

TRANSCRIPT FOR THE 10TH ANNUAL GENERAL MEETING OF KANPUR FERTILIZERS & CHEMICALS LIMITED BEING HELD ON SATURDAY, THE 26TH SEPTEMBER, 2020 AT 11:30 A.M. (IST) THROUGH VIDEO CONFERENCING.

<p>#</p> <p>COMPANY SECRETARY</p> <p>#</p>	<p>#</p> <p><i>Good Morning!</i></p> <p>I, Suman Lata, Company Secretary have joined this meeting from Basant Lok, Vasant Vihar, New Delhi. I welcome you all to this 10th Annual General Meeting of the Company, which is being held through video conferencing in line with the provisions of Companies Act read with MCA Circulars. Hope all of you are safe & in good health. Due to lockdown and social distancing consequent to COVID-19 Pandemic we are holding this General Meeting through video conference for the first time. The Notice of this AGM was sent on 2nd September, 2020 via electronic mode to all such members whose email IDs were registered with the Company and Depositories. As the meeting is conducted through VC, attendance through proxies is not allowed.</p> <p>Our Statutory Auditors, Secretarial Auditor and Scrutinizer are also present through Video conferencing. At the outset, I would like to take you through certain points regarding the participation and voting at this meeting. All the members who have joined this meeting are by default placed on mute to avoid any disturbance from background noise and ensure smooth and seamless conduct of the meeting.</p> <p>If less than 50 members are present in the meeting, voting at the AGM shall be done by show of hands, unless poll is demanded by any member. In case where members exceed 50 or if poll is demanded, members can email their votes at kfcl.investor@jalindia.co.in by using of polling paper provided at page no. 58 of the Annual Report. Please note that voting through Polling paper will remain open for 30</p>
---	---

	<p>minutes after the conclusion of the proceedings of the meeting. Kindly submit your vote within the given time. The voting rights of members shall be in proportion to their shares of the paid up capital of the Company as on the cut-off date of 19th September, 2020.</p> <p>The results of the voting conducted will be available at our website.</p> <p>All documents referred to in the Notice of AGM and Statutory registers are available for inspection by the members as per the process mentioned in the AGM Notice.</p> <p>As per the confirmation from the host of the meeting since quorum for the meeting is present, I now request Shri Manoj Gaur, Chairman of the Company, to take forward the proceedings of this meeting.</p> <p>#</p>
<p># Shri Manoj Gaur Chairman#</p>	<p># Thank you Suman Lata Ji</p> <p>My colleagues on the Board and dear Shareholders. As confirmed by the Company Secretary since the quorum for the meeting is present, I call the meeting in order.</p> <p>I, Manoj Gaur, Chairman of your Company joined this meeting through video conferencing from the Board room at 'JA' House, Basant Lok, Vasant Vihar, New Delhi.</p> <p>I welcome the esteemed and respected Board members and shareholders to the 10th Annual General Meeting of your Company. It is in the interest of all of us that we follow the compliance notified by the Government. In view of the current restrictions on people's movement and ability to gather at one place, we are conducting this meeting virtually in line with the provisions of Companies Act and MCA Circulars.</p>

I sincerely thank all of you for attending this meeting through Video Conferencing and I would like to introduce the members of Board who have joined the meeting through

Video Conferencing today. Shri SCK Patne, Independent Director, who is present in the Board Room along with me. Shri K.V Rajendran, Independent Director, also joining the meeting and sitting along with me in this Board Room. Ms. Sunita Joshi, Director is attending the meeting from Board Room. Shri SD Nailwal Ji, Director has also joined the meeting from the Board Room. Shri RK Pandey has joined the meeting from his residence at Sarita Vihar, New Delhi and Shri Anil Mohan, Director is attending the meeting from Kanpur.

As you know, the brief profile of all the Board members are given in the Annual Report.

Before I begin my speech, which is an integral part of the obligations of the Chairman for any AGM, I would like to offer my heartfelt condolences to our beloved colleague Shri Sunil Joshi, who left us in March 2020. He was one of the first Directors of KFCL along with me and played a very important part in revival of this plant. He was a great team player and a beloved colleague. His contribution will always be remembered in the life of KFCL. Another development which took place in the month of June was that Shri A.K. Jain, Vice Chairman of the Company, who, after serving the organization / group for over 12 years and being part of KFCL for almost 7 years, retired in the month of June, 2020. He has also contributed a great deal in the well being of KFCL

