

MADRAS FERTILIZERS LIMITED

Minutes of the 56th Annual General Meeting of the Company held on Wednesday, the September 21, 2022 at 11.00 a.m. at MFL City Office, Chennai thru Video Conference (VC)

Preliminaries

Shri R Ram Ganesh, Company Secretary, welcomed the Shareholders and Panellists to the 56th Annual General Meeting (AGM) of the Company on behalf of the Management of Madras Fertilizers Limited.

It was noted that totally 62 Members attended the meeting thru VC / OAVM as per the attendance records and Company Secretary, after ascertaining the quorum as per section 103 of the Companies Act, 2013 requested the Chairman and Managing Director of the Company to commence the proceedings of the meeting.

Shri U Saravanan, Chairman & Managing Director addressed the meeting.

I. Notice

CMD informed the Members that the Notice dated August 26, 2022 convening the 56th Annual General Meeting of the Company was taken as read with their permission.

II. Chairman's Speech

CMD welcomed all to the 56th AGM of the Company and started his speech with a brief note on the Indian agriculture scenario prevailed during 2021-22. He stated that in the past two years, the agriculture sector has experienced significant growth. He further stated that during 2021-22, the production and consumption of fertilizers in India was showing an increasing trend. The Government of India has brought various reforms and ensured that fertilizers are available at affordable prices to the farmers to increase the agriculture productivity.


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CMD highlighted the performance of the Company during the year 2021-22 and informed that the Company had registered a profit after tax of ₹ 162.05 Cr which is 56 times higher than the profit after tax of ₹ 2.87 Cr during the year 2020-21. The revenue from operations of the Company has increased by around 50% (i.e. ₹ 2302.16 Cr for the financial year 2021-22 as against ₹ 1532.79 Cr for the financial year 2020-21). The Company also achieved the net profit consecutively for two years.

CMD briefed the Plant Performance during the year 2021-22 and informed that production of Neem Coated Urea of 503900 MT was the best annual production since inception (previous best was 486750 MT in the financial year 2013-14). He informed that the lowest energy consumption of Urea (7.371 Gcal/MT) was achieved in the financial year 2021-22 since inception. The best quarterly production of 146662 MT of Urea during Q3 of 2021-22 was the highest production achieved since inception. The best quarterly specific energy consumption of 6.989 Gcal/MT during Q3 of 2021-22 was the lowest energy consumption achieved since inception.

CMD mentioned that the best monthly production of 50662 MT was achieved in December 2021 since inception and the best monthly specific energy consumption of 6.839 Gcal/MT was achieved during December 2021 since inception. He added that 2911 days were completed without any lost time accident covering 9.99 million manhours during the year 2021-22.

CMD stated that the Company has achieved All-Time Record sale of 504559 MT of Vijay Neem Coated Urea since inception which is 5.2% increase over the sale of 479402 MT during the year 2020-21. The Company has achieved record movement of 528255 MT of products which is the second best in the last 8 years. The Company has sold 169.24 MT of Vijay Bio Fertilizers which is the highest in the past 8 years.

CMD informed that the Company has spent a sum of ₹ 0.49 Cr towards CSR activities during the year 2021-22. The Company has complied with all the directives and guidelines of Government and Statutory authorities relating to corporate governance during the year 2021-22.


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CMD also informed that the Company is planning for business diversification to improve the bottom line of the Company.

While concluding his address, CMD thanked the Board of Directors of the Company, 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.

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 56th AGM of the Company is held thru Video Conference (VC). Accordingly, the 56th Annual Report of the Company for the financial year 2021-22 has been sent thru email and the remote e-voting facility provided to the shareholders thru NSDL platform commenced on September 18, 2022 (09.00 a.m.) and ended on September 20, 2022 (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 be giving a report on the votes cast during the e-voting period on September 22, 2022. 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.


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Company Secretary stated that the ordinary business and special business to be transacted in the meeting are set out in the Notice which the members can take as read.

Company Secretary mentioned that the comments of the C&AG on the Financials of the Company and reply by the Management to the observations made thereto have been circulated to the Members separately as Addendum to the Annual Report and the same can be noted as read by the Members.

