



Electrotherm (India) Limited

Transcript of

38th

Annual General Meeting

Held on

Thursday,

12th September, 2024

AT

11:00 AM

Through

**Video Conferencing / Other Audio Visual Means
(‘VC/OAVM’)**



Mr. Fageshkumar R. Soni, Company Secretary: Good Morning to all of you. We shall start with the proceeding of the 38th Annual General Meeting.

On behalf of the Board of Directors of Electrotherm (India) Limited, I Fageshkumar R. Soni, Company Secretary would like to welcome you all to the 38th Annual General Meeting (AGM) of your Company conducted through Video Conferencing or other audio – visual means (VC or OAVM).

Pursuant to the MCA & SEBI Circulars, Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable statutory provisions, we are holding this 38th AGM through Video Conferencing / Other Audio Visual means.

Pursuant to the MCA & SEBI Circulars, the proxy is not allowed to be appointed to attend and vote at the AGM on behalf of the members who is not able to attend the AGM personally.

The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice of 38th AGM.

The facility of participation at the AGM through VC/OAVM is being made available on first come first served basis.

Please note that to ensure the smooth and seamless conduct of meeting and to avoid disturbance arising from back ground noise, you are put on mute mode.

During the AGM, if the member is facing any technical problem related to voting by electronic means, he may contact on the helpline numbers mentioned in the last para of the Notice of 38th AGM on Page No. 8 of the Annual Report.

Now I would like to introduce the Board of Directors present at the 38th AGM.

Today we have with us:

1. Mr. Dinesh Mukati - Non-Executive Chairman of the Board & Independent Director.
2. Mr. Shailesh Bhandari – Executive Vice Chairman and Chairman of the CSR Committee
3. Mr. Suraj Bhandari – Managing Director



4. Mr. Pratap Mohan - Independent Director and Chairman of the Audit Committee & Nomination and Remuneration Committee

We all are joining this AGM through VC from Head Office of the Company at Palodia.

We have also with us Ms. Nivedita R. Sarda – Independent Director and Chairperson of the Stakeholders Relationship Committee. She is also joining this Meeting virtually.

Mr. Mukesh Bhandari Non-Executive Director is not present in this Meeting.

As per the provisions of Section 103(1)(a) of the Companies Act, 2013, the quorum for the meeting shall be 30 members personally present.

As the necessary quorum of more than 30 members being present through VC / OAVM, with the permission of Chairman Sir, we may proceed with the meeting, Sir.

Mr. Dinesh Mukati, Chairman: Yes please go ahead.

Mr. Fageshkumar R. Soni, Company Secretary: Our Statutory Auditor CA Hitesh Shah, Secretarial Auditor CS Bharat Prajapati and Scrutinizer CS Bhavya Gaudana, Partner of M/s. Gaudana & Gaudana are also present at this Annual General Meeting.

Now, I would like to request Mr. Dinesh Mukati Sir, Chairman, to deliver Message to the Shareholders.

Mr. Dinesh Mukati, Chairman: Good Morning everyone. I welcome all the shareholders present at the 38th Annual General Meeting of your Company conducted through video conferencing or other Audio-Visual Means. I am very happy to see you once again through virtually.

I am sure that you have receive the Annual Report along with the notice of the 38th AGM well in advance.

You would have gone through the Annual Report for the year end 2024. However, I would like to briefly speak the significant highlights for the year.

In operations, we have seen a significant increase in revenue by 39% from previous year of 3074 Crores to 4272 Crores. This is very very significant increase. Increase in EBIDTA by 283 Crores from earlier 141 Crores to 424 Crores. Increase in net profit from the earlier loss of 77 Crores to net profit of 319 Crores. Better performance attributed to higher capacity utilization, better projects cost and rationalization, employee contribution and I would definitely like to mention our new Managing Director as well as Executive Vice Chairman for their continued direction and support, which will enable us to achieve these events.



With the improved operations, the Company has resolved 2 IBC petition in last financial year.

IBC resolution which have been settled.

- (1) Union Bank of India, a financial creditor filed a petition under section 7 of the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal, Ahmedabad for initiating Corporate Insolvency Resolution Process against the Company. In view of the settlement with Union Bank of India and repayment of entire loan, the petition was disposed of by Hon'ble NCLT, Ahmedabad as withdrawn on January 18, 2024.
- (2) Edelweiss Asset Reconstruction Company Limited, a financial creditor has also filed a petition under section 7 of the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal, Ahmedabad. In view of the restructure of the loan in November, 23, the Hon'ble NCLT, Ahmedabad has dismissed the petition alongwith Interlocutory Applications as settled out of Court by order dated November 22, 23.

