

TRANSCRIPTION OF THE PROCEEDINGS OF THE 50TH ANNUAL GENERAL MEETING OF THE COMPANY HELD THROUGH VIDEO CONFERENCING AT 3:30 PM (IST) ON THURSDAY, THE 30TH SEPTEMBER 2021

(Pursuant to Para 3, Part A (I) of MCA General Circular no. 14/2020 dated 8th April 2020)

Address by Mr. Ashwin C Muthiah, Chairman

Ladies and gentlemen, it is just 1 minute past 3:30 P.M. I am informed that necessary quorum is present and I call the meeting to order. I am happy to be with you for the 50th Annual General Meeting of your Company being held through video conferencing facilitated by CDSL. A Live streaming of the meeting is also available through their website.

It has been confirmed that this meeting is held in due compliance with the requirements specified in the circulars issued by the Ministry of Corporate Affairs and SEBI.

The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts and other documents are available for inspection during the Meeting in digital form through the e-voting platform of CDSL.

I welcome my fellow Directors, who are participating in the meeting through video conferencing. I also would like to inform Ms. Sashikala Srikanth - Chairperson of the Audit Committee and Mr. B Narendran - Chairperson of the Nomination and Remuneration Committee and Stakeholders Relationship Committee are present. The Statutory Auditors' and the Secretarial Auditors are also participating through VC.

Before we proceed to take up the Agenda items, I would like to share a few thoughts with you.

Chairman's Speech

It gives me great pleasure to address you at the 50th Annual General Meeting of your Company. A very warm welcome to you. I hope you and your family are healthy and safe. This is the second virtual AGM of the Company held through video conferencing and it is yet another good experience to connect with you digitally. As per the General Circulars issued by the Ministry of Corporate Affairs and SEBI, the Company's Annual Report for the year 2020-21 has been sent only through electronic mode to those members whose email addresses are duly registered. And with your permission, I shall take them as read.

Fertilizer and Agriculture – Global Scenario

The global demand and supply of Urea fertilizer is continuing to show marginal growth. The demand is expected to increase by 1.5% from 172 Million Tons in 2018 to about 184 Million Tons in 2023. The production is expected to follow the demand pattern with plants operating at about 85% load factor. The total nameplate capacities of all plants will also increase from about 212 Million Tons in 2018 to about 228 Million Tons in 2023, including shutting down of old plants and building new ones. India will continue to be a significant player in Urea production retaining a share of about 14% of global production despite a global capacity increase/addition.

The global production of food grains and cereals, consisting of rice, wheat & coarse grains, continues to grow at a moderate rate of 2.1% with 2711 Million Tons in 2019-20 going up to 2767 Million Tons in 2020-21.

The world witnessed unprecedented commodity price increase consequent to “supply chain shock” on account of logistics bottlenecks due to covid induced restrictions imposed by governments of different countries, specifically in Asia. It was followed by “demand shock” as the businesses opened up after covid lockdowns were lifted. These two pressures resulted in inflation adding cost pressures to all manufacturing companies. As a result, the global prices of Ammonia shot up by 57%, Naphtha by 57%, (LNG) Liquefied Natural Gas by 180% and Urea by 90%. However, market-driven global economy pushed up the FAO “food price index” to about 119 during January – May 2021 from about a stagnant index of 95 prevailing during the last three years, giving some respite to agricultural activity.

Fertilizer & Agriculture – Indian Scenario

The Urea production during 2020-21 was 24.6 Million Tons which translates into 0.6% growth. However, the imports grew by 7.7% to 9.83 Million Tons during this period; similarly, consumption also grew by 4.0% to 35.04 Million Tons. The total food grains production consisting of rice, wheat and coarse cereals grew by 2% to 303 Million Tons; production of oil seeds grew by a healthy 12% to 37 Million Tons and the sugarcane production grew by 7% to 398 Million Tons.

India’s Urea production capacity will increase by 6.35 million MTs by 2023 with the commissioning of 5 more Urea manufacturing Units which will be equivalent to a 25% addition to the existing capacity. It will go a long way in fulfilling the cherished policy dream of our Hon’ble Prime Minister, Shri Narendra Modiji’s - Atmanirbhar Bharat.

