



Transcript of the 52nd Annual General Meeting of HEG LIMITED

Wednesday, 7th August, 2024 at 2.30 pm

Mr. Vivek Chaudhary: Good afternoon everybody, I am Vivek Choudhary, Company Secretary for HEG Limited, participating from Noida, welcome you all to the 52nd Annual General Meeting of the Company. As of now, we have around 65 people, shareholders who have joined through VC. Perusing to the MCA and SEBI circulars, the AGM is being held through the 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 of the Company at Mandideep, near Bhopal, District Raisen 462046, MP. Now I request all the Directors, Group CFO, CFO, Auditors, and Statutory Auditors to say their name and place from where they are participating. Over to our Chairman Sir.

Mr. Ravi Jhunjunwala: I am Ravi Jhunjunwala, Chairman, Managing Director, and CEO and also a member of the Stakeholder Relationship Committee, and the Chairman of the CSR Committee of the Company, participating from my office from Noida.

Mr. Vivek Chaudhary: Thank you, over to Vice-Chairman Sir, Shri Riju Ji.

Mr. Riju Jhunjunwala: Good Afternoon, this is Riju Jhunjunwala, Vice-Chairman of the Company and Chairman of the Stakeholders Relationship Committee of the Company. I am participating from my office in Noida. Thank you.

Mr. Vivek Chaudhary: Thank you. Kamal Gupta Ji.

Dr. Kamal Gupta: Good Afternoon everyone, I am Kamal Gupta Independent Director of the Company, and the Chairman of the Nomination and Remuneration Committee, and a member of the Audit Committee and Stakeholders Relationship Committee. I am participating from Noida.

Mr. Vivek Chaudhary: Thank you Sir. Shri S. C Mehta Ji.

Mr. S. C Mehta: Good Afternoon, I am Satish Chand Mehta, Independent Director of the Company and Chairman of the Audit Committee, member of the Nomination and Remuneration Committee, and member of the CSR Committee of the Company. I am participating from Jaipur.

Mr. Vivek Chaudhary: Thank you. Shri Shekhar Ji.

Mr. Shekhar Agarwal: Good afternoon, I am Shekhar Agarwal Director and member of the Audit Committee, and participating from my office in Noida.

Mr. Vivek Chaudhary: Thank you Sir. Shri Jayant Davar Ji.

Mr. Jayant Davar: I am Jayant Davar, Independent Director of the Company, and I joined this meeting from my office in Gurgaon.

Mr. Vivek Chaudhary: Thank you. Smt. Vinita ji.

Mrs. Vinita Singhania: Good Afternoon, I am Vinita Singhania, Director and member of the CSR Committee and participating from Delhi.

Mr. Vivek Chaudhary: Thank you. Smt. Ramni Ji.

Mr. Vivek Chaudhary: Smt. Ramni Ma'am.

Mrs. Ramni Nirula: Can you hear me now? I am Ramni Nirula, Independent Director joining this meeting from my residence. I am a member of the Audit Committee and the NRC Committee of the Company. Thank you.

Mr. Vivek Chaudhary: Thank you ma'am. Shri Manish Ji.

Mr. Manish Gulati: Good afternoon this is Manish Gulati, Executive Director of the Company. I am participating from our plant in Mandideep.

Mr. Vivek Chaudhary: Thank you Sir. Shri O.P Ajmera Ji.

Mr. O.P. Ajmera: Good Afternoon, I am O.P Ajmera, Group CFO, and participating from the Noida Office.

Mr. Vivek Chaudhary: Thank you. Gulshan Ji.

Mr. Gulshan Kumar Sakhuja: Good Afternoon. I am Gulshan Kumar Sakhuja, CFO participating from Noida.

Mr. Vivek Chaudhary: Thank you, Shri Sanjiv Mohan Ji.

Mr. Sanjiv Mohan: Good afternoon, Sanjiv Mohan representing SCV & Co. LLP, Statutory auditor of the Company participating from Ludhiana.

Mr. Vivek Chaudhary: Thank you, Saket Ji, our secretarial auditor and scrutinizer.

Mr. Saket Sharma: Good Afternoon. This is Saket Sharma, partner of GSK Associates, representing the Secretarial Auditors of the Company. As we are appointed scrutinizers to scrutinize the remote e-voting as well as the voting at the Annual General Meeting fairly and transparently and I am participating from Kanpur.

Mr. Vivek Chaudhary: Thank you all. Now we start the formal proceeding. In compliance with the provision of the Companies Act, 2013, secretarial standards and SEBI (LODR) regulations 2015, the remote e-voting facility was provided by the Company, starting from Saturday 3rd August 2024 at 9:00 am and ending on Tuesday 6th August 2024 at 5:00 pm IST. The Company is also providing an e-voting facility during the proceeding of the AGM to enable members to cast their votes who have not done it through remote e-voting. Members may note that all the documents referred to in the accompanying notice and explanatory statement shall be available for inspection during the AGM. The Register of Directors and KMP and their shareholding maintained under Section 170 of the Act and the Register of Contract or Arrangements in which Directors are interested under Section 189 of that shall be available for inspection

during the AGM also. Members may note that pursuant to provisions of the Article of Associations of the Company, our Chairman Shri Ravi Ji, shall preside as the Chairperson at the Annual General Meeting of the Company. Now I humbly request our Chairman to kindly Chair the proceedings of the meeting.

Thank you. Over to Chairman Sir.

Mr. Ravi Jhunjunwala: Good Afternoon ladies and gentlemen and a very warm welcome to everyone present today at the 52nd Annual General Meeting of your Company. I hope you and your all loved ones are well and safe. Since the quorum is present, I declare the meeting as open.