In last financial year, the Company has paid 288 Crores to lenders towards interest and principal payments, reducing liability substantially.

A Year Ahead: As mentioned in the last AGM, India is expected to become the third-largest economy in the world, with a GDP of \$5 trillion, the steel industry in India will play a pivotal role in this growth journey. As per the Annual Report 23-24 of Ministry of Steel, based on provisional data released by the World Steel Association in 'World Steel in Figures 2023', World's Crude Steel production stood at 1892.2 Million Tons during January - December 2023 wherein India is the 2nd largest contributor by producing 140.8 Million Tons of crude steel. Supported by various infrastructure projects such as PM Gatishakti Master Plan, Pradhan Mantri Awas Yojana – Urban and Gramin, Pradhan Mantri Ujjwala Yojana, Jal Jeevan Mission, National Solar Mission, UDAN, irrigation, National Gas Grid, Sagarmala, and AMRUT and Clean Ganga Mission and launching 'Make-in-India' programmes, will all help to robust steel demand in the County. The steel industries will also benefit from Government's allocation of fund Rs. 11 Lakhs Crores towards capital expenditure. This would account for 3.4% of the GDP.

I am very happy to share that Electrotherm continues to lead in the steel melting equipment. ENT division of your Company has recorded outstanding performance, as the division has achieved the highest ever sales and EBIDTA. As per Annual Report of 2023-24 of the Ministry of Steel, last year 35% crude steel was produced by using Induction Furnace (IF) in India wherein your Company, Electrotherm is holding prime position. The trend is continuing and we see good capacity addition for induction and DRI based steel melting route in India. Indian Induction Furnace market is anticipating a growth of USD 84.85 Million by forecasting CAGR of 6% over the period of 23 to 28 which again is driven by increase in steel & alloys demand, various



government supports and initiatives to boost industry growth in India.

Continuing revival: In the journey of 38 years, the Company has earned robust brand image and reputation by providing best in class products and services. The long-term associated stakeholders continued their trust in the present Company management and their business commitment which accelerated revival journey of the Company. Both our customers and suppliers have shown immense faith in your Company by continuous support. Electrotherm is one of the classic examples of revival with the help of its loyal long-term stakeholders and we here express our gratitude to all stakeholders and also congratulate all for these wonderful results.

I also take this opportunity to thank all our stakeholders, the Central, State and local governments, financial institutions & banks, investors, regulators, our customers, suppliers and our hardworking dedicated team of Electrotherm. We look forward to your continuous support. Thank you very much.

Mr. Fageshkumar R. Soni, Company Secretary: Thank you Sir. Now, I would like to request Mr. Suraj Bhandari Sir, Managing Director to give brief overview of the last year performance.

Mr. Suraj Bhandari, Managing Director: A very Good Moring to all of you. Thank you Chairman Sir. I welcome all the shareholders present at the 38th Annual General Meeting of your Company, virtually.

First of all, I would like to thank you the Board of Directors and Shareholders of the Company for their confidence in me and elevating and re-designating me as the Managing Director of the Company, last year.

As said by the Chairman Sir, we have had outstanding performance in financial year 2024.

I would like to give a brief division wise.

Engineering division which is ENT division. The year 2024 is third consecutive year wherein ENT division has set new milestones in sales and profitability, both.

In Special Steel division, we have had remarkable performance and one of the best ever attributed to operational efficiency and strategic planning and maximum utilization of our capacities.

We have achieved significant milestones again due to diligent efforts and strategic approach of my father Mr. Shailesh Bhandari, Executive Vice Chairman and hard work of entire team Electrotherm.

Regarding IBC Resolutions and Banks: With the continuous deliberate efforts, we could restructure debt with Edelweiss ARC and Union Bank of India in FY 2024; and with Invent ARC in May – 2024.



In view of the settlement with Union Bank of India and repayment of entire loan, the IBC petition was disposed of by Hon'ble NCLT, Ahmedabad and withdrawn on January 18, 2024.

In view of the restructured loan with Edelweiss ARC in November 2023, the Hon'ble NCLT, Ahmedabad has dismissed the petition by order dated November 22, 2023.

We will keep continue. We will keep paying to the Banks and ARCs without any delays and default in repayments.

Regarding CSR Activities of the Company: As a commitment towards the society, the Company has contributed 44 lakh rupees for medical treatment of children suffering from Thalassemia and we will still keep continuing to do so more and more in same sector. 8 Lakh Rupees were spent for promoting towards the education for Student of Scheduled Tribal Cast under CSR for Year 2024.

