

**Transcript of the 11th Annual General Meeting of Zuari Agro Chemicals Limited held at 11.00
A.M.(IST) on Monday, 14th September, 2020**

Mr. Vijaymahantesh Khannur, Company Secretary : Good morning and a very warm Welcome to all the shareholders to the eleventh Annual General Meeting of the Company. The time is 11.00 A.M. and the requisite quorum is present. We have our chairman Mr. Saroj Kumar Poddar who would chair this Annual General Meeting. On behalf of you all, I welcome Mr. Saroj Kumar Poddar and request him to take the chair of this AGM.

Mr. Saroj Kumar Poddar : Thank You Vijay

Mr. Saroj Kumar Poddar: Ladies and gentlemen, It is my honour and privilege to welcome you all to the 11th AGM of Zuari Agro Chemicals Limited . As per the circulars issued by the Ministry of Corporate Affairs and SEBI, this meeting is being held through Video Conference (VC) / Other Auditor Visual Means (OAVM). The company has taken steps to provide the shareholders, an opportunity to participate in the AGM and to vote. If due to any connectivity issues, I'm disconnected, with your permission, I would request Suresh Krishnan to chair the meeting during such disconnection.

The statutory registers as required by law are kept open and are available for inspection electronically. Before we start the proceedings of the meeting let me introduce my colleagues on the board of directors, We have Akshay Poddar, Suresh Krishnan, Mr. Marco Wadia, Ms. Kiran Dhingra, Mr. Dipankar Chatterji, Mr. L.M Chandrasekaran and Mr. N M Katak . All the directors I am happy to announce are present in this meeting.

We also have Mr. R K Gupta, CFO and Mr. Vijay, Company Secretary and the representatives of statutory auditors and Secretarial Auditor is present in this meeting.

The quorum is present as announced by Vijay, I call the meeting to order. Before we begin with the formal agenda, I would like to take you through highlights of the company's performance during 2019-20. I would begin with saying that the COVID-19 pandemic is the most unprecedented event witnessed in the history of mankind. It has left the people and economies world over in distress. With the imposition of lockdown in March, 2020, the economic activities came to a standstill, resulting in supply side disruptions and demand falling to very low levels in most of the states. COVID 19 has changed the way the businesses were being operated and work from home, social distancing, travel restrictions are the new normal.

We entered into financial year, 2020 with challenging year during 2019 due to difficult market conditions. There were demand slow down due to drought in Maharashtra, which was not the first year . I repeat, unfortunately Zuari has suffered because of a series of droughts in Maharashtra. And this particular drought during Rabi in 2018-19 has impacted us even more. The lower sales led to build up of high price, finished goods, manufactured and traded and the inventories, the farmers were unable to pay the

dues to our dealers, who, in turn delayed payment to us this, coupled with the introduction of DBT scheme, lead to a stretch in working capital cycle.

There was a short fall as we all know in budget allocation in financial year 2019 and delay in release of subsidy in quarter one of 2020. These pending subsidies, which is normally released in the first quarter, of next year, got further delayed due to Lok Sabha elections scheduled in May 2019. Meager subsidy was released due to proportionate fund allocation under "Vote on Account". Release of subsidy only started towards end of July, 2019 after utilization of Vote on Account money. Though the company approached the government for priority payment I'm sorry to say this request was not ceded.

These challenges and stretched working capital cycle, lead to an acute shortage of cash in early financial year 2020. This resulted in devolvement of LCs, rating downgrade by credit rating agency, gas supply shortage by GAIL and no new LC were open resulting in shortage of raw material. This all contributed to further losses to the company.

The management and the promoters have put in their best efforts to bring the company out of this very difficult and messy situation. Market collection was improved and cash was generated from collections and was used to clear Zuari lender dues. The management pursued with department of fertilizer aggressively for release of subsidy and due to the efforts of the Company, I am happy to say that the subsidy receivable reduced to Rs. 684 cr at the end of financial year 2020 from Rs. 1695 Crore, at the end of financial year 2019.