I am immensely pleased to inform you, especially as we achieved the best results among our peers in a year challenged by heightened geopolitical stress, unprecedented inflationary pressures and several supply chain constraints.

It has been a momentous year as our newly expanded capacity became fully operational in Nov'23 and is working perfectly well. At 100,000 tons, we are the world's largest single-location facility for manufacturing graphite electrodes and the third-largest graphite electrode company in the Western world. It's a moment of joy for everyone at HEG who has made this possible. I am sure you would also experience a sense of pride with this achievement.

Our Performance

The growth of graphite electrode sector is closely dovetailed with the fortunes of the global steel industry.

The world steel production in 2023 somewhat matched the production in 2022. The US steel market remained stagnant, while production in the EU dipped by about 7%. Besides China, India was the only large steel producing nation to register a healthy growth. Owing to the subdued steel demand and production, the demand for graphite electrodes remained tepid.

We, too, felt the heat of the moderated demand as a very large part of our output is exported to more than 25 – 30 countries around the world including some of the large steel companies around the world.

Despite the dismal demand, I am pleased to mention that your Company achieved capacity utilisation of 81%, highest amongst all our peers

However, the increase in output did not cascade into profitable business growth. Our topline and bottom line were significantly impacted by the pricing pressure on graphite electrodes. Our Revenue from Operations dipped 3% by Rs. 72 crore, and our Net Profit slipped 49% by Rs. 224 crore.

Immediate Prospects

The global economic uncertainty will limit steel demand and constrain steel production. As a result, we do not see much improvement in steel production in 2024 & therefore expected subdued demand for our products for the next few quarters.

On a positive note, we have exhausted all old high-priced raw material inventories, works in progress and finished goods, and this year, we will be using the lower-priced needle coke, which should help us sustain business profitability.

Medium / Long Term Prospects

While the scenario for the current year does not appear promising, we are positively upbeat about our prospects over the medium / long term. There are two parts to our optimism, which I shall briefly articulate.

1) Electric Arc Furnace scenario

As steel companies embrace sustainable practices worldwide, decarbonisation efforts have increased intensely to the extent of becoming an irreversible priority. America, Europe and other parts of the World are working overtime to adopt cleaner steel-making technologies. They continue to make massive investments to convert their highly polluting steel making processes into environment friendly process of Electric Arc Furnaces typically called Mini mills or Electric Arc Furnaces.

As a result, more & more greenfield electric arc furnaces are being announced regularly, with the US and EU leading this trend. More than 90 million tons of greenfield capacities have already been announced in different parts of the world to come on-stream by 2030, a number which steadily keeps increasing on a regular basis as more and more steel companies switch over to cleaner ways of steel making.

Aligned with this transformation, we expect graphite electrode demand to increase gradually by about 150,000 to 200,000 tons by 2030. This is a substantial growth considering the current demand of about 500,000 to 550,000 tons for ultra-high-power electrodes (excluding China).

2) Graphite electrode scenario

While the medium / long term demand situation is particularly promising as I just talked about, supply over the same period is likely to fall short of demand. I draw this conclusion for two reasons.

- a) Capacity closures: Some of the electrode producers have announced significant closures of their existing capacities in different parts of the world in the recent past owing to slump in current demand including a very recent announcement of closure of an additional 25,000 tons in the USA.
- b) No capacity additions: Besides HEG, no other producer has announced creation of any new capacity to replace the closures as above. In our business, any meaningful capacity addition even at an existing facility takes a fairly long time of 2-3 years before it goes into operation.

In view of above, we believe that demand for our products is likely to increase substantially over the next few years and we rightly placed meet this demand as and when it comes.

What Went Right For HEG

Essentially, three factors worked for us. A bit of good luck. A lot of brainstorming. And immense hard work in execution.

We capitalised well on the appreciable uptrend of 2017 and 2018 in our business space. Utilising the proceeds for capacity expansion was a foregone conclusion as this was our only business. We took a difficult decision to expand our capacity from 80,000 to 100,000 mt at a time when COVID-19 struck. In retrospect, I am pleased to say that we got our timing right – from conceptualization to execution. Our additional capacity is ready, when the sector is perfectly poised for a riveting upturn over the coming years.

Our enhanced capacity, our position as a competitive-cost producer, our state-of-the-art equipments, cutting-edge technology, and our strong business relations with leading steel producers worldwide should allow us to capitalise on emerging opportunities effectively and efficiently.

Our New Venture

India's EV dream is steadily taking shape as automotive OEMs launch electric mobility variants rapidly. Also, rising environmental consciousness and increasing availability of charging infrastructure and solutions are driving the adoption of electric vehicles. Leading battery manufacturers have announced and are also implementing capacity creation of about 50 GWh, which requires about 50,000 tons of graphite anode powder by 2030, even after a year of overcapacity in China.

India's critical Achilles heel in this ecosystem is anode powder, as India does not produce anode powder. 96% of world's anode is made in China.

Recognizing this opportunity, our Board has approved the proposal of setting up a 20,000-ton graphite anode powder plant at an investment of Rs. 1800 crore. We are currently under process of various permutations, combinations of the same.

I am happy to mention that we have made significant headway in this venture.

One, we have acquired the land for the project and started constructing the facility. We intend to complete it by end-2025. If everything goes according to plan, we should generate revenue from this venture in FY27.

Two, we will use renewable energy to operate our facility. We are in conversation with renewable energy players to secure long-term power purchase agreements. This is a commitment towards reducing our carbon footprint.

Three, we have a state-of-the-art pilot plant producing around 10 tons of anode powder per month. We have started sampling with some large companies and are trying to work with them to develop customized products that match their requirements.

I would like to reiterate that our timing is our advantage. While some other players may enter this space, our proactive thinking and swift execution position us as the first committed player in this exciting business space.