During the year 24-25, the Company will undertake CSR activities towards promoting education, promoting and preventive healthcare and ensuring environmental sustainability.

The core of Electrotherm's revival and success as our Chairman said, is the teamwork and loyalty of our employees who endured tough days and worked at their best for the betterment of the Company. I am heartily thankful to entire Electrotherm Team for their consistent contribution in our journey.

I am thankful to all the suppliers and customers who have stuck with us through all the hard times and helped us in our growth by showing their loyalty towards us. I am thankful to the Board of Directors and Shareholders for their trust in me and giving me this opportunity to serve this great organization. Thank you, and I look forward to seeing you next year.

Mr. Fageshkumar R. Soni, Company Secretary: Thank You Sir.

The Company has taken requisite steps to enable members to participate and vote on agenda items being considered in this 38th Annual General Meeting.

In compliance with the MCA & SEBI Circulars mentioned in the Notice of this AGM, the Annual Report and Notice convening the 38th Annual General Meeting have been sent to you well in advance by e-mail.

Moving further, now, I would like to bring to the attention of the Members to the following:

- (i) That in compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure



Requirements) Regulations, 2015 read with MCA & SEBI Circulars, the Company has provided the facility to the Members to cast their vote by electronic means through the remote e-voting or through e-voting during the AGM by using the platform provided by Central Depository Services (India) Ltd. (CDSL).

- (ii) The members who are attending the AGM and who have not cast their vote through remote e-voting prior to the date of AGM shall be able to exercise their voting rights during the AGM. The Facility for e-voting is made available during the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting but shall not be entitled to cast their vote again.
- (iii) The Remote e-voting period commenced on Monday, 9th September, 2024 at 9:00 a.m. and ended on Wednesday, 11th September, 2024 at 5:00 p.m.
- (iv) The voting right of Shareholders was in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, 5th September, 2024.
- (v) The Scrutinizer will submit the consolidated scrutinizer's report of the total votes cast through remote e-voting and e-voting conducted during at AGM, in favour or against, if any, to the Chairman Sir or a person authorized by him in writing who shall countersign the same and declare the result forthwith.
- (vi) There are Four (4) agenda items to be transacted at this 38th AGM, out of which Two (2) are ordinary business and Two (2) are special business. And all 4 resolutions are ordinary resolutions.

Now, I will take up the agenda items as set forth in the Notice one by one for consideration and approval of the Members.

1. Item No. 1 – Ordinary Resolution: To consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31st March, 2024 together with report of the Board of Directors and Auditors' Report thereon.

Auditors Report:

In terms of the provisions of Section 145 of the Companies Act, 2013 the qualifications, observations or comments on financial statements is required to be read at the general meeting.

There are certain qualification in the Auditor's Report as mentioned in Page No. 51 of the Annual Report.

Basis for Qualified Opinion: We draw attention to Note No. 38(b) of non-



provision of interest on NPA account of bank, on approximate basis of Rs. 116.10 Crore, for the year under consideration and the total amount of such unprovided interest till date is Rs. 784.72 Crore. The exact amounts of the said non provisions of interest are not determined and accordingly the amount of Net Profit for the year is overstated by Rs. 116.10 crore and the amount of Bank / ARC liability and total retained earnings / (loss) as on March 31,2024 is understated by Rs. 784.72 crore. Our audit reports for the previous year ended March 31, 2023 was also qualified in respect of this matter.

I draw the attention of the members present to the explanations / comments given by the Board of Directors in their report on Page No. 16 of the Annual Report.

With regard to the qualification in the Independent Auditors' Report in reference to Note No. 38(b) of non-provision of interest on NPA accounts of bank, on approximate basis of Rs. 116.10 Crores, for the year under consideration and total amount of such unprovided interest till date is Rs. 784.72 Crores, the Board of Directors submits that the loan account of the Company have been classified as Non-Performing Assets (NPA) by Rare Asset Reconstruction Limited (being debt assignee of Indian Overseas Bank) and the said Bank / ARC has not charged interest on the said account and therefore provision for interest has not been made in the books of accounts.

Secretarial Audit Report:

As per Secretarial Standard 2, the Observations in the Secretarial Audit Report is required to be read in the Annual General Meeting.

There are certain observations in the Secretarial Audit Report as mentioned in Page No. 24 of the Annual Report.

