



## **HEG LIMITED**

**Transcript of 51<sup>st</sup> Annual General Meeting (AGM) held through Video Conferencing/Other Audio Visual Means on Thursday, 31<sup>st</sup> August 2023 at 11:30 am.**

### **Mr. Vivek Chaudhary, Company Secretary**

Good morning, everybody. I, Vivek Chaudhary, Company Secretary of HEG Limited participating from Noida welcome you all in the 51<sup>st</sup> Annual General Meeting of the Company. Pursuant to MCA and SEBI circulars, this AGM is being held through VC/OAVM facility provided by the NSDL without the physical presence of the members at the venue. The venue of the AGM shall be deemed to be the registered office at Mandideep near Bhopal District Raisen 462046, M.P.

Now I request all the Directors, Group CFO, CFO, Statutory Auditor and Secretarial Auditor to say their name from where they are participating. Over to the Chairman Sir.

### **Mr. Ravi Jhunjunwala**

Good morning, friends. I am Ravi Jhunjunwala, Chairman, Managing Director and CEO and member of Stakeholder Relationship Committee and the Chairman of CSR Committee of the Company participating from our office in Noida. Thank you.

Thank you. Over to Riju ji.

Good morning, everyone. I am Riju Jhunjunwala, Vice Chairman of the Company participating in this meeting from Friends Colony.

Thank you. Over to Kamal Gupta Ji.

Good morning. This is Kamal Dr. Kamal Gupta, Independent Director of the Company and Chairman of Nomination and Remuneration Committee and member of Audit Committee and Stakeholders Relationship Committee and I am joining from Noida.

Thank you. Over to S. C Mehta Ji.

I'm Satish Chand Mehta, Independent Director of the Company. I am also the Chairman of Audit Committee and member of the CSR Committee. I'm joining from Jaipur. Thank you.

Good Morning, this is Shekhar Agarwal, Director & Member of Audit Committee and participating from Delhi NCR.

Thank you. Over to Vinita Ji.

Good morning. This is Vinita Singhania, Director and member of CSR Committee and participating from Delhi. Thank you.

Thank you. Over to Ramni Ji.

I am Ramni Nirula, Independent Director participating from my residence in New Delhi. I'm a member of the Nomination & Remuneration Committee and the Risk Committee. Thank you.

Thank you. Over to Manish Ji.

Good Morning. I am Manish Gulati, Executive Director of the Company and participating from Mandideep. Thank you

I'm Jayant Davar, Independent Director of the company attending this meeting from Chennai. Thank you, Sir.

Ajmera Ji.

Good morning. I am Om Prakash Ajmera, Group CFO participating from Noida office.

Thank you.

Yeah, good morning, everyone. I Gulshan Kumar Sakhuja, CFO participating from Noida.

Thank You. Over to Sanjeev Mohan Ji.

Good morning, everyone. I Sanjeev Mohan representing SCV and Co LLP, Statutory Auditor of the Company and I am participating from Ludhiana.

Thank you. Over to Saket Sharma Ji.

Good morning, everyone. I Saket Sharma, partner of GSK and Associates, Company Secretaries representing Secretarial Auditors of the Company as well as appointed as the Scrutiniser to scrutinise the remote e-voting process and voting at Annual General Meeting in a fair and transparent manner and participating from Kanpur.

Thank you all. Now in compliance of the provisions of the Companies Act 2013, Secretarial Standard 2 and SEBI (LODR) Regulation 2015, the remote e-voting facility was provided by the Company started from a Sunday 27<sup>th</sup> August 2023 at 9:00 AM IST and ended on Wednesday 30<sup>th</sup> August 2023 at 5:00 PM IST. The Company is also providing the voting facility during the proceeding of AGM to enable members to cast their vote who have not done through remoting e-voting.

Members may note that all the documents refer to in the accompanying notice and explanatory statement shall be available for inspection during the annual general meeting. The register of Directors and KMP and their shareholding maintained under section 170 of the Act, the register of contract arrangement in which director are interested under section 189 of the act shall be available for inspection during the AGM. Members may note that pursuant to provision of article of association of the company Shri Ravi Ji Chairperson of the Board shall preside as chairperson at every general meeting of the company.

Now, I request our chairman to kindly chair the proceeding of the meeting. Over to Chairman sir.

**Mr. Ravi Jhunjunwala**

Thank you, Vivek and good morning, again ladies and gentlemen. Very warm welcome to everyone present today at the 51<sup>st</sup> Annual General Meeting of your company. I hope you and your loved ones are all safe and well. Since the requisite quorum is present, I declared this meeting as open. I Ravi Jhunjunwala, Chairman, Managing Director and CEO of the Company being interested in item numbers 3 and 5 of the notice, I would request Dr Kamal Gupta, Independent Director of the Company, to take the chair with the permission of the members present at the appropriate time when these items are taken up.

Shri Davinder Kumar Chugh, Independent Director, has conveyed his inability to attend the meeting due to his engagement and has sent good wishes greetings to all the Directors, KMPs and all the members present.

Friends it is a pleasure to connect with you through this statement, for it provides an opportunity to ink my thoughts. I'm delighted to mention that your company registered good performance in the face of strong headwinds which restrained global progress in the past year, evidence in the de-growth of the steel sector, a critical proxy to economic growth.

Allow me to throw in a few numbers to put our performance into perspective.

The world produced less steel - 1885 mmt in CY 2022 against 1962 mmt in 2021 - a drop of 4%. More pertinently, the steel world, excluding China and Iran, our market place, registered a drop in steel production by 7.5%, resulting in drop in demand for graphite electrodes.

In the face of this dismal global steel landscape, our sales volumes decreased by 13% although revenue from operations grew by 12%. Our capacity utilisation was amongst the highest in the industry at close to 90%.

