



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

**Transcript of 37th Annual General Meeting of
Chambal Fertilisers and Chemicals Limited held on
Tuesday, September 13, 2022 at 10:30 A.M Indian
Standard Time**

Moderator: Good morning ladies and gentlemen. Welcome to the 37th Annual General Meeting of Chambal Fertilisers and Chemicals Limited. For the smooth conduct of the meeting, the members will be in 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, kindly confirm the quorum.

Rajveer Singh: Yes, I am just doing. Just checking the numbers sir. So, Chairman, we have 107 members connected right now and quorum is present, we can start the proceeding.

Saroj Kumar Poddar: So, the quorum being present, I call the meeting to order. Good morning, ladies and gentlemen. Once again, I welcome all of you to the 37th Annual General Meeting of Chambal Fertilisers and Chemicals Limited. I am attending the meeting through video conference from Kolkata. This Annual General Meeting is being held through video conference/ other audio visual means in accordance with the provisions of the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI. I'm satisfied that all the efforts feasible under the circumstances have been made by the Company to enable members to participate and vote on the items being considered in the meeting. All the Directors are attending the meeting. Let me now introduce the members of the Board of Directors and KMP attending the meeting.

Mr. Shyam Bhartia, Ms. Radha Singh ji, Mr. Marco Wadia, Mr. Chandra Shekhar Nopany, Mr. Vivek Mehra, Mr. Pradeep Jyoti Banerjee. Then we have Gaurav Mathur, Managing Director, Mrs. Rita Menon, Abhay Baijal and Rajveer who have joined from New Delhi. Mr. Prमित Agrawal, Partner of Price Waterhouse Chartered Accountants LLP ("PWC"), our Auditors and Mr. Manish Gupta, Partner, RMG & Associates, Secretarial Auditor are also present in the 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, Certificate of Secretarial Auditors in respect of CFCL Employees Stock Option Scheme 2010 and other documents mentioned in the notice of AGM are available for inspection electronically. Members who desire to inspect these documents may send an e-mail at isc@chambal.in which is also mentioned in the notice of the meeting.

I will now like to share my thoughts with you on the overall scenario and the performance of the Company. Once again, welcome to all of you for attending the 37th Annual General Meeting of Chambal Fertilisers and Chemicals. It is heartening to see that we have almost overcome COVID pandemic and moving towards normalcy. While the economies were recovering from the impact of COVID, the global conflict posed a new challenge causing economic stress in different sectors of the economy. Rising fuel, food and fertilizer prices are impacting everyone. The Indian economy, however, continues to show resilience despite challenges of high commodity prices and elevated inflation.

The fertilizer sector witnessed significant challenges during the financial year 21-22, mainly due to the global demand supply imbalance leading to a substantial increase in procurement prices of imported raw materials and finished products. The continuous increase in prices of imported fertilizers naturally resulted in deployment of higher working capital and unfortunately also impacted our margins. The increase in prices of P&K fertilizers in the international market continued unabated during the first quarter of the current financial year but also lower demand in other key global markets is now leading to a gradual reduction in the procurement prices. I hope this softening prices of P&K fertilizers continues further throughout the year and we approach normal levels next year.

The monsoon during the current year has been erratic with uneven distribution of rains in different parts of the country. While this has improved as the monsoon progressed, sections of a few states have a shortfall. Early estimates indicate that this has impacted sowing acreage in the Kharif season, especially for paddy though demand for fertilizers remained robust so far. In spite of high prices, your Company has made full efforts to import P&K fertilizer to support our farmers. At the same time, your Company is working closely with the industry and Government of India to find an equitable solution to the financial situation this creates.

