

TRANSCRIPTION OF THE PROCEEDINGS OF THE 49TH ANNUAL GENERAL MEETING OF THE COMPANY HELD THROUGH VIDEO CONFERENCING AT 2:00 PM IST ON FRIDAY, THE 18TH SEPTEMBER 2020

(Pursuant to Para 3, Part A (I) of MCA General Circular no. 14/2020 dated 8th April 2020)

Address by Mr. Ashwin C Muthiah, Chairman

Ladies and gentlemen, it is just 1 minute past 2:00 p.m. I am informed that necessary quorum is present and I call the meeting to order. I am happy to be with you for the 49th Annual General Meeting of your company being held through video conferencing facilitated by CDSL. A Live streaming of the meeting is also available through their website.

It has been confirmed that this meeting is held in due compliance with the matters specified in the circulars issued by the Ministry of Corporate Affairs and SEBI.

The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts and other documents are available for inspection during the Meeting in digital form and through the e-voting platform of CDSL.

I welcome my colleagues who are participating in the meeting through video conferencing, members on my Board, also I am happy to inform Ms. Sashikala Srikanth - Chairperson of the Audit Committee and Mr. B Narendran - Chairperson of the Nomination and Remuneration Committee and Stakeholders Relationship Committee are present here. As specified in MCA's Circular the Statutory Auditors also are participating through VC.

Chairman's Speech

It gives me great pleasure to address you at the 49th Annual General Meeting of your Company. A very warm welcome to you. I hope you and your family are healthy and safe. Due to the COVID-19 pandemic, this is the first virtual AGM of the Company held through video conferencing and it will be a new, but good experience to connect with you digitally. As per the General Circulars issued by the Ministry of Corporate Affairs and SEBI, the Annual Report of the Company for the year 2019-20 has been sent only through electronic mode to those members whose email addresses are duly registered. And with your permission, I shall take it as read.

Fertilizer and Agriculture – Global Scenario

The global production capacity of Urea fertilizer is expected to register continued growth in the near term. Based on the data available from International Fertilizer Association, the world Urea capacity will grow from

208.8 million MTs to 226.4 million MTs by 2023. But the growth would not be uniform across the regions, varying with country strategies and availability & cost of feedstock. Specifically, North America, Africa, Middle East and Eurasia regions will see positive growth whereas Central & South America, Europe and Asia Pacific Regions will see de-growth. It is interesting to take a close look at Asia Pacific region where China is expected to log 20% less growth and India's Urea capacity is expected to grow by 25%. India will continue to be a significant player in Urea production with the current share of 12.5% increasing to 14.4% in 2023.

The global production of food grains and cereals, consisting of rice, wheat & coarse grains, continue to grow at a moderate rate of 2.3% with 2650 million tons in 2018-19 going up to 2711 million tons in 2019-20. However, the realization to farmers due to agricultural activities has been stagnant with the 'Food Price Index' being flat for the last five years averaging around 170 with 100 being the base index arrived at during 2002-2004.

The adequate supply of Urea to take care of the requirements of the normal addition to agricultural activity has kept the international Urea price almost constant at around 250 US\$/MT with only a brief high of about 290US\$ during 2nd quarter of 2019-20. The Natural Gas price has been steadily coming down from 2.6 US\$/mmBTU to 1.7 US\$/mmBTU during the year. A similar trend was noticed in the case of oil crude also with Brent oil price per barrel coming down from about 70 US\$ to a low of 30 US\$.

Fertilizer & Agriculture – Indian Scenario

The Urea production during April 2019 – March 2020 was 24.5 million MTs which translates into 2.3% growth. The imports during the same period was 9.1 million MTs, a growth of 21.9%; similarly the consumption also grew by 5.3% to 33.7 million MTs. The total food grains production consisting of rice, wheat and coarse cereals grew by 3.7% to 296 million MTs; production of oil seeds grew by 6.37% to 33.5 million MTs whereas the sugarcane production declined by 11.7% to 385 million MTs. The production of horticulture crops consisting of fruits, vegetables and other special plants grew by 3.1% to 320 million MTs.