Furthermore, despite persistent and elevated inflation that prevailed across the globe, our EBITDA went up by 20%, and we reported a Net Profit of ₹456 crore – a jump of 17% over the previous year. We successfully navigated the challenges driven by our commitment to innovation, customer satisfaction and operational efficiency.

Fiscal 2023 holds special significance, as we are on threshold of emerging as the largest graphite electrode facility with a capacity of 100,000 tons under one roof in the Western world. By the end

of the fiscal, we were very close to the completion of the project, with four of the five electrode making processes up and running and the fifth at the final stage of completion. We expect to fully commence operations of our expanded capacity soon. This is a happy milestone for me and the entire HEG team, who have worked tirelessly and with an unwavering dedication to elevating the Company into a new growth orbit despite the gloom and doom period of pandemic all around the Globe.

The expansion showcases our passion for technological innovation, placing us at the forefront of the industry with some of the best and latest equipments and technologies we have put under one roof. It positions HEG in the right place at the right time.

### **Our tomorrow**

Our drive to move against the tide continues in the current year as the prevailing geopolitical current casts a bearish shadow on the global steel industry's prospects. Experts of the steel sector feel that the steel demand will remain impacted by the fear of a global recession. Our industry cannot remain untouched but, rest assured, we will continue to strive hard to sustain profitable business growth in the current year too.

### **Beyond tomorrow**

The medium- to long-term growth in our consumer segment - Electric Arc Furnace Steel production, is clearly very promising. My optimism stems from the de-carbonisation narrative that will continue to play out over the foreseeable future.

Climate change and sustainability have become the pivotal factors in long term business. Embedding sustainability into business strategies and investment blueprints has become a necessary mandate in each and every country around the Globe - rich or poor.

This is particularly relevant for the global steel sector. World Steel Association studies reveal that the global steel sector alone accounts for between 7% to 9% of global carbon emissions.

But this is changing and changing fast. The Blast furnace (BOF) route for steel making is fast giving way to the Electric Arc furnace (EAF) route in a very rapid way, which the world has not seen in decades owing to significantly less emissions by the latter. As per the World Steel Association, Electric Arc Furnace share of steel production (ex- China) has increased from 44% in 2015 to 49% in 2022, and is likely to reach around 55% in a few years.

Global steelmaking is undergoing a structural shift - with 50 to 60 mmt of Greenfield steelmaking capacity being established using the Electric Arc Furnace at an estimated investment of about US\$ 50 to 60 billion all over the world . Of this, about 25 mmt is expected to come up in the U.S. alone, which already produces 70% of its steel through EAF. Similar new announcements keep coming from European and other countries large Steel companies all over the world. We have been consistently exporting between 65% to 75% of our production for more than last 10 years. All these will require graphite electrodes for which we are ready with our additional capacity.

From a long-term perspective, we believe that the Electric Arc Furnace route for steelmaking will grow at a 3% CAGR in the next decade - much more than the overall Steel production growth translating into a substantial increase in electrode demand.

While the demand prospects appear promising, barring unforeseen adversities, the supply position appears largely stable. No other Graphite Electrode company has announced any new capacity. Moreover, between 2018 and 2022, due to Covid related slump in demand, about 60,000 tons of graphite electrode capacity around the world has shut down their operations.

Our longstanding presence in international markets coupled with timely expansion of our plant from 80,000 to 100,000 mt per annum strengthens our confidence in HEG's ability to envision opportunities in the electrode industry and to meet future demand all over the world.

We will leverage our extensive global market reach across 35+ countries globally, which we have diligently cultivated over the past 25 years, to capitalise on emerging profitable growth opportunities to create value for our stakeholders.

### **Building a new opportunity**

India is passionate about its e-mobility ambitions as a critical tool in its Net Zero commitment. The Government's encouraging policies have enhanced the positivity around the e-mobility space. This has increased the spotlight on lithium-ion-based energy storage solutions. Currently, cells and battery packs are largely imported into India.

Witnessing the fast-altering mobility ecosystem, we anticipate a huge domestic demand for graphite anode as cell manufacturing shifts to India. We are diversifying into graphite anode for lithium-ion cells, which forms the battery for electric vehicles and energy storage systems.

Given that it's the first such plant coming into our country, we see a huge opportunity here in the long term.

We have incorporated a wholly owned subsidiary of HEG in the name of TACC Limited for this new business. Our Board has approved a budget of ₹1,000 crore for setting up a manufacturing facility of 10,000 tons of anodes per annum in Phase 1.

Our new project is progressing well. We are about to start our pilot plant, which will facilitate trials and tweaks as necessary. The location has been decided. The land acquisition is under process, and we expect to complete the project's first phase by mid-2025.

I am excited about the future of HEG as we have taken definitive steps to better our prospects beyond tomorrow. I am confident that we will achieve good success in our future endeavours. With the support of our experienced leadership team, I am certain that we will maintain our longstanding track record of superior performance, ultimately creating value for all our stakeholders.

In conclusion, I express my sincerest gratitude to every stakeholder for their contribution to our journey so far. Without them, we would not have reached where we are today.

Now, Notice of AGM dated 22<sup>nd</sup> May 2023 Report of Board of Directors and the Financial Statements for the financial year 2022-23 are taken as read as the same has already been sent to the members. There were no qualification 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 a few shareholders to register them speakers at the meeting. Accordingly, the floor is open for these members to ask questions or express their views.

Speaker shareholders are requested to kindly limit their speech to maximum of 3 minutes each. Members can also post their views and questions to the chat box facility. If any member faces any technical issue, kindly contact helpline numbers of NSDL as provided in the notice of AGM. Members are also 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 AGM. I would like to highlight to the speakers that when I take your name, your mic will be opened by the moderator of this meeting. You will have to also unmute your mic from your end and express your views or ask questions.

