman of Board to kindly Chair the proceedings of the Meeting. Over to Shri Ravi Jhunjunwala ji.

Ravi Jhunjunwala: Thank you Vivek. Good Morning Ladies and Gentlemen. A very warm welcome to everyone present today at the 49th Annual General Meeting of your Company. I hope you and your loved ones are all well and safe during this trying period of the Covid-19 pandemic. Since the requisite quorum is there, I declare the meeting as open. I, Ravi Jhunjunwala, Chairman, Managing Director & CEO of the Company is interested in item No.5 of the notice. Therefore, I would request Dr O.P. Bahl, Independent Director of the Company to take the chair with the permission of all the members present when this item will be taken up later. Friends, I trust you are all well and safe.

As I ink this statement, the second wave of the Covid-19 pandemic has ebbed leaving behind a trail of pain and suffering. My heart goes out to all the families who have been impacted by this health emergency.

The year that was

FY21 started on a dismal note as India stepped into a lockdown. But soon India bounced back with considerable momentum. Steel demand witnessed traction as did steel prices which shot up in the second half of the year. India ended on a high note which was considerably heart-warming.

From HEG's perspective, the year was challenging. The abruptness in the operating ecosystem caught every player in the industry off-guard.

On the one hand we had to contend with reduced demand owing to a slowdown in economic activity across the world.

On the other we needed to minimise losses. Graphite electrode prices dropped sharply even as most graphite electrode manufacturers remained saddled with highcost raw material inventory created in anticipation of healthy demand for graphite electrode.

Our financials is a replication of this reality... we ended FY21 with a 42% drop in Revenue from Operations and a Net Loss of Rs. 25.30 crore.

I am not overtly concerned about these numbers because there is a positive undercurrent that gives me optimism for the future. We reported the highest capacity utilisation among our peer group. It suggests that we have sustained our competitive edge in the global marketplace leading to a growing acceptance of our graphite electrodes.

The year that could be

FY22 appears to be positive. My optimism stems from two important realities.

Lag effect: We witnessed a strong uptick in the fortunes of the steel industry (demand and prices upped) towards the close of FY21. It should cascade into increased graphite electrode volumes and improved realisation in FY22. This is because the graphite electrode industry generally lags demand recovery in the steel industry due to its position in the steel producers supply chain. Moreover, we have exhausted our high-cost needle coke inventory in FY21. This should improve business profitability.

Growth impact: The steel industry should report healthy growth in CY22 assuming that the global GDP will grow by about 3% in CY22 (as per IMF estimates). The steel growth being closely linked to GDP growth mirrors this number.

With the operational graphite electrode capacity delicately balanced between demand and supply, the additional demand should improve the prospects of the graphite electrode industry in FY22.

Over the medium-term

A global research house suggests that China aspires to achieve net-zero carbon emissions by 2060. This would require it to reduce/shut operations of high carbon emitting sectors. Steel, in all likelihood, could feature in this list.

There appears to be substance in this aspiration as Chinese Authorities have recently ordered cuts at some of its steel-producing hubs. They estimate steel mills there will cut production by 20% to 30% in 2021. This could buoy the prospects for the global steel industry, especially the EAF steel sector (a considerably lesser polluting route for manufacturing steel). These developments augur well for the graphite electrode sector, and us.

The immediate challenge

The more intense and aggressive second wave of Covid-19 significantly disrupted the progress of India and the confidence of our fellow Indians. Thankfully, the pandemic curve has been flattened largely owing to all the brave hearts who have fought this battle. We at HEG, salute them for their courage, passion and perseverance in helping the fellow Indian.

While this health emergency will impact economic progress in the first quarter of FY22, a resilient India is sure to rebound with speed. Going forward, I believe things will only get better.

In closing

HEG appears perfectly positioned to capitalise on emerging opportunities effectively

- Our liquidity strength, a deleveraged organisation and a gross cash pool of Rs.1521 crore as on March 31, 2021 provide strength to overcome adversities.
- Our people's 'will do' attitude enables the Company to surge ahead against all challenges.
- Our additional brownfield capacity of 20,000 TPA will be commissioned by early 2023. With no other new graphite electrode capacity on the anvil, we should be able to service a larger share of the additional demand.