- (i) The Company has not appointed Chief Financial Officer (CFO) till 23rd May, 2023 which is required to be appointed under the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- (ii) The Company has not made/submitted the disclosures of defaults on payment of interest/ repayment of principal amount on loans from banks / financial institutions, under SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated 21st November, 2019, for the period from 01st April, 2023 till 31st March, 2024 during the period under review.

I draw the attention of the members present to the explanations / comments given by the Board of Directors in their report on Page No. 16.

- (a) With regard to non-appointment of Chief Financial Officer, the Company was in process to identify the suitable candidate for the said post and



appointed Mr. Chirag Shah as a Chief Financial Officer with effect from 24th May, 2023.

- (b) With regard to non-submission of disclosures of defaults on payment of interest / repayment of principal amount on loans from banks / financial institutions for the period from 1st April, 2023 till 31st March, 2024, due to the legal implications under various laws for acknowledgement of liability of default, the same was not submitted by the Company. However, the Company has evaluated the same in due course and submitted the default disclosures from June 2024 onwards.
2. Item No. 2 – Ordinary Resolution: To appoint a Director in place of Mr. Suraj Bhandari (DIN: 07296523), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
 3. Item No. 3 – Ordinary Resolution: To ratify the remuneration of the Cost Auditor for the financial year ending on 31st March, 2025.
 4. Item No. 4 – Ordinary Resolution: Continuation of Directorship of Mr. Mukesh Bhandari (DIN: 00014511) as a Non-Executive Director of the Company.

So with the permission of the members, the Notice and Board's Report is taken as read.

Mr. Dinesh Mukati, Chairman: Yes, Notice and Board's Report may be taken as read.

Mr. Fageshkumar R. Soni, Company Secretary: Those members, who have not exercised their vote through remote e-voting, can cast their votes by electronic means during this Meeting.

Moving Further, the Company has received requests from few of the Shareholders to register them as Speaker for this meeting and also some of the Speaker Shareholders have sent their questions. Please note that the Company reserves the right to limit the members asking the questions depending upon the availability of the time of this AGM. The questions of the Speaker Shareholders would be responded after all the questions from them.

Now, I would like to invite the Shareholders who have registered themselves as speaker to present their questions or comments. Speaker Shareholders are requested to be precise and share their views/questions in 2-3 minutes.

We will try to respond to the maximum questions after hearing all the speaker shareholders. So, Now, I request the Moderator to unmute Speaker Shareholder No. 1 - Mr. Shlok Dave.

Mr. Shlok Dave: Am I audible?



Mr. Fageshkumar R. Soni, Company Secretary: Yes Sir.

Mr. Shlok Dave: Good morning. Thank you very much for giving me the opportunity and congratulations to everyone. I've been a shareholder for now almost 3 years and I was not expecting the turnaround to materialize so effectively and the kind of profit profitability that the company has exhibited. I know that the sectoral derivents are in your favour. But still, this kind of performance, operational performance, it definitely deserves a lot of praise from the shareholders. So please accept my heartiest congratulations. And thank you very much for your hard work.

Sir, I have a list of questions. Firstly, Sir, I haven't been able to figure out the exact total capacity across our 3 divisions. So if you can just tell us how much capacity you have? In the opening statement of both Mr. Chairman and Mr. Managing director, both of them mentioned that the capacity utilization was very good in the steel division. So can you also share some sort of a qualitative number. For example, FY 23, FY 24, what kind of volumes we did. And based on that, my actual question is, have we reached full capacity? Because now that we are profitable, we still have a negative net worth. But we are doing fairly well, and it's just a matter of time that we turn positive. So how are you looking at things? Have we reached the full utilization, and hence will we go for any expansion? When are you looking to do that? Because, as I said that the networth is still negative, and we do have some debt on a balance sheet. So how are you looking at? At the future that way? Can you also share some of your plans related to Capex over the next 2, 3 years? And Sir, you also mentioned in your opening remarks that there was some sort of a cost rationalization effort which was also responsible for the fantastic performance. So can you throw some light over there? What kind of operating efficiencies can we expect going forward? Then, now that we have started addressing the debt issue by repaying debt? What kind of effective interest rate is that, are we expecting going forward? Is there any rating upgrade which is possible? Any saving on the interest cost interest rate that the banks are charging us. Is that possible? As of now? Or will it take some more time? So we do have an EV, is there any pickup in sales on the EV side? And what are our core strengths there? We do show some sales, and I understand, because the scale is very small we are reporting losses. But how do you see the EV division planning out going forward? And Sir on the special steel division, again some kind of detailed commentary on, how do you see this division going ahead? Sir one of my, you can say that it's a concern is that there is a lot of steel capacity which is coming or, or coming online over the next 24 months in India, specifically. So how do you see the market evolving over that time? Is there a pressure on possible pressure on pricing that you expect? I understand the demand is very good, but the amount of supply which is hitting them going to hit the market is coming in a very chunky manner. So it may take some time to get absorbed. So how do you see the pricing for your products and your entire special steel division. What are you looking? I mean, how do you see the future planning out over the next 2 years? Specifically, because of the additional seebility which is coming in other than that, Sir. Thank you very much for giving me the opportunity, and I must again congratulate you, turnarounds in your industry are very, very rare. Failures are more, much more frequent, and after having such a huge amount of trouble turning