I now invite the first speaker, Ms Celestine Elizabeth Mascarenhas, who has registered herself as a speaker, to express her views and ask questions.

**Ms. Celestine Elizabeth Mascarenhas**

Hello. Am I Audible?

**Mr. Ravi Jhunjhunwala**

Yeah, you are.

**Ms. Celestine Elizabeth Mascarenhas**

Thank you very much. Respected Chairman and MD Ravi Jhunjhunwala, Vice Chairman Riju Jhunjhunwala, Other members of the Board, my dear fellow shareholders who are attending this VC Meet, I am Celestine Elizabeth Mascarenhas. I'm attending from Mumbai.

First of all, I thank the Company Secretary Mr. Vivek Chaudhary and his team for sending me an annual report and also registering me as a speaker at my request. Thank you so much. Our annual report is full of pictures, facts, figures, information which are all self-explanatory, adhering at the same time to all the norms of corporate governance. Our working is very good dividend ₹42.50 per share against an EPS of ₹118.02. It's wonderful. Thank you so much. Congratulations for awards and accolades received during the year. Very good CSR work, which is all given the pictures and photos and the people, it's too good. Thank you so much.

Now my queries first is from the ESG front, have we gone for rating the ESG or any other on any platform and anything please speak or throw some light. Second is there is a great demand progress

graphite anode for lithium-ion cell which forms the battery for E vehicles and energy storage system. Can you quantify the demand for graphite anode and how much margins we will enjoy? Who will be the main competitor for these graphite anodes? We have now a subsidiary or wholly owned subsidiary which you spoke also in the Chairman speech TACC Limited the new business will go into this. So how much Capex we have to put in the new business for the 3 years will we get PLI benefit as the plant goes into operation. Have you made any sort of request to the government because this EV thing is very important and this is something which will supply to the evening. This will go for the battery for the EV and storage systems EC. Could you just enlighten me? And next is do we use recent IT tools like AI, ML, blockchain, cloud computing, ChatGPT or GPT plus etc. What is the total spend on these AI tools as now we are going beyond tomorrow. As you have put this mantra, we are going beyond tomorrow. What will be the Capex for the next 5 years to organic, inorganic growth and the future road map for the next 5 years. I supported all the resolution. I wish my company all the best made grow from strength to strength. So, our Diamond Jubilee will be great and we will see great things because we are going more than tomorrow. With this, thank you so much for giving me this patient year hearing and I wish all of you good health, including you because health is wealth. With this thank you so much Namaskar.

### **Mr. Ravi Jhunjunwala**

So, with your permission, we will answer all the questions together towards saying because I'm sure lot of them will be common. thank you, Ms. Mascarenas. I now invite Shri Ankur Chanda, who has a registered himself as a speaker to express his views and ask questions.

### **Mr. Ankur Chanda**

Good Morning to everyone. Sir, I just want to say that our corporate governance is too good. तो इसलिए कोई दिक्कत तो है ही नहीं सर मैं फिर भी थोड़ा सा ये पूछना चाहूंगा what is the market share of our product in domestic and export market. And second one is what is the impact on business due to geopolitical issues and third one is does Company have any plan for new acquisition? बस सर, बाकी मैं अपने प्रॉफिट भी देख रहा हूँ, जो हम लगातार रेस का मतलब बड़े बढ़ते जा रहे हैं, आगे बढ़ते जा रहे हैं तो मैं उम्मीद करता हूँ कि जैसे हमारे 2019 में प्रॉपर से हम उससे भी आगे निकलेंगे। जल्दी बस इसी के साथ धन्यवाद करना चाहता हूँ आपका सर धन्यवाद।

### **Mr. Ravi Jhunjunwala**

Thank you, Ankur ji. I would now invite Shri Manoj Kumar Gupta, who is registered himself as a speaker, to express his views.

### **Shri Manoj Kumar Gupta**

Good morning. Respected Chairman, Board of Directors fellow shareholders my name is Manoj Kumar Gupta. I am Equity shareholder of HEG and have joined this meeting from my residence Kolkata. I feel proud to be a part of him. Sir I thanks to you and your board and the entire team of management for the good and excellent result of the company for the year 2022-23. In spite of several challenges in in domestic and international level they you have faced several challenges but you had done a good result and given a good return to the investors and I thanks to the company

secretary and his team specially Mr. NK Jain who take care of all the investors. Whenever we call him, he always resolves the issue. There was my issue pending he resolved Sir. So, I thanks to him that he take care of the investors and Sir have you any plan to split the shares either 5 is to one or 10 is to one to increase the liquidity and the market capitalization. As to the investors from your side if you will split the shares, the market cap will increase and liquidity will increase and investors will get return. So, have you any plan answer how you face the challenge of inflation? Inflation has gone up by 20 to 25%. How you face that challenge and is there any direct or indirect impact of war, Russia, Ukraine war nothing to ask on Greenfield and Brownfield. You have already covered your views in your opening remarks about the forthcoming projects with the investment plan and with certain when you will commence the project product. You have already stated so. And Sir and export, try to make export with a take of Make in India to fulfill the vision of our visionary Prime Minister to make in India to other countries and serve the demand of our product will go up in coming time. So how you are ready to fulfill the demand because several new products are coming that your product will use in that product. So how you are ready Sir? Last but not the least I wish to give you more success to take the Company on new heights and I always feel proud to see Mrs. Singhanian and Mrs. Ramni Nirula in our board. So, we wish to god to give you a good result of the Company coming time under your leadership. And I once again thanks to the Company Secretary and his team and Mr. Jain, Thank you, thank you.