While we refrain from making any predictions or estimates for the coming years, we are preparing ourselves for every eventuality.

Before I end, I would like to thank the entire HEG team who, once again, have braved through the raging pandemic to meet customer commitments.

I also thank the Board for their continued guidance in charting the Company's blueprint. My thanks to our other stakeholders, who continue to be our partners in growth. I also place on record my sincere appreciation to all our shareholders for their continued confidence and support.

Vivek Chaudhary: Thankyou sir.

Ravi Jhunjunwala: Notice of AGM dated 27th May, 2021, Report of Board of Directors and the Financial Statements for the financial year

2020-21 are taken as read as the same had already been sent to the Members. There were no qualifications in the Auditor's Report and the report of Secretarial Auditor of the Company and accordingly they were not required to be read. The Company has received requests from few members to register them as speakers at the meeting. Accordingly, the floor is open for these members to ask questions or express their views. Members can also post their views or questions through the chat box facility. If any Member face any technical issue, kindly contact helpline numbers of NSDL as provided in the Notice of AGM. Members are requested to keep their questions brief and specific.

The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

I would like to highlight to the speakers that when I take your name, your mike will be opened by the moderator of this meeting. You will have to also unmute mike from your end and express your views or ask questions.

I now invite Shri Manoj Kumar Gupta (DPID/CLID: 1201090004657156) who has registered himself as a speaker to express his views and ask questions. We will wait for 1 minute, then we will move to next speaker.

Manoj Kumar Gupta: Hello, Good Morning. Respected Chairman, can you hear me?

Ravi Jhunjunwala: Yes, we can hear you. Please go ahead.

Manoj Kumar Gupta: Good Morning. Respected Chairman, Board of Directors, fellow shareholders. Last year we missed you. You were sick in the last AGM and you could not attend the AGM. We also wish that our every Director should be safe and have prosperous long life. I am very happy to see Vinita ji in our Board because being a shareholder of all JK companies, I also wish for her a prosperous, safe, and long life because I am a great admirer of JK group and I have great respect to her and Raghupati ji, because they are very kind. I will not say a single word on CSR. Sir, first your market cap today, as we take the share price of today, near about 2000, about 2250, the market cap is near about Rs. 8,600 Cr. Your capital is Rs. 36 Cr. and reserve is more than Rs. 3400 Cr. and you have issued the last bonus in 1994 in the ratio of 1:1. So what is your view sir? Next year you will celebrate 50 years. So, how will you reward to investors and employees on the eve of 50 years, Golden Jubilee year?

How will you reward first to employees and then investors because employees are the backbone of the company? If they will get reward so they will remember that our promoter has given something to employees. Then you reward to the investors. So, what is your view in this regard to how you will celebrate 50 years and Sir your nearest competitor is Graphite India. They had split their share 10 years back from 1 to 5 of Rs. 2. Have you any plan to split the shares to increase the liquidity in the market, to attract the small investors. If you split the shares, the liquidity will increase the investors will increase and market cap will also increase. So think about that in your next Board meeting and Sir how much your order book as on today and what impact has come through Covid-19 on our Company. Also, unpaid dividend before sending that dividend to the central government because now the law has changed from 2013 and this government has also changed, our previous finance minister has changed that law that if the shareholder will not claim the dividend from the Company, all equity will be transferred to the Investor Education and Protection Fund. So you can do one thing, you can put your investors' claim on your website, whenever your investor will open your website if they find their name they can claim the dividend from the company. Sir, we are proud on LNJ group. I am shareholder of LNJ group and Sir think about to come in Eastern region and Northeast as this region is also growing. Think about that and sir I am very sorry to inform you one thing that I have sent some shares to your registrar MCS Share Transfer Agents Limited for deletion of my father's name after he expired. But I have still not got the shares. After deletion, they had sent the shares to investor education protection fund. I had submitted my all shares with death certificate of my father and with my Aadhar card, PAN card all formalities. But they did not return by shares after deletion of the name of my late father. But they transferred those shares to the Investor Education and Protection Fund. Look into this matter that shareholder should not suffer in this manner under your leadership in future. Once again I request you to come to this region. Thankyou Sir.

