MADRAS FERTILIZERS LIMITED

Minutes of the 55th Annual General Meeting of the Company held on Thursday, the September 30, 2021 at 11.00 a.m. at MFL City Office, Chennai thru Video Conferencing (VC)

Members Present:

Shri U Saravanan	::	Chairman & Managing Director
Shri Anil Phulwari	::	President Nominee, Department of Fertilizers, GOI
Shri Babak Bagherpour	::	NICO Nominee Director
Smt. Samieh Kokabi	::	NICO Nominee Director
Shri Harsh Malhotra	::	Director (Technical)
Shri Priya Ranjan Panda	::	General Manager–F&A(A/c) Company Secretary

Preliminaries

Shri Priya Ranjan Panda, Company Secretary, welcomed all to the 55th Annual General Meeting (AGM) of the Company on behalf of the Management. Company Secretary introduced Shri D Joseph as moderator of the 55th AGM of the Company being held thru Video Conferencing. Company Secretary, after ascertaining the requisite quorum present thru VC, requested Shri U Saravanan, Chairman & Managing Director to commence the proceedings of the meeting.

Shri U Saravanan, Chairman & Managing Director welcomed Shri Anil Phulwari, President Nominee from Department of Fertilizers, Shri Babak Bagherpour and Smt. Samieh Kokabi, NICO Representative & Nominee Directors, Shri Harsh Malhotra, Director (Technical), Shri Priya Ranjan Panda, Company Secretary who were present as panelists in the AGM and Members of the Company to the 55th Annual General Meeting (AGM) of the Company.

I. Notice

CMD informed the Members that the Notice dated September 06, 2021 convening the 55th Annual General Meeting of the Company was taken as read with their permission.

II. Chairman's Speech

CMD welcomed all to the 55th AGM of the Company and started his speech with a brief note on the economic scenario prevailed during 2020-21 and fertilizer sector and its development in India during 2020-21. He stated that

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during 2020-21, the outlook for the fertilizer sector was positive on the expectations of good monsoon and Government of India had taken various steps viz., increased allocation across the schemes to drive irrigation facilities, improve agricultural markets, augmenting the allied sectors supporting income, crop insurance schemes, etc.

CMD highlighted the performance of the Company during the year 2020-21 and informed that the Company had registered a profit of ₹ 2.87 Cr and Total Comprehensive Income of ₹ 34.41 Cr for the financial year 2020-21 due to feedstock conversion from Naphtha to RLNG.

CMD highlighted the Plant Performance during the year 2020-21 and informed that Urea production of 480865 MT in the financial year 2020-21 was the second highest production since inception and quarterly production of 143169 MT of Urea during the period January – March 2021 was the second highest in any quarter since inception. He also informed that the lowest energy consumption of Ammonia (8.968 Gcal/MT) and Urea (6.615 Gcal/MT) was achieved on 10.11.2020 for the day since inception. He added that Urea production and timely distribution of fertilizer products were ensured despite countrywide lockdown due to COVID-19 pandemic situation.

CMD stated that the Company has achieved sales of 4.79 lakh MT Vijay Neem Coated Urea and 51868.35 MT of Vijay 17-17-17 during the year 2020-21. He also stated that with respect to City Compost sales, MFL maintained its slot in the top 10 position for the fourth consecutive year on ALL INDIA basis.

CMD informed that the Company has achieved an "Excellent" grading in Corporate Governance for the year 2019-20. He further informed that a sum of ₹ 15.54 lakhs been spent by the Company towards CSR activities during the year 2020-21.

CMD also communicated that the Company is planning for product diversification under which new projects have been emerged and the same is under study of technical feasibility and financial viability. Energy saving projects which are underway will fetch huge profits to your Company once it is implemented.

While concluding his address, CMD thanked the Directors, Members, Central and State Governments, NICO, Financial Institutions, Regulatory Authorities for their continued unstinted support for the successful operation of the Company. He also thanked the employees for their dedication, commitment and sincere services rendered by them.

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III. Company Secretary briefing the AGM proceedings

Company Secretary, before taking up the business contained in the Notice of the meeting, briefed the members about the structural changes that were brought out in the new Companies Act, 2013 w.e.f.01.04.2014 relating to the AGM proceedings.