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

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

Name of the Shareholders who has raised the queries		DP ID / Client ID	Contact Details												
1) Mr J. Abhishek, Chennai		IN301637 /41359155	9840064466 abhijhulelal@gmail.com												
Question 1	What's the REAL impact of Covid-19? In % terms how your chain has affected?														
Answer	No major impacts. There were few issues of mobilization of manpower of both regular employees and contractor labourers which have been managed very well.														
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	The main growth trigger for your company is a good monsoon leading to higher usage of fertilizers. During the current year, your company has made a profit after tax of Rs.63.02 Cr in Q1 and expected to show the profit in the subsequent quarters too.														
Question 3	Please give the production capacity utilization figures in % for the month April, May and June 2022. What was capacity utilization of last year and last 5 years on moving average basis?														
	The details given below: <table><tr><td>Month</td><td>Current Year</td></tr><tr><td>Apr</td><td>82.0 %</td></tr><tr><td>May</td><td>114.2 %</td></tr><tr><td>June</td><td>118.4 %</td></tr><tr><td>Annual Average</td><td>Last Year 103.52 %</td></tr><tr><td>Annual Average</td><td>Last 5 Years 87.50 %</td></tr></table>			Month	Current Year	Apr	82.0 %	May	114.2 %	June	118.4 %	Annual Average	Last Year 103.52 %	Annual Average	Last 5 Years 87.50 %
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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 employee has been sacked and no salary cut.
b)	What are new innovations and new product launches did after April 1 and what's the response so far?
Answer	20-20-0 is the new product technically proved to be produced. It will be sold this year under MFL brand after getting the required approval.
c)	What are the cost cutting initiatives and production enhancement activity done by the management?
Answer	Abolished discount sales and rebate sales, better working capital management and Reduced inventory carrying cost are some of the few costs cutting measures adopted. The production was continued with in- house modifications while attending plant problems which otherwise would have called for the unit shutdown.
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	Some of the major efforts taken by the management are as follows: • Reliability of vintage equipment is a real challenge which was managed thru implementation of proactive maintenance and replacements where ever possible. • Further, your Company has, in addition to production of fertilizers, also proposing to start trading of fertilizers to augment revenue. • Steps taken for the replacement of E1901 (Ammonia condenser) and K1601 (Syn Gas compressor) intercoolers with Duplex tubes to prevent frequent tube failures and there improve on-stream efficiency of Ammonia Plant • Fuel conversion from FO to RLNG for Utility Boiler 2 for energy efficiency and environmentally friendly; Installation of Dedicated RO Plant to improve water quality.

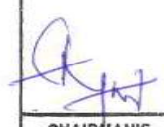
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f)	What are the management efforts to improve Working Capital to Sales ratio, ROCE, Net debt to EBITDA multiple, OPM, Debtor days and Interest coverage ratio?
Answer	The Working Capital to Sales ratio for the year 2021-22 stands at 6.21 times as compared to 2.79 times for the year 2020-21. The ROCE for the year 2021-22 stands at 148.87 % as compared to 62.14 % for the year 2020-21. The Net debt to EBITDA multiple for the year 2021-22 stands at 3.60 times as compared to 4.75 times for the year 2020-21. The Operating Profit margin (OPM) for the year 2021-22 stands at 7.04 % as compared to 0.19 % for the year 2020-21. The Debtor days in the year 2021-22 stands at 7 days as compared to 5 days for the year 2020-21. The Interest Coverage Ratio for the year 2021-22 stands at 2.79 times as compared to 1.03 times for the year 2020-21.
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	The factory visit will be arranged by the Company after assessing the situation. The interested shareholders may get in touch with Company Secretary Office. The last factory visit was taken up during 2018-19.
Question 5	What are the management efforts to improve company image thru investor relation exercise like Concall, Quarterly presentations and meeting Global Investors?
Answer	Your company is meeting its investors at regular intervals and attending Fertilizers Conference to meet global investors.
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	M/s GAIL, M/s CPCL and Dealers are the parties to the other Current liability. M/s CPCL is a party to the other non-current liability. The details of the contingent liabilities are available in the Annual report and CS can be contacted for arranging a video call to clarify legal perspectives.
Question 7	What are the management efforts to reduce Other expenses, Legal Professional charges & Audit fees?
Answer	Your company is in continuous endeavor to reduce them all. Legal cases are being cleared at the earliest with close follow up. Registration of new legal cases have been reduced and controlled through addressing the issues then and there properly.



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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	All the appointments of the Directors are done by the Government of India and being a listed company, LODR provisions are complied with. Varied experiences and exposures of your directors who are on the Board of MFL have been used for the betterment of your company which eventually resulted in the net profit for the two years consecutively.
Question 9	What is the policy related to dividend in our company as most of the senior citizens only depend on that?
Answer	The policy about declaring dividend is that it shall be paid out of profits after square off its accumulated losses. As your company has accumulated loss it is unable to declare any Dividend to shareholders during FY 2021-22.
Question 10	Please provide current 300 shareholders list
Answer	As requested, your company will provide the current top 300 shareholders list immediately on conclusion of AGM.
Question 11	Where will you 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 to the requirement of the country and all the units would have been converted to gas feed stock with lower specific energy consumption and carbon emission. Your company finds its position strongly in fertilizer sector as it has already converted to gas feed stock, lowered its energy consumption, increased its capacity utilization and venturing into trading of fertilizers.
Question 12	Please put a detailed PPT and give us an opportunity for one to one discussion with Management, as we just want to learn and understand the industry dynamics.
Answer	The Management is ready for the meeting and the same will be taken up thru Company Secretary Office.
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 good selves to kindly enroll our firm in the Empanelment of the Company, we will be glad to extend our services.
Answer	It will be considered in case of requirement following due procedures.
Question 14	Since this year AGM's are being conducted virtually. We the minority shareholders lose 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 fulfill the wish and desire of the minority Shareholders, who have stayed with the company since long.
Answer	Management is unable to consider your request. Kindly bear with us.