Events with Significant Impact

The COVID 19 pandemic resulted in successive waves during the last eighteen months and so and has severely affected the economies of all countries around the world. India is no exception. During year 2020-21,

overall GDP contracted by 7.3% with the Industrial sector and Service sector contracting by 7.0% and 8.4% respectively. The only silver lining is the growth in the agricultural sector by 3.4%. However, while the economy is inching towards 'near pre pandemic' level, one needs to be careful about another spike with delta virus which can, once again, have a softening effect on GDP growth.

Fertilizer being an essential commodity, it is important to mention about the support we got from the Central and State governments. However, it is also necessary to note the severe working capital challenges the industry faced during the first several months of 2020-21. The subsidy dues had increased to a significant amount, putting to test every Company's resilience in this sector. The limited availability of working capital funds due to restrictions imposed by Financial Institutions & Banks and the higher financing cost resulted in the most challenging period for the Company. Subsequently, the Government of India came up with the most unprecedented move by sanctioning an additional Rs. 65,000 crores towards the subsidy budget which practically settled the old dues. Govt started releasing funds from this additional allocation from January 2021 giving a great relief to the industry from perpetual liquidity issues. We do hope that the subsidy flows, in future, will remain streamlined.

Another significant event was the inauguration of the Ramanathapuram – Tuticorin Natural Gas pipeline by the Hon'ble Prime Minister of India Shri. Narendra Modiji on 17th February 2021. This will benefit not only your Company, but also other Industrial Units in and around Tuticorin.

Company's Performance and Looking Ahead

Your Company achieved 6,20,400 Tons of Neem Coated Urea production during year 2020-21 as against 5,50,287 Tons in 2019-20. The plants achieved an energy efficiency level of 6.454 Gcal/MT this year as against 6.915 GCal/MT during the previous year. During the year, the sale of manufactured Urea was 6,11,562 Tons. During the financial year 2020-21, the revenue from operations was Rs.1527.01 crores and the profit after tax was Rs 51.85 crores.

During the first quarter of the year 2021-22, the plants had a steady run producing 1,80,189 Tons of Urea. Your Company started receiving low-pressure Natural Gas from 13 March 2021 and high-pressure Natural Gas from 2nd August 2021 from ONGC through the IOC pipeline. With full commissioning of all the compressors by IOC in Ramanathapuram, your Company will take the sanctioned quantity of 0.9 mmscmd of gas. As per the policy, we will get the advantage of a revised energy norm of 7.382 Gcal/MT of urea for recovering the capital cost spent on converting the plant for 'gas compliance'.

The completion of this significant/strategic project and gradual commissioning of the critical equipment with Natural Gas will improve the reliability of operation and bring down the energy consumption. This impact will be realised during the year 2021-22, ensuring sustained profitability. With the cost of production coming down, your Company will also have the opportunity to increase production by about 10% in the coming years. Actions have been initiated to obtain necessary statutory approvals for this. The improvements in these two parameters, namely, cost of production, capacity will also reduce the subsidy burden for the Government of India. Your Company is looking forward with keen interest to greater policy clarity in 'Direct Benefit Transfer', 'Nutrient Based Subsidy' and subsequent decontrol of the urea sector in a phased manner.

Your Company will also monitor the pandemic situation for the possible next wave with delta virus spread and its impact on cash flow and working capital closely.

Corporate Social Responsibility

Your Company's initiatives on Corporate Social Responsibility lay emphasis on understanding the needs of the local community and working on creating long term benefits integrating ethical, social and ecological standards. For the year 2020-2021 began with severe disruptions to economic and social activities due to the COVID 19 pandemic. Your Company stepped in with relief measures related to food, health, water, sanitation and shelter for the vulnerable sections of the society. It was done in close coordination with State Government & District Administration. We are also in the process of establishing a medical oxygen plant capable of filling 170 numbers of 7 cubic meter cylinders per day to support society demand. Guidelines were framed for the employees for safe practices, personal hygiene in the workplace and for vaccination.

In addition to Covid relief work, other CSR activities included rural area cleaning, lighting arrangement in corporation water tanks, donating sports items, engineering support to drinking water supply for the local community, etc.