**Mr. Ravi Jhunjhunwala**

Now invite Shri Goutam Nandy, who is also registered himself as a speaker to express his views.

**Mr. Vinod Agarwal**

Hello this is Vinod Agarwal speaking Sir. I am. I was after Manoj Sir.

**Mr. Ravi Jhunjhunwala**

I'm sorry. This is my mistake, Vinod.

**Mr. Vinod Agarwal**

Yeah, it's Vinod Agarwal speaking from Mumbai. Sir Chairman, MD & CEO Ravi Jhunjhunwala Ji, CFO, Gulshan Kumar Sukhuja, CS, Vivek Chaudhary Ji. Good morning and regards to everyone, Sir, the operational revenue last year over ₹2467 crores and PAT was about ₹532 crores consolidated and standalone was ₹456 crores. So, at ₹532 was the PAT margin the more than 25% which very, very around 20% Sir, which is very good PAT margin for the manufacturing company which I highly appreciate Sir. And the equity dividend that you have given a ₹42.5 on EPS on consolidated basis was also very good. Sir I have only one or 2 queries, Sir, we have got the 76.5 megawatts of power generation, thermal and hydro. Is this power of totally utilised by us or are we selling part of this power to 3rd parties? I would like to know. And as the previous year European steel was impacted due to high energy prices and the Ukrainian war, has that level come back Sir, with the energy prices softening then all over the world, it's not like the oil and gas price to the previous year level they have softened. So has the urban steel production come back to the better levels than the previous year. So that helps if the steel production comes back to better levels in Europe because they use mostly electric arc furnaces which helps our company Sir. And Sir



your initial speech gave lot of insight into the current and the future of the company which is very good Sir. The only the question which I had was on the battery anode. What is the material that would be used in the anode? Is it chromium, manganese or what will be the metal used for the anode. All the best signing off Vinod Agarwal from Mumbai.

**Mr. Ravi Jhunjhunwala**

Thank you, Vinod Ji. I would now invite Shri Gautam Nandy, who is registered himself as a speaker to express his views.

**Mr. Goutam Nandy**

Am I audible, Sir?

**Mr. Ravi Jhunjhunwala**

Yeah, you are.

**Mr. Goutam Nandy**

Thank you, Sir. Good morning, respected Chairman, Board of Directors and my online fellow Shareholders myself, Goutam Nandy from Kolkata. Very old equity shareholder of your company Sir. Firstly, I like to give thanks to your secretarial department for sending me annual report along with notice and necessary joining link through email all in advance. So specially thanks to our respected company secretary Mr. Vivek Chaudhary, very sober, well behaved and a very dynamic person and his whole team for rendering very good services to our minority shareholders.

Sir, you are organising your annual general meeting through video conference and I find it's a grand success. Sir, I am very pleased to receive your wonderful annual report which is very attractive and also very, very informative.

सो अकाउंट साइड परफॉर्मेंस का बारे में आप इतना सुन्दर इतना सुन्दर डिस्क्राइब कर दिया है आपके ऐन्युअल रिपोर्ट में सर और तो कुछ पूछना ही नहीं है सर, I find very good performance in every segment even in this challenging year. Now the situation is still very, very tough. COVID 19 geopolitical situation ये सब का इफेक्ट अभी तक खत्म नहीं हुआ। , every company suffering still you are being very good dividend to our minority shareholders, Sir, we are very happy Sir. Sir, your CSR is also very, very good. So please keep it up Sir I like to know what is a road map for the next 3 to 4 years. सर आपका फेस वैल्यू अभी ₹10 है, per share. Is there any split program? Please let us know Sir. ये हम लोग का मिनी बोनस के माफी किया है विल बी वेरी हैप्पी सर सर। do you have any expansion program in near future. Sir Split के बदले में आप अगर बोनस दीजियेगा तो और भी अच्छे है हम लोग के लिए हम लोग और भी खुश जाएंगे आपका पोजीशन अभी जो है बहुत ही अच्छा पोजीशन है You can easily issue. You want to earn bonus share to our minority shareholders. So please consider Sir. Sir one request. If situation permits, please arrange a factory visit in the coming winter season at least for our speakers shareholders. We are eagerly outing for the visit और हम लोग जो आउटस्टेशन में रहते हैं, जो स्पीकर, शहर और लोग please arrange accordingly including to and fro tickets. So please

consider Sir. Sir, I have requested for the hard copy of annual report. You have sent me at my registered address all in advance. So, thank you again Sir.

Sir, please consider Sir I'm very proud to be a shareholder of your company. I have food cast with our strong management shell and show I along with my family wholeheartedly support your all resolutions which we have already casted through our E voting facility. Sir, looking forward with a positive outlook our company with higher profit margin handsome dividend one is to one bonus and return. Sir, May God bless you, Sir. Stay safe, stay healthy. Thank you very much. Sir Goutam Nandy signing off from Kolkata. Thank you.

**Mr. Ravi Jhunhunwala**

Thank you, Goutam ji, I would now invite Shri Sudipta Chakraborty was registered himself as a speaker to express his views.

**Mr. Sudipta Chakraborty**

Yes, Sir. Am I audible?

**Mr. Ravi Jhunhunwala**

Yes, you are

**Mr. Sudipta Chakraborty**

Sir I am Sudipta Chakraborty a small shareholder of HEG Limited. At first, I congratulate my company secretary, my Board of Directors and my fellow Shareholders to give me a chance to speak something in this platform that I believe my company is in strong hand and it will perform better to better in coming future. For your honesty, dedication, devotion, and determination, Sir, you have a great heart. When market price was only ₹2000, you, but you arrange a buyback for ₹5500. It's a miraculous price for a shareholder. Sir I believe my Company will progress day by day.