around, the business is such a commendable job. I don't have enough words to praise the effort of the management. So all the best, Sir, please continue in the same way going forward and have a great year ahead, Sir. And if you can answer the questions point by point, I've also said, send the questions in writing for your reference, so I would really appreciate it, Sir, all the best. So thank you very much.

Mr. Fageshkumar R. Soni, Company Secretary: Thank you Sir.

Mr. Suraj Bhandari, Managing Director: Thank you.

Mr. Fageshkumar R. Soni, Company Secretary: Now, I request the Moderator to unmute Speaker No. 2 – Mr. Praneeth Bommiseti.

Mr. Praneeth Bommiseti: Hello, Management! Thank you so much for your time for providing me the opportunity to talk to you guys and ask few questions. So I was curious about the Engineering and Technology division especially. So it has been showing turnaround. And we've been making a lot of profits also. Last year we've reached 1,300 crores and the profit build has significantly improved. So what is causing the tailwinds for this industry to go? I understand China, plus one has been playing a crucial role in increasing the amount of furnace that are being deployed in the country. So what capacity of furnace has been seeing this most driving the growth? Is it below 1 Turn or over 1 Turn?, because Electrotherm is known to have large capacity furnaces. So how are we seeing the saturation that market? Because Electrotherm has been pro in the business for a long time? So as there's been a saturation point in the large furnaces. And that is why Electrotherm is shifting those smaller scale furnaces. And I've been hearing a lot of quality concerns for like servicing the older capacities of Electrotherm which have been deployed. Is that the case everywhere else? Or how are we doing it? And especially since they're already problems and the rapid growth of the division, there's more deployments and are we able to scale up the engineers accordingly with that? Or have we been facing any problems? And can you shed more line light on the volumes and price increment in this particular division?. Actually, how many furnaces have we delivered? And what is the price increase that we've been noticing have been? We've been able to get any pricing power in the industry? Because there's a lot of players entering and gaining a lot of market share also. For instance, Megatherm has also been gaining lot of traction. And it's on the ground talk that like Megatherm has taken a lot of Electrotherm's employees in terms of talent and technical aspects or sales aspect. So how has that been planning out for Electrotherm so far? And did we have any detrimental effects because of that? And what kind of market share in this particular division does it hold in the country? Because furnace industry is huge, and there's it's a very murky business, and like people, it's not. Information is not very available. So what kind of market share we do? We command in this particular segment? And has it been growing or reducing with commotion, growing at the moment? In in terms of the steel division, steel division has been cyclical for the longest time, and we've made net loss for the last few in and most of the last 10 years. So how have we been seeing the pricing increases, or anything in this particular steel division. And has it? Has the industry? Tailwinds also been applicable for the special steel division which



we've been doing and one more question regarding the electric division. So we started the electric bike division in 2006 and overall we didn't cross the 60 crore mark of revenue in the last 10 years. So how are we seeing this? And the 60 crore mark has not crossed, despite the EV industry has have been gained by ola and ather, so how like? Why have we not caught on with the EV by division? And what is happening with this particular division, and since most of the years we have been burning cash through the segment? Are we planning on divesting it, or are we planning on putting capex and expanding its market share and is so the 3 divisions are quite substantial on their own? Are we? Is the management planning on demerging them to unlock shareholder value? Because if we see the engineering division is has been gaining a lot of profitability and similar to public businesses like within engineering division, like megatherm, have gained 34 PE. And we have been operating at a way up where we're not being unable to unlock the value of each division. So are we planning on the demerger anytime soon, or what does the management think about this particular thing? That's all for me. Thank you .

Mr. Fageshkumar R. Soni, Company Secretary: Thank you Sir.

Mr. Dinesh Mukati, Chairman: Okay.