Talent Management

I firmly believe that your Company is as good as its people. 'People/Talent Development' has been a key and continued focus area and your Company attaches great importance to talent management and progressive HR practices across levels. Even during the pandemic period, employees attended many internal and external programmes through virtual platforms. Succession Planning and Long Term Career Growth Plans create a leadership pipeline and a robust organisation. I am passionate about developing future leaders and building a great team. Hence, I personally oversee and am involved in identification, training and development of senior

management personnel for the continued success of your Company.

Acknowledgement

I thank the Central and State Governments, Tamilnadu Industrial Development Corporation Limited, Financial Institutions and Banks, Ministry of Chemicals & Fertilizers, Ministry of Petroleum & Natural Gas, Ministry of Shipping and Ministry of Corporate Affairs, Indian Oil Corporation Limited and ONGC(Oil & Natural Gas Corporation). I also thank all our customers, dealers, vendors and suppliers for their continued support and cooperation. I appreciate the sincere effort of all the employees of the Company. I thank the Members of the Board for their valuable support and guidance. On behalf of the Board of Directors and myself, I gratefully acknowledge and thank the stakeholders for reposing faith in us.

Thank you.

Now we may proceed with the business of the Meeting.

The Notice of the Meeting has already been circulated and with your consent, we shall take it as read.

The resolutions given in the Notice, have already been put to vote through Remote E-voting. So there will be no proposing or seconding of the resolutions.

There are no adverse observations or remarks in the Reports of the Statutory Auditors and Secretarial Auditors. So, the Reports are not required to be read. Before we proceed further, I would like to bring to your attention certain information regarding the proceedings.

Facility for remote e-voting on the resolutions was made available from 27th September 2021 and 29th September 2021. Arrangements have also been made for e-voting during the meeting. The voting is open now and will close five minutes after the conclusion of the meeting.

Members who have not exercised their votes through remote e-voting and attending the meeting now may cast their votes through e-voting link available on your screen.

Now we will go ahead with the Q&A Session.

Those shareholders who have registered to speak at the meeting will be invited one by one.

The shareholder if he so desires, may enable their video while speaking. Kindly note that the maximum time available for each speaker would be

about 3 minutes.

So, I request members to be as brief as possible; not to repeat questions if they are similar to the one raised by any other shareholder and speak only on items pertaining to the Agenda of the Meeting.

I will collate all the questions and respond to the same at the end. Now I request the Moderator to invite the speakers one by one. I also request him to prompt the speakers if they stretch beyond the permitted time.

Moderator: Thank you, Chairman sir with your permission I am begin the Q & A session. Our registered speaker shareholder is Mr. B S Srimal. Mr. B S Srimal, you can speak now.

B S Srimal – Am I audible sir?

Moderator – Yeah, you are very audible so please continue.

B S Srimal – and where is the video?

Moderator – Sir, if you wish you can turn on your video, please. Sir continue through audio mode sir, if you are facing any difficulties.

B S Srimal – why don't you open the video?

Moderator – It has been provision has been given to you. It is up to you, please.

B S Srimal – I am doing it the camera is not working.

Moderator – Please continue sir.

B S Srimal – Through Audio & Video means

Mr. Chairman sir, Member of the Board and my fellow Shareholder, I am CA B S Srimal from Kolkata. Sir, I am extremely grateful to you for giving me the opportunity to share my views at the AGM. I hope you will take care to respond to my queries so that I go back Wait full information. Sir I'm also grateful to those shareholder will follow me. After the meeting for sparing their times.

Sir, I am also thankful to Mr. Ganesh the Company Secretary who helped me. In registering myself as a speaker in the meeting.

Sir, before I would like to have a few suggestions Sir. Your annual report is now send in an E-form and I would suggest that it should be digitalized. So

that people clicking in the requested page, this can be open. Otherwise it is very difficult to go through 200 pages at this time.

Another point, I think your balance sheet was signed quite back. So, please try and have the meeting earlier in future years. Then sir, this is the 50th general meeting of the Company is a golden jubilee year for the Company and I know under your leadership the Company is starting to move to a positive result.

Sir, we are not getting any dividend since last 2 decades. And I remember I am a shareholders from the IPO stage, and the share price was at one stage 140 Rupees and now it has gone down to 50 Rupees and previously even lower than the par value. So what steps are you proposing to take in this direction, and at least reward the shareholder at this golden you will be here. I hope you would Declare interim dividend, if feasible looking into the results of the Company.