My Company is a very reputed company and everyone knows the name in its segment. Best of Luck. Best of luck everybody. And lastly, I congratulate my company secretary to send me link in proper time. His performance is very good and one request Sir. My wife, Indrani Chakraborty, is also a shareholder of HEG Limited. She sent mail but any how some discontinuance her name has not come. Please give her chance to speak just for one minute Sir. It's a humble request Sir.

**Mr. Ravi Jhunhunwala**

Please go ahead.

**Mrs. Indrani Chakraborty**

Sir Good morning. Good noon Sir. I am Indrani Chakraborty attending VC from Kolkata, a small shareholder of your company. At first, I congratulate my Company secretary, Board of Directors

and my fellow shareholder to give me a chance in this platform. I casted vote along with my family member in favour of you In this AGM believe my company will perform better to better in coming future. Best of luck to my Board of Director. I conclude my speech. Thank you, everybody. Have a nice day.

### **Mr. Ravi Jhunjunwala**

Thank You Mr & Ms. Chakravarthy. I would now invite Shripal Singh Mohnot who is also registered himself as a speaker to express his views.

### **Shripal Singh Mohnot**

हाँ नमस्कार सर मेरी आवाज़ आ रही है सर आपको एक दम क्लियर आ रही है सर मैं श्रीपाल सिंह गुरुग्राम, हरियाणा से बोल रहा हूँ सर आप सबको सादर प्रणाम सादर नमस्कार आदरणीय चेयरमैन साहब, आपके डायरेक्शन में कंपनी ने अमूल्य 51 सालों में बहुत अच्छी तरक्की की है। इसके लिए मैं आपको और आपके पूरे बोर्ड को बहुत बहुत बधाई देता हूँ। 51 नंबर भारतीय संस्कृति में एक बहुत बड़ा अमूल्य वर्ड है। इसको हर भारतीय फक्र के साथ कहता है and आशा करता हूँ। 51 नंबर हमारे कंपनी के लिए मंगलमय होगा और सबके लिए हित में होगा। भारत की आजादी के अमृत महोत्सव के शुभ अवसर पर आप सबको तथा कंपनी के सभी कर्मचारियों को भी बधाई देता हूँ। इन सब की तपस्या से कंपनी या पर्व मना रही है। आज के प्रस्तावित सभी प्रस्ताव का पूर्ण समर्थन करता हूँ। भारत नया भारत बन रहा है, आने वाले सालों में डिमांड बढ़ेगी, इसके लिए आपकी कितनी तैयारी है, विस्तार से बताएं तथा पूंजी की व्यवस्था कैसे करेंगे? आर एन डी और सब्सिडी कंपनी का फ्यूचर प्लान बताएं?

मर्जर, डीमर्जर, टेकओवर के बारे में भी कुछ बताएं। नेशनल इंटरनेशनल मार्केट में हमारा कॉम्पिटिशन कितना है और डिजिटल बैलेंस शीट के ऊपर कितना कम हो गया और कितना काम होना बाकी है? भारत की आजादी के अमृत पर्व पर कुछ ऐसा करिए जो ये पर्व यादगार बन जाये, स्पेशल डिविडेंड और बोनस पर विचार करें, ये सब के हित में होगा। आपसे निवेदन है कि आप भविष्य में भी मीटिंग वीडियो कॉन्फ्रेंसिंग के द्वारा कीजियेगा। इससे तन, मन, धन की बचत होगी।

जो कंपनी की प्रगति में बड़ा योगदान होगा। आपके CFO साहब और कंपनी सेक्रेटरी साहब बहुत अच्छा काम कर रहे हैं। समय पर बैलेंस शीट, नोटिस मिल गया है। कंपनी सेक्रेटरी साहब तथा उनके सहयोगियों ने अपना अमूल्य समय निकालकर हमारा मार्गदर्शन किया है। इसके लिए मैं उन सबका आभार व्यक्त करता हूँ। चेयरमैन सर, आप से निवेदन करता हूँ कि आप पूरे Secretarial डिपार्टमेंट को आशीर्वाद दीजिए। उनकी कड़ी मेहनत से हम आपके सामने जुड़ पाए और आप फैक्टरी विज़िट की व्यवस्था करेंगे तो सोने में सुहागा होगा। और एक नया अनुभव होगा आपके अच्छे शासन और प्रशासन का। जय माता की धन्यवाद जय हिंद।

### **Mr. Ravi Jhunjunwala**

थैंक यू थैंक यू जी। I would now invite Shri Satish Chandra S Doshi who is registered himself as a speaker to express his views.

**Mr. Satish Chandra S Doshi**

Hi Sir good afternoon. I won't take much time. I just have one question Sir. One of the listed players talks about development of silicon-based anode materials which store a 9X more lithium ions than graphite enabling higher sale energy density and faster charging. Sir, please throw some light on whether this will act as a threat to our business or how this will go. That's it Sir and I have support all the resolutions. Thank you so much.

**Mr. Ravi Jhunjunwala**

Thank you Doshi Ji, I would know invite to Shri Himanshu Chaddha who is registered himself as a speaker to express his views and ask questions.

**Mr. Himanshu Chaddha/Chetan Chaddha**

Hello, Sir, can you hear me?

**Mr. Ravi Jhunjunwala**

Yeah, you are audible.