Ravi Jhunjunwala: Thankyou Manoj Ji, good that you reminded us that we are finishing our 50th year and I am sure we will keep all that in mind and we will keep each one of you happy. Coming to the bonus, your data is absolutely correct but if you remember, last year we had gone for a fairly large buy back and the buyback was done at a very very attractive price. So that gave a fairly large return when the share prices are already very high. On the splitting of shares, we have considered this a couple of times, but again since you have reminded me, let us go through this once again. In the past when we had thought about this. We were given advice that it makes no difference except adding number of shareholders, it doesn't add

to any other aspect. On not getting the shares, I am sure our Company Secretary Vivek is hearing this and since you have reminded all of us in front of the Board, we will go through this very quickly and I am sure within the next 3-4 days you will hear from us. If there is a technical issue, we will have to sort it out with you. Vivek will get in touch with you.

Vivek Chaudhary: Yes

Ravi Jhunjhunwala: I now invite Shri Krishan Lal Chadha/ Chetan Chadha, DPID/ CLID number 1201410000010073, who has registered himself as a speaker to register his views and ask questions. We will wait for 1 minute and then we will move to the next speaker.

Krishan Lal Chadha: Thankyou Sir. Can you hear me Sir?

Ravi Jhunjhunwala: Yes we can hear you.

Krishan Lal Chadha: Thank you for giving me the opportunity on this portal. First of all, I am really thankyou to the CS department who has given me the opportunity to join with you. Sir I am joining from my home at New Delhi. Sir this a good portal. *I think mai managment se request karna chahta hoon ki agar aane wale time mein wo AGM ko physical manner mein karte hai, uske baawjood bhi wo AGM ko iss manner mein jaror join karwayein shareholder ko, taaki wo kisi bhi state se aap logon ke saath join karne ke liye samarth ho sake. Is baat ke liye board ko consider karne ki zaroorat hai.* Second thing, this is our 49th Annual General Meeting. *Sir mai Board se iss baat ke liye bhi request karna chahta hoon ki jab wo annual report banate hai to uske andar issey front page pe mention jaroor karein, chahe side by side ki this is our 49th annual general meeting and next year is 50th AGM. Ki management ko aur sabhi shareholders ko ye appropriate pata lag sake ki hum log pachaswi apni anniversary banane ki taraf ...apni golden jubilee banane ki taraf hum agrasar hain aur usko aagey hum join karne ja rahe hain. Sir ek mai suggestion Board ko ye dena chahta hoon ki jo humare Board of Directors hain, jis tarike se hum annual report mein aapki picture ko consider karte hai aur aapki detail ko, aapke views ko share karte hai. Board of Directors ki pictures with the joining date ke saath unhein aapke page ke baad ek page laga ke join karvaya ja sakta hai, taaki sabhi shareholder bhaiyon ko ye bhi pata lag sake ki humari comapny ke jo board members hai unke baare mein jaanne ka mauka mil sakta hai humein.* Sir our team size is of 842 members only. Our share prize is after the buyback is going so much down because the profitability of our size. In this year, we have chased the top 10 major companies, but our book

