

**TRANSCRIPT FOR THE 11TH ANNUAL GENERAL MEETING OF  
KANPUR FERTILIZERS & CHEMICALS LIMITED BEING HELD ON  
THURSDAY, THE 29TH SEPTEMBER, 2021 AT 01:30 P.M. (IST)  
THROUGH VIDEO CONFERENCING**

**SUMAN LATA  
COMPANY  
SECRETARY**

***Good Afternoon!***

I, Suman Lata, Company Secretary have joined this meeting from Basant Lok, Vasant Vihar, New Delhi. I welcome you all to this 11th 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. Consequent to COVID-19 Pandemic, we are holding the meeting through video conferencing. The Notice of AGM for conducting the meeting was sent on 4<sup>th</sup> September, 2021 via electronic mode to all such members whose email IDs were registered with the Company and Depositories. As the meeting is conducted through VC, hence attendance through proxies is not allowed.

Our Statutory Auditors', Secretarial Auditors' 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 to ensure smooth and seamless conduct of the meeting.

Voting at the Annual General Meeting shall be done by show of hands, if less than 50 members are present in the meeting, 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](mailto:kfcl.investor@jalindia.co.in) by using the polling paper provided at page no. 60 of the Annual Report. Please note that voting through Polling paper will remain open for 30 minutes after the conclusion of the proceedings of the meeting and you may kindly vote by that time. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut-off date i.e. 22<sup>nd</sup> September, 2021.**

The voting results on the Resolutions proposed at this AGM will be available at our website.

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>As per the confirmation from the host of the meeting, quorum for the meeting is present. In the absence of Shri Manoj Gaur Ji, Chairman, I now request Shri Alok Gaur Ji, Jt. Managing Director &amp; CEO of the Company, to take the Chair and request him to call the meeting in order and to take forward the proceedings of this meeting</p>
<p><b>SHRI ALOK GAUR CHAIRMAN OF THE MEETING</b></p>	<p>Thank you Suman Lata Ji. As Shri Manoj Gaur Ji, Chairman of the Company is not well and as per the request of the members, I Alok Gaur occupy the Chair as Chairman of this meeting and call the meeting in order since the Company Secretary informs me that we have sufficient quorum of members participating through video conferencing. Accordingly, the meeting is properly constituted.</p> <p>My colleagues on the Board and dear Shareholders.</p> <p>I, Alok Gaur, Chairman of this meeting joining the meeting through video conferencing from 'JA House', Basant Lok, Vasant Vihar, New Delhi.</p> <p>I, welcome the esteemed and respected Board members and shareholders to the 11th Annual General Meeting of your Company. I thank you all for taking the time out to join us today. Hoping, you and your families are staying safe and well. I am pleased to inform you that because of the proactive approach of the management, 1754 employees out of 1803 employees of your company (approximately 98%) have been vaccinated. We are practicing Covid protocol for the safety of our employees and their families.</p> <p>Annual General Meeting is an important event for the Company, allowing us to interact with you directly and also giving you an opportunity to vote on Resolutions. In view of the current Pandemic situation, we are conducting this meeting virtually in line with the provisions of Companies Act read with MCA Circulars.</p> <p>I, sincerely thank all of you for attending the meeting. Now I would like to introduce members of the Board who have joined the meeting through video conferencing. Shri K.V. Rajendran, Shri Devinder Singh Ahuja, Shri Ajit Kumar, Ms. Sunita Joshi, and Shri S.D. Nailwal Directors, Shri Sudhir Rana, CFO and Smt. Suman Lata Company Secretary are joining this meeting from Basant Lok, Vasant Vihar, New Delhi. Shri Anil Mohan, Director is attending the meeting from Gorakhpur. Shri S.C.K. Patne, an Independent Director is attending the meeting from his residence Kaushambi, Ghaziabad. And Shri R.K. Pandey, Director is attending the meeting from his residence Sarita Vihar, New Delhi.</p>



As you all know that Fertilizer is one of the most crucial input for agriculture. The significant economic contribution of fertilizers can be gauged by the annual value of incremental food grains production which touched a record level of 305 million tonnes in the FY 2020-21 as per the 3rd advanced estimates.

Due to COVID-19 pandemic, activities in agriculture and fertilizer sectors were also affected. The exemption of these sectors from lockdown restrictions and help extended by central and state governments, however, facilitated uninterrupted production. Government announced additional allocation of Rs. 62,000 crore under Atmanirbhar Bharat 3.0 Stimulus. This helped to clear past subsidy arrears of the fertilizer industry. In view of the same, Indian fertilizer industry was able to come out of the perennial liquidity crunch.

