



Transcript of 35th Annual General Meeting of
Chambal Fertilisers and Chemicals Limited
held at 1030 hours on Thursday, September 10, 2020

Moderator: Good morning ladies and gentlemen. Welcome to the 35th Annual General Meeting of Chambal Fertilisers and Chemicals Limited through video conferencing and other audio-video means. For the smooth conduct of the meeting, the members will be in the mute mode and audio and video will be opened when a member speaks at the meeting. I now request Mr. Saroj Kumar Poddar, Chairman, to initiate the proceedings of Annual General Meeting. Over to you sir.

Saroj Kumar Poddar: Thank you. Rajveer, Company Secretary please confirm the quorum.

Rajveer Singh: Thank you sir. Presently 159 members have already joined through NSDL system. Quorum is present and meeting is duly constituted, thank you.

Saroj Kumar Poddar: Thank you. Good morning members. The quorum is present and may I now call the meeting to order. I welcome you all to the 35th Annual General Meeting. I hope all of you are safe during these difficult times. I'm attending the meeting through video conference from my residence in Dubai. This Annual General Meeting is being held through video conferencing and other audio visual means in accordance with the provisions of the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. The Company has made all efforts to enable the members to participate in the meeting through video conferencing and to vote electronically before and during the AGM.

All the directors are attending the meeting. Let me make it clear our entire board is present today. Let me take this opportunity to introduce the members of the board and other officers attending the meeting. We start with Mr. Shyam Bhartia – Non-executive Director, joined from New Delhi, Mr. Nimesh Kampani, Independent Director from Mumbai, Ms. Radha Singh ji – Independent Director and Chairperson of the Stakeholder Relationship Committee and the Nomination and Remuneration Committee, joining from Gurugram, Mr. Chandra Shekhar Nopany – Non-executive Director joined from Calcutta, Mr. Marco Wadia – Independent Director and Chairman of Audit Committee, joined from Mumbai, Mr. Vivek Mehra – Independent Director joined from Mukteshwar, Uttarakhand, Mr. Pradeep Jyoti Banerjee – Independent Director joined from Mumbai, Mr. Anil Kapoor – Managing Director joined from New Delhi, Mr. Gaurav Mathur – Joint Managing Director joined from New Delhi, Mr. Abhay Baijal – CFO, joined from New Delhi and Mr. Rajveer Singh – Company Secretary, joined from New Delhi. Mr. Pramit Agrawal – Partner of Price Waterhouse Chartered Accountants LLP, Auditors of the company and Mr. Manish Gupta – Partner, RMG & Associates, Secretarial Auditor of the company are also present in this meeting.

The register of directors and key managerial personnel maintained under Section 170 of the Companies Act, 2013, register of contracts or arrangements maintained under Section 189 of the Companies Act, 2013 and Certificate of auditors in respect of CFCL Employees Stock Option Scheme 2010 and other documents referred to in the notice are available for inspection electronically. Members who desire to inspect the documents may send an e-mail at isc@chambal.in which is also mentioned in your notice of the meeting.

I would like to share my thoughts with you on the overall scenario and performance of the company. I once again ladies and gentlemen welcome you all to the 35th Annual General Meeting of Chambal Fertilisers and Chemicals. The COVID-19 pandemic is the most unprecedented event witnessed in the history of mankind. It has left the people and the economies all over the world in distress. With the imposition of lockdown in March, 2020 economic activities came to a standstill, resulting in supply-side disruptions and demand falling to very low levels in most of the sectors. COVID-19 has actually changed the way businesses being operated and conducted and work from home, social distancing, travel restrictions are truly the new normal. As India continues to cope up with the health crisis unleashed by COVID-19, the focus is now back towards revival of the economy. Government of India is taking targeted fiscal and monetary measures to support affected sectors of the economy and the economy is turning but slowly towards normalcy. The fiscal situation is likely to improve in the coming months and this applies both to the state and the center.