**Mr. Chetan Chaddha**

Thank you Sir. Thank you. To give me the chance to speak with you I am a joint shareholder myself Chetan Chandra and I'm joining this AGM from New Delhi. First of all, I am really thankful to the management and secretarial department who given me the chance to speak with you. Sir, this is our 51st annual general meeting and I think 50 years

हमने कंप्लीट कर लिए है। ये बोर्ड के लिए काफी मार्वलस ईयर है। सर, हमने ₹2576 करोड़ का रेवेन्यू जेनरेट किया है। लेकिन सर उसके लिए जो हमारा नेट प्रॉफिट वो मार्जिन है सर वो ₹456 करोड़ का है। सर, मार्जिन प्रॉफिट देखे तो मेरे हिसाब से थोड़ा सा हम काफी स्लाइड चल रही है।

सर, कॉम्पिटिटिव मार्केट के अंदर अगर हम देखे तो हम एक ऐसा लीडरशिप ब्रांड है। ये हम अपनी मार्जिन और प्रॉपर जो थोड़ा बढ़ा सकते हैं। जबकि सर हमारे पास नेट कैश फ्लो भी ऑपरेशनल के लिए भी सर सिर्फ ₹114 करोड़ है तो क्या सर हमारे पास न्यू एक्सटेंशन के लिए अभी हमारी नई क्या स्ट्रेटेजी रहेंगी? थोड़ा इसके बारे में जरूर बताये। जो भी सर स्पीकर्स पहले क्वेश्चन को पूछ चुके हैं, उनको मैं प्लीज़ रिपीट नहीं करूँगा।

सर, जो हमारा इस साल का डिविडेंड पेआउट है, वह काफी थोड़ा अच्छा कर दिया। अपने ₹150 करोड़ का हो गया है। यह भी सर एक अच्छी आपने शरहोल्डर्स के लिए बेनिफिशरी दी है। इसके लिए मैं सेक्रेटरी डिपार्टमेंट और आपका भी धन्यवाद करूँगा। सर पे जो मैंने एक ऐन्युअल रिपोर्ट की हार्ड कॉपी के लिए रेकमेंडेट किया था सर, वो भी मुझे आज रिसीव हो गयी है। सर, ऐनुअल रिपोर्ट देखने के बाद जो अपने पहले पेज पर जिसने प्रिंटिंग कराई है, उसने सर, देखिए इतनी खुशी हुई की एक आपने बंदे को लगा रखा है जो अंदर ऐन्युअल रिपोर्ट की तरफ देख रहा है और वो सारी की सारी रखवाली कर रहा है। इस थे एनुअल

रिपोर्ट की यह एक अच्छा साइन है। सर और आपने कई सारी चीजों के अंदर सर अपनी काफी डिटेलिंग में दी हुई है।

सर, हमने फार्मर्स के लिए भी सीएसआर ऐक्टिविटी के अंदर जो सर 4 करोड़ फ्रूट्स के प्लांट लगाए हैं। ये भी सर, एक मेरे हिसाब से बहुत ही अच्छा काम है, लेकिन सर जो इससे फ्रूट या जो भी चीजें जेनरेट होती है, क्या हम उसी रेवेन्यू से जो रेवेन्यू जेनरेट होता है, उसको हम फार्मर्स की भलाई के लिए आगे इसको इन्वेस्ट कर रहे हैं? इसके बारे में थोड़ा जरूर बताएं। स्कूलिंग में भी हम अच्छा काम कर रहे हैं।

सर, इ पी एस हमारी ₹118 की हो गयी है और लास्ट इअर ₹101 थी। उसके अकॉर्डिंगली सर, अगर हम डिविडेंड पेआउट देखें तो सर थोड़ा सा हम इसको और दिल, ऐ दिल मांगे मोर है सर, तो इसका थोड़ा ध्यान करें कि नेक्स्ट ईयर तक जैसे प्रॉफिटेबिलिटी बढ़ती है तो सर, थोड़ा शेयरहोल्डर के ऊपर भी आप 1% डिसाइड करें कि कितने परसेंट तक हम डिविडेंड पेआउट रखेंगे। सर, एक मैं जो शेयरहोल्डर ने आपसे रिक्वेस्ट किया की सर, फैक्टरी विज़िट जो है उसके बारे में मैनेजमेंट सोचे ही हम किस तरीके से अरेंज कर सकते हैं? स्पीकर शेयरहोल्डर के लिए या इस तरीके से सोचेंगे वो थोड़ा आप देखिये जरूर क्योंकि सर, हमारी कैपेसिटी जो थी, प्रोडक्शन की, वो लास्ट अभी इस साल तक 80,000 मेगा टन के हिसाब से है और उसको हम 1,00,000 टन करने की कोशिश कर रहे हैं।

सो सर, वो जो है कब तक हम उसको अचीव कर लेंगे। क्या हम कोई नया प्लांट या कोई नहीं इन्वेन्टरी लगाने की कोई तैयारी कर रहे हैं? इसके बारे में जरूर बताएं। सर, एक मेरी रिक्वेस्ट वो आपसे ये भी है कि अगर हम नेक्स्ट ईयर से कोई फिजिकल एजीएम भी करने की सोचे तो सर मीटिंग कम हाइब्रिड मॉडल पे करें।

आज की डेट में कई कंपनीस, छोटी छोटी कंपनी भी हाइब्रिड मॉडल को अपना चुकी है। क्योंकि सर पैन इंडिया का शेयरहोल्डर क्योंकि सर, भीलवाड़ा आना थोड़ा सा नॉर्मल शेयरहोल्डर के लिए मुश्किल होता है तो हम आपसे इसी माध्यम से ईजी में जुड़ सकते हैं। बाकी सर आप थोड़ा देखे कि इसको हम हाइब्रिड मॉडल पर किस तरीके से डाइवर्सिफाई कर सकते हैं और सेक्रेटेरियल डिपार्टमेंट का मैं धन्यवाद करता हूँ जिन्होंने मुझे आपके साथ जोड़ने के लिए रिमाइंडर भी दिया और आपके जोड़ने के लिए मुझे अवेर भी कराया है। इसका बहुत बहुत थैंक यू सो मच है। सर और ज्यादा कुछ नहीं कहते हो, थैंक यू सो मच।

### **Mr. Ravi Jhunhunwala**

Thank you now, I invite the last speaker who is also registered himself as a speaker to express his views.