In spite of approval of increased fixed cost as per Modified NPS-III policy, domestic industry continued to suffer from negative returns from urea business. This was primarily due to under-recovery of fixed cost and undue delay in payment of subsidy. More than 50% operating urea units were running under losses and the remaining units were operating on very thin margins. While payment situation improved in FY 2020-21 due to additional budget allocation, subsidy budget of Rs. 79,529.68 crore for the financial year 2021-22 is much lower than the requirement.

For the survival of fertilizer industry and to resolve the perennial liquidity crisis of fertilizer sector, it is important to shift the payment of fertilizer subsidy from Category B to A to facilitate full utilization of budget allocation. Removing the monthly/quarterly restrictions in release of already allocated funds is also necessary to ensure that the industry's payments are not held up till allocated budget is exhausted.

During the year under Report, the Company was able to achieve 93% capacity utilization. Energy consumption increased to 7.01 GCal per ton of urea from 6.97 GCal per ton of urea in the previous year 2019-20. Your Company has achieved a revenue of Rs. 1894.65 crores in FY 2020-2021 as against 2479.68 crores in FY 2019-20. EBITA was Rs. 152.42 crores in the FY 2020-2021 as against Rs. 204.72 crores in FY 2019-2020.

Delay in subsidy resulted into delay in payments to GAIL for Natural Gas and KESCO for Power resulting into higher payment of interest. In terms of the policy announced by Reserve Bank of India (RBI) on account of COVID-19, Lenders of KFCL permitted moratorium on payment of interest and installments of term loan,

	<p>for a period of six months, to be repaid by March, 2021. As a part of Aatmnirbhar Bharat 3.0 Stimulus, Government of India (GoI) released Rs. 62,000 Crore for fertilizer subsidy to clear backlogs. The Company has received Rs. 2,911 Crore (including overdues of Rs.1,317 Crore) as subsidy from GoI in Financial Year 2021 as compared to Rs. 2,106 Crore in Financial Year 2020. Subsidy claim during Financial Year 2021 was lower on account of reduced energy norms for subsidy calculations and lower price of Natural Gas.</p> <p>Further, I wish to inform you that the consortium and Yes Bank have agreed on definitive proposal of realignment of Yes Bank loan with cutoff date as 31<sup>st</sup> August, 2020. SBI has already issued NOC in this regard and NOCs from other members of consortium i.e. ICICI and IIFCL are awaited. Yes Bank has obtained approval from its competent authority and has issued its Facility Letter to the Company on 27<sup>th</sup> March, 2021.</p> <p>DoF (Ministry of Chemicals &amp; Fertilizers) is yet to issue any specific revised energy norms for the company as the same has been delayed due to Covid-19 pandemic. In order to maintain financial viability at revised energy norm of 7.424GCal/MT, a Capex of Rs.100 Crore is required to be incurred over the next three to four years. On receipt of DoF approval of pre-existing norms for subsidy calculation, the Company will be able to generate more profits and that the future of your company is bright.</p> <p>Now, I request the Company Secretary to read the Auditors' Report.</p>
<p><b>SMT. SUMAN LATA</b></p>	<p><b>Thank you Sir,</b></p> <p>Statutory Auditors' and Secretarial Auditors' of the Company have already submitted their respective Reports for the FY 2020-21 and the same form part of Annual Report already circulated to the members. As per request received from some of the members and with the due permission of Chairman, I am reading the first and last line of the Auditors Report for FY 2020-21 (which is from page no. 23 to 28 of Annual Report) and rest can be taken as read.</p> <p><b><i>To the Members of Kanpur Fertilizers &amp; Chemicals Ltd..... issued by the Institute of Chartered Accountants of India.</i></b></p> <p>Secretarial Auditors' Report in Form MR-3 is available at page no.19 and 20 of the Annual report.</p> <p>Now I request the Chairman to take up the Agenda matters for members approval.</p>



**SHRI ALOK GAUR**

**Thanks Suman Lata Ji**

Since members attending the meeting are less than 50, Resolutions mentioned in the Notice may be passed by show of hands. Item No. 1 to 4 are Ordinary Businesses and Item No. 5 to 9 are Special Businesses.

Now I am proceeding with the Agenda items as mentioned in the Notice of AGM dated 28<sup>th</sup> July, 2021.

**ITEM NO. 1**

Adoption of the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2021, together with the Reports of the Board of Directors and the Auditors thereon. The Resolution is now placed before the meeting to be passed as an Ordinary Resolution.

It is a statutory requirement as per Section 129 and 134 of the Companies At, 2013.

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed.**

**ITEM NO. 2**

Appointment of **Ms. Sunita Joshi (DIN:00025720)**, who retires by rotation and being eligible, offers herself for re-appointment. The Resolution is now placed before the meeting to be passed as an Ordinary Resolution.

It is a statutory requirement. **Ms. Sunita Joshi** has consented to act for her re-appointment.