Let me now touch upon the performance of the Company during financial year 21-22. The Company registered 26.4% increase in standalone total income which was Rs.16,164 crore as compared to Rs. 12,789 crores in the previous year. The standalone profit after tax reduced slightly to Rs. 1287 Crores as against Rs. 1347 Crores achieved during the previous financial year. This geographical expansion in five states progressed well and, focus on marketing strategy in the existing marketing strategy has given impetus to strong double digit growth in crop protection chemicals, specialty plant nutrients and NPK fertilizers. The Company has paid an interim dividend of Rs.4.5 per equity share during the financial year 21-22. The Board of Directors have recommended a final dividend of Rs.3 per share of Rs.10 each. The high inventories of DAP and other P&K fertilizers at the beginning of the year enabled your Company to register higher sales volume during the first quarter of the current financial year. The production and sale volume of urea remains steady during the first quarter in comparison to the corresponding period of the previous year. The growth momentum in crop protection chemicals especially specialty plant nutrients continued. The standalone profit after tax stood at Rs. 406 crores against Rs. 342 crores during the same period of last year.

While urea is the largest contributor to the revenue and profitability of your Company, we continue to make efforts to expand our business in other products. We are making good progress with providing all products to farmers through our channel partners. Following this concept, the Company has established itself as a strong player in P&K fertilizers over the years. We have recently increased our focus on crop protection chemicals and speciality plant nutrients both of which, I am happy to report, are delivering excellent growth. We have introduced new crop protection chemicals in the market to expand our basket of products and provide solutions to the need of farmers for different crops. The market penetration in existing territory has increased through well planned farmer outreach programs. The Company has launched Seed-to-Harvest

initiative to bring to the farmer, all agri inputs he may require from sowing till the final crop is harvested.

Apart from this, the Company has expanded its marketing territory in the Eastern, Western and Southern parts of the country to become a pan India player. All these initiatives shall enable the Company to grow its P&K fertilizer, crop protection chemical and specialty plant nutrients. Environment, Safety and Governance is the priority of your Company. I'm very happy that we continue to do very well on this front. Our Gadepan-III plant is one of the most energy efficient urea plants in the country and we continue to invest in energy improvement plans on the other two plants. We have, and we continue to implement leading practices for enhancing safety and industrial hygiene standards as well as making capital investments for the same. Needless to say, very high standards of corporate governance is the core of your Company.

The most important lesson that the world has learned from COVID is empathy. I'm proud that empathy and care have again been at the core of your Company since it's very inception. The Company has remained ahead of the curve in terms of corporate social responsibility and its commitment to society. The Company had provided much needed support by providing oxygen concentrators and oxygen plants in government hospitals near its plant in Rajasthan. The Company has taken various initiatives for the overall benefit of the society in the areas of education including technical education, rural development, health care and sanitation, employability and empowerment, environment sustainability, disaster management and promotion of sports. I'm happy that the number of youth educated in our Industrial Training Institutes and Polytechnic Institute supported by your Company have found employment in good companies. The Company is committed to the welfare of society at large and will continue to make efforts in this direction.

Our vision is to create a robust organization resilient to external shocks. We are very excited about the opportunities going forward and we believe, we have the ingredients to create significant value in the coming years for all of you shareholders. In conclusion, I would like to thank each one of you for being a partner in this ongoing journey. Your Company is very much appreciated, and the success of your Company is indicated of the faith you have reposed in us. Thank you.

Ladies and gentlemen, since the notice of the meeting and the audited financial statements and audited consolidated financial statements, Report of the Auditors and Board's Report have already been circulated to the members, the same may please be taken as read. As per Section 145 of the Companies Act, 2013 and Secretarial Standard on General Meetings, the qualification, observations, comments or other remarks in Auditor's report on the financial transaction or matters, if any, which have any adverse effect on the Company shall be read at the AGM. Further, the qualifications, observations, comments or other remarks, if any, mentioned in the Secretarial Audit Report which may have any material adverse effect on the functioning shall be read at the AGM. These reports are forming part of the Annual Report. As per these reports, I am happy to say, there is no such qualification, observation or comment or any other remark. Now, I request Company Secretary to brief the members on e-voting procedure. Rajveer.