value is Rs 881. Our EPS is going so much down, last year it is Rs. 13.83 to Rs. 6.53 in the minus. Our profitability is going down, what is the rationale? Is this the impact of the Covid or it is the demand of the market. *Humne jo foreign currencies ke upar iss saal jo kaam kiya hai wo I think last year ke accordingly 15% he sirf kaam kar paaye hain, ya unse jo currency dilude karwa paaye hain, ya usko encash kar paaye hain wo bhi sirf 15% he kar paaye hai. 85% jo hum nahi kar paaye hai ka uska major reason bhi Covid raha hai ya uske peechey bhi market ki volatile impact raha hai? Jo dividend ka payout hai wo hum aaj ki date mein 2016 ke regarding valuable ke baraabar khade ho chuke hain. Jo 2016-17 mein hum shareholder ko dividend nahi de paaye they to think we are going to the backward of last 5 years. 2020-21 mein hum wahi stand kar rahi hain jahan hum 2016-17 mein stand kar rahe the. Sir humari jo net profit ki hum baat karte hain jo 2018-19 mein humara Rs.3050 Cr ka aaya tha, tab humne us Rs. 3050 Cr mein se buy back li thi Rs. 750 Cr. Uske baad jo humare paas cash valuable carry forward hua tha uske baare mein sir maine balance sheet mein kahin gaur nahi kiya, thoda sa detail mein agar uske baare mein batayein ki jo cash forward tha uski profitability ka humne kis tarike se use kiya hai.*

Sir, IHS market India manufacturing mein bhi humne April 2020-21 mein jo hai koi major hitting nahi aayi hai, koi major changes nahi aayi hai uski baawjood bhi aisa hua hai. Sir CSR activity ke andar hum logon ne kaafi acha pradarshan kiya hai kyunki iss saal humne Rs. 42 Cr kharch kiye hai joki ek courtesy dikhata hai ki hum desh ke liye kaafi acha kaam kar rahe hai. Uske andar jo hum 200 students ko padha rahe hain wo bhi hum logon ki taraf se ek acha yogdaan hai desh ke liye. Lekin sir mai ye jaanna chahta hoon ye jo 200 bachon ko hum padaa rahe hain kya humne un logon ko online studies provide karwayi hain ya uske liye humne tablets, laptop provide karwaye hai. Kis tarike ki studies... agar aaj ki date mein school closed chal rahe hain to kya humari jo teachers hain wo bachon ke ghar jaake padaa rahe hai. Kis tarike se hum uska yogdaan kar rahe hain, thoda se iske baar mein batayein humein. Sir humari jo iss saal ki other incomes hain sir wo -21 mein chali gayi hain, iska jo ek major impact hai wo kis wajah se aaya hai uske baare mein thoda details mein batayein. Agar main 2010 ki aapki salaries ke baare mein baat karta hoon to uss time pe aapki salary Rs 6 Cr thi. Jaise-jaise profitability badi 2019 mein 180% ki growth mili aur humare sabhi ke sabhi directors ko aapne 300-800% ka benefit bhi diya. Lekin abb iss saal mein hum, 2021 ke andar survival time mein hain, jab ki humari profitability ka margin -Rs 25 Cr ke andar hai to kya aaj humein apni he kuch salaries ka part jo hai wo compensation sacrifice karne ki zaroorat nahi lag rahi hai? Kya management ko jo hum logon ne decrease kiya hai...mai maanta hoon like

jab company humari hai basic structure humara hai, profitability fir aayegi, lekin aaj minus mein hum loss mein khade hain to kya humein is situation mein yogdaan dene ki zaroorat nahi lag rahi hai management ko. Sir humara jo shareholder pattern hai iss year ka 1,42,200 shareholder hai, jiske andar sirf 1000+ ke shareholder ki counting deke 800 shareholders hai aur 5000+ shareholders ki category dekhein only 173 shareholder hai jinke paas 81% ka stake I think carry karta hai. To sabse zyada humare saath jo small investor juda hua hai jo itni major part ke andar I think 1,42,000 shareholder jo hain wo small investor he hai. Sir uske behalf pe dekha jaaye to Page No. 93 pe jo humare kuch cases Income tax aur VAT ke pending pade hue hai uske liye I think ki long period ho chuka hai. Usko resolve karne ke liye management kya kya effort kar rahi hai ki jo humara pending amount government ke paas pada hua hai usko hum recover karne ki kis tarike se koshish kar sakte hain taaki jaldi uski recovery kar sakein. Page No. 99 pe maine dekha jo humare bad debts hai iss financial year ke andar 5 times grow kar sake hai yaani ki 500 times iss saal humare bhade hai. Uske liye management aur humara board jo hai kya kya koshishein kar raha hai ki wo aane waale humare future mein jo debt ke andar increase na aaye nai to hum agar issi fast moving speed se chalte rahe to shayad humein aagey aane wale time mein profit jagha loss ka aur saamna karna padega. Jahan tak mere poorv prakhta speaker shareholder ne IEPF account ke baare mein baat ki hai. I think this is the major point. Humare secretarial department ki taraf se kisi tarike ka usmein koi yogdaan nahi hai.