There have also been periodical announcements by Government of India about subsidy benefits being transferred to direct beneficiaries, nutrient based subsidy and phased decontrol of Urea Sector. However, better clarity will emerge over time on these issues.

As I already mentioned, India's Urea capacity will increase by 6.35 million MTs by 2023 with the commissioning of 5 more Urea manufacturing Units which will be equivalent to 25% addition to the existing capacity. It will go a long way in fulfilling the cherished policy of our Hon'ble Prime Minister, Shri Narendra Modiji, namely, Atmanirbhar Bharat.

Events with Significant Impact

While one looks back into the Financial Year that just ended and the few months beyond that, everything fades into insignificance considering the corona virus pandemic. It affected the global economy as never before and impacted the social life beyond our imagination. But I will confine myself in my speech to only the Indian situation. During the first quarter of FY 2020-21, GDP shrank by 23.9%; which is the highest single quarter decline since Independence. According to National Statistical Office, all sectors except Agricultural Sector exhibited de-growth during April–June 2020. Industry sector shrank by 38.1% whereas Services sector shrank by 20.6%. The only silver lining is, the Agricultural sector grew by 3.4%. This contraction reflects the severe impact of COVID-19 lockdown halting most of the economic activities.

It is heartening to record here that the fertilizer is the only core sector which recorded a positive growth of 6.9% in July. It is also interesting to look through the Urea industry performance during the 'COVID-19-intensive' period, i.e., April – June 2020. The production increased by 8.4% to 6.04 million MTs; the imports increased by 24.3% to 1.72 million MTs and sales through the point of sales machines increased by a staggering 67% to 6.48 million MTs.

Let me mention some data about the agricultural activity as well during Kharif season, up to 31 July 2020. The area sown under food grains, including oil seeds, sugarcane, jute & cotton, increased by 13.9% to 88.22 million hectares.

While it is heartening to note that our industry has enjoyed the logistics support of the central and state governments, fertilizer being an essential commodity, it is also necessary to mention the severe working capital challenges the industry had to face. The subsidy dues from the government have increased to significant amount testing the resilience of every company in this sector.

Your Company achieved a production of 5.5 lac MTs of Neem Coated Urea during FY 2019-20 as against 6.5 lac MTs in FY 2018-19. The decrease is due to achieving the full quota allotted by Department of Fertilizers, namely, 18.60 lac MTs for the three year period April 2017 – March 2020. This three year quota was specially sanctioned at our request. The Plants achieved energy efficiency level of 6.915 Gcal/MT as against the norm of 7.185 GCal/MT. During the year, the sale of manufactured Urea was 5,54,294 (5.5 lac) MTs and there was no sale of imported Urea. During the financial year 2019-20, the revenue from operations was Rs.2079.18 crores. While there is a decrease in the revenue from operation compared to the previous financial year, the profit after tax improved to Rs.56.94 crores from Rs.53.34 crores in FY 2018-19.

I also need to mention here that during April – June 2020, the decrease in production was due to delay in start-up. This was due to COVID-19 related travel restrictions in the later part of March / early April which led to non-availability of experts for commissioning Synthesis Gas Turbine, a critical equipment that was replaced. But this shortfall in first quarter production can be made up in the last quarter and we can complete the production quota of 6.2 lac MTs.

As you are aware, Indian Oil Corporation (IOC) is establishing the Natural Gas supply infrastructure consisting of pipe line from Ramanathapuram to Tuticorin and Compressor station in Ramanathapuram. According to IOC, the work on the project is expected to be completed by December 2020. Your Company is ready to receive the gas as soon as ONGC starts supplying Natural Gas. However, as of now, the benchmarking of Naphtha based energy cost with that of gas supplied to pre-determined companies for the purpose of subsidy calculation will continue. Hence the viability of operation will continue to be determined by oil / gas price gap and the new energy norm of 6.5 Gcal/MT which has come into force by 1 April 2020.

The project activities towards gas compliance modernisation, which will also improve reliability and energy consumption, are progressing well. When these are completed the energy level will be substantially lower than the norm and with gas availability sustained profitability will be ensured. Your Company is also looking forward with keen interest to greater policy clarity in 'Nutrient Based Subsidy' and subsequent phased urea sector decontrol.