The government has been prompt in addressing the logistic issues faced by the industry due to COVID-19. However, for us in the fertiliser industry, this has remained stressed due to delay only because of delay in subsidy payments. Fertilisers, being a very important industry for India, were exempted from lockdown restrictions and being an essential commodity, COVID-19 did pose a serious challenge to the continued operations of the plants. In these difficult times, your company's first priority was safety, health and well-being of all its employees. The next priority was to continue operations of all the three urea plants. Your company has followed stringent social distancing norms and appropriate measures have been taken to control the movement of people from outside into the Gadepan complex.

I am pleased to share with you, ladies and gentlemen, that we have been successful so far in keeping the plants running and also holding COVID-19 at bay. There has been no impact of COVID-19 on the operations of the company. These measures have enabled us to ensure uninterrupted supply of fertilisers and other agri inputs to millions of Indian farmers. I am proud to share with you that all this has been possible with the very high level of commitment and relentless efforts of all our employees at all levels.

The financial year 2019-20 was a remarkable year in the journey of your company and the company has achieved its best ever performance. It is heartening to note that the newly commissioned Gadepan III plant achieved the rated capacity during the first full year of operation. During the financial year 2019-20, the company produced 32.66 lakh tonnes of urea as against 25.04 lakh tonnes of urea produced during the previous year. The company registered a 124.53%—ladies and gentlemen please note the company registered a 124.53% increase in profit after tax at Rs. 1224.31 crores as against Rs. 545.27 crores achieved during the previous financial year. Our total income increased to Rs. 12,385.29 crores as compared to Rs. 10,226.12 crores in the previous year. The growth in revenue and profitability was substantially backed by the production and sales of urea from the Gadepan III plant and better performance in our trading division, particularly in sales of DAP.

As you all know the company had paid interim dividend of Rs. 4 per share during the year which was the highest ever dividend payout by the company. The timely arrival and subsequent performance of monsoon has boosted the sowing of Kharif crops and it will also contribute positively to the sowing of Rabi in the coming months. The demand of fertilisers in the first quarter has been robust and this momentum is continued.

Your company rose to the occasions and increased its sale of Fertilisers, both urea and DAP during the quarter ended 30th June, 2020. This, ladies and gentlemen, resulted in a 33% increase in profit after tax which is Rs. 314.03 crores as against Rs. 235.91 crores achieved during the corresponding quarter of last year.

Friends, your company sells fertilisers under the Uttam brand which is a very trusted and sought after brand by the farmers in all the territories that we operate. Post Gadepan III, your company has attained leadership position in the fertiliser industry and it is aggressively looking to leverage the opportunities available in the agri-input market. We are gradually expanding our reach in new territories to increase sales of non-urea products which is a priority for your company.

As an organization, we have always stood firm with all the stakeholders of the company in these difficult times. COVID-19 situation being a most unprecedented one, your company helped in mitigating the plight of the underprivileged people in Kota and Baran districts. It has also contributed 5 crores to PM CARES Fund. The employees too came forward and contributed to help the government in its fight against the current pandemic. Your company continues to make significant contribution in the area of education, technical and vocational training, rural development, healthcare and soil health.

Our primary aim is to make perceptible changes in the lives of people by providing them tools to improve their living standards. Education, as we all know, is the most important enabler to eradicate poverty and enhance the living standards of our people. We have worked relentlessly to successfully transform and enhance the education standard in the government schools adopted by us. We have also improved the standards of Industrial Training Institutes (ITIs) adopted by us thereby substantially increasing the employability of students trained in our institutes. It is a matter of great satisfaction that most of the students passing out of ITIs adopted by Chambal are getting placements in reputed organizations all over India. Continuing with the aim of increasing the standard of technical education, the company last year—you will be pleased to know—adopted Government Polytechnic College in Baran. We aim to substantially improve the infrastructure and standard of technical education in this Institute.

I take this opportunity to thank all the employees whose continuous and sustained efforts have made the success of the company possible. I would also like to thank you for sparing time to join this historic Annual General Meeting being held through video conference. It will be our endeavor to put our best efforts for sustained growth, expansion and prosperity of the company, benefiting all the stakeholders. Thank you.

Ladies and gentlemen, since the notice of the meeting and the standalone and consolidated financial statements and the reports of the auditors and the Board's report are already with the members. Can I seek your approval for being taken as read? We will take it as read.