Mr. Fageshkumar R. Soni, Company Secretary: now, I request the Moderator to unmute Speaker Shareholder No. 3 – Mr. Kishan Chand Gupta

Moderator: Sir, can you please pardon the name?

Mr. Fageshkumar R. Soni, Company Secretary: Mr. Kishan Chand Gupta.

Moderator: Not available.

Mr. Fageshkumar R. Soni, Company Secretary: Okay. So we move ahead. I request the Moderator to unmute Speaker Shareholder No. 4 – Ms. Swechha Jain

Moderator: Not available.

Fageshkumar R. Soni, Company Secretary: Okay. Now, I request the Moderator to unmute Speaker Shareholder No. 5 – Mr. Hardik Indramal Jain.

Mr. Hardik Jain: Yeah. Good morning Sir. Can you hear me?

Mr. Fageshkumar R. Soni, Company Secretary: Yes, Sir.

Mr. Hardik Jain: Okay, thanks a lot. And 1st of all, congratulations for such a great turnaround. It really speaks about the resilience that as a management we have, and the efforts and hard work that we have put in to bring back the company to the level that we are today. So hearty congratulations to the entire team. I have some questions which I have already emailed also. But I'll speak out here one by one. So if you can brief us about the order book that we have in hand today for our furnace



division. And typically, how much time does it take to execute orders? And what kind of EBITDA margins should we expect from this orders going forward? So this is my 1st question. Second one, with our existing capacities, what is the peak annual turnover that we can achieve from our furnace division? TMT division? and ductile iron pipe division? and the transmission tower division?. What is the peak turnover potential of each division? If you can brief us. And what I think, Shlok also asked this question. If you can give us our manufacturing capacities, division wise for all the 3 - 4 divisions that we have. What kind of capacity we have in terms of tonnage? Sir, Company has entered into revised settlement with 3 ARCs, except the Rare ARC which is still pending, so how much will be the interest cost annually, we should expect once this revised settlement is implemented? And how much is our repayment obligation annually? If you can brief us, because, I could not find that figure. What would be our annual interest cost? and annual repayment obligation going forward? and what is, if you can update us, the status of the settlement with Rare ARC. When do we expect to finalize it? And, what was the original debt? Sir, and what kind of interest liability we expect from this Rare ARC, because in balancesheet, it does not provide 116 crore of interest towards this debt. But what do you think should be the interest cost from this debt after the settlement, when we expect it to happen? Sir, we have some advances from customers, I think broadly it is from for our furnace division, so last year the advances in March 2023 was around 334 crores, as of March 2024, the advances from customer is down to 280 crores. So does it mean, that the turnover from this division we should expect some slow down? or this does not indicate anything?. So if you can just brief us why the advances of customers have come down? And What is our capex or expansion plan for our engineering division as well as special steel business? If you can brief us that. Also you have mentioned in annual report somewhere that 900 crores of sales have come from just 2 customers, so which segment that would be?. And how do you view this client concentration risk for us? your opinion on that? Yeah, these are my few questions. So thank you.

Mr. Fageshkumar R. Soni, Company Secretary: Thank you Sir.

Mr. Dinesh Mukati, Chairman: Okay.

Mr. Fageshkumar R. Soni, Company Secretary: Now, I request the Moderator to unmute Speaker Shareholder No. 6 – Mr. Yogesh Kanaiyalal Shah

Moderator: Mr. Yogesh is available, but not responding

Mr. Fageshkumar R. Soni: Not responding? Shall we move ahead?

Mr. Dinesh Mukati, Chairman: Yaah.

Mr. Fageshkumar R. Soni, Company Secretary: I convey my thanks to all Speaker Shareholders for appreciation. Now, I would like to request Suraj Sir to answer the questions to the Speaker Shareholders.

Mr. Suraj Bhandari, Managing Director: First of all thank you for the appreciation to



the Board and the Management and to the Company itself, and, and I look forward to interacting with all of you for the questions that you've asked.

As many shareholders have asked the questions. I would like to divide the questions division wise and category wise for ease of understanding to all of you.

First question of the division that I'm taking up is the ENT division - Engineering division of the Company.

- Can you provide a detailed breakup of the contributing segments with the Engineering and Technologies division?

Your Company Electrotherm, is a well-known and one of the most reputed equipment manufacturer for steel melting equipment through induction route, which is a major contributor in the ENT division. We also make casters, transformers, and other equipments which are needed in a steel plant.

- What weight class of furnaces contributes most to the segments revenue?

Electrotherm caters to a range from 60 ton furnaces down to 5 Kg. furnaces. The current preference in the Indian steel industry is from 20 to 50 ton furnaces.