Vivek Chaudhary: Sir please sir. Aap boliye fir mai bolta hoon.

Krishan Lal Chadha: Why should you interrupt me? I don't understand that. This is the AGM. I want to ask a few queries about all these things. *Ho sakta hai mai aapse koi galat baat bol raha hoon ya aapko koi baat chubh rahi ho, mai mana nahi karta, lekin aapko iss baare mein sochna chahiye ki lepf account mein jaane ka matlab hai aaj ki date mein shareholder ke share ka shares jo hai wo recovery mein nahi aate hai aur aap log jo as per the law ke hisaab se shares ko uske dividend ke amount ko lepf account mein transfer kar dete ho. Aapki taraf se koi correspondence nahi aati hai ki kisi bhi shareholder ka koi bhi dividend...kyunki aap log usmein koi review nahi karte hai. Jabki har shareholder ki email ID aur mobile number aapke paas updated hai with address. Aap log sirf registrar ke bharose chodd dete hai jab ki registerar ke bharose chorna koi ek manner ki baat nahi hai. Iske liye aapne kya kya effort kiye hai eske baare mein thoda detail mein batayein. Questions kaafi sare aur bhi hai but time ki probability ko dekhte hue ab mai aapka*

zyada time nahi loonga. Mujhe lag rha hai ki time ki probability aapko thoda jyada pareshan kar rhi hai. Thank You

Ravi Jhunjhunwala: Thank You Chaddha ji. Apne 12 - 13 questions pooche hain, 3-4-5 ka mai abhi jawaab de sakta hu turant aapko. Baaki aapki recording humaare paas hai, ya to hum log ya to mai ya Vivek ya somebody from our organization will speak to you later and explain to you a couple of nitty gritty ki jo aapne baatein ki hain. Jo virtual AGM ki baat hai, ye to dekhiye ab ye nai duniya mai sabko ab pta lag gya hai ki zoom se kya achieve ho sakta hai, 1-1.5 saal tak bina office gaye sab kaam chal rha hai sabka. Ye to mere ko lagta hai aage humesha ke liye ho jaaega virtually and isme koi nuksaan to hai nhi hai. Aapne jo kaha, 49th year 50th year humko likhna chahiye, to vo to mere khayaal se har annual report ki heading pe rehta hi hai, 49th report, 50th report. Vo to is baar bhi mention hoga hi, I am pretty sure about it. Kuch aapne finance k related baat ki vo aapko hum log alag se baat kar lenge. Hum log aapko chitthi likh kar jawaab de denge. Dividend ka jo aapne kaha usme yadi aap aik payout ratio dekhein, hum logon ne kareeb 15 - 20 saal se aik policy si bna rakhi hai aur dividend ka jo calculation hota hai, chaahe wo 10 % ho ya 30 % ho ya kisi saal mai 150 - 200% bhi tha vo depend karta hai payout k hisaab se. Total profit kitna hua hai, kitna hum de sakte hain usme se 25-30- 35 percent ke beech mai hum logon ne aik policy bna rakhi hai. Jo bhi humara payout hai vo kareeb kareeb 25 se 35 ke beech mai rahe to acche dino mai ya bure dino mai, humesha hum logon ne vo maintain kia hai. Aik aapne cash flow ki baat ki, humaare Rs 1500 crore humaare pade hain, usme se Rs. 1200 crore ka humara aik expansion chal rha hai jo aapke knowledge mai hoga aur jaisa maine abhi btaya apni speech mai, humaare alawa kisi bhi graphite company ne abhi koi expansion announce nhi kia hai. Rs. 1200 crore ka expansion jo humne announce kia tha 1 sawa saal pehle je mota moti despite Covid ke 2 stroke aane ne baad bhi hum logon ko lagta hai k usme mahina dedh mahine do mahine ki aage peeche ho sakti hai but by end of next year ye humara expansion complete ho jaega. Aur timing iski theek lag rhi hai dhai saal pehle, dedh saal pehle humne anticipate nhi kia tha, par timing ke hisaab se humko lagta hai ye decision bahut theek kia humne. Aur abhi demand kaafi badh rhi hai. Pichle ek do quarter mein aapne dekha hai cheeze sudhri hain, current quarter humara pichle quarter se better hone wala hai. Abhi 15 din baad jo humaari board meeting hai usme aap dekhenge. Abhi jo current quarter hai, usme bhi growth hai pichle quarter se. CSR k baare mai hum log bahut active hain. Humaari committee humara board bahut active hain. Iska mai aapko alag se jawaab de sakta hu. Wo aapne jo 200 bacchon ki baat ki, iske alawa hum bahut cheezo mai involved hain aur kayi cheezein aisi hain jo bahut log nhi kar paa rhe hain but humne isko