We are optimistic about positively contributing to India's electric mobility ambition as our new facility commences operations.

In Closing

The principal message I would like to send out is that we are FUTURE READY. Our future is built on a strong base. We have put our resources into areas that ensure long-term success. Our financial stability, a skilled and passionate team and clear vision allow us to proactively align with the winds of change and thrive to unlock immense value for our stakeholders.

I express my sincere appreciation to all our stakeholders for their confidence and support. I am certain that we will script an exciting growth journey ahead. Looking forward to our prosperous future at HEG.

Thank you. Over to Vivek.

Mr. Vivek Chaudhary: Thank you, Sir. Yes Sir.

Mr. Ravi Jhunjunwala: Notice of AGM dated 22nd May 2024, Report of Board of Directors, and financial statements for the financial year 2023-2024 are taken as read, as the same have already been sent to the members. There are no qualifications in the auditor's report and the report of the secretarial auditor of the Company and accordingly, they were not required to be read. The Company has received requests from a few members who registered them as speakers at the meeting. Accordingly, the floor is now open for these members to ask questions or express their views. Speaker shareholders are requested to kindly limit their speech to about 3 minutes, maximum. Members can also post their views on questions through the chat box facility. If any members face any technical issues, 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 the smooth conduct of the AGM. I would like to highlight to the speakers that when I take your name, your mic will be opened by the moderator. You will have to also unmute your mic from your end and express your views or ask questions. I now invite Ms. Celestine Elizabeth Mascarenhas, who has registered herself as a speaker to express her views and ask questions. Ms. Celestine.

Ms. Celestine Mascarenhas: Hello, am I audible?

Mr. Ravi Jhunjunwala: Yeah, yeah, you are very much audible.

Ms. Celestine Mascarenhas: Yes, thank you. Respected Chairman, MD and CEO, Mr. Ravi Jhunjunwala, Vice President Mr. Riju Jhunjunwala, ED Manish Gulati, other members of the Board, and my fellow shareholders in this virtual meeting, I am Mrs. C.E Mascarenhas. I am speaking from Mumbai. First of all, I thank the Company Secretary and his team for sending me an annual report and also registering me as a speaker at my request, thank you so much and the very good platform on which I could operate easily. Thanks a lot. Now annual report is full of facts, figures, and pictures of the CSR work and at the same time, self-explanatory adhering to all the norms of corporate governance. Our sales have been down, and PBT and PAT are down. EPS is also down from Rs. 118.02 last year to Rs. 59.99 this year. But despite this, our directors are very good and very generous. They have recommended a final dividend of Rs 22.50 per share, and we have a very good market capitalization.

Sir, my contention is if cash is available, there will be a Board meeting I understand somewhere around 13th August 2024. If there is cash is there, I know there is a capex big program, if cash is there you can do a buyback before September 30, as this buyback will not be taxed as a dividend and added to a dividend income. So, you can give us later, a lesser dividend later because a dividend adds to our total income and we go into a higher tax bracket. So, of course, it is the Board will have to decide all this, otherwise it is ok. You are going for a split that will also become like a mini bonus to us.

The CSR work is very good, a lot of pictures are there in the annual report. Now my queries about the ESG.

The ESG, whether we have listed our ESG on some dedicated ESG platform, and if so, what is our rating score and whether it is rated, is listed on domestic or international platforms. Our Company has a captive power generating capacity of 76.5 MW consisting of two thermal power plants and a hydroelectric power. How much power do we generate and why we are not I understand from the annual report we are not using it for our plant. Instead, we are selling it to IEX. Is it that profitable, please throw some light. Total number of employees, average age, and attrition level. What is the Capex requirement for the next three

years for organic and inorganic growth? Do we use AI, GEN AI, and cloud computing in our operation and how much is the spend on the same? Last, but not least, future roadmap for the next 5 years, Capex's requirement for organic and inorganic growth by acquisition and which vertical will be the growth driver and whether we will be going for lithium battery, etc, which will maybe more profitable still, we are not because EV will be the requirement of the day. With this, I support all the resolutions and I wish my Company all the best may it grow from strength to strength, and above all, I wish you all very good health because health is wealth.

Thank you so much.

Mr. Ravi Jhunjunwala: All right. We have an 18 MW hydro plant and about 60-65 MW of thermal but the thermal plant, we had closed down about 4-5 years ago because the cost of generating through coal currently is much higher than what we are paying for the electricity board. Hydro is operating and it is selling its power on the exchange as it is better to sell it in the market than consuming ourselves. Now rest of the other questions I mean, I'm sure a lot of other friends will talk about so will cover them there. About the growth, organic, inorganic I mean, as you know in this business, there are only 4-5 companies in the world. Two of us are in India, and there are 3 more in Japan and the US, so everybody is growing the way they are growing. As I mentioned in my notes, we have expanded just recently, and the markets are not very good, but we do expect the market to be very strong. Nobody can time that market. I have no idea what is going to happen, but we are ready in terms of meeting all that demand. So, for the time being, these are the only responses to your questions Ms. Celestine. So, I will now invite Hitesh Doshi Ji, who has registered himself as a speaker to express his views.

Mr. Vivek Chaudhary: Sir he has not joined as of now. We can move to the next speaker.

Mr. Ravi Jhunjunwala: Then I invite Mr. Ankur Chanda, who has registered himself as a speaker.

Mr. Ankur Chanda: Hello, I am audible.

Mr. Ravi Jhunjunwala: Yeah, you are audible.