Company Secretary informed that pursuant to changes in the Companies Act, 2013 and the Circulars issued by the Ministry of Corporate Affairs Circular due to the outbreak of COVID 19 pandemic, the 55th AGM of the Company is held thru Video Conferencing (VC). Accordingly, the 55th Annual Report of the Company for the financial year 2020-21 has been sent thru email and the remote e-voting facility provided to the shareholders thru NSDL platform commenced on September 27, 2021 (09.00 a.m.) and ended on September 29, 2021 (05.00 p.m.).

Company Secretary further informed that the shareholders who have not casted their votes during the remote voting period may exercise their votes during the AGM. Mr V Esaki, Practicing Company Secretary who has been appointed as Scrutinizer, will give a report on the votes cast during the e-voting period on October 01, 2021. The results of the e-voting will be placed in the Company's website www.madrasfert.co.in and communicated to NSDL and NSE within 48 hours of completion of the AGM.

Company Secretary further stated that the ordinary business and special business to be transacted in the meeting are given in page 3 of the Annual Report which the Members may kindly take note. The Statutory Auditor's Report is already available in the Annual Report (Pages 60 to 73) and the same may be noted as read by the Members. The Comments of the C&AG have already been forwarded to the shareholders on September 20, 2021 thru their registered email id and the same may also be noted as ready by the Members.

Company Secretary requested CMD to reply to the queries raised by members thru email.

IV. Queries from the Member and CMD's reply to the queries

Name of the Shareholders who has raised the queries	DP ID / Client ID	Contact Details
Mr J. Abhishek, Chennai	IN30163741359155	9840064466 abhijhulelal@gmail.com
Question 1	Whats the REAL impact of **Covid-19**? In % terms how your chain has affected ?	

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Answer	There were issues of mobilization of manpower both regular employee and contractor, transportation of products, availability of bags etc. All issues have been managed very well. Further by support of Tamilnadu Government and DoF, Management is able to run the Unit and transport the materials to the dealers points.
Question 2	Where you see the light in the end of the tunnel? What will be the growth triggers in first half and second half?
Answer	During the current year, our company has ended up with a profit of Rs 24.85 Cr during 1st quarter of the current year and it expects to end-up with a higher profit. The main growth trigger for your company is good monsoon leading to higher cultivation and usage of fertilizers.
Question 3	Please give the production capacity utilization figures in % for the month April, May and June 2021. What was capacity utilization of last year and last 5 years on moving average basis?
Answer	The details are given below:

	Current Year	Previous year	5 Year Moving average
Month			
Apr	117.9%	103.5%	77.0%
May	114.1%	45.1%	46.0%
June	115.0%	53.4%	46.2%
Ist Quarter	115.7%	67.3%	56.4%
Annual average		98.8%	86.6%

By and large, your Company has achieved more than 100% capacity utilization in the first quarter of 2021-22 and it is expected to excel in the coming months.

Question 4	The Corona Virus and subsequent lockdowns have left virtually no industry untouched. After the Covid:
a)	How many employees we have sacked, hired and salary cut in % if any?
Answer	No employees have been sacked, no hiring and salary cut.
b)	What are new innovations and new product launches did after April 1 and what's the response so far?
Answer	2 products have been identified which are under technical feasibility study and once the study is completed, 2 products will be added to our basked in the near future.

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c)	What are the cost cutting initiatives and production enhancement activity done by the management?
Answer	Reduction of non-core expenses by 18%, abolished discount sales and rebate sales, introduced Plant Gate Pickup (PGP) instead of road transport contract, reduced no days of TAR by 33%, etc.
d)	How much salary cut was taken by the management?
Answer	NIL
e)	What is the view of the management going forward > sustainability of the profit earning growth will remain the challenge in coming quarters ?
Answer	The following few major efforts taken by the management are: • Your Company has initiated the study of Business Diversification keeping in view of Atma Nirbhar Bharat Abhiyan and identified manufacture of two products which are under technical feasibility study. • Reliability of vintage equipment is a real challenge which we managed thru implementation of proactive maintenance and replacements where ever possible. • Further, your Company has, in addition to production of fertilizers, also proposed to start trading of fertilizers to augment revenue. • Your Company has awarded Energy Reduction scheme study to bring down energy further down to 6.3 Gcal per MT Urea; • Replacement of E1901 (Ammonia condenser) and K1601 (Syn Gas compressor) intercoolers with Duplex tubes improved metallurgy to prevent frequent tube failures and improve on-stream efficiency of Ammonia Plant; • Fuel conversion from FO to RLNG for Utility Boiler 2 for energy efficiency and environmental friendly;
f)	What are the management efforts to improve Working Capital to Sales ratio, ROCE, Net debt to EBITDA multiple, OPM, Debtor days and Interest coverage ratio ?
Answer	The Working Capital to Sales ratio for the year 2020-21 stands at 2.79 times as compared to 2.34 times for the year 2019-20. The ROCE for the year 2020-21 stands at 58.07% as compared to (18.80)% for the year 2019-20.