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 has provided the facility of casting the votes by members through electronic means. The Company has engaged National Securities Depository Limited to provide the facility of remote e-voting to the members 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 9 AM Indian Standard Time on Friday, September 9, 2022 to 5 PM Indian Standard Time on Monday, September 12, 2022. The members who have not cast their vote by remote e-voting, will be able to vote through e-voting in the meeting on the link provided on the portal through which they have joined this meeting. I will explain further once the agenda items are taken up by the Chairman. Thank you, Chairman.

Saroj Kumar Poddar: Thank you, Rajveer. Ladies and gentleman, let us now take up the agenda of the meeting as set out in the notice.

Item #1 pertains to the adoption of financial statements of the Company in pursuance of Section 129 read with 134 and other applicable provisions in the Companies Act, the audited financial statements and consolidated financial statements of the Company for the year ended March 31, 2022, Board's Report and report of the Auditors are laid before the AGM. The statement containing salient features of the financial statements of subsidiaries/ joint venture is also attached thereto.

We now move to Item #2 which pertains to declaration of final dividend on equity shares for the year ended 31, 2022. As I mentioned, the Board of Directors has recommended a financial dividend of Rs. 3 per equity share of Rs.10 and friends, it requires your approval. This is an addition to the interim dividend of Rs.4.50 paid earlier during the year. The final dividend along with the interim dividend aggregates to Rs.7.50 per equity share.

Moving on to Item #3, this pertains to the re-appointment of Mr. Shyam Bhartia as Director of the Company in pursuance of Section 152 of the Companies Act, 2013. One third of the Directors liable to retire by rotation, shall retire at the AGM. Mr. Shyam Bhartia is liable to retire at this AGM and has offered himself for re-appointment as a Director of the Company.

Item #4, Ladies and Gentlemen, pertains to reappointment of Price Waterhouse as the Auditors of the Company. In pursuance of the provisions of Section 139 of the Companies Act read with the Companies (Audit and Auditors) Rules, 2014, the Company can appoint/ reappoint an audit firm as Auditors for not more than two terms of five consecutive years. Price Waterhouse is eligible for reappointment at the second term of five years. The Board of Directors, on the recommendation of the Audit Committee, have recommended the reappointment of PWC as Auditors of the Company, for the second five years term from the conclusion of this AGM till the conclusion of the 42nd AGM of the Company. Accordingly, approval of the members by way of ordinary resolution has been sought for appointment of PWC as Auditors of the Company. The credentials of PWC are well known and also given in the notice of the AGM for perusal by the members. The text of the resolution is also given in the notice.

Moving further, Members may kindly note that we are now moving to the special business. The objective and implication of these resolutions are once again explained in the notice of meeting.

Item #5 pertains to ratification of remuneration payable to K. G. Goyal & Associates, Cost Auditors. The Board of Directors had appointed K. G. Goyal & Associates, Cost Accountants to conduct the audit of the cost records of the Company as applicable for the financial year ending March 31, 2023 at a remuneration of Rs.1,10,000 plus applicable taxes and reimbursement of out of pocket expenses. As per the Companies Act, 2013, the members need to ratify remuneration payable to the Cost Auditors. The text of the resolution is given in the notice.

Next item, ladies and gentlemen relates to the appointment of Mr. Berjis Mino Desai as an Independent Director of the Company. The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, have recommended the appointment of Berjis Desai as an Independent Director of the Company for the term of five consecutive years from September 13, 2022, to September 12, 2027. The Company has received a notice from a member proposing the candidature of Mr. Berjis Desai as an Independent Director of the Company. The qualification, experience and other details of Mr. Desai are given in the notice of the Annual General Meeting.

The approval of the members, by way of special resolution, has been sought for appointment of Mr. Berjis Mino Desai as an Independent Director of the Company. The text of the resolution is also given in notice.

Friends, we now move on to discussion with members who have registered with the Company for raising queries or expressing views, with regard to the working of the Company particularly in relation to financial statements, at the AGM.. While we proceed with the queries of members, the e-voting during the AGM through electronic voting platform can commence. I now request Rajveer, Company Secretary to commence the question-and-answer session.