Mr. Ankur Chanda: Ok Good Afternoon to everyone, Sir, I just want to say that our corporate governance is too good, *isliye waise toh Sir koi dikkat nahi hai, bus mein ek chota sa phir bhi yeh puch na chahunga keh is there any effect of geopolitical issues on our Company. Sir ek mein chota sah yehi jaana chahunga. thoda sah baki toh management hamare liye accha kaam kar rahi hai, koi dikkat nahi hai Sir. Bus thoda is bare mein bataiyega. Dhanyawaad.*

Mr. Ravi Jhunjunwala: *Ji Aisa koi specific kuch nahi hai geopolitical ab joh impact hum pur hai woh humare European, American, Japanese, ko sare competitors ko same hi hai.* To the extent that we are exporting much more than what we do in the domestic market. *Thoda sa impact hum logo pur jyada ata hai because as you have heard, kabhi yahan problem hogaya, kabhi woh attack hogaya,* the cost of export does increase. Has increased a little bit because of irregular vessel services and things like that. But otherwise, there is nothing very specific, which is affecting us.

Mr. Ankur Chanda: Ok Sir, thank you Sir thank you.

Mr. Ravi Jhunjunwala: So, I will now invite Shri Manoj Kumar Gupta.

Mr. Manoj Gupta: Hello

Mr. Ravi Jhunjunwala: Haan, Manoj Ji.

Mr. Manoj Gupta: *Namaskar.*

Mr. Ravi Jhunjunwala: *Namaskar Ji.*

Mr. Manoj Gupta: Respected Chairman, Board of Directors, fellow shareholder, my name is Manoj Kumar Gupta, I have joined this meeting from Calcutta. First of all, I feel proud to be a part of HEG. And Sir, I thank your Company secretary and his team for helping us to join this meeting through VC, especially Mr. Jain who takes care of small investors like us, and he called twice after getting the speaker registration request. Such type of people should be there; such type of people is there in your group who take care of the small investors and such services should be continued to help them. *Sir mein aapko dhanyawaad deta hu keh meine aapki speech suni, aur usme aapne kaafi kuch jo dimaag mein humlogo keh prashn tha na, woh kaafi kuch cover kar liya. Future ka prospect, future plan aur greenfield project aur expansion aur investment aur sab aap neh kiya hai. Sir globally aap ka kya expectations hai, ki globally kya impacts padega jo, uttar chadhav duniya mein ho raha hai, use hamari Company mein kya impact ayega, direct aur indirect, yeh mera pehla prashna hai aur jo abhi aapne exchange ka bataya, power ka use power tariff jo aap karte hain na usme toh bohot kum hai, Agar usme PP agar dheere dheere khatam ho raha hai, aur usme hum directly jayenga toh use kaafi thoda, Rs 1.5-Rs 2 unit ka difference ayega agar aap dekhenge to, PPA mein. Aur Sir mein, I strongly support all the resolutions, aur main toh Sir AGM aapko aur Viniti Ji ko dekhne keh liye, unko milne keh liya aur unko Namaskar karne keh liye attend karta hu, kyuki aap jis hisaab se Company chala rahe hai, itna dedicated aur transparent manner mein aur itna accha return dete hai, aaur aapne jo maan ki baat thi split ka, jo split karne ja rahe hai use liquidity bhi badhegi aur capitalization bhi badhega, Yein ek accha baat hai,aur I strongly support and we hope that when we meet next year with a good result, good return and good dividend under your leadership, Thank you, Sir.*

Mr. Ravi Jhunjunwala: Thank you ji. *Aapka ek question wo tariff ka tha woh tariff toh dekhiye ghatta badhta rahega. we have no control on that but somehow luckily for us Madhya Pradesh Electricity Board has been very ably run and there is no shortage of power and the tariff increase is also not very substantial, and as far as our power plants are concerned, jaise maine pehle ek question ka answer meh bola, 2 thermal power plant hamare pass lage hua hai. They can be operated whenever we need but we are not operating because operating that is going to add to our cost, so we will rather buy from the Electricity Board, but hamara hydro plant chal raha hai. Aur woh uski jitni bhi bijli banti hai woh bazaar mein bik jaati hai, exchange meh bik jati hai. Baaki aap neh jitna kuch bataya woh sab detail meh humari baat ho hi gayi hai, age kya expected hai sab kuch, woh sab bata hi diya maine.*

I will now invite Mr. Vinod Motilal Agarwal, to express his views

Mr. Vinod Agarwal: Can you hear me, Sir?

Mr. Ravi Jhunjunwala: haan Ji.

Mr. Vinod Agarwal: Respected Chairman Shri Ravi Jhunjunwala Ji, Vice Chairman Riju Jhunjunwala ji, our CFO Gulshan Kumar Sakhuja, and our CS Vivek Choudhary Ji. Good afternoon, and regards to everyone, I have voted for all the seven resolutions sought to be adopted in today's AGM Sir. The official revenues of last year were down by about 3%. This is more due to less steel production and China dumping steel into

the other market and Europe facing a lot of slowdown in the steel making. Otherwise, Graphite, we have done 81% of our capacity utilization. 1,00,000 tons if we have got Capacity and you have utilized 81%. So, that means you have used all our previous capacity. Our previous capacity was 80,000 tons and we are utilizing 81% from 100,000 means you are utilizing 81,000 tons. So, we are at a better position, and we are focused on making a new plant hasn't been paying off Sir. It is just that the subdued prices in graphite have affected our sales and this thing. Sir, my one or two queries, sir. Tata Steel in the UK at Southall is going to put up an electrical arc furnace large plant for steel, making out there. Have we approached them Or have they approached us for graphite? Can we tie up from India only for their graphite requirements? This is one of the largest EAF plants, which will be coming up in the world, maybe then 2 or 3 years, Sir. This is my look and Sir in India, may we make more Steel by blast furnace, then EAF have we sought from the government to make more electric arc furnaces for the new steel plants that have been trying to set up or expansion of new steel plants so that electric arc furnaces are more as you mentioned, less carbon dioxide emission, than the greener benefits, Sir. Before the AGM, you mentioned the un catastrophe happening somewhere on the hydro project, where was it Sir, I did not understand Sir. Before the AGM within the Directors, you are talking about one hydro project being affected somewhere in the hilly region. Where was it, Sir?