As per Section 145 of the Companies Act, 2013 and Secretarial Standard on General Meeting, the qualifications, observations, comments or other remarks in auditor's report on the financial transaction or matters, if any, which have any adverse effect on the functioning of the company shall be read at the Annual General Meeting. Further, the qualification, observations, comments or other remarks, if any, mentioned in the secretarial audit report which have any material adverse effect on the functioning of the company, shall also be read at the annual general meeting. These reports are forming part of the annual report. As per these reports, there is no such qualification, observation, comment or any other remark. Hence, these reports are not required to be read. I now request Rajveer Singh, Company Secretary to brief the members about the e-voting procedure.

Rajveer Singh:

Thank You, Chairman. As per the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and secretarial standard on general meetings, the company had provided the facility of casting the votes by members through electronic means. The company has engaged National Securities Depository Limited i.e. NSDL to provide the facility of remote e-voting and the facility of e-voting to the members participating in the AGM through video conferencing / other audio-visual means. The remote e-voting facility was open from 900 hours on September 5, 2020 to 1700 hours on September 9, 2020. The members who have not cast their vote by remote e-voting, can vote through e-voting in the Annual General Meeting on the e-voting portal of National Securities Depository Limited i.e. NSDL through which you have joined this meeting. I will further explain once the agenda items are taken up in this regard. Thank you Chairman.

Saroj Kumar Poddar:

Thank you Rajveer. Ladies and gentlemen, we shall now take up the item of business as set out in the notice of the Annual General Meeting.

Item 1 pertains to the adoption of financial statements of the company. In pursuance of Section 129 read with Section 134 and other applicable provisions of the Companies Act, 2013, the audited standalone financial statements and consolidated financial statements of the company for the year ended 31st March, 2020, Board's report, report of auditors are laid before the AGM. The statement containing salient features of subsidiaries and joint venture of the company is also attached thereto.

I now move to item 2 which pertains to the appointment of Mr. Chandra Shekhar Nopany as a director. In pursuance of Section 152 of the Companies Act, one-third of the directors liable to retire by rotation shall retire at every annual general meeting. Mr. Nopany is liable to retire by rotation at this Annual General Meeting and has offered himself for re-appointment as a director.

Members may kindly note that we are now moving to special business. The objectives and implications of these resolutions are also given in the notice of the meeting.

Item 3 pertains to ratification of remuneration payable to M/s. K. G. Goyal & Associates, cost auditors. The Board of Directors had appointed K. G. Goyal to conduct the audit of the cost records of the company, as applicable, for the financial year ending March 31, 2021 at a remuneration of Rs. 1,00,000 plus applicable taxes and reimbursement of out of pocket expenses. As per Companies Act, 2013, the members of the company need to ratify the remuneration payable to the cost auditor. The text of the resolution is given in the notice.

Moving on to item 4; item 4 pertains to the appointment of Mr. Gaurav Mathur as Whole-time Director designated as Joint Managing Director of the company. Subject to your approval, the Board of Directors has appointed Gaurav as a Whole-time Director designated as joint MD of the company for a period of 5 years with effect from January 6, 2020. The qualifications, experience, key terms and conditions of appointment including remuneration and other details of Gaurav are given in the notice of the annual general meeting. The text of the resolution is also given in the notice.

Item 5 pertains to the appointment of Pradeep Jyoti Banerjee as an Independent Director of the company. Pradeep Jyoti Banerjee was appointed as an Additional Director in the category of Independent Director with effect from December 1, 2019. The appointment of independent director requires approval by members in general meeting. The company has received a notice from a member proposing the candidature of Pradeep Banerjee as a director. The qualification, experience and details of Pradeep Jyoti Banerjee are given in the notice of the annual general meeting. The Board of Directors have recommended the appointment of Pradeep Jyoti Banerjee as an Independent Director for a term of 5 years commencing December 1, 2019 until November 30, 2024. The text of the resolution is given along with the notice.