Rajveer Singh:

Thank you Chairman. The speaker shareholders are requested to mention their name, folio number or DP ID and client ID and location from they are joining. The members can also post query in the communication box available on the screen to each member participating in the meeting. First registration, I will now invite Ms. Hutokshi Sam Patel client ID 37100120371000018446 to unmute her audio and video if she has joined. In the interest of time, I request you to be brief and restrict your question or comments to two to three minutes. Ms. Patel has joined?

Moderator:

She has not joined the call.

Rajveer Singh:

Ok, Thank you. We can move to the next speaker. I now invite Mr. Praveen Kumar, DP ID IN300118, Client ID 10449827 to unmute his audio and video. In the interest of time, I request you to be brief and restrict your questions to two to three minutes. Mr. Praveen Kumar. Moderator can put the speaker on.

- Praveen Kumar:** Am I Audible?
- Rajveer Singh:** Yes
- Praveen Kumar:** A very, very good morning to my respected Chairman, well decorated esteemed Board of Directors and my co-fellow shareholders who joined this meeting. Myself Praveen Kumar joining this meeting from New Delhi. I have a few observations which I love to share with entire house. I have to thank you for the detailed in-depth speech respected Chairman sir. You almost covered everything. I know the Company for more than a decade and over the period of decades, I observed under your leadership Chairman sir, everybody knows in India that our economy is solely based on agriculture and the CSR activity under your leadership is commendable, you are truly making India stronger at the bottom of the pyramid. I salute you for that sir, the CSR activity for children of farmer, education, healthcare and so on and so forth. That really shows that our Company is very, very for the investor also and for the country also that is really wonderful for me to be part of such a legacy sir. And sir, your industry friendly approach is also very, very high and hard-earned money you gave as per. I supported all the resolutions, which we set up for the notice today. And sir for retail investor like me, for minority investors, the barometer of the Company is also decided by the corporate governance. In this regard, I would love to thank our Company Secretary, Respected Rajveer ji, his team, Mr. Choudhury, they are wonderful people. It's not about this event. It's about throughout the year during COVID also, if I have any query, anything which I have to ask for the Company, they will promptly reply. So they are the big asset for us as far as the retail investor is concerned. My only query is that under your leadership, sir, I just pray to the God that he will enlighten you so that you will take our country and our Company to the newer heights in the future. Long live respected Chairman. Thank you very much for providing with this platform to express my view for more than a year, I am very, very proud to be part of such a legacy. Thank you very much respected Chairman sir.
- Saroj Kumar Poddar:** Thank you for your compliments.
- Rajveer Singh:** Thank you Mr. Kumar. I now invite Mr. Abhishek J. DP ID IN301637 client ID 41359155 to unmute his audio and video. In the interest of time, I request you to be brief. Mr. Abhishek. Please carry on.
- Abhishek J:** Am I audible?
- Rajveer Singh:** Yes, we can hear you and we can see you.
- Abhishek J:** Trust all is well with you and your family. In this challenging situation, our Company deserves much more respect than the current market cap after completing more than a decade of successful operations, profitability, dividend history and becoming one of the strongest brand in our respective segment. I would like to know how our business has been impacted in these past three years of this COVID time. The Corona virus and the subsequent lockdown have virtually no industry untouched after the COVID. So, whether any employees you have sacked, hired, salary cut in percentage, if any, I would like to know from you, sir. And I will request the management

to kindly take part in concall, quarterly presentations and meeting with global investors on a regular basis sir. And what are the steps being taken by the management to reduce the other expenses, legal professional charges and the audit fees so then, myself and my team are running a little firm in the name and style of Seven wells & Associates, so I would request your goodself to kindly enroll the firm in the empanelment of the Company and we will be glad to extend our services. And I thank the Company Secretary and the entire team for conducting this annual general body meeting virtually by sending the link well in advance to all the investors and making this 37th annual general body meeting a grand success. I wish the Company and the Board of Directors great success and prosperity in coming future. Sir and one more thing, in the NSDL platform when we exercise our e-voting and when we get access to download annual general body meeting as well, you're supposed to update certain documents like register of members, register of KMP and register of contracts if any, but unfortunately, it is not updated. So I will request, your goodself to kindly update the same for the members. So that the shareholders can very well inspect the same during the time of AGM itself and rather than they need not contact you subsequent to the AGM meeting, it should be made available 30 minutes prior to the meeting and after the conclusion of the AGM so that shareholders need not contact you again and again, so this will help the investor fraternity as well as the management sir. Then, kindly take care of the hospitality part of the investor fraternity sir. Nothing much to ask sir, I wish the Company and the Board of Directors great success and prosperity in the coming future and thank you for giving the opportunity sir. Kindly arrange for a factory visit for the investor fraternities as and when time permits. Thank you very much. Thank you for giving the opportunity, hope to see you in the physical AGM next year.