### **Mr. Chetan Chaddha**

Sir, I am also telling about you that. वो मैंने दो में जब अपने ब्रदर Mr. Himanshu Chadda के साथ रजिस्टर कराया था,

### **Mr. Ravi Jhunhunwala**

Thank you, Sir. So, friends, thank you for some very insightful Queries and thank you for all your wishes. I'll punch a couple of common questions that you just asked. As per as our diversification area is concerned about. There were some questions about graphite anode demand and all. Demand for this is immense. I mean there's no point going into the numbers at this stage. This is going to

be the first plant of its kind in India. Somebody asked for the capital expenditure. We are spending about 1000 crores. Somebody asked for PLI. Not exactly PLI, but we have negotiated a package of some very good, very new, new newly thought of kind of subsidies from the state government and they have realised that it's a very high tech industry coming into Madhya Pradesh.

So, I should be and expressing my thanks to the administration of Madhya Pradesh for accepting our request. We have got substantial subsidy which will be available to us in the first 3-4 years. This plant as I said is going to be operational. The first phase will be operational by middle of 2025. Somebody asked about acquisition and our market share globally. Just to repeat, which I have been repeating many times with most of our in most of our meetings with our fund managers and people who are interested in looking at our company. There are just about 6-7 companies in the world, who have the technology to produce graphite electrodes, which is acceptable in the international market and that number has been reducing for the last 5-7-10 years. A couple of companies have gone out of business, couple of companies have merged with each other.

So, the acquisition possibilities are very little and secondly, whatever acquisition possibilities are, they are all in America and Europe and we believe that stationed in India with our cost of production and in any case, we are exporting 2/3 to 75% of production for the last many, many years. We are exporting to more than 35 countries. So rather than acquiring something which is which is higher cost economy is in Germany, France, America, Japan. We think that we are better out being in India and in that process as you know our plant until recently was about 80,000 tonnes. We started at 80,000 tonnes and gradually we have gone up to 80 and now as we speak, we are more or less reaching a level of 100,000 tonnes. It's a matter of another month or 6 weeks that will announce our formal completion of expansion and with 100,000 tonnes, our plant is by far the largest plant under one roof anywhere in the world.

The next largest plant is about 30-35% smaller than US and as I said most of these plants are either in Europe or America or in Japan, so, which we have a cost advantage over there. On about the split of shares, we have discussed this a couple of times in our board. We have talked to some of our consultants in this area and somehow, they were able to convince us that splitting except number of shares going up, number of shareholders going up, it doesn't change as far as the market cap or the finances of the companies are concerned.

So for the time being we put it in the cold storage. But of course, as some of yours express interest will again have a look at it. Somebody asked us to direct or indirect effect of war. I mean, obviously no country in the world has been left untouched with this war. Fortunately, we being in India, we have been our reflect is probably the minimum in the world as we all know by now and as I said, we have been exporting 65 to 75% for the last 20-30 years.

So yes, the demand in Europe has gone down because Europe has suffered the worst in terms of war but somehow because our exports are so diverse to 25-30-35 countries, we have gained market share in some areas which are less touched by the war and compared to the areas which are more touch by the wall. So, in as far as the market, as far as the capacity utilization of our product is concerned, our companies concern for the last 6-7-8 quarters we have, we have always been amongst the highest out of all the all the 6-7 players in the company in the world.

One of our friends asked us about our captive power plant. Yes, you are right. We have some which is 76-megawatt captive power generation, part of it is hydro, part of it is coal. So, this coal-based power plants which is in the same premise as the graphic company, we were closed it down about 45 years ago because when we were expanding and our power requirements we're going up. So, we requested the government to sign a special agreement with some of the large consumers of power in Madhya Pradesh and we have been operating under special arrangement of special contract where about 15-20-30 companies in Madhya Pradesh are involved which are buying bulk power from the grid and we are getting very good quality of power.

We don't have any problem. We have never suffered a power cut in the last 10 years at a very competitive rate. So, it for in that backdrop, we had stopped captive power plant, but yes, we have a 17-18-megawatt hydro plant so that extent our power is very cheap. Our own power which we get from Tawa from our hydro plant of course is highly, highly competitive.

Couple of you requested for a plant visit. In the past also we have heard these requests. But friends, you will appreciate that it's a very, very high-tech industry. As I said, we are only 5 or 6 companies in the world, which two of us being in India and one American, two Japanese and that's all. I mean there are just about five-six of us and so carries a huge risk of taking a big team of shareholders to show our plant and nobody does this in this kind of an industry. So, I'll have to say sorry to you for that request. And so, we just cannot take the risk of some technological theft as we call it. Couple of you complimented us for our annual report.

I mean our we have been specially spending time and effort for the last 5-6 years as you must have seen the sign in and giving the necessary information in with photographs, graphs, all sorts of things. And so, we will carry on and a couple of you are from Calcutta. So, I'm glad to say that our designer happens to be in Calcutta and R&D is a continuous process. I mean we have a very, very good one of the top-class R&D in this Industry and a lot of R&D efforts for our new indoor plant. A lot of trials are actually happening at Mandideep at our graphite plant only So on that, on that area you should not hesitate. I mean we are in the top of the line.

Our profit margin, yes of course it has come down and the reason if we don't need to repeat, I mean I already said the western world steel production went down by about 7 and half percent. So, the demand went down, but as I explained in my opening remarks, so we have not seen the kind of new electric arc capacities which are coming up in the world in the next 5 years, at least I have not seen in the last 40 years. And it is all thanks to the concern that the world is showing towards energy, towards environment. Steel is produced to 2 routes as you know blast furnace and electric car furnace and it has been known to everybody for a very long time but we never cared about it.