take up kiya hai. Salary, commision wagherah ke baare mai aapne kaha, aapko shaayad pta hoga k government ka jo rule hai jisme vo allow karte hain Directors ko up till 10% profit distribute karna, hum logon ne bahut sankoch karke pichli board meeting mai 2 maheene pehle 2.5% se usko 3% kia hai. Jiske against mai government 10 % allow karti hai. Humaari company, humara group in sab cheezon mai bahut aware hai ki iska hum durupyog nhi karna chaahte hain. Jis tarah ka board aapke saamne baitha hai, inke liye wo Rs. 5 Lakh jyada hai Rs. 5 lakh kum wo isliye nhi is board mai baithe hain ki unko Rs 10 lakh kam ya jada mil jaaega. Aap dekh rahe hain sabko aapke television par. Jo stature ka humara board hai, Wo 1%, 2%, 3% ya Rs 5-10 lakh ki salary ya commision jayda kam ke liye nhi baitha hai. Wo aik company ke sath lagaav hai isliye baitha hai. Is baare me mai aapko assure kar sakta hu ke hum abhi bhi government jo allow karti hai usse one-third se bhi neeche hain. Iske alawa jo aur aapke questions hain vo sab humne note kar liye hain and I am sure we will get back to you soon.

I now invite Miss Celestine Elizabeth Mascarenhas DPID /CLID number 1205140000090218, who has also registered herself as a speaker to express her views and ask questions.

Celestine Elizabeth Mascarenhas: I am very happy when I saw the photo because had this virtual not been, I am a shareholder, but I could never come there and there were so many, plenty of meetings in Bombay. So now I will start my speech. Respected Chairman, Mr. Ravi Jhunjunwala, are you related to our Rakesh Jhunjunwala, who is a big wealth creator?

Ravi Jhunjunwala: Unfortunately, not.

Celestine Elizabeth Mascarenhas: I just thought that you might be related because Rakesh has just how much wealth here so I thought I will be here and you will create further. Then other Honourable Directors including Lady Directors and my fellow shareholders who are attending this virtual. My name is Mrs. Celestine Elizabeth Mascarenas. I am speaking from Mumbai. Greetings to one and all. First of all, I thank the company secretary profusely Mr. Vivek Chaudhary and his team, even the IT team, I had not put my laptop on. So he tells me you are not still connected so there were very caring and I am very happy with it. I got that e- Annual report. If I would get physical, I would be happier because when I see, I did read it online, but my eyes start watering due to age. So, whatever it is we have to live with this sort of environment. I also thank the

