

MADRAS FERTILIZERS LIMITED

Minutes of the 46th Annual General Meeting of the Company held on Wednesday, September 12, 2012 at 02.30 p.m. at MFL Training Centre Auditorium (North Entrance Gate), Manali, Chennai - 600 068

Preliminaries

CMD welcomed Presidential Nominee Smt T C A Kalyaani, Department of Fertilizers, Shri Satish Chandra, GOI Nominee Director, Shri M H Ghodsi, Director who is representing as nominee of Naftiran Intertrade Company Ltd (Affiliate of National Iranian Oil Company), Mr F Bahrami, alternate Director to Mr Mansoor Rad, NICO and other shareholders and proxies attending the AGM.

During the meeting, 1196 shareholders were present personally or through proxies. CMD declared that the requisite quorum was present and called the meeting to order.

I. Notice

The Notice convening the 46th Annual General Meeting of the Company was read by the Company Secretary with the permission of the members.

II. Chairman's Speech:

CMD highlighted the achievements made by the Company during the financial year 2011-12. He informed that the Company registered the highest ever profit of ₹ 111.99 Cr during the year as compared to ₹ 169.86 Cr which includes ₹ 124.69 Cr through One Time Settlement (OTS) which was an extraordinary income in the previous year. The higher profit in this year is mainly on account of better production performance and energy consumption in Urea operations. He also stated that for the first time in the history of MFL, the Company produced 4.87 lakhs tonnes of Urea representing 100% of its installed Capacity since inception.

The Company's total turnover during the year is ₹ 2207.77 Cr which is 36% more than that of the previous year. The cumulative loss has been brought down to ₹ 505.20 Cr from ₹ 617.19 Cr during previous year. After a gap of nearly four years, Company resumed the production of NPK 17-17-17 and arrangements are being made to increase the volume.

With respect to Feed Stock Conversion to Gas, CMD informed that the Company initiated action for conversion and requested Department of Fertilizers for allocation of Natural Gas. Now, the Company is examining the possibilities of sourcing the gas either from Reliance's KG D-6 field, IOC's Ennore Terminal, GAIL's Kochi Terminal or Bharat LNG's Krishnapatnam Port.

With regard to the revival, the Company has submitted a DRS in the BIFR with an option of waiver of 40% Government Loan principal and total waiver of interest and penal interest without affecting the shareholding of NICO and he hoped that the Company would come out of BIFR at the earliest. Once the Company comes out of BIFR, it would be possible to pay dividend to shareholders subject to statutory guidelines.

He appreciated GOI, NICO, shareholders and employees for their continued unstinted support for the successful operation of the Company.

III. Audit Report

Since the Report of the Statutory Auditors was available with shareholders, the same has been taken as read with the permission of the shareholders.

IV. Ordinary Business

1 Adoption of Accounts

CMD invited questions from the members before putting the resolution on adoption of Accounts of the Company to vote for the year 2011-12.

At the outset, Mr C Rajendran (ID No.131320393561), a shareholder, while congratulating the Company for making record profit of ₹ 111.99 Cr during the financial year, requested Company to consider payment of dividend by sharing little amount out of profit. CMD replied that once the Company comes out of Sickness, the Company would definitely do the needful.

Another shareholder Mr G Nagan (ID No.20833), requested the Company to provide the details of Balance Sheet and Profit and Loss Statement (Annual Report) in the vernacular language (Tamil) for the benefit of shareholders who do not understand English. CMD informed that the same might be considered atleast for Balance Sheet and Profit & Loss Statement etc., subject to statutory requirements.

Mr V Srinivasan (ID No.IN3044110202892), a shareholder, expressed his happiness about the Company's performance and requested to consider in organizing the Annual General Meeting in the City. CMD replied that depending on the convenience and future performance, his request will be considered.

A shareholder and an ex-employee, Mr L Viswanathan (ID No.4770) sought for the copy of the Minutes of the AGM. The Company Secretary informed that the Register of AGM Minutes would be displayed for the shareholder's inspection at the Company premises.

Mr N V Shanmugam (ID No.IN30036010002227), informed that there are 19 Fertilizer Companies in India, of which 13 Companies are paying dividend viz. Zuari 20%, KRIBCO 20%, TCL 100%, GSFC 75%, Aries Agro 55%, CFL 700%, GNFC 35%, Deepak Fertilizers 55%, and other 6 Companies at varying percentages, whereas MFL and SPIC did not pay dividend to the shareholders. He requested Management to kindly consider for payment of dividend from the next year onwards so that shareholders would be motivated. CMD responded that his representation was well taken and would explore the possibility of dividend when situation improves.

Mr P Srinivasulu (ID 14710883), a shareholder, congratulated the Company's performance by way of improving the total turnover to ₹ 2218 Cr during the year from ₹ 1613 Cr which is 36% increase and at the same time, the PAT has not gone up because of interest burden and high depreciation. He also sought the reasons for the increased expenditure of ₹ 45.53 Cr from ₹ 30.57 Cr towards repairs and maintenance and employee benefit expenditure to ₹ 57.07 Cr from ₹ 32.55 Cr previous year. ED (Finance) replied that the Company had taken up turn around during April – May 2012 and undertook major repairs such as Reactors, Catalyst, Reformer Tubes, etc which involved higher repair and maintenance and the Company implemented the salary revision to employees effective 1.1.2007 and the increase was due to the same apart from DA and HRA increase.

Mr V Venkataraman (ID No.8257) shareholder and retired employee informed that the Company might favourably consider the payment of Gratuity Limit to ₹ 10 lakhs to the employees who retired from 01.01.2007 as other PSUs are extending. CMD replied that the subject would be discussed with other colleagues of the similar PSUs functioning under DOF and would revert back.

After clarifying all queries, the following resolution was proposed by Mr T Paul Premkumar (ID No.300095-10747898) and duly seconded by Mr A Varadharajan (ID No.120504 0000009598) The resolution was put to vote and was passed unanimously.

“RESOLVED that the Balance Sheet, Profit & Loss Account for the year 2011-12 as audited and the Directors’ Report be and are hereby approved and adopted”

2 Appointment of Dr V Rajagopalan, IAS as Director

The following resolution was proposed by Mr Mohmad Eshak (ID No.1275) and duly seconded by Mr A Venkatakrishnan (ID No.301313-20365450). The resolution was put to vote and was passed unanimously.

“RESOLVED THAT Dr V Rajagopalan, IAS be and is hereby appointed as Director of the Company”

3. Appointment of Satish Chandra, IAS as Director

The following resolution was proposed by Mr A Ramanathan (ID No.IN30131320371231), and duly seconded by Mr D Srinivasa Varadhan (ID No.1090). The resolution was put to vote and was passed unanimously.

“RESOLVED THAT Shri Satish Chandra, IAS be and is hereby appointed as Director of the Company”

4. Remuneration to Statutory Auditors

The following resolution was proposed by Mr K Kishore Babu (ID No.IN301313 20366916) and duly seconded by Mr P Gnanasambandam (ID No.1205). The resolution was put to vote and was passed unanimously.

“RESOLVED that the Board / Audit Committee be and is hereby authorized to fix such remuneration as it may decide for the Statutory Auditors to be appointed by Comptroller and Auditor General of India for the year 2012-13 and the Statutory Auditors shall hold office from the conclusion of this AGM till the conclusion of the next AGM.”

CONCLUSION

The Chairman once again thanked the shareholders for their continued co-operation and support. He declared the meeting as concluded.