Mr. Ravi Jhunjunwala: *Ye abhi last weak hi hua hai 4-5 din pehle* but it is not part of HEG. It's an independent company, but yes, *wahan cloudburst hogaya tha. Kuch damages hui hain* but it is under control. We will be able to restart.

Mr. Vinod Agarwal: *Apne koi manpower ko nahi affected hua tha? That's what you are mentioning.*

Mr. Ravi Jhunjunwala: *Nahi kuch nahi hua. So, just to answer your question about the growth wagera ki toh saari baat kar hi li, kaha kitna expansion ho raha hai, aapne Jo Tata steel ki baat ki* and you said this is one of the largest plants, but it is not one of the largest plants. Woh kareeb 2-2.5 million tons ka hai jiski baat ho rahi hai aur abhi woh jiss condition mein hai, unke Jo discussions government ke sath chal rahe hai, subsidiary buyer ko leh kar. Usme bohot samay lagega, but that's a very small one. I mean in total Hamare pass kareeb-kareeb 100 million tons ke naam, aur capacity aur Kaha aur kis stage Pur hai, iski more or less kaafi details hamare pass available hai toh just Wanted to clarify ki Tata is part of that. 100-million-ton ka part hai Tata ka 2-2.5 million tons. And we are as I said, we are exporting about two-thirds of our production, so we are pretty well placed we know all these customers. We have been selling to them. So that will help us to strengthen our position. Thank you, Ji.

Mr. Vinod Agarwal: I noted from the annual report 75%, and 67% of earlier exports value-wise and 70% of it by the volume-wise. I had noted in the annual report, Sir I read your annual reports, Sir. I wish the Company all the best, thank you. Thank you for giving time, Sir.

Mr. Ravi Jhunjunwala: Thank you ji, I will now invite Shri Gautam Nandy who has also registered himself as a speaker.

Mr. Goutam Nandy: Am I audible Sir?

Mr. Ravi Jhunjunwala: Yeah, you are.

Mr. Goutam Nandy: Thank you, sir. Good afternoon Namaskar.

Mr. Ravi Jhunjunwala: *Namaskar Ji.*

Mr. Goutam Nandy: Thank you, Sir. Respected Chairman, Board of Directors, and 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 the annual report along with the notice and necessary joint link through email well in advance. I also received the hard copy of the annual report in time. So, especially thanks to our respected Company secretary, Mr Vivek Chaudhary.

Mr. Ravi Jhunjunwala: Mr. Nandy can we straightaway come to the, let's forget about this formality straightaway discussion?

Mr. Goutam Nandy: Okay, Sir, no problem, Sir. What is the direct and indirect impact on our Company after the implementation of the union budget 2024–2025? Sir, what is your road map for the next 3 to 4 years, especially related to the growth of our Company? Sir your CSR is excellent. So, please keep it up. Many years have elapsed We got bonus shares from your end. My humble request if the situation permits, please think about the bonus to be issued to our minority shareholder. In your electrode and electrical equipment segment, there is a huge competition. How are you able to manage this? At this right moment, what is the position of the total orders in your hand? Please continue this VC meeting as we may be able to join from anywhere, so please continue. At present, how many employees do you have both permanent and non-permanent? I am very happy, and also, I am very proud to be a shareholder of your Company. So I have already cast my e-voting in favor. Last one thing, Sir, now the latest technology is AI, artificial intelligence, Now I like to know, do you have any plan to adopt this new technology in your Company for further modernization? One request, if possible, please do something for our speaker, shareholder at least. It is nothing but a token of love from your side, so consider. Nothing to say more stay safe, stay healthy, and thank you very much from Kolkata. Gautam Nandy signing out, thank you and Namaskar sir.

Mr. Ravi Jhunjunwala: Thank you, Goutam Da. There is no specific impact on our sector in the budget as you asked on the question. On the prospect, as I said, we are pretty bullish about it. As I said about 100 million tons of details are available. Most of this is public information and between now and the next 5-6 years, they are likely to be an operation except us, nobody has expanded the capacity so we are in a good low situation as far as the demand goes, and we should be able to capture that demand very quickly, especially because we are exporting 2/3 of our products. The total order, we cannot please close all these numbers about how many tons of orders we are carrying and things like that. In terms of total employees, it is in the range of approx. 1100-1200, some permanent, some temporary. So, these are the questions that you have asked. I will request Ms. Indrani Chakraborty who has registered herself as a speaker to express her views.

Mr. Sudipta Chakraborty: Sudipta Chakraborty. Sir. I am Sudipta Chakraborty attending VC from Kolkata.

Ms. Indrani Chakraborty: Am I audible?

Mr. Ravi Jhunjunwala: Sudipta Da, let Indrani Ji finish then we will come back to you. Thank you. Yeah Indrani Ji, go ahead. Yeah Indrani Ji, please go ahead.

Ms. Indrani Chakraborty: Am I audible?

Mr. Ravi Jhunjunwala: Yeah, Yeah you are audible.

Ms. Indrani Chakraborty: Very good afternoon, Sir. I am Indrani Chakraborty attending VC from Kolkata, a small shareholder of your Company. first, I will congratulate my Company Secretary, the Board of Directors, and my fellow shareholders for giving me a chance on this platform. I cast a vote along with my family members in favor in this AGM. I believe my Company will perform better in the coming future. Best of luck, luck to my Board of Directors, Sir. My question is, how many female members are in our Company?