While keeping the production and dispatch going within strict 'COVID-19 guidelines' was a great challenge, it was even a greater challenge to keep the business going with unprecedented working capital squeeze. The disbursement of government subsidy practically came to a grinding halt during the later part of FY 2019-20 and during the first 150 days of FY 2020-21. Banks all over the world ran into rough weather due to 'COVID-19 economic emergency'. The LC limits and oversees suppliers' credit reduced to almost one-third. The stressed market collection added to the cash-flow challenges. Your Company needs to survive the next few months with stringent cost cutting measures. The only silver lining is the fact that our agricultural based business has a good chance of emerging without much damage once the COVID-19 medical emergency is over.

Corporate Social Responsibility

Your Company's initiatives on Corporate Social Responsibility are focused on improving the quality of life of communities neighbouring our business operations and the rural populace. It lays emphasis on understanding the needs of local community and works on creating long term benefits integrating ethical, social and ecological standards. Drinking water provision to a nearby village, donation of containerised Public Health Centre to

Tuticorin Corporation, contribution for science exhibition to an educational institution & book fair to Tuticorin District Administration, provision of plastic bottle crusher at Tirunelveli railway station, participation in “Clean Thamirabarani River” project, tree plantation, improving school sanitation infrastructure and sports development, etc., were some of the major CSR activities undertaken during the year.

The year 2020 began with COVID-19 pandemic with serious disruptions to economic and social activities. Your Company stepped in with relief measures related to food, health, water, sanitation and shelter for the vulnerable sections of the society. This was done in close coordination with State Government & District Administration. Guidelines were framed for the employees for safe practices and personal hygiene in the workplace. Your Company’s initiatives went a long way in containing the spread of corona virus which kept the businesses and normal life going in our district.

Talent Management

I firmly believe that your Company is as good as its people. ‘People Development’ has been a key and continued focus area and your Company attaches great importance to talent management and progressive HR practices across levels. Need based internal and external programmes are conducted throughout the year in addition to encouraging participation in seminars and conferences. Succession Planning and Long Term Career Growth Plans are part of creating a leadership pipeline and a robust organisation. I am passionate about developing future leaders and building a great team. Hence, I personally oversee and am involved in identification, training and development of senior management personnel for the continued success of your Company.

Acknowledgement

I thank the Central and State Governments, Tamilnadu Industrial Development Corporation Limited, Financial Institutions and Banks, Ministry of Chemicals & Fertilizers, Ministry of Petroleum & Natural Gas, Ministry of Shipping and Ministry of Corporate Affairs. I also thank all our customers, dealers, vendors and suppliers for their continued support and cooperation. I appreciate the sincere efforts of all the employees of the Company. I thank the Members of the Board for their valuable support and guidance. On behalf of the Board of Directors and on my own behalf, I gratefully acknowledge and thank the stakeholders for reposing faith in us.

Thank you very much.

Now we may proceed with the business of the Meeting.

The Notice of the Meeting has already been circulated and with your consent, we shall take this as read.

The resolutions given in the Notice except Item No. 4 have already been put to vote through remote e-voting. There will be no proposing or seconding of the resolutions. Item No. 4 relates to the appointment of Ms. E Sundaravalli, I.A.S Nominee Director of TIDCO. She has vacated Office as Director due to disqualification under the Companies Act, 2013. Hence, the Resolution for the appointment of Ms. E Sundaravalli, I.A.S has been withdrawn from voting.

There are no adverse observations or remarks in the Reports of the Statutory Auditors and Secretarial Auditors. So, the Reports are not required to be read. Before we proceed further, I would like to bring to your attention certain information regarding the proceedings.

Facility for remote e-voting on the resolutions was made available between 15th and 17th September 2020. Arrangements have also been made for e-voting during the meeting. The voting is open now and will close five minutes after the conclusion of the meeting.

Members who have not exercised their votes through remote e-voting and also those attending the meeting now may cast their votes through e-voting link available on your screen.

Now we will go ahead with the Q&A Session.

Those shareholders who have registered to speak at the meeting will be invited by the moderator one by one.