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	The Net debt to EBITDA multiple for the year 2020-21 stands at 4.91 times as compared to (914.82) times for the year 2019-20. The Operating Profit margin (OPM) for the year 2020-21 stands at 0.19% as compared to (9.70)% for the year 2019-20. The Debtor days the year 2020-21 stands at 24 days as compared to 42 days for the year 2019-20. The Interest Coverage Ratio for the year 2020-21 stands at 1.03 times as compared to (0.36) times for the year 2019-20. Your company is taking all-out effort to increase production, reduce energy consumption and various other cost cutting measures to bring back the company into profitability. With good monsoon there will be better sales prospect. With the above action there will be significant improvements in the ratios in the future years.
g)	I request your good selves to please arrange for a factory visit for shareholders as soon as the pandemic ends. When was the last factory visit arranged by the Company?
Answer	Your suggestion is well taken and we are looking into it upon end pandemic. The last factory visit arranged by the Company was during 2018-19 before pandemic.
Question 5	What are the management efforts to improve company image thru investor relation exercise like Concall, Quarterly presentations and meeting Global Investors?
Answer	Company meets banks officials regularly informing about the Company's growth. Based on that, your Company has obtained additional exposure for procurement of raw materials for production of Complex fertilizers.
Question 6	Please provide the details of parties in Other Current and Non-current Liabilities. Please let me know the details of our Contingent liabilities and if the CS can arrange a video call with your legal head to learn the perspective in detail.
Answer	The party for other current liability is Dealers and Government organizations. Non-current liability includes liability of Government of India. The parties for contingent liabilities include employees, contractors and Government Institutions. Company Secretary may be contacted with respect to learning the above perspective.

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Question 7	What are the management efforts to reduce Other expenses, Legal Professional charges & Audit fees?
Answer	It may be noted from the accounts that the other expenses have already reduced to Rs 22.90 Cr as compared to previous year expenses of Rs 28.05 Cr and your company is taking all out efforts to reduce it further. The legal expenses for the years 2020-21 and 2019-20 were Rs 5 lacs and Rs 26 lacs respectively.
Question 8	What are the credentials that the New & EXISTING directors are bringing on the table to take the company to next phase of growth or to guide the new generation? Is the appointment being done after checking all the new amendments under clause 49.
Answer	I am happy to inform that your company has been Graded as Excellent by the Department of Public Enterprises for Compliance of Guidelines on Corporate Governance for the Financial Year 2019-20. It implies that the Company is following all guidelines on corporate governance. With respect to the credentials of Directors, I wish to state that your Directors are from Chemical Engineering background and possessing management capabilities. With their knowledge and experience, the guide the Company for better performance.
Question 9	What is the policy related to dividend in our company as most of the senior citizens only depend on that?
Answer	Payment of Dividend is governed by section 123 of the Companies Act, 2013.
Question 10	Please provide current 300 shareholders list
Answer	As requested, your company will provide the current 300 shareholders list immediately on conclusion of AGM.
Question 11	Where u see the industry in next 3 years and where our Company will be placed within the industry as other players are more proactive and prudent?
Answer	In the next 3 years the industry would have made sufficient fertilizers catering the requirement of the country and all the units would have converted to gas feed stock with lower specific energy consumption. Your company find its position strongly in fertilizer sector as it has already converted to gas feed stock, lowered its energy consumption, increased its capacity utilization and in venturing into trading of fertilizers.