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed.**

**ITEM NO. 3**

Appointment of **Shri Shyam Datt Nailwal (DIN:00008529)** who retires by rotation and being eligible, offers himself for re-appointment. The Resolution is now placed before the meeting to be passed as an Ordinary Resolution.

It is a statutory requirement. **Shri Shyam Datt Nailwal**, has consented to act for his re-appointment

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed.**

**ITEM NO. 4**

Appointment of **M/s Sharma Vats & Associates, Chartered Accountants (Firm Regn. No. 031486N)**, as Statutory Auditors of the Company for a period of 5 (five) years w.e.f. the conclusion of this AGM. The Resolution is now placed before the meeting to be passed as an Ordinary Resolution.

It is a statutory requirement as per Section 139 of the Companies Act, 2013.

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed.**

**ITEM NO. 5**

Ratification of the remuneration of **M/s. Kabra & Associates, Cost Accountants (Firm Regn. No. 000075)**, Cost Auditors for the Financial Year 2021-22.

The Resolution is now placed before the meeting to be passed as an Ordinary Resolution.

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

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed.**

**ITEM NO. 6**

Appointment of **Shri Ajit Kumar (DIN: 07774104)** as Director of the Company. The Resolution is now placed before the meeting to be passed as an Ordinary Resolution.

In terms of the provisions of Companies Act, 2013, appointment of Shri Ajit Kumar as Director liable to retire by rotation requires approval of the members. His profile is available in the Notice of AGM.

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed.**

**SINCE ITEM NO. 7 AND 8 RELATES TO MY APPOINTMENT, I BEING INTERESTED IN THE SAID MATTER VACATE THE CHAIR AND REQUEST SHRI S.D. NAILWAL JI, DIRECTOR, TO TAKE THE CHAIR AND PROCEED WITH THESE ITEMS**

**SHRI S.D. NAILWAL,  
DIRECTOR**

Dear Shareholders, next item of AGM Notice is Item No. 7 to appoint **Shri Alok Gaur (DIN: 00112520)** as Director of the Company.

The Resolution is now placed before the meeting to be passed as an Ordinary Resolution.

In terms of the provisions of Companies Act, 2013, appointment of Shri Alok Gaur as Director liable to retire by rotation requires approval of members. His profile is available in the Notice of AGM.

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed.**

Next Item No. 8 of AGM Notice relates to the appointment of **Shri Alok Gaur (DIN: 00112520) as Whole-time Director** of the Company for a period of three years w.e.f. 1<sup>st</sup> February, 2021 and payment of remuneration to him.

This Resolution is now placed before the meeting to be passed as a Special Resolution.

In terms of the provisions of Companies Act, 2013 read with Schedule V, for payment of remuneration to Shri Alok Gaur, Whole-time Director (designated as Jt. Managing Director & CEO), the Company has to obtain approval of Yes Bank Limited before obtaining the approval of members as the Company has defaulted in payment of dues to Yes bank. The Company has approached Yes Bank Limited, to provide No Objection in respect of the payment of remuneration to Shri Alok Gaur, Joint Managing Director & CEO for the period from 01<sup>st</sup> February, 2021 to 31<sup>st</sup> January, 2024. The approval of Yes Bank Limited is awaited. Hence, the matter relating to payment of remuneration to Shri Alok Gaur is being deferred which will be placed before the shareholders after the receipt of NOC from Yes Bank.

However, matter relating to the appointment of Shri Alok Gaur, Whole-time Director is proposed for approval of the members.

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed as a Special Resolution.**

**I now vacate the Chair and request Shri Alok Gaur Ji, Chairman of the meeting to chair the meeting once again and proceed with the AGM.**



**SHRI ALOK GAUR  
CHAIRMAN OF THE  
MEETING**

**Thanks Shri S.D. Nailwal Ji.**

Dear Shareholders, last item of AGM Notice is Item No. 9 to appoint **Shri Devinder Singh Ahuja (DIN: 07687173)** as Director of the Company.

The Resolution is now placed before the meeting to be passed as an Ordinary Resolution.

In terms of the provisions of Companies Act, 2013, appointment of **Shri Devinder Singh Ahuja** as Director liable to retire by rotation requires approval of members. His profile is available in the Notice of AGM.

I request the members who are in favor of passing the Resolution can raise their hands.

**I Announce that the Resolution is passed.**

**VOTE OF THANKS**

Thank you. So all the Items of business as per the Notice of the 11<sup>th</sup> AGM has been taken up and passed with the requisite majority I now declare the proceeding of the meeting as completed. I would like to inform you that the voting results will be available at the website of the company at [www.kfclkanpur.com](http://www.kfclkanpur.com).

On behalf of the Board of Directors of Kanpur Fertilizers & Chemicals Ltd., I would like to thank you all for your continued trust, confidence and support. Please stay safe and healthy. Hopefully next year, we'll be able to meet in person.

I hereby declare this meeting as concluded.