Mr. Ravi Jhunjunwala: What was the question?

Ms. Indrani Chakraborty: How many female members are in our Company?

Mr. Ravi Jhunjunwala: Female member, oh you can see there are 2-3 faces right in front of you.

Ms. Indrani Chakraborty: Ok Sir Ok, thank you, Sir. Have a nice day.

Mr. Ravi Jhunjunwala: Thank you.

Ms. Indrani Chakraborty: Thank you, Sir.

Mr. Ravi Jhunjunwala: So now Mr. Sudipta, you have to unmute, yeah.

Ms. Sudipta Chakraborty: Am I audible Sir?

Mr. Ravi Jhunjunwala: yeah you are.

Ms. Sudipta Chakraborty: Sir I am Sudipta Chakraborty attending VC from Kolkata. A small shareholder of HEG Limited, Sir. I believe my Company is in strong hands and it will perform better to better in your leadership and for your honesty, dedication, devotion, and determination. So it is true, my company faced tough challenges last several years, but also we received a handsome dividend from you. Thanks for that Sir. I want to know Sir. How can you control your liabilities and interest costs, my first question? And second question is how you can implement green energy in your Company and your segment.

And lastly, Sir, I want to say, Sir. Please try to do a factory visit for the shareholders. It will be very helpful for ourselves. Thank you, Sir, for your patient hearing thank you, everybody.

Mr. Ravi Jhunjunwala: Thank you Sudipta see we cannot give you very specific numbers that you just spoke about, but our cost of power is fairly competitive in Madhya Pradesh, that is all I have to tell you. Thank you so now, I will request Shri Chetan Chadha to express his views.

Mr Chetan Chadha: Can you hear me, Sir?

Mr. Ravi Jhunjunwala: Yes, please.

Mr Chetan Chadha: Thank you, sir. Thank you so much for giving me the chance to speak with you. I am thankful to the entire secretarial team who gave me the on-time link and I have requested for the hard copy of the annual report. They have provided me timely. I am very thankful to them. They also remind me of the joining quorum as speaker, and shareholder, and my speaker number is also given to me.

This is a very good nature and it's like shown Company humbleness. Sir yeh pehle AGM hai shayad se VC ke madhyam peh jab mein dekh pa raha hu ki is pehli baar mein Hamare sath mein Calcutta ke aur pehle to Mumbai tak ke hi shareholders jud pa rahe the vc seh ab Sir entire India keh, Calcutta se, ya Rohtak se, kati states se shareholders judh paye hai yeh bhi ek acchi madhyam hai vc ka madhyam, aisa madhyam hai jahan sa bhi shareholders kaafi dur dur se judh pa rahe hai. Sir mere kuch sawal ke jawab apne, kuch shareholder neh bataye, pucho hai ki humare 2-3 saal ka road map plan jo hai apne Usko bataya hai, Sir aapne bataya ke electric meh hum hai, lekin sir aj government jo hai hydro carbon ke upar ore electricity mein jo vehicles utarne meh tayari peh hai aur hum ne abhi koi naya plant ke bare meh nahi koi expansion ki hai, aur kya humne uske bare meh kuch socha hai? To uske bare meh thoda batai Kyuki hum uski kya tayyari kar rahe hai Kyuki government toh hydro ke upar bhi, H₂O pe bhi lane ki tayyari kar rahi hai, uske bare meh kya Hume kuch thoda bohot socha hai. Iske bare mein jo bataiye. Kyuki shayad uski costing kafi kum hogi aur. Jo dusri cheez hai Sir keh jo Hamare ek jo last year meh kuch hamare shares jo log hai IEPF pehle chale gaye hai. To ab ko physical shareholders hai hamare sath, kayi log active nahi hote toh unhe yeh nahi pata lag pata ki is saal Company ne dividend payout kiya hai ya nahi kiya. To Sir, agar jinke pass physical shareholder hai toh unko as a reminder bhi zarur IEPF meh jane se pehle nahi agar unka dividend pending ho last year ka bhi toh Secretarial department unko ek reminder call jarur deh unke address peh ya as a email taki Sir unko apne Jo physical share hote hai unke kaiyo keh family dispute bhi pade hua hai. To woh apne kuch aur reasons ki wajah se bhi woh, jaise name meh halka sa minor change ki wajah se bhi woh demat nahi kara pa rahe toh unko bhi kuch problems ho rahi hai aaj ki date mein. Naye laws ban gayi hai, kaafi sari SEBI ki instructions hai, RTA ko, toh sir mein ek yeh request bhi rakhunga ke aap, humlog usko intimate kare, taki shareholder ka jo dividend hai woh bhi apna woh achieve kar sake aur hamare jo Company keh share hai, woh IEPF mein na jaiye iske bare meh bhi hame time to time thoda active rehne ki jarurat hai, thoda sa hum peh expenses jarur padenga, lekin sir share IEPF se bahar nikalna bohot hi mushkil aur chasing kaam hai. Mein Narendar Ji ka bhi Secretarial department ke bhi dhanyawaad karna chahunga. Unhone mujhe speaker keh liye jo mujhe timely call ki uske liye bhi meh unka bohot bohot dhanyawaad karta hu. Baki Sir meri query jo aapne aap ke annual report mein kaafi kuch resolve hui hai. Thank you, Sir. Thank you so much. Aur age bhi aap se jude rahe iskiliye mein aap se request rakhta hu ke aap meeting ko VC agar physical bhi kare to hybrid model peh kare taaki humlog Delhi se vc mein bhi jud sake. Thank you, Sir. Thank you so much for giving me the chance to speak.

Mr Ravi Jhunjunwala: I am sure Vivek Chaudhary is listening to whatever you're suggesting and will take that into account aur ab toh VC se hi hoga har saal Aise hi horaha hai age bhi Aise hi hota rahega. I will now invite Shri Ajit Sanjay Darda.