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Question 12	Please put a detailed PPT and given us an opportunity for one to one discussion with Management, as we just want to learn and understand the industry dynamics.
Answer	Your suggestion is well taken and you may contact Company Secretary.
Question 13	Myself and my team are running a Legal firm in the name and style of "7 Wells Associates" in Chennai, I would request your goodselves to kindly enroll our firm in the Empanelment of the Company, we will be glad to extend our services.
Answer	Your request is noted and it will be considered in case of requirement.
Question 14	Since this year AGM's are being conducted virtually. We the minority shareholders loose the privilege to meet the Management and the BOD personally. But there is a request from other minority shareholders who wanted me to raise in the AGM that **Sweet boxes or Sweet Coupons** to be provided to the Shareholders, who attend the meeting. Kindly try to consider and full fill the wish and desire of the minority Shareholders, who have stayed with the company since long.
Answer	Management is not able to consider it.

V. CMD's reply to the queries raised by the Speaker Shareholders

On the invitation of the CMD, the following two shareholders joined the meeting virtually and raised queries on the Company's accounts and operations.

Mr J Abhishek (DP ID IN30163741359155) expressed his happiness in the performance of the Company and it is not transparent in the Company's stock price. He requested the Company to show hospitality to the minority shareholders. He also requested to update the inspection of documents such as details of KMP, name of Members and their contact details, etc. in the CDSL / NSDL portal.

Mr A V Manisundaram (DP ID IN30039418945055) thanked MFL Management for having given him an opportunity as a speaker shareholder. He urged the Company to further increase its production of Urea and Ammonia and also to increase its sales. He requested the Company to give dividend to the shareholder and also requested for hospitality from the Company.

CMD thanked the speaker shareholders for joining the AGM despite their other commitments. CMD gave reply to the queries raised by the members.

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Further, CMD stated that after the feedstock conversion from Naphtha to RLNG, the Company has earned a profit of Rs.24.85 Cr during the first quarter of 2021-22 and it is expected to get more profit in the days to come. Due to COVID-19 pandemic situation, the AGM is being held virtually and the Company is not able to extend hospitality to the shareholders. He further replied that the Company cannot declare dividend due to net accumulated losses. The updation of records, as requested by the shareholders, will be carried out in the CDSL / NSDL portal.

V. CONCLUSION

Company Secretary, on behalf of the Management, thanked the shareholders who have joined the AGM of the Company virtually. He declared the meeting as concluded.

VI. VOTING RESULTS

The results of the e-voting were declared by the Scrutinizer on 01.10.2021 in respect of the Resolutions stated below:

The following Ordinary Resolutions were passed with 99.99% in favour of the total votes casted:

Item No.1: Adoption of Financial Statements for the financial year ended March 31, 2021 along with the Reports of the Board of Directors and the Statutory Auditors:

To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2021, Statement of Profit & Loss (including other comprehensive income), Statement of Cash Flow, Statement of Changes in Equity, Notes comprising Significant Accounting Policies and other Explanatory information forming part of Financial Statements for the year ended on that date together with the Directors' Report and the Auditors Report thereon.

Item No.2 - To fix Remuneration of Statutory Auditors for the Financial year 2021-22

"RESOLVED THAT pursuant to the provisions of Section 142(1) and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Audit Fee for the financial year 2021-22 be and is hereby fixed at ₹ 8,00,000/- to M/s Anand & Ponnappan (MD0327), Statutory Auditors, subject to other terms and conditions laid down by the C&AG in their letter No.CA.V/COY/CENTRAL GOVERNMENT,MFL(1)/75 dated 18.08.2021".

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Item No.3 - Appointment of Cost Auditor for the year 2021-22

"RESOLVED THAT pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditor) Rules 2014, Mrs Aruna Prasad (M No.11816), Cost Accountant, appointed by the Board as Cost Auditor to consider the cost audit of the Company for fertilizers for the financial year 2021-22 as per the directions issued by the Central Government, at a fee of ₹ 1,10,000/- plus taxes besides reimbursement of travelling and out of pocket expenses at actuals be and is hereby ratified".

The above results were communicated to NSE and NSDL on 01.10.2021 apart from hosting them in the website of the Company to facilitate the members to know the voting results.

Place : Chennai

Date: 11-10-2021

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Chairman

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