The blast furnace steel emits 4 times more carbon than the same steel produced through the electric arc. So, because of the focus on carbon emissions and pollution, about 60 to 80 million tons of new electric arc furnaces are coming up all in the next between 2 to 5 years and we see huge increase in demand of power products. And as I said, except us, nobody has expanded our capacity. So maybe we expanded a little early, but obviously nobody knew about COVID. And so new steel plants have also been affected by year and year & half. But we are absolutely ready to take advantage of all the new demand which is going to be created and it's only a matter of time. It will happen very fast.

Some of you complemented us on some of our CSR activities. One person specifically talked about the farmers and all that will be very happy to put you in touch with him, but it is not a commercial proposition from our side. We are purely donating large chunks of money to this particular organization and they have put the 4 crores trees that you spoke about and they have lifted about 20,000 farmers from extreme poverty to between 3 to 4 lakhs per year.

We will continue to we have started kitchen, most of you would have heard of an organization called Akshay Patra through which is an offshoot of Harikrishna in Bangalore. So, we just started about 6 months ago, the first kitchen of Madhya Pradesh where we are serving about 50 thousand one day one meal a day lunches to about 900 schools to 50 thousand marginal very poor students in the schools. So, thank you very much for going through our CSR section carefully, lot of yours to very relevant questions and I thank you all for so much of interest that you have shown in the company.

So, with this, I would now take up items as set out in the notice convening the meeting. Members may note that the E Voting module for voting during AGM is active now.

The **first item** for your consideration is to receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2023, the Reports of the Board of Directors and Auditors thereon and Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2023 and the Report of Auditors thereon. The resolution is placed before the Meeting to be passed as an Ordinary Resolution.

The **Second item** for your consideration is to declare a Final Dividend of Rs. 42.50 per Equity Share of the face value of Rs. 10 each, for the Financial Year 2022-23. The resolution is placed before the meeting to be passed as an Ordinary Resolution.

Since I am interested in item no. 3 and that for item no. 5. I will request my fellow colleague Dr. Kamal Gupta to chair these two items no. 3 and 5. Thank you.

### **Dr. Kamal Gupta**

The **third item** for your consideration is to appoint a director in place of Shri Riju Jhunjunwala (DIN00061060), who retires by rotation in terms of section 152(6) of the Companies Act 2013. Shri Riju Jhunjunwala is eligible and he offers himself for reappointment. The resolution is placed before the meeting to be passed as an Ordinary Resolution.

I will now request Shri Ravi Jhunjunwala to resume the chair.

### **Mr. Ravi Jhunjunwala**

Thank you, Gupta Ji. The **fourth Item** for your consideration is to appoint a director in place of Shri Shekhar Agarwal (DIN 00066113) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 in being eligible offers himself for the appointment. The resolution is placed before the meeting to be passed as an ordinary resolution.

Next resolution again since I'm interested in the item no.5 and I'll again request Dr. Kamal Gupta Ji to be the chairman for this Item. Thank you.



**Dr. Kamal Gupta**

Can you hear me?

**Mr. Ravi Jhunjunwala**

Yeah, you are audible.

**Dr. Kamal Gupta**

Alright, the **fifth item** for your consideration is to approve the reappointment and fixation of remuneration of Shri Ravi Jhunjunwala, (DIN 00060972), as Managing Director of the Company not liable to retire by rotation, with effect from 13th February 2024 up to 12 February 2029. The resolution is placed before the meeting to be passed as a Special Resolution.

I now request Shri Ravi Jhunjunwala to resume the chair.

**Mr. Ravi Jhunjunwala**

Thank you, Gupta Ji. The **sixth item** for your consideration is to approve the reappointment of Smt. Ramni Nirula (DIN number 00015330) as an Independent Director of the Company for a second term of 5 consecutive years from 31st October 2023 up to 30th October 2028. The resolution is 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 2023-24. This 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, I request you to kindly vote on the proposed resolutions. Resolution numbers 1 to 7 of the notice of the AGM. The voting module in the AGM is already active. The icon even number for E-voting is available on the screen, which will be redirect you to a separate window to the E Voting portal of NSDL.

The e-voting facilities active and will be closed after 30 minutes from the conclusion of this meeting. Members may note that the results of remote voting shall be downloaded by the scrutinizer and he would prepare his report on the same. Thereafter he will club the remote voting results with the results of voting at the AGM. The scrutinizer shall submit his report to me and I shall count sign the same. Thereafter, the combined results would be announced and displayed through the website of the Company [www.heg ltd.com](http://www.heg ltd.com), website of NSDL [www.evoting.nsd.com](http://www.evoting.nsd.com) within 48 hours from the conclusion of this meeting and will be intimated to the stock exchanges where the securities of the companies are listed.

A copy of the same shall be placed on the notice board of the registered office and the corporate office of the company. The company results would be treated as part of the proceedings. The combined results would be treated as a part of proceedings.

Dear Members, as advised by the scrutinizers. All the members who are participating in the AGM have been given adequate time and opportunity to vote at the AGM and just concludes the proceedings of the AGM. However, the E-voting facility will be kept open for the next 30 minutes also to enable shareholders to cast their votes. And with this, I declare this meeting closed. And thank you, all very much for participating in the AGM. Stay safe!

**Mr. Vivek Chaudhary**

Thank you, Chairman. Thank you for giving a suitable reply to the shareholders for their queries. We have received one or 2 queries on the chat box which had also been covered above. I thank you all on behalf of the Board of Directors for participation in the AGM. Thank you very much.

**Mr. Ravi Jhunjhunwala**

Thank you. Thank you.

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