As you all know that fertilizer is one of most crucial input for agriculture. It is well recognized fact that 50% of the increase in food grain production as part of green revolution was possible because of irrigation as well as the availability of fertilizers, which is indigenously made. Till last 10 years

out of 72 years, India had faced a problem of foreign exchange, especially in the items including the POL and fertilizer for 60 years, which we had to import. However, the green revolution plan also envisaged setting of a fertilizer

plant. We are proud to inform you that this plant, set up in 1969 by British company IEL at Kanpur, was part of the green revolution plan of the Government of India. We are fortunate that this plant is still running well and making its presence felt by serving the nation. We thank Department of Fertilizer for the fact that during the pandemic of COVID-19, the Government kept the Fertilizer Industry in essential services and allowed the plant to run inspite of the lockdown faced by the country. It is a matter of record that while we all, along with the Government of India, are talking about farmers, farm growth, agricultural growth, it is with great pride that we acknowledge our farmers, who worked very hard and faced many difficulties due to this manmade crisis and the lockdown period. We are aware how migrant labour had to travel all the way to their homes and villages on foot. But ultimately, more hands were available for ploughing the fields and the rain God was very merciful on our country as bountiful rain came, and the fact that fertilizer industry responded well, plants ran well, workmen, engineers, staff, officers worked very hard. All these three elements of raw manpower, rains and availability of fertilizers ,these are the reasons that today we are steering at record expected grain output. We thank God and salute our Kisaan brothers at the same time. People forget what this industry has contributed, so I am happy to share this fact with you, not because I am a member of the Board of KFCL, but I am first an Indian and also someone who has spent almost 35 years as part of India's Industrial landscape. I must complement all the people who are part of KFCL and thank the Government, which supported the uninterrupted production and the logistics, and ensured the transportation and availability of fertilizer

even when the railways were not operating, in the quarter of time it was taking earlier. So all this will be a part of history, which will be helpful for the country and economy in the balance part of the financial year. There have been a lot of debate on what is the right norm of liquidity and what is the right type of financing relief, which could be given to which industry. But there is a big challenge of DBT policy which has actually squeezed out the liquidity of fertilizer companies and is something which we have been representing through the Fertilizer Association of India as well as individually, but the requisite attention has not been coming so far. As I mentioned earlier, while in December 2019 your Company completed the 50 glorious years of service for the nation, the Company, because of its fertilizer plant has been able to achieve 100% capacity utilization for almost 3 years in succession now. Energy consumption was 6.97 GCal per ton of urea down from 7.12 GCal per ton of urea in the previous year 2018-19. But most unfortunate part is that even though we are talking about the crisis because of COVID-19 pandemic, there has been a severe economic crisis and this is reflected that Government of India is not releasing the rightful accrued subsidy which stood at Rs.1350 Cr. as of 31st August, 2020, the highest ever in the history of this company, which denotes almost 50% of the Annual Turnover of the Company. My dear shareholders, it is only God's grace, efforts of your operational team and patience of the workmen and staff that almost 1200 people are working diligently inspite of such set backs. But I am sure after every darkness there is some light, we hope coming 6 months will be much better phase for this company also.

I also want to apprise you about one challenge which our/ your company is facing vis-à-vis wherein the subsidy was required to be computed on the energy norm of 6.5 GCal/MT of Urea w.e.f. April, 2018 as against the existing energy norm of 7.847 GCal/MT of Urea. This was allowed

	<p>for 5 years, however, we are still representing, debating and at the same time there was a presentation made by the DoF and the Company to Expert Group of Niti Aayog almost one and year back. The group was convinced that to achieve the target energy norms, the Company will need to replace domestically available cheaper energy resources i.e coal and power by costlier imported RLNG Natural Gas, which would not only incur huge capital expenditure but also make the cost of our energy dependent on the development happening outside India, i.e., Dollar driven cost. So, Niti Aayog actually was very supportive that such an exercise will not help our nation in any way, therefore, it recommended the continuance of present energy norms for Kanpur Plant i.e KFCL, Shri Ram Fertilizers (Kota) and GNFC (Bharuch) till FY25. Ministry of Chemicals & Fertilizers is yet to take the final call and that is the reason I have to flag this matter to you today because due to COVID-19, Department of Fertilizers had extended the continuance of the old norms upto September. And as I inform you today, the new norms are yet to be notified. We are trying, we have represented, my colleagues have been working day and night and we hope and that we have been able to discuss, that company will get a reasonable energy norm which will allow the Company to remain reasonably profitable for atleast next 5 years, so, I am sure that our efforts will succeed with the Grace of God and with the good wishes.</p> <p>Now I request the Company Secretary to read the Auditors' Report. Thank you very much.</p> <p>#</p>
<p>#</p> <p>Smt. Suman Lata</p> <p>#</p> <p>#</p>	<p>#</p> <p>Thank you Sir,</p> <p>Statutory Auditors' and Secretarial Auditors' of the Company have already submitted their respective Reports for the FY 2019-20 and the same form part of Annual Report already circulated to the members. As per request received from the Chairman and from some of our members</p>