Sir your finance cost has gone down that is a good sign from 34.15 Crores to 14.15 Crores. Sir, while talking about the, about the figures. I would prefer that you should have a same figure everywhere it should not be somewhere lacs and in somewhere in crores. It is preferable that the figures should be crores. Lacs has it has lost its value these days.

Sir, I would like to know from you, if you can enlighten me. How much is the cost saving we have done during these period? And what you and we said in the Current year 2021-22. What is our total capacity of production?

And whether we have reached the Total capacity and also pre-covid period last year. If you can give us a complete know all of these facts. And do you have any plan to Increase the capacity of our total production by Greenfield or Brownfield.

What is the CapEx plan the Company has at this stage?

Sir, you have a meeting of independent director and I would like to know who chairs the independent directors meeting and what is the outcome of the Meeting?

Moderator – Sri, Srimal sir, could you please restrict your question in another 1 minute?

B S Srimal

Sir, when the Company would be zero emission Company, if you could inform me.

Sir, it is really trust worthy that you are having a CSR activity in spite of the fact that you are not to Do CSR activity and you are running at a loss.

Sir, could you give us the figure, how much you have spent on CSR.

How much is yours total attendance in today's meeting and how much saving, we are making by EV meeting compared to physical meeting. As we have already have 1 meeting last year.

Sir, You can also split the shares of the Company. In 2 rupees or 1 rupee that will give away some value to the shareholders.

Sir, you have capital work in progress of 12.53 Crores. What is the impact in the current profit loss account?

Sir, lastly, I like to say.

Moderator – Sri, Srimal sir, you are exceeding a timeline. Could you please restrict your questions?

B S Srimal – Your sales is 1527 Crore.

Moderator – Srimal sir! Chairman Sir, Shall I continue, allow him to continue?

Chairman – That's ok, he is almost finished. I think.

B S Srimal – please inform me. There are also dues why the Company on account of sales tax and exercise duty could you tell us, sir? What is the current position?

With this, I'd like to conclude and I'm sorry if I have exceeded the time. But at the same time, I would like to say. That there is hardly any shareholder who will be speaking so you should not restrict and this is a once a year performance, so you should not restrict the time in 3 minutes which is not done even in a bigger companies like HUL etc., I have attending meeting of these companies. So, kindly see to it and have the meeting earlier with this I shall conclude and I, thank you very much for giving me this opportunity.

Thank you.

Moderator – Thank you, Srimal sir. Sir that's all from the speaker shareholders are requesting chairman to take over the Meeting.

Chairman – Okay, so let me, uh, reply whatever possible to Mr B S Simal and then I'll ask my colleagues to also chip-in.

So first of all he wanted to know about the Annual report being in digital form. I'm not sure about this. I know you have received the in E form. So perhaps Company secretary can respond to this after I finish.

Having the AGM earlier, we will do our best to try and have the early AGM date, but as, you know, there are lot of procedures prior to having the Board, sign off on the accounts and then subsequently proceed to the shareholders. We follow a very tight schedule and we have done our best to have the AGM. There is no excess delay in the process that's all I could say. We have done our best and we have done it within the given timeframe.

Dividend, I'm afraid we are unable to declare dividends because of the past losses. However, I'm confident that, when the losses get wiped out, then the Company should be in a position to recommence the dividend payment track record. Whether we can give an interim dividend or not. I have to say that we are at a stage where, we need to conserve all our money for our CapEx and our efficiency of the plant improvement, because we are now converting from Naptha to Natural Gas, so a lot of money is required for all completing all the CapEx and the energy optimization. So, interim dividend definitely will not be possible.

However, the moment the losses are wiped out, then the Company should be in a position to come back on dividend record. Figures in lacs and crores probably, CFO can answer that, and also CFO can answer all the cost saving.

Production capacity, whether it will increase, etc., There is a name plate capacity and there is a incremental capacity that we can go upto, which I also mentioned in my speech. It is up to another 10%. Beyond that we are free to increase our capacity, but that is not going to come under the subsidy regime and we will not be able to recover our capital cost like how the government is giving us funding support to recover, all that not be available. We are free to increase it, but you may not get the support of the government and you will not be able to get subsidy if you go beyond a certain limit. So, we keep our production capacity to what is licensed by the Government of India for fertilizer companies.