The shareholder if he so desires, may enable their video while speaking. Kindly note that the maximum time available for each speaker would be about 3 minutes.

So, I request members to be as brief as possible; not to repeat questions if they are similar to the one raised by any other shareholder and speak only on items pertaining to the Agenda of the Meeting.

I will collate all the questions and respond at the end of the question session. May I now request the Moderator to invite the speakers one by one. I also request him to prompt the speakers if they go beyond the permitted time.

Chairman: Moderator please.

Moderator: Thank you, sir.

Our registered speaker is Mr. Bharath Raj. Mr. Bharath Raj you may speak now.

Bharath Raj - No Response.

Moderator – Mr. Bharath Raj is speaking in other AGM, so we may pass to other Speaker.

Chairman – Yes

Moderator – Next speaker is Mr. Santosh Kumar Saraf. Mr. Santosh Kumar you may speak now.

Mr. Santosh Kumar Saraf – Am I audible sir?

Moderator – Yes sir, very clearly audible sir, loud and clear. Please proceed.

Mr. Santosh Kumar Saraf

Yes, one second Sir.

Respected Chairman, Board Members and my fellow shareholders. I am Santosh Kumar Saraf speaking from Kolkata, this is my home sir. Sir, I have already sent a letter to your Secretarial Department in this I want to say, your Company is doing very good sir. But last few very, we are in very bad to not making profit and loss. Loss are increasing day by day. Sir, I want to know the future of the Company, because I know you are a very good Chairman, I am holding shares in so many Companies so I know sir.

Sir, what is the COVID effect of our company and what steps are taken for cost-cutting and step to survive the situation.

Sir, Board of directors could think about cut in their remunerations, director's sitting fees, Commissions and perquisites, etc. by 30% in this COVID19 pandemic period when business suffering in a very tough time to survive?

Sir, Board of Directors also could think of cutting of Remuneration and perquisites and etc. to Key Managerial Personnel by 30% for this year?

Sir, what is the future plan of management to increase growth and income of Company?

Sir, female employee numbers is only 25 it is only 3.94% of total employees 635 as on 31st March 2020 a is very less and kindly let me know the view of management to empower more females to become self-dependent in the present socio-economic scenario? Now labour Ministry also allowed female to work in factory and also in all shift?

Sir, I am surprised that you have ZERO disabled people in your total permanent staff of 635. Nowadays, person with disabilities are topping IAS exam and at the same time they are winning medals in Paralympics games for India and many others continue to do very good jobs (works) for country. Kindly tell me your view on giving an opportunity to them in the form of jobs or any other means?

Sir, on page no.65 you reported that there so many tax disputed cases that are pending from year 1999-2000. Till date how much amount are paid to legal experts and lawyers?

Sir, what is amount you contributed in PM Cares Fund and also kindly tell me that have you given any Electoral Bond to any political party, if yes than what is value of those?

Sir, Kindly tells me what are the expenses estimated of this year meeting through VC / OAVM. And what were the last year expenses for physically held AGM at venue including printing and postage of Notice and Annual Reports and on travelling of directors for AGM and others related expenses? Sir I think Video Conferencing is very good so I can be attend.

Moderator – time is up.

Mr. Santosh Kumar – one minute sir

Sir, I am from the Kolkata otherwise is not possible for me sir and I hope we will continue next year video conference meeting it is less expensive and good for all.

Sir when you organize physical meeting next time kindly arrange 15 minutes video conference also sir. And I hope all my Board of Directors my staff and every person good health Sir. I pray all good health in all Bengal pooja, sir. Thank you, sir.

Moderator – Santosh sir time is up.

Mr. Santosh – Thank you, sir, for giving the chance and I think you all are the best. I wish good health and stay safe sir.

Moderator – Chairman with your permission, shall we give one more chance to Mr. Bharat Raj.

Chairman – Yes, please go ahead

Mr. Bharat Raj: Very good afternoon Mr. Chairman, Mr. Ashwin, very happy to see you.

I am Bharat Raj, calling from Hyderabad. I am happy to see all the Directors and the Board safe and happy.