Mr. Ajit Sanjay Darda: Hello Sir, good afternoon. Am I audible, sir?

Mr. Ravi Jhunjunwala: Yes you are.

Mr. Ajit Sanjay Darda: yes, sir, thanks for the opportunity, Sir, and first of all, congratulations on the commencement of our new facility, Sir. Sir, I have a few questions. So the first one is Sir, what is the capacity utilization of our plant, you said that 82%, and what will be it in a couple of years? Sir, the second question is how is the current competitive scenario in our electrode market in India as well as outside India. And also facing competition from Chinese suppliers and any anti-dumping duties for Chinese electrodes in Europe, USA, and India. So, Sir, my third question is as per some of the media reports, Sir, one of our Indian anode manufacturers, feedback, Indian battery manufacturers after having availed incentives from the

government are not willing to buy Indian raw materials. They prefer to buy cheaper from China. So, Sir, what is your view on this?

Sir next question is any write-off that we are expecting concerning inventory in the current financial year, i.e., 2025, so do we have any non-core assets that we are planning to monetize? So my next question is could you please provide details on spot prices, Contracted prices, and medium-term outlook of needle coke and graphite electrodes? Sir, can you provide insights into the business opportunities and market potential for battery packs and battery storage solutions in the future and what are we exactly doing concerning this? Sir the last question is have you received any update on the anode powder samples that we have supplied to our customer, Sir? Thank you so much, Sir, and all the best.

Mr. Ravi Jhunjunwala: *Aapne toh itni detail meh itni saari cheze puch li, iska readily answer shayad hamare pass hoga ya nahi* but I am sure Riju was listening to this conversation, kuch logo neh kuch aur bhi questions puch the, toh once I finish with the electrode part, I will suggest that Riju takes over and answers all these questions related to the battery. Coming to Aapke electrodes se connected jo question the woh jo capacity utilization hamne 82% bola woh 82% was based on our earlier capacity of 80,000 tons. Currently, when we are operating a 100,000 tons plant, which just started about 3–4-6 months ago the capacity utilization is In the region of between 70 to 75% changes from one quarter to another quarter. So, it was 80-81% based on 80,000 tons and now it is at about 70–75% based on 100,000 tons. Because this plant has just started in full swing only in the last 3-4 months. I don't think there is anything very substantial, which is going to get written off that was your first question and next question. *Apne electrodes ke price, needle coke ki price, wagherah ki baat ki, woh specific details toh diya nahi ja sakta hai but woh pin conversation about the outlook of the Company, the outlook of the product, demand and all that usps kaafi kuch discussion ho gaya hai.* We cannot go more specific in terms of numbers. *Anode ka jaise maine bataya keh kai questions the wo* Riju will take it over once we finish about electrodes. Now I will request, Satish Chandra Ji Joshi to express his views.

Mr. Vivek Choudhary: Sir, he has not joined. We can move to the next one.

Mr. Ravi Jhunjunwala: So, then we have the last speaker Ms. Pratiksha Doshi.

Mr. Vivek Choudhary: She has not joined, Sir.

Mr. Ravi Jhunjunwala: In that case Riju, will you give some answers about the battery, about the powder?

Mr. Riju Jhunjunwala: Sure, I can just talk about it quickly, so that all the questions that were addressed towards that are kind of, I'll try to address all of them. So, this battery thing, as everyone knows today, India is not producing any lithium-ion battery cells, but a lot of the existing players and a lot of new

companies are in the process of setting up cell manufacturing plants in India. These plants could be 2 years away, 3 years away, or 1 year away, everything is changing extremely quickly around the world. So, let's say China was selling this particular product, the LFP batteries that we are talking about the prices 1 year back were around \$85 per KWh. Today as I speak to you, those prices have crashed because of the overcapacity in China to around \$50 to \$55 per KWh.

The part that we are talking about in HEG, very specifically is the anode portion of it. Now, as you would know the battery consists of a cathode, electrolyze, and anode part. Anode generally is around 10 to 14% cost of the entire battery. So, again today, 95% of the anode like the Chairman mentioned earlier in his opening remarks, 95% of this anode powder is being manufactured in China and all the other cell manufacturers who are setting up shop in Europe, or USA, or India are looking at alternatives because you know everyone wants to buy all the raw material. They don't want to depend on China itself. So while the opportunity is extremely large, any kind of graphs that you make from 2025, going up to 2030, it is a huge demand for this graphite powder which will, be the anode powder that will come, but you know price-wise, everything is changing every day, right now, because of you, no different technologies being in plate, overcapacity in China last one year across the world, including India has seen a 15 to 20% dip in the electrical vehicle segment. Now obviously, these are short-term glitches. So, they'll always remain a 1 to 2-year kind of difference in the exact demand and supply. Having said that we are on track, we have this thing in the Madhya Pradesh unit which has been the land that has been taken, and we are absolutely clear to start all civil construction, construction, etc. Over there. The only change that I can talk about is all in the public domain, in any case, is that we are just waiting to press the button to start the whole process about this and there are various permutation combinations as we also mentioned in the opening remarks that the Company is working on whether to have the entire set up in India or to have only processing set up in India or to have only kind of the main graphitizing part in India. But the major advantage that HEG has compared to any of its competitors is that we have full raw material knowledge. We have full graphitizing knowledge, and processing knowledge, which are the 3 major winning factors, I would say in this particular area. So, and also what we mentioned a little bit of a pilot plant that is already been set as of 12 months back and we are in very, very active kind of mode with all the cell manufacturers because this is all between 12 and 24-month kind of an acclamation period where you have to work closely with them. So, that process is fully on, and we are getting very encouraging results, and the raw material again as I mentioned, it's all going to be a mix of needle coke which we currently consume in HEG as well as some lower categories of raw material. So all the plans are in place everything is there, but as I speak right now it is just some kind of permutation combination that we are kind of working on because again like in the case of graphite electrodes, a huge part of the variable cost in this is the power cost. Per ton of graphite powder consumes around 15,000-16,000 units of power out of which one specific process consumes around 11,000 units of power. So, we are just in the process of kind of seeing that, you know, does it make sense to put all the facilities in one place or if there are any cheaper states available in India etc. at where we can sign a long-term power purchase agreement at a lower cost? But this will not delay our overall strategy by much because again like I said the market is subdued today, but it is going to go up extremely fast in terms of volume and hopefully in terms of prices as well. There is no stopping as far as all the sampling etc. goes but we are just in the process of kind of seeing where we can you know, get the cheapest power from so that in the worst-case scenario of even selling this graphite powder at a lower rate and what we would have sold it at 2 years back, we can have a great IRR on this project. So, the project is fully on. It's on the ground. Every kind of detailing is being done and just like the Chairman mentioned in his opening remarks, the final permutation combinations are being worked out, and this is being worked