	<p>I am reading the first and last line of qualified opinion from the Auditors Report (which is on page 25 of Annual Report) and rest can be taken as read.</p> <p><i>Refer to Notes 35 to the Financial Statements relating to.....as stated in Sl. No. 2 below.</i></p> <p>Full Auditors Report is available from page no. 25 to 29 and Secretarial Auditors' Report is available from page no.16 to 17 of the Annual report and the management's comments on the qualified opinion are given in the Directors' Report at page No. 10.</p> <p>Now I request the Chairman to take up the Agenda matters for members approval.</p>
<p># Shri Manoj Gaur Chairman#</p>	<p># Thank you Company Secretary</p> <p>Since members attending the meeting are less than 50, Resolutions mentioned in the Notice may be passed by show of hands. I am now reading Item No. 1 to 3 are Ordinary Businesses and Item No. 4 to 7 are Special Businesses.</p> <p>ITEM NO. 1</p> <p># Adoption of the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2020, together with the Reports of the Board of Directors and the Auditors thereon. (Ordinary Resolution)</p> <p># It is a statutory requirement as per Section 139 and 134 of the Companies At, 2013.</p> <p>Members who are in favour of passing the Resolution can raise their hands</p> <p># I Announce that the Resolution is passed.</p>

ITEM NO. 2

Appointment of Shri R.K. PandeyJi (DIN:00190017), who retires by rotation and being eligible, offers himself for re-appointment is an Ordinary Resolution.

It is a statutory requirement. Shri R.K. Pandey has consented to act for his re-appointment and his profile is available in the Notice of AGM.

#

Members who are in favour of passing the Resolution can raise their hands

#

I Announce that the Resolution is passed.

ITEM NO. 3

Appointment of **Shri Sunny Gaur (DIN: 00008293)**, who retires by rotation.

However, since he has resigned from the office of Director of the Company, this Resolution is being dropped.

ITEM NO. 4

Ratification of the remuneration of **M/s. Kabra& Associates, Cost Accountants, (Firm's Regn. no. 000075)**, Cost Auditors for the Financial Year 2020-21 (Ordinary Resolution).

It is a statutory requirement to ratify the remuneration of Rs. 3 Lakhs to M/s. Kabra & Associates, Cost Auditors which is same as given in previous year and is reasonable.

Members who are in favour of passing the Resolution can raise their hands

#

I Announce that the Resolution is passed.

ITEM NO. 5

#

Appointment of **Shri Anil Mohan (DIN: 08733802)** as Director of the Company (Ordinary Resolution).

In terms of the provisions of Companies Act, appointment of Shri Anil Mohan as Director liable to retire by rotation requires approval of members. His profile is available in the Notice of AGM. #

Members who are in favour of passing the Resolution can raise their hands

#

I Announce that the Resolution is passed.

ITEM NO. 6

Appointment of appoint **Shri SCK Patne (DIN: 00616104)** as an Independent Director for a term of 3 years (Special Resolution).

In terms of the provisions of Companies Act, appointment of Shri SCK Patne as an Independent Director for 3 years requires approval of members. His profile is available in the Notice of AGM.

Members who are in favour of passing the Resolution can raise their hands

#

I Announce that the Resolution is passed.

ITEM NO. 7

Appointment of **Shri K.V.Rajendran (DIN: 02468551)** as an Independent Director for a term of 3 years (Special Resolution)

In terms of the provisions of Companies Act, appointment of Shri K.V. Rajendran as an Independent Director for 3 years requires approval of members. His profile is available in the Notice of AGM.

Members who are in favour of passing the Resolution can raise their hands

#

I Announce that the Resolution is passed.

	<p>VOTE OF THANKS</p> <p>I would like to once again apprise all the dear shareholders that your support and good wishes are extremely important. We would like to assure you that all the people in the Company, especially at the Plant, are determined to keep the Plant in optimal condition and completely safe, keeping in mind that it is chemical Plant operating 24*7 and having Ammonia as part of it. We are aware of our duty to exercise due care and complete safety measures for the sake of not only our Plant, but also our ecosystem. We prey for the safety of all the shareholders. I would like to assure you that even though only 4 days are left for the September month to be over, even though new energy norms are yet to be notified, even though outstanding of subsidy is all time high as on 31st August, 2020, we still have faith and the resilience to tide over all the challenges, which will make this company perform well for years to come. So thank you very much for your constant support.</p> <p>Jai Hind</p>
<p>#</p> <p>Smt. Suman Lata</p> <p>#</p>	<p>#</p> <p>I hereby declare the meeting as concluded.</p> <p>Thanks to the chairman.</p>

#