Item 6, ladies and gentlemen, pertains to the appointment of Mrs. Rita Menon as an Independent Director of the company. The company has received a notice from a member proposing the name of Mrs. Rita Menon as an independent director. The qualification, experience and other details of Mrs. Rita Menon are given in the notice of the AGM. The Board of Directors have recommended the appointment of Mrs. Rita Menon as an independent director for a period of 5 consecutive years from September 10, 2020 that means from today to September 9, 2025. The text of the resolution is also given in the notice.

Ladies and gentlemen, since I am interested in item 7 and 8, with your consent, may I request Anil Kapoor, Managing Director to take up item 7 and 8.

Anil Kapoor:

Thank you Chairman. Item No. 7 pertains to approval of payment of commission to non-executive directors of the company. In order to appropriately remunerate the non-executive directors, the approval of members is sought for payment of commission to non-executive directors for a period of 5 financial years commencing from April 1, 2020. The aggregate commission payable to all the non-executive directors during a financial year shall not exceed 1% of the net profit of the company subject to the maximum of Rs. 10,00,000 per financial year per non-executive director. The text of the resolution is given in the notice.

Item no. 8 of the notice pertains to continuation of directorship of Mr. Saroj Kumar Poddar after attaining the age of 75 years. As per regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from April 1, 2019, no listed entity shall appoint or continue the directorship of a non-executive director who has attained the age of 75 years, unless a special resolution is passed to that effect. Mr. Saroj Kumar Poddar shall attain the age of 75 years on September 15, 2020. Accordingly, approval of the members by way of a special resolution has been sought for continuation of directorship of Mr. Saroj Kumar Poddar after he attains the age of 75 years. The qualification, experience and other details of Mr. Saroj Kumar Poddar are given in the notice of annual general meeting. The text of the resolution is also given in the notice.

Now, I request Mr. Saroj Kumar Poddar to continue with the proceedings of the meeting. Thank You.

Saroj Kumar Poddar: Thank you Anil. Friends, we now move on to our discussion with members who have registered themselves for raising their queries or to express their views with regard to the financial statements or any other matter to be placed at the AGM.

Rajveer Singh: Chairman, as per the procedure given in the notice of Annual General Meeting, the members were required to register with the company 48 hours in advance in case they wanted to be a speaker in the meeting. No member has registered before the cut-off time that is 48 hours before the time for commencement of the meeting to register as speaker. So we can accordingly go ahead. And so far we have also not received any queries through e-mail and any other means also.

Saroj Kumar Poddar: So not chats also

Rajveer Singh : Not yet sir.

Saroj Kumar Poddar: Fine. I think the people, obviously all members are very happy with the performance of the company and they have hardly any questions to ask. Because I must say the team has performed brilliantly well and compliments to the team and to all our employees for this wonderful performance. I now request Rajveer Singh, Company Secretary to brief the members about the voting at the meeting.

Rajveer Singh: Thank you Chairman. The e-voting facility is open for members who have not cast their vote through remote e-voting. You may vote on the e-voting portal of National Securities Depository Limited i.e. NSDL through which you have joined this meeting. The members may click on the EVEN of the company that is 113387 which is appearing on your screen for e-voting. It will direct you to separate window on the e-voting portal of NSDL where you can vote on each of the items/resolutions forming part of the notice of the meeting. I now request Chairman to continue with the proceedings of the meeting. Thank you Chairman.



Saroj Kumar Poddar: Thank you Rajveer. Mr. Manish Gupta, Partner, RMG & Associates, Company Secretaries in whole time practice, has been appointed as scrutinisers to scrutinise the remote e-voting and voting at the AGM. The consolidated result of the remote e-voting and e-voting at the AGM shall be made available with the scrutiniser's report on the websites of the company and that of NSDL within 48 hours of the conclusion of this meeting. Mr. Rajveer Singh, Company Secretary is authorized to declare the results of the voting and place the results on the website of the company, in due course, of course within the 48 hours.

Ladies and gentlemen, all the items of business forming part of the AGM have been taken up. The e-voting will continue to be available for the next 15 minutes on all items forming part of the notice of the meeting. The Annual General Meeting will stand concluded at the end of 15 minutes. Thank you for joining us today. I wish you all a safe and healthy future and good health. Thank you.

Rajveer Singh: Thank You Chairman.