Saroj Kumar Poddar: Thank you.

Rajveer Singh: Chairman, if you give me opportunity, I can answer to the queries.

Saroj Kumar Poddar: Yes, you answer to this query and I will ask Gaurav to answer to the other queries.

Rajveer Singh: Yes. So, Chairman we have also replied to Mr. Abhishek personally whatever queries he has raised. So on investor calls, we are having quarterly investor calls which are open for anybody to join and contact details are shared on the platform of stock exchanges. So any investor can join the calls when we have our quarterly investor calls. Registers, statutory registers are made available on request, anybody can request for inspection of the registers and details in this regard are given in the notice and also mentioned by you in the opening, by sending an email. Regarding impact of COVID and other details, Mr. Gaurav Mathur may respond the questions.

Gaurav Mathur: Thank you for the comments and queries raised Mr. Abhishek. With regard to COVID, the Company has been proactively and continuously been monitoring the situation, both internally and externally and taking substantive number of measures. And I'm happy to inform you that there was no impact on the Company with regard to production, dispatches, sales and market collections. And in fact, in the entire operations of the Company, there was no effect and this was ably supported by working closely with the Government also, there was no impact on the salaries of employees during COVID and we did not sack anybody it was in fact, we supported

the entire community around the plant to make sure the impact of COVID is minimized. As regards the visit to the factory, I think when we have AGM physically, the Company may allow shareholders who attend the meeting physically to visit the plants. Some of the other points you mentioned were more in relation to comments and observations and we take note of that, thank you so much.

Rajveer Singh: And we have not sacked any employee, which he asked.

Gaurav Mathur: Yes, I mentioned that.

Saroj Kumar Poddar: Thank you. Can I ask Rajveer, Company Secretary to brief the members about the voting at the meeting?

Rajveer Singh: Yes, thank you Chairman. No other shareholder has registered before the cutoff time. So, these were only the three speakers. The e-voting is open for members who have not cast their vote through remote voting, you may vote on the portal through which you have joined this meeting. The icon for e-voting is available on the screen. The members may click on the EVEN of the Company that is 120836, which is available on your screen, which will redirect you to a separate window where you can proceed to cast your vote on each of the items/ resolutions. I now request Chairman to continue with the proceedings of the meeting.

Saroj Kumar Poddar: Thank you, Rajveer. Mr. Manish Gupta, Partner, RMG & Associates, Company Secretaries in whole time practice, has been appointed as scrutinizer to scrutinise the remote e-voting and voting at the AGM. The consolidated result of the remote e-voting and e-voting in the AGM shall be made available along with the scrutinizer's report on the websites of the Company and that of NSDL, within two working days from the conclusion of this meeting. Mr. Rajveer Singh, is authorized to declare the results of the voting. Friends, all items of business forming part of the notice of the AGM have been taken up. E-voting will continue to be available for the next 15 minutes on all items forming part of the notice of the meeting. The AGM will stand concluded at the end of 15 minutes. Thank you once again for joining us today. On behalf of all my colleagues on the Board and the management of the Company, I convey our sincere thanks to all members for attending and participating in the meeting. And also, for your very strong and useful comments. I convey our sincere thanks to all members for attending and participating in the meeting. I wish you all a happy and a healthy year ahead. Thank you.

Rajveer Singh: Thank you, Chairman. Thanks to all the Directors for joining the meeting.