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Name of the Shareholders who has raised the queries		DP ID / Client ID	Contact Details
2) Mr V Shiva Shankar		IN300214247 22228	vss2vkr@ yahoo.co.in
Question 1	It is observed from your Company's website in the Directory of employees that many personnel are given additional charge or in charge to some posts. Why are these done? Why these posts are not filled up?		
Answer	Those posts are primarily to be filled through promotion. But the matter of promotion is under sub-judice. Final decision will be taken based on the outcome of the Hon'ble Court.		
Question 2	It is observed that during the financial year, there is shortage loss of approximately around 953 tonnes of Urea. The cost of production of 1 tonne of Urea is Rs.47000/P/T which amounts to nearly Rs.4.47 Crores. What is the reason for this loss? What is the action initiated by the Company to overcome this loss compared to the previous years. How can the loss happen to the product from the point of dispatch to railhead destination?		
Answer	The total quantity on account of shortage of bags is 940 MT which is 0.2% of the total quantity handled through Wagon in the year 2021-22. The penalty is being levied on the contractor for the shortage of bags as per the contract terms and conditions. Human error is the reason for this shortage of bags which is being addressed to avoid recurrence in the future.		

V. Queries raised by the Speaker Shareholders

Company Secretary requested the Shareholders who have registered as speakers, to join the meeting virtually and to raise their queries.

Mr A V Manisundaram (DP ID IN30163741521740) thanked MFL Management for having given him an opportunity to join the AGM virtually as a speaker shareholder. He referred page No.45 of the Annual Report of the Company wherein category of shareholders is given and requested the Management to advise physical shareholders to convert their shares into Demat forms. He questioned about the disputes pending with ESI as given in page No.111 of the Annual Report of the Company and suggested to settle the issues. He has raised query about the reason for increase in expenditure of ₹ 2167.15 Cr over the previous year expenditure of ₹ 1537.19 Cr. He also questioned about the reason for loss of naphtha. He requested the Management to give dividend to shareholders and to arrange factory visit to the shareholders. He also referred the visit of Hon'ble Union Cabinet


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Minister and Hon'ble Union Minister of State for Chemical & Fertilizers to MFL Plant and conveyed his wish to join those occasions in the future.

Mr P Jayachandran (DP ID IN30163741159143) sought details of development plans of the Company. He sought the reasons for non-declaration of dividend to the shareholders and requested the Management to consider his request.

Mr J Abhishek (DP ID IN30163741359155) appreciated and thanked the Management for having answered all his queries in detail. He expressed his happiness in the improved performance of the Company and he requested the Company to show hospitality to the minority shareholders by providing sweets and other refreshments when the meeting is held physically. He also requested the Company to arrange factory visit.

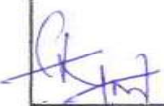
Mr V Shiva Shankar (DP ID IN30021424722228) introduced himself as ex-MFLer and shareholder of the Company. He enquired about the action taken by the Management w.r.t complex fertilizer production. He also stated that MFL was originally a complex producing company and now that the Company has become a Urea producing Company.

CMD thanked the speaker shareholders for joining the AGM despite their other commitments.

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

CMD thanked the shareholders who have taken their valuable time to join the AGM of the Company virtually. He replied to the questions raised the Speaker Shareholders as follows:

1. The office of the Company Secretary will take up the matter of conversion of physical shares into Demat form.
2. The Legal section of the Company is endeavoring to settle the legal issues at the earliest.
3. The expenditure figure is more due to higher production rate due to higher quantity of raw material was used for higher production which resulted in higher revenue coupled with higher net profit.