First of all I thank the entire management for doing wonderful revenue and wonderful work of our Company, I am very proud sir. Sir my request is, next year is golden jubilee year sir, we are completing 50 years on that occasion, we have to make it very memorable event sir, give instruction to Company Secretary department to arrange very good AGM so that we are very proud at least, since last year we didn't any dividend at least during the golden jubilee year, can you declare a special dividend, we will be more than happy and that is my request sir. And every AGM I request for the Plant visit sir, in Manali, in TPL, I am request for the Plant visit, can you please arrange plant visit sir, that is another request sir. Sir under your leadership my company is growing sir, I am very to see you happy. There is no issues, I feel definitely we will come to the break-up and get the very good dividend. Thank you very much sir. All the best.

Moderator – Thank you Mr. Bharat Raj. Respected Chairman, no other speakers have joined the Meeting, so we may proceed with the Meeting.

Chief Financial Officer then informed Chairman about the query by Ms. Ami Javeri, a shareholder, raised two questions. She is not able to join the Meeting, she has sent me those two questions to be answered, she is hearing the Meeting, since she is traveling from Bombay to some interior, she said, she is not able to attend the Meeting. So she asked me to answer two questions, sir.

One is Masala Bond Rate is at 9%, whereas Tamilnadu Petro is getting at 4% earning on foreign funds subsidy, so why you are paying 9% and why don't you take at 4%.

Second question is, we are going to take Rs. 100 Crs from New India Co-operative bank, for which guarantee to be given. She wants to have a brief note, how many dealers are there, what is the size of the loan, what is interest all those things she wants to know.

Chairman – ok, let me answer the question. First let me go to Mr. Saraf's, so he has written letter to the Secretarial Department, so I request the Company Secretary to send him a reply including whatever relates to Secretarial and shareholder matters which he has raised in today's meeting. So I request Mr. Ganesh to take note and give him a reply satisfactorily. Ok, then he was talking about profit not being good, what is the future, etc.,

So, as you can see in my speech, Company is making profits, it is not that, it is not making profits, but however I have to tell you that it is profits in a very difficult situation, which is beyond the control of the company. On one hand

we have gas pipeline that has not reached our factory site. IOC is giving us guidance that, they will be able to hook up the pipeline by Dec 2020, so we had to rely on the guidance IOC giving us. Hopefully, that will happen and that will decouple our company from a dependence on Naphtha as only feedstock. Hopefully, that happening there will be a better lower pressure on the company in terms of working capital requirements. This is something beyond our control.

Second, as I also mentioned in the speech, there has been an unprecedented delay in receiving subsidy from the Government of India, the situation is definitely understandable due to various other pressures that the Government of India is facing, but this leaves us with very little alternatives for managing our working capital and to top it all with the Pandemic situation also we have had a great struggle in rising alternate bank funding to support the working capital shortages. So till this is resolved by a balance or part of subsidy release and more banking support till it is resolved, till we are able to put a proper balance in place and till the gas linkages not only connected but the gas flows, the Company's financials are always going to be in a stressful situation. So during these time, if we are able to show even at least sustaining our levels of profits which we are making, I think it is a great achievement and the credit goes to the team that runs the Company.

So we are trying our level best to make sure that we break-through with these two critical components gas availability and sufficient working capital. We are working on it, hopefully, we will be able to get a quick break-through and with that coming into place, I think there will be no looking back for our Company. So I can only assure you, that the management is doing a fantastic job, keeping the Company going without stoppages in this unprecedented difficult times that is the greatest thing that all our shareholders have to appreciate. And I have the greatest confidence in IOC in Government of India, with their Covid measures they are taking and greatest confidence in the management and on behalf of the shareholders, I hope and pray that the Company will be turn the corner and become a successful institution. While we say all these, I must say that the demand has been fantastic and the rain gods have been very kind to us. So the market situation cannot be better than what we have today. That is at least a sort of green shoot we have and hopefully, we will be able to benefit from that and fix out problems to strengthen our Company. Covid impact, I have mentioned to you already about the impact created to our Company on financial situation. Cost-cutting, we do it consistently year after year, so our costs are very much under control and we make sure that we are always keeping our expenditure at optimum levels. I have already mentioned about a lot of social development that we have done, dispute cases, maybe CFO can explain after my reply. I am sure Secretary will send a reply to Mr. Saraf on all the Secretarial issues including what he wanted to know on cost difference between video conferencing AGMs and physical AGMs.