company secretary very much for registering me as speaker and hearing to my request and giving me this opportunity to speak. This time working is not so good. Everybody can tell that. Sales down, PBT down, PAT down. We are in a loss of Rs 25.3 Crores. This Covid and with the lockdown and the sickness have created all the havocs. Our EPS has also gone down terribly - Rs. 6.56 this year against last year it was Rs. 13.83 but your gesture of giving, the board's gesture of giving Rs. 3 as a dividend, I really praise you all for giving that Rs. 3 as dividend and being in the dividend list. Especially in these Covid days, even Rs. 3 per share is definitely good and what I can say about you. Though time don't last forever but tough people will always last. With this in my mind, I said to Jindal also, about 25 years back that I told to Sajjan, there was so much of criticism going on him and that time I told him, Sir, this criticism will always make you grow and he agreed with me and today's, after 25 years the wealth created is amazing and this I see from this HEG group also that the wealth created will be great. Now, my queries Sir. We have 3 plants doing graphite electrodes, graphite...etc. How many staff were affected here by Covid-19? Any fatalities? Are all our staff vaccinated, what is the average age of the staff and what is the appreciation percentage? Number 2, already my 2 previous shareholders have said being the 49th, next will be golden jubilee. I endorse their views and I will also look out for a very good generous bonus, which will always be remembered by us. Number 3, we have a very well defined whistleblower policy. How many frauds were detected due to this whistleblower policy? Number four, what is done on the environment side, bringing down the CO2 to zero? What are the future roadmap and Capex plan for the next 5 years? Next AGM, I will definitely ask you what is next for another 50 years. I will ask that in the next AGM. But here I will just ask you what is the Capex for the next 5 years with Covid-19 in mind and this Covid-19 will not go that early. Here, I appreciate the CSR work done as given in the annual report to the communities, homeless, helpless, and in the case of education. Sir, I have one personal problem Sir. My Aunt Ms Lucy De'Souza is 86 years old. She has lost her husband, that is my Uncle. She has about 66 shares under the number 00006910. She had sent some papers and all. She was always telling me, " I need my money. What will I do?" So, I thought let me tell because Aunty is very old. So, if our secretary and he is such a good person, does some solution and what to do...I had even signed a guaranteed paper also, security paper also. But I think they were all returned. So, please tell Mr. Chaudhary, who is a very nice person. So, just telling because I saw a placard behind where he is sitting- proud to be Indian and privileged to be global. I like that placard which his just next to his table, up on the wall. So, I know he will do something for this very aged aunt of mine. So, I look out for that. Last, but not least, I support all

the resolutions. I wish our company and you especially, all the best in health and everyone in the Company. May our Company grow strength to strength and we will be the number one in the electrodes, graphite, not only in India but globally. That's why our Company Secretary has written a placard and may that placard come true. With this, thank you very much. May God bless you all.

Ravi Jhunjunwala- Thank you, Ms. Mascarenhas. Your mere presence and talking with so much emotion and enthusiasm here is for us to see. And we are very privileged to have a shareholder who is as active as you are at your age. I have noted all the points that you just mentioned. A hard copy of the annual report of course, will be posted to you not a problem. On dividend, as I explained in my previous answer, we have been following a policy of between 25 to 35% payout. So, in the good bad days every year, we have been following that standard policy and this is what we have followed even this year. We don't have three plants. I mean, you talked about three different products, but they are not three plants. So they are all part of the same plant. On some data that you wanted about the age, average age of employees, attrition and whistle blow policy, our Executive Director Manish will send you in writing separately. On the roadmap for our expansion, as I said, ours is the only company in this business that has announced an expansion from 80,000 tons to 100,000 tons, which is more or less on schedule despite two bouts of COVID-19. So we should be in production by the end of next year. And with this expansion, our plant will become by far the single largest plant anywhere in the world under one roof. So, we will still not be the largest producer of the electrode in the world, but we will have the privilege of having one single largest plants in the world, which obviously means a lot of advantage in terms of costs. The average size of the plant after our expansion plan will become 100,000 tons and all other plans are less than 40,000-50,000 tons. With this, I again thank you and all the three shareholders to come and attend this meeting physically and for asking all these insightful questions. We will try to respond to each one of your questions separately. Now, with your approval, I would take up the items as set out in the notice convening the meeting. Members may note that the e-voting module for voting during the AGM is active now.