- What is the key revenue growth driver, product, segment within the engineering and technologies division?

Your Company provides complete high quality steel making solutions and each product is aligned with the other. However, the steel melting equipment segment is the major crop driver. As Indian steel industry aims to reach 300 million tons per annum steel making by 2030-31 wherein induction is more sustainable for a mid-scale investment and it is also the more chosen path currently for steel making. Small size furnaces have gained significant traction in the market, especially with the rising demand for Indian castings.

- How has the company capitalized on this trend?

The castings and foundry industry in India is growing and the growth that the foundry and casting industry is seeing along with that we keep catering to that industry, and our foundry division also keeps growing along, but more and major revenue of our Company, and this division comes from steel mating industry, and thus we do capitalize on the foundry sector. But there is small growth in that sector, and along with that we also keep growth.

- Quality of services, or quality of service remains a concern. For example, in Hyderabad some foundry owners have faced difficulties servicing older machines due to service engineers' lack of skills. What is the company doing to address this issue? is this situation widespread across other regions?



Your company believes and practices customer centric approach for its products and services. We have not come across any such complaints, but we will look into it. And we are a very customer centric and a service driven Company. So we make sure that all our equipment supplied to any customer all around the globe, including India, be it old or new, we service them at the first instant required.

- What is our order, book in hand for furnace division? How much time will it take to execute these orders? and what kind of EBITDA margins should we expect from these orders?

Any given day your Company holds order book positions from 6 to 8 months. Usually it takes around 90 to 120 days for delivery post finalization of designs. It also depends on the site readiness of the at the customer end whether they are ready to take the equipment and start.

- What is the peak annual turnover potential of our furnace division?

Your company has achieved best ever performance in the last financial year, which is 2023-24. Engineering and Special Steel division have registered highest turnover as well as profitability. Considering inter division sales of 20.73 crores each turnover, each division's turnover is Engineering was 1,308; Special Steel division is 2,932; Electric Vehicles is 32; and thus the total comes comes 4271.50 crore.

- Expansion Plan for Engineering and Technologies Business?

Currently your company is not contemplating over any such plans.

Mr. Fageshkumar R. Soni, Company Secretary: There was a technical problem. Sir we can carry on.

Mr. Suraj Bhandari, Managing Director: So we carry on with our questions asked by the shareholders.

- Can you please provide some commentary on the special steel division? How do we see the profitability panning out in the metals divisions?

The special steel division has 2 sub-segments, one we produces TMT Bars, the other, we produces ductile and pipes. Both are located at Kutch in one compound. The steel industry is cyclical in nature and Electrotherm's Steel division has no different trend than the industry. However, your Company has worked upon operational efficiency to improve the profitability.

- The Special Steel division is cyclical with uncertain margins. How does the company hedge against fluctuations in raw material prices?

Since a few years the Company has revised its customer acquisition policy, and



only confirms order for the next 2 to 3 months, which limits risk of higher raw material costs versus low selling price.

- Is there potential to introduce value added products to the current offerings to improve margins and reduce the impact of commodity price changes?

We are happy to inform you that your Company is already working on the value added products. Since a few years, we are already in that segment in the market, manufacturing EPOXY coated TMT Bars and cut and bend TMT bars, which are ready to be used at the sites of construction. However, currently at lower scale, due to lack of market awareness. Along with this, we are also arranging and participating certain, in certain programs exhibitions to educate construction industry for the benefits of these value added products. We are also, because catering to the steel industry, we are also, working along with the steel ministry to educate our steel ministry, and along with it the whole of country to, to accept more of these higher value, higher value, added products.

- With commodity, prices stabilizing, how do you see this affect, affecting the business?

Since your coal prices are corrected and now stable. But the influx of cheaper Chinese steel is putting pressure on the Indian steel industry.

- What is the peak annual turnover potential of our TMT division, Ductile Iron Pipes division and Transmission Line Tower division?

Last year the Company has registered best ever performance, however considering higher sale of better realization products which can be small sized TMT Bars, Pipes, Epoxy cut and ben bars, it may increase back to 20%.

- Expansion plan for steel business?

We are not contemplating over any such plans.

- What are the plans in EV division? Are we seeing any pickup in sales? Now? What are our core strengths in this division?

Currently, there are no major plans for the EV divisions, and as it requires stable government policies, and we are seeing a marginal pickup in the sales going forward.

