

# **ANNUAL GENERAL MEETING OF SHAREHOLDERS NO. 20**

## **Questions to the Company** **during June 15 – July 15, 2021**

### **Question 1**

Graphite electrodes prices were very high 1-2 years ago. How's the situation now?

#### **Answer 1**

Graphite electrodes prices had shot up during 2017 and 2018 due to shortage of certain raw materials like needle coke. Since then, new capacities have come up (largely in China) that has improved the supply of needle coke and GE. Due to pandemic since March 20, steel production and hence demand for GE was affected in many parts of the world while production of GE was stable. These factors have resulted in decline in GE prices. Currently the prices are stable.

### **Question 2**

How do you see export volumes this year? There was a decline in last year.

#### **Answer 2**

The demand for steel in geographies where the Company traditionally exports like Laos, Cambodia, Malaysia, Indonesia and India were adversely impacted in 2020 due to lockdowns in those countries. The situation has not improved much in 2021. Thus export of rebar and wire rods in H1 2021 has been on the lower side. The Company has sent 1st parcel of rebars to Canada in April'21. Overall, our focus will continue to be a dominant player in domestic market and maintain export volume between 6-12% of total sales depending upon the situation.

### **Question 3**

Regarding the Government policies, "Made in Thailand" and business matching between manufacturers and steel users for usage and production planning together. How do these policies affect the Company in various aspects such as sales, spread, competitiveness, etc. and how does the management prepare to deal with these matters?

#### **Answer 3**

At the request of the industry, Government of Thailand has come out with policy to support 'Made in Thailand (MiT)' steel in public infrastructure projects. We believe this will be good for customers and domestic steel companies in the long run. Rebars are not imported in Thailand as of now. This policy will support that further. The Company has already been certified for MiT for rebars, wire rods and small sections.

The Company has been promoting this in various government project enquiries. It is too early to judge the impact on sales volume and spread.

#### **Question 4**

Refer to the Company's announcement No. TSTH 068/2017 RM/AN/PB dated November 16, 2017 regarding the MBF furnace contract. Does it specify the period of the furnace delivery and when will the Company receive the money? The current condition of the furnace has been disassembled to prepare for transportation or does it still install in the existing place and ready to use? In case the buyer is unable to comply with the contract, how will the Company gain or lose? And how to deal with the furnace in the future?

#### **Answer 4**

The deal with the prospective buyer signed in 2017 did not materialize. Thus the mini blast furnace is still with the Company. The management continues to explore a buyer for the assets. However, with the subdued market sentiments and impact of Covid-19 pandemic since 2020, there has not been any significant progress on this front. MBF assets are valued at expected realizable value as estimated by an independent valuer and these assets are classified as idle assets held-for-sale, under non-current assets.

#### **Question 5**

In view of finding business partners by selling shares of the Company as did with HBIS. How does the management look for better benefits to the Company and other current shareholders? Since currently steel price in the world market tend to increase. In addition, the Company itself has a strong financial position. Is there still need to find the alliance? What is the management view on this matter?

#### **Answer 5**

The process of divestment has been put on hold and there are no active proposals. Meanwhile, steel business has delivered good returns. So Tata Steel Group has changed the status of TSTH from 'Held for sale' to 'Continuing operations' in its consolidated financial reporting.

#### **Question 6**

How has the Company been affected by the COVID situation in various aspects?

#### **Answer 6**

Since the start of pandemic, the Company has put in place necessary measures to avoid spread of Covid-19 at the working locations. During the first (Apr'20) and second (Dec'20) waves, there was no impact on company operations. However, there were few cases of Covid-19 infections to employees and contractors in wave 3 that was connected to people traveling during Songkran holidays. Since then, all locations have enhanced preventive countermeasures such as physical distancing between people, improved hygiene at work place and canteens, increase % of employees working from home and self-declaration related to travel via in-house developed mobile app etc. For safety and well-being of the employees and ensure continuity of business, the Company has arranged all employees and their family members to be vaccinated with Sinopharm. Till 21st July, more than 85% of employees had received 1st dose and we expect more than 96% of employees to be covered by 31st July

### **Question 7**

Closing worker camps in Bangkok, what are the impacts to the Company? And how does the Management deal with such problems?

#### **Answer 7**

The demand of construction materials including steel has got adversely impacted with the announcement of closure of worker camps and stoppage of construction sites from end June'21. Sale of rebars and wire rods used for making mesh and PC/LRPC wires used in construction sector has declined since then. Neighboring countries like Lao, Cambodia, Malaysia and India are also seeing adverse impact of pandemic on the local steel demand. However the demand of special wire rods including those used in automotive sector is good along with billets in international market. Thus company has booked good volume of billets for export as an interim measure till situation improves in Thailand.

### **Question 8**

Does the Company plan to expand the production capacity from 1.7 million tons soon? If so, how much investment is required?

#### **Answer 8**

Average capacity utilization of steel companies in Thailand is below 50%. Against this, TSTH operates in the range 70-75% of the rolling capacity due to better operating efficiencies and good acceptance of products by our Customers. Thus 1st priority of the Company is to use existing rolling capacity of 1.7 MTPA before any further addition. Secondly, it is not necessary to add new capacity to increase revenue. Product mix enrichment, higher downstream and value added products sale add to revenue and profitability within same total sales volume. In this regard, the Company has expanded the product basket by supplying micro-alloyed rebars to department of Highways, GB grade to Chinese-Thai high speed train, Seismic grade to earthquake prone zones in N/NE Thailand and ready to use CAB that include readymade Stirrups under brand name 'Superlinks' and footings under 'Super base' along with many new grades of wire rods.

### **Question 9**

Since the Company invested in solar roof top, how many years of the break-even point? And when is the installation and available for usage?

#### **Answer 9**

The Company has entered into a contract with a 3rd party to install, maintain and deliver guaranteed output of 12 MW from the solar power plants installed on factory roof-top. The commissioning is planned during Feb-Mar'22. Thus, there is no capital investment and operational expense for the Company. Normally solar power projects of this capacity would cost approx. 240-250 Million THB of capex. The Company will get green power at a substantial discount to the prevailing grid price for next 10 years. After that, the assets will be transferred to the Company at no cost.