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4. The Company had switched over to RLNG in 2019 from the feed stock of Naphtha. The naphtha remained in the storage tank was sold back to M/s CPCL. The naphtha loss will not be there in the next year.
5. With regard to declaration of dividend to shareholders, it is stated that the policy about declaring dividend is that it shall be paid out of profits after square off its accumulated losses. As your company has accumulated loss it is unable to declare any Dividend to shareholders during FY 2021-22. Also mentioned that the Company has made profit for 2 consecutive years through an effective and efficient operation model kept in place. The Company will be able to derive more profits in the coming years, which was already demonstrated in the last year profit of ₹ 162.05 Cr which is the highest in the recent past. The Company has identified all the issues related to Production, Marketing and Finance and all the loopholes and grey areas have been addressed and redressed.
The Company has started its recovery status and has earned ₹ 63.05 Cr profit in the first quarter of 2022-23. The accumulated losses will be wiped out very soon.
With respect to factory visit, the interested shareholders may contact Company Secretary Office or P&A for the arrangements.
6. MFL has sought permission from DoF to float GTE (Global Tender Enquiry) to source the Urea which is one of the raw materials to produce NPK 17-17-17 and it is under process. Once the permission is obtained the company will start procure Urea and begin its NPK production based on the extra fund availability.

VII. CONCLUSION

Company Secretary, on behalf of the Management, thanked the shareholders who have joined the AGM of the Company virtually and meeting terminated at 12.05 p.m.

VIII. VOTING RESULTS

The results of the e-voting were declared by the Scrutinizer on September 22, 2022 in respect of the Resolutions stated below:


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Item No.1: Adoption of Financial Statements for the financial year ended March 31, 2022 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, 2022 and 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 and the comments of the Comptroller and Auditor General of India thereon.

Item No.2 - To fix Remuneration of Statutory Auditors for the financial year 2022-23

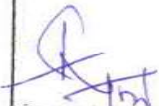
To authorize the Board of Directors of the Company to fix the remuneration of Statutory Auditors of the Company for the Financial Year 2022-23 in terms of the provisions of Section 139(5) read with Section 142 of the Companies Act, 2013 and to consider and, if thought fit, to pass the following resolution as an ORDINARY resolution:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditors of the Company as appointed by the Comptroller & Auditor General of India for the Financial Year 2022-23."

Item No.3 - To elect Shri Gurumurthy Kyathari (DIN 08741900) as Director on the Board of Directors of the Company

The Company has received notice in terms of Sections 160(1) & 161(1) of the Companies Act, 2013 proposing to elect Shri Gurumurthy Kyathari (DIN 08741900) as Director of the Company at this General Meeting. Members may consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY resolution:

"RESOLVED THAT pursuant to the provisions of Sections 160(1) & 161(1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Articles of Association of the Company,


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Shri Gurumurthy Kyathari (DIN 08741900) who was appointed as Director on the Board of Madras Fertilizers Limited as per Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India notification F.No.95/1/2019-HR-PSU with effect from September 29, 2021 until further orders, be and is hereby elected as Director of the Company and shall hold office upto the date of the next AGM.”

Item No.4 - Appointment of Shri Nalabothu Venkata Rao (DIN 00310724) as Director of the Company

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161(1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(2) or re-enactment thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Nalabothu Venkata Rao (DIN 00310724) who was appointed as Additional Director being designated as Non-Official Independent Director on the Board of Madras Fertilizers Limited as recommended by the Appointment Committee of the Cabinet vide O.M.No.20/29/2021-EO(ACC) dated 02.11.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) dated November 05, 2021 for a period of three years or until further orders, be and is hereby appointed as Director of the Company effective November 05, 2021 and not liable to retire by rotation.”

Item No.5 - Appointment of Dr. C R Jayanthi (DIN 09450350) as Director of the Company

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161(1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(2) or re-


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enactment thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. C R Jayanthi (DIN 09450350) who was appointed as Additional Director being designated as

Non-Official Independent Director on the Board of Madras Fertilizers Limited as recommended by the Appointment Committee of the Cabinet vide O.M.No.20/29/2021-EO(ACC) dated 02.11.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) dated November 05, 2021 for a period of three years or until further orders, be and is hereby appointed as Director of the Company effective November 05, 2021 and not liable to retire by rotation."

Item No.6 - Appointment of Shri Sanjay Vishnu Shetye (DIN 01089380) as Director of the Company

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161(1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(2) or re-enactment thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Sanjay Vishnu Shetye (DIN 01089380) who was appointed as Additional Director being designated as Non-Official Independent Director on the Board of Madras Fertilizers Limited as recommended by the Appointment Committee of the Cabinet vide O.M.No.20/29/2021-EO(ACC) dated 20.12.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) dated December 31, 2021 for a period of three years or until further orders, be and is hereby appointed as Director of the Company effective December 31, 2021 and not liable to retire by rotation."


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Item No.7 - Appointment of Cost Auditor

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the 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 2022-23 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."

All the above resolutions were passed with requisite majority.

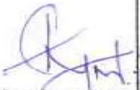
The above results were communicated to NSE and NSDL on September 22, 2022 apart from hosting them in the website of the Company to facilitate the Members to know the voting results.



U SARAVANAN
CHAIRMAN & MANAGING DIRECTOR

Place : Chennai

Date : 12/10/2022


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