- The Company was an early player in the electric bike market 2006, but has not managed to surpass 60 crores in annual revenue, reaching only 380 crores. despite the rapid adoption of EV bytes and the success of competitors like Ola and Ether, why has the division's performance remain muted?.

This segment demands more investment in working capital technology and



marketing which your company can't afford right now.

- Given that this segment has been burning capital for most of its existence, is the company considering shutting down or divesting that this division to focus on more promising business areas?

Currently we are aiming to run this business at break even point without any major investment in this division.

Coming to the questions asked regarding the capacity of the Company's divisions.

- What is the total effective capacity of the company in the 3 divisions?

In the last 10 years of the Engineering division the Company has grown at a CAGR of 16 plus % without any major capital investment as it executes technology based very customized orders and capacity utilization doesn't apply for this division. At Samakhiali, Kutch, your Company has a steel melting capacity of 0.6 million tons per annum.

- Can you please share the sales volumes in these, in the 3 divisions in FY 23 and 24. Have we reached the full capacity? Utilization?

The installed capacity for steel division - TMT Producing TMT Bars is 4,00,000 tons per annum, Pipe is 1,92,000 tons per annum. We have achieved 3,09,000 tons in TMT Bar, and 1,84,000 tons in pipe. Total we have produced 4,93,000 which is 0.49 million tons per annum.

- What is our manufacturing capacity at Kutch and break up in the terms of TMT bar, Ductile and pipes?

And, yeah, I think it's totally covered.

We now change our category to the borrowings and banks, and related to ARCs.

- What is the expected cost of debt going forward?

As per current restructuring agreement with the banks and arcs. It varies from 8.5% to 11%.

- Nearly a decade ago the Company defaulted on its loans and struggled despite restructuring efforts. How is the situation now? Has the company negotiated a settlement with its banks and creditors, and is there hope for resolving the debt burden?

Yes, the Company has restructured its debts, except one, and detailed terms are already given in the Annual Report on Note No. 36, Page No. 105 to 107.



- Company has entered into revised settlement with 3 arcs. How much will be the interest cost annually? As per this revised settlement also, how much is our repayment obligation every year with this revised settlement?

As per the Revised Settlement terms as mentioned in Note No 36, Page 105 to 107 of the Annual Report. The annual interest cost would be approximately 60 to 70 crores and repayment obligations for the settled loans would be approximately around 230 to 250 crores every year.

- Status of debt settlement with Rare ARC, and by when do we expect it to be finalized? How much was the original debt and should we, should we expect post settlement with Rare ARC.?

The original principal debt was 200 crores, and from time to time the Company has submitted various settlement proposal, proposals to Rare ARC, however, the restructuring with Rare ARC is still pending. Whenever it is done, it will be informed.

- Status of debt restructuring with Rare Asset?.

It's already covered.

- Total debt, after restructuring with all 3 ARCs, Edelweiss, Invent and Rare?

The detailed terms including repayment obligations are already given in Annual Report – Note No. 36, Page No. 105 to 107.

- Status of companies plan to repay all 3 ARCS. All 3 ARCs in one shot by obtaining that from a single new lender on favorable terms.

Currently, the Company is considering to pay from the operational cash flows.

- Can the Company become debt free in 3 years?

Option of one, as per prevailing settlement, terms with the Banks and ARCs, last, last instalment is in March 2027.

And I request all the shareholders, if there are any further questions that you have, please email those questions to the Company, and we will be happy to answer them through the company secretary.

Mr. Fageshkumar R. Soni, Company Secretary: Thank you so much Sir. We will move ahead for remaining proceeding for the meeting.

Now, with the permission of Chairman Sir, the e-voting facility will remain open for next fifteen minutes to enable to those shareholders who remain present at the 38th



AGM through Video conferencing or other Audio Visual Means and who have not cast their vote through remote e voting.

The results shall be declared along with the Scrutinizer's Report to the Stock Exchanges (i.e. BSE & NSE) on which the equity shares of the Company are listed and It shall also be placed on the website of the Company and CDSL.

Lastly, I would like to thank the Chairman Sir, all the Directors, the Statutory Auditor, Secretarial Auditor, Scrutinizer and all the Members present at the 38th Annual General Meeting through Video Conferencing or Other Audio Visual Means.

Thank you.

Mr. Suraj Bhandari, Managing Director: Thank you very much

Mr. Dinesh Mukati, Chairman: Thank you very much

Moderator: Can we end the session.

Mr. Dinesh Mukati, Chairman: Yeah

Moderator: Can we end the session.

Mr. Fageshkumar R. Soni, Company Secretary: Yes

Moderator: Thank you Sir.