out in complete concentration and partnership with all the batteries companies, that are going to come up in India. Large ones like Tata, Reliance, Ola, etc. And sampling etc., is going on extremely well with them. As far as the technology, I think someone spoke about that is ever evolving. I mean you hear about hydrogen cars then a new year about hybrids then there are lithium-ion batteries but again, the kind of infrastructure that the bigger companies are putting up in the lithium-ion battery space, this is not going anywhere in the next 10 to 15 years. Technology will keep changing, and HEG will keep I mean, coping with that technology as and when that change happens. So, I think that a short update. I mean not specific to any question, but that's a very short update that I could give from our side. If there is any specific question would be happy to address that.

Mr. Ravi Jhunjunwala: So, with this, I also request Shri Shripal Manot who has also registered himself as a speaker. Shri Manot. If he is not there then the next speaker is Ms. Bhanu Satish Chandra Doshi. Ms. Doshi. It seems she is not there also. So, the last speaker who has registered himself is Shri Ramesh Shankar Gola.

Mr. Manish Gulati: Vivek, you are on mute.

Mr. Ravi Jhunjunwala: Anyway. These speakers are not here it seems, so with this thank you, shareholders, for asking very insightful questions in the virtual AGM. Now, I would like to take up 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:

1. To receive, consider, and adopt the audited financial statements of the Company for the financial year ended 31st March 2024. The reports of the Board of Directors and Auditors and the audited and consolidated financial statements of the Company for the financial year ended 31st March 2024 and the report of auditors thereon. The resolution is now placed before the meeting to be passed as an ordinary resolution.
2. To declare the final dividend of Rs 22.50 per equity share of the face value of Rs 10 for the financial year 2023-2024. The resolution is now placed before the meeting to be passed as an ordinary resolution.
3. To appoint a Director in place of Shri Manish Gulati, (DIN 08697512), 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.
4. To appoint a director in place of Smt. Vinita Singhania, (DIN 00042983) who retired by rotation in terms of Section 152(6), of the Companies Act, 2013 and being eligible offers herself for reappointment. The resolution is placed before the meeting to be passed as an ordinary resolution.
5. To approve and fixation of remuneration of Shri Manish Gulati, (DIN 08697512), whole-time Director, designated as the Executive Director Of the Company with effect from 1st April 2024 up till 28th February 2025. The resolution is placed before the meeting to be passed as a special resolution.

6. To approve the reappointment of Shri Jayant Davar, (DIN 00100801), as an Independent Director of the Company for a second term of five consecutive years from 14th August 2024 to 13th August 2029. The resolution is now placed before the meeting to be passed as a special resolution.

7. To ratify the remuneration of Cost Auditors for the Company for the financial year ending 31st March 2025. The resolution is placed before the meeting to be passed as an ordinary resolution.

Friends, members who have not cast their vote through remote e-voting or e-voting during the proceedings of the AGM are requested to kindly note the proposed resolutions, resolutions number 1 to 7 of the notice of AGM. The e-voting module in the AGM is already active. The Icon Even number for e-voting is available on the screen which will redirect you to a separate window, to the e-portal of NSDL. The E-voting facility is active and will be closed after 30 minutes from the conclusion of this meeting. Members may note that the result of remote e-voting shall be downloaded by the scrutinizer, and he will prepare his report on the same. Thereafter, he will club the remote e-voting results with the results of the voting at the AGM. The scrutinizer shall submit his report to me, and I shall countersign the same, thereafter the combined results will be announced or displayed through the website of the Company, www.hegltd.com, and NSDL www.evoting.nsd.com within 48 hours on the conclusion of this meeting and be intimated to the stock exchanges where the securities of the Company are listed. Further, a copy of the same will be placed on the notice board at the registered office and corporate office of the Company. The combined results will be treated as part of this proceeding.

Dear members, as advised by the scrutinizer all members who are participating in this AGM have been given adequate time and opportunity to vote at the AGM, and this concludes the proceeding of the AGM. However, the e-voting facility will be kept open for the next 30 minutes to enable shareholders to cast their votes. Thank you all for participating in the AGM and stay safe. Thank you again.

Mr. Vivek Chaudhary: Thank you, Sir, Thank you, Chairman. Now we propose our vote of thanks to our Chairman and our Vice Chairman for addressing all the queries of the shareholders. And now for the sake of shareholders, we are keeping the e-voting on for the next 30 minutes, those shareholders who have not voted can vote. With this, the formal proceedings of the meeting are over, and now I can request all to leave this meeting as closed. Thank you.