CapEx as you know, we have been spending a fair bit of money on converting the plant from Naptha to Gas and also we are spending a fair bit of money on improving the efficiency of the plant.

So, that the energy of the plant is kept at the lowest possible levels. So this is about CapEx, may be CFO can inform about the quantum of CapEx that is been planned.

Mr. Ganesh can inform about the chair of the Independent Directors meeting.

Zero emission, I don't think that is that's going to be possible. But all I can tell you is we are moving to a cleaner fuel. We're moving from Naptha to gas, which is a cleaner fuel. I don't understand quite clearly what you meant by zero emission. All I can tell you is, we will be conscious about the environment, and we are moving into a much more cleaner fuel by converting into gas.

CSR spend Anandan can also inform. But what I can tell you is we are not today in a position to do CSR as a statutory requirement, because of the losses. However, we have spent more, as a commitment to the society and Mr. Anandan can, definitely inform the amount we have spent.

Attendance in today's meeting, I don't know. I don't know if the Company Secretary is already aware of it. But perhaps we will only later, but any way that also the Company Secretary can inform you.

Split in shares and smaller denomination. I have noted your comment. I'm not sure whether this is the best thing to do. We will bear it in mind and take note of your comment.

On sales tax matters also Mr. Anandan can inform. I think I have tried to answer as much as possible. Over to Mr. Anandan for his points, and then followed by Company Secretary.

CFO – The Sales Tax and Excise Duty cases are pertaining to old case. Very recently, we are not adding any cases now. We are now able to manage the old cases, pending at Tribunals and Courts and we are trying level best to close the case at the earliest. Because of the Covid, no hearing has happened. So, we will try to close it at the earliest. We are taking all the steps to reduce the Sales Tax and Excise Duty liability.

So far we spent for the project 450 crores and another 150 crores we will be spending in another 6 months' time. So around 600 crores, we'll be spending on the CapEx for the conversion of Plant from Naphtha to Gas.

Then CSR activities, we are not supposed to spend as per the Act. But anyway, we have spent around 57 lacs already for the CSR activities during the previous year. But this year done more.

Then as far as, figures in lacs and crore, we'll make it in lacs in the next year onwards.

So, I think I answered all of the questions.

Chairman – Anandan my suggestion is we make the figures in crores. I think that's what Mr. Srimal has said, not in lacs.

CFO – ok, sir.

Chairman – Ganesh!

CS – Good afternoon, the query on, the shareholder regarding digitalizing, the annual report format.

The present format with which we have sent is in the PDF form, which is actually a machine readable and searchable format as prescribed by SEBI and therefore, we feel we are following the requirement of SEBI and in case you have any other difficulty, you can probably check with us and we will see how we can sort-out that matter for you. But presently, it is all as per the requirement of the SEBI.

As far as the Independent Directors meeting, there are 5 Independent Directors and the meeting held during this year was chaired by Mr. Debendranath Sarangi one of the Independent Directors. He was elected chairman for the meeting and the role of the Independent Directors' meeting we have narrated in the Director's Report in page number 14 which is more about the performance of the non-independent directors, the Board as a whole, the chairman and the flow of information between the management and the Board.

So this is the role of the Independent Directors' meeting, which was discussed.

I hope I have clarified the points raised by Mr. Srimal and the number of attendees for the meeting is 68, which is more than the requisite forum for a valid meeting.

Chairman – Okay, thank you as mentioned earlier the venue voting window would remain open for another 5 minutes and those who wish to cast their votes may do so. The votes polled will be consolidated and the results will be announced as required under the Company's act and SEBI LODR regulations.

Members may view the final results from the website of the Company or the National Stock Exchange, or CDSL E-voting website, which will be released within the time limit, prescribe under law.

The resolutions shall be deemed to have been passed as of date, i.e., 30th September 2021.

I thank you all, once again, for your presence and cooperation. I now declare the meeting as closed. Moderator!

Moderator – With the permission of chairperson, we are concluding this meeting. Thank you all for joining.
Good day Thank you.

Chairman - Thank you.

The content of the proceedings hereinabove is subject to the extent of clarity in the audio based on which the transcript has been made out.