The **first item** for your consideration is to adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2021. The Reports of the Board of Directors and Auditors thereon, Audited Consolidated Financial Statements of the Company for the financial year 31st March 2021 and the report of the Auditors thereon. The resolution is now placed before the meeting to be passed as an ordinary resolution.

The **second item** of your consideration is to declare final dividend of Rs 3 per equity share of the face value of Rs 10 each for the financial year 2021. The resolution is now placed before the meeting to be passed as an ordinary resolution.

The **third item** for your consideration is to appoint a Director in place of the Riju Jhunjunwala, holding DIN00061060, who retires by rotation in terms of Section 152 (6) of the Companies Act 2013, and being eligible, offers himself for reappointment. The resolution is now placed before the meeting to be passed as an ordinary resolution.

The **fourth item** for your consideration is to appoint a Director in place of Shri Shekhar Agarwal, holding DIN00066113, who also retires by rotation in terms of Section 152 (6) of the Companies Act 2013, and being eligible, offers himself for reappointment. The resolution is now placed before the meeting to be passed as an ordinary resolution.

Friends, since I am interested in item no. 5. For that, Dr. O.P. Bahl will be the Chairman of this item. Over to you Dr. Bahl.

Dr. O.P Bahl- Thank you very much Ravi Ji and everyone else for asking me to chair the AGM for this particular item. The **fifth item** for consideration is to seek approval for payment of remuneration to Shri Ravi Jhunjunwala, Chairman, Managing Director, and CEO of the Company for the period commencing from 1st April, 2021 to 12th February, 2024. The relevant special resolution for this is placed before the meeting for consideration and approval. I now request Mr. Ravi Jhunjunwala to resume the Chair once again. Thank you very much.

Ravi Jhunjunwala- Thank you, Dr. Bahl. The **sixth item** for your consideration is approval for payment of remuneration to Shri Manish Gulati, DIN 08697512, Whole Time Director designated as Executive Director of the Company, liable to retire by rotation for the period commencing 1st April, 2021 to 31st March, 2024. The resolution is now placed before the meeting to be passed as a special resolution.

The **Seventh item** for your consideration is to ratify the remuneration payable to M/s. N.D. Birla & Co., Cost Auditors FRN 000028 of the Company for the financial year 2021-22. The resolution is placed before the meeting to be passed as an Ordinary Resolution.

Members who have not cast their vote through remote e-voting or e-voting during the proceedings of AGM are requested to kindly vote on the proposed resolutions (Resolution No. 1 to 7 of the Notice of AGM). The e-voting module in the AGM is already active. Please vote who have not voted through remote e-voting facility provided by the Company. The icon (EVEN number) for e-Voting is available on the Screen, which will re-direct you on a separate window to the e-Voting portal of NSDL. The e-Voting facility is active and will be closed after 30 minutes from the conclusion of the Meeting

Members may note that the results of remote e-voting shall be downloaded by the Scrutinizer and he would prepare his report on the same. Thereafter he will club the remote e-voting results with results of voting at the AGM. The Scrutinizer shall submit his report to me and I shall countersign the same. Thereafter, the combined results would be announced/displayed through the website of the Company (www.heg ltd.com) and NSDL(www.evoting.nsd.com) within 48 hours from the conclusion of the meeting and be intimated to Stock Exchanges where the securities of the Company are listed. Further, a copy of same shall also be placed on the Notice Board at the Registered Office and the Corporate Office of the Company. The combined results would be treated as part of proceedings.

“Dear Members, as advised by the Scrutinizer, all members who are participating in the Annual General Meeting have been given adequate time and opportunity to vote at the AGM and this concludes the proceedings of AGM. However, the Evoting facility will be kept open for next 30 minutes also to enable shareholder to cast their votes.

Thank you all for participating in the AGM.

Stay Safe! “

Vivek Chaudhary: Thank you Mr. Chairman and thank you the Board of Directors. I, on behalf of all the shareholders thank you all the board members, Group CFO, CFO, Auditors. And I also thank all the speaker shareholders. We will be looking for your queries and get back to you. Thank you for attending the AGM. The voting is on for the next 30 minutes. Thank you.