Mr. Bharat Raj asked about dividend and golden jubilee, yes, golden jubilee is a great achievement, you know, for a Company to remain on sustained basis for 50 years is a great achievement and it is again credit to the team and the Management, who have kept this company flying high. I only hope I can give you dividends but this is something that my hands are tied. At this moment I have to only hope and pray that we will be able to overcome the critical challenges that I have mentioned a short while ago. Moment we are able to do that and create a sustainable track record for profitability, I am sure dividend is something that will go without say.

So I will request now the CFO to explain three things, one is on the dispute cases and also the two questions, which Ms. Ami Javari has raised on the masala bonds interest and the other one.

CFO - We have already settled all our old cases under indirect tax cases. As far as Direct tax is concerned, which is covered under Vivad Se Vishwas Scheme, we are in the process of settling all the old disputed cases through this scheme, for which the time has been extended up to 31st Dec 2020. Most of the old cases will be settled through this scheme. Few cases pertaining to the recent year which the company has got the merit, based on the settled cases we may not go with the scheme. We will fight the cases. This is the legal thing.

Then the question on Ms. Ami Javeri, what she is comparing is 9% we are paying for masala bonds for the money brought from outside which carries the forex also. Comparing that with the TPL, which has invested some money in some foreign, for that they are getting a return of 4%. For that, they are getting 4% as against that why you are paying 9%. So our case is different, forex alone is 5% and interest we are paying only 4%. Totally we are paying 9% two-year period second thing is what we are drawing in INR we are going to return in INR. There is no forex involved in that company. So this is the best rate we can get. That is one. Second is bank case, she wants to know what is the interest rate and all those question. So we are trying to target around 400 dealers each dealer will be around 25L limit bank is trying to give. So will get around 100 Crs for SPIC with Interest rate will be at 11.5%, we are still negotiating with them. The scheme is such that, the money will come to the Company and not to the dealers is going to take. They will take loan from the Bank and give it to us and we are paying the interest back to the Bank. Money is going to come to the Company and not to the dealers. This she want to clarify.

CFO - Mr. Manish would you like to share anything?

Mr. Manish - As CFO has mentioned, let me also clarify, the interest rate on Masala Bond is based on the prevailing INR rate in the market, because this masala bond is given to safe base on the India Rupee rate. It is in Indian

Rupees and SPIC is paying back in Indian Rupees there is no exchange loss on SPIC, so if you have to compare repo to repo that based on rate of Indian Rupee in the Indian market. It is still a very competitive rate, you cannot compare with Tamilnadu Petro Products because where the exchange loss is on them, they are running the rate based on the USD rates in Singapore. So that is very clear and on the Co-operative Bank, actually, this scheme when you are doing now we have a lot of with dealer, this is a dealer deposit scheme, this will give us a head rate and the dealers will be more loyal to us, they will keep the deposit, they are taking loan of around Rs. 25Lacs each from the co-operative bank and the interest rate will be borne by the Company because these deposits will bind the dealers more and we will give them the stock in return. So this scheme is promoted by the Company so that more and more dealers can be getting the finance from the bank and more benefit to the Company.

Chairman - Thank you.

I trust most of your questions have been answered.

As mentioned earlier, the venue voting window would remain open for another five minutes and those who want to cast their votes may do so.

The votes polled will be consolidated and the results will be announced as required under the Companies Act and SEBI LODR.

Members may view results from the Website of the Company or the National Stock Exchange or CDSL E-voting website, which will be released within 48 hours from the conclusion of the AGM. The resolutions shall be deemed to have been passed as of date i.e., 18th September 2020.

I thank you once again ladies and gentlemen for your presence and co-operation and with your permission, I Now declare the meeting as closed.

The content of the proceedings hereinabove is subject to the extent of clarity in the audio based on which the transcript has been made out.