The promoters in order to support the company and to inspire confidence in the Company infused funds in the Company and the proceeds were completely utilized for repayment of lender dues. We ensured long term availability of the same by entering into an escrow account, wherein the subsidy receivable for urea, from government of India will be first used to clear the dues of GAIL. Accordingly Urea Plant was started in the first week of January, 2020, after unfortunately a long stoppage of six months. Your company reduced the size of operations primarily to ensure that we don't end up in a similar messy situation with our banks.

Post ensuring regularisation of all accounts and attending to all operational issues, like supply of gas from GAIL, Zuari approached all banks for opening of LCs for procurement of raw materials. But majority of banks did not provide adequate support and reduced in fact, even reduced the existing banking limits for the company.

The company cured pending payments to all the banks on December 5 2019, which resulted in our rating being upgraded, by ICRA B stable from ICRA D in the month of April 2020.

We expect further upgrade over the next few months, Based on our operational performance. With the long term sustainability of asset, the company has decided to undertake restructuring of bulk and non bulk business. Accordingly, the Retail, Speciality, Nutrients business and allied crop protection and care business, seeds and blended businesses are sold on a slump basis to Zuari Farmhub Limited at a

consideration of Rs. 785.56 crores. We are in the process of raising equity to the tune of USD 46.5 million in Zuari Farmhub being 30% of Enterprise value of Zuari Farmhub for which conformity due diligence is under progress and the value obviously is also contingent on the final outcome of the due diligence .

The Board has, accorded In principle approval for the sale of companies Fertilizer plant at Goa to Paradeep Phosphates Limited at enterprise valuation of USD 280 billion equivalent to Rs. 2100 crores subject to necessary approvals concerns, permissions and sanctions of regulatory and statutory authorities and obviously also subject to due diligence. The due diligence by PPL is under progress, and we shall come to shareholders for their approval once their due diligence is completed satisfactory, done by PPL.

During the year 2019-20 the revenue from operations for the year ended 31st March, 2020, was Rs. 2,012.62 crores as compared to Rs. 4,730.96 crores for the previous year. Unfortunately, this still resulted in company, incurring a loss for year ended 31st March, 2020.

In order to comply with the revised energy norms, the company had conceptualized an energy saving project with target specific energy consumption of urea at 6.1 GCal/MT at approximate CAPEX outlay of Rs. 380 crores. This project was not proceeded due to, liquidity issues, but is now expected to resume by second half of the current year.

The company continues to be certified for excellence certification of 'Protect & Sustain' stewardship from IFA the International Fertilizer Association. The Green Triangle Society Goa, in association with the inspector of factories and boilers have awarded "Gomant Uchcha Suraksha Puraskar" to the Company for outstanding safety performance in occupational safety health and environment.

The various programs undertaken by the company through CSR are skill development programs, slum development, provision of sanitation, health and education and scholarship for economically backward children. During the year, 2019-20, the company spent a total of Rs. 38.31 lakhs while implementing the CSR activities.

Let me now proceed with the formal agenda of the meeting.

The notice convening the AGM along with a copy of the annual report were circulated to the members electronically. With your permission, we shall take them as read.

As per the Companies Act, 2013 any qualification, observation or comments having adverse effect on the financial transactions or matters, which have any adverse effect on the functioning of the Company mentioned in the auditors report, be read out at the AGM. As you would see there are no qualifications observations or comments made in the Auditors Report and the same is not being directed therefore, to be read by the Company Secretary.

I would also like to mention the pursuant to the provisions of Companies Act, 2013 it is mandatory to provide remote e-voting facility to the members to exercise their votes. Accordingly the Company had provided remote e- voting facility, which began at 10 am on September 11 and ended at 5.00 PM on September 13, 2020. For those who are participating in this meeting through VC and have not yet, cast their votes through remote e-voting are eligible to vote through e-voting made available at the e- voting platform of CDSL. Since all the resolutions are already put up for remote e-voting, the resolutions are not required to be proposed and seconded,

We shall now begin with Item, No. 1 (a) & (b) which is for adoption of annual accounts.

Ladies and gentlemen, the Audited Financial Statements of the Company for the financial year ended 31 March, 2020 and the report of the Board of directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March, 2020 and the report of auditors, thereon are already with the members. The text of the ordinary resolution for adoption is made available at the e-voting portal.

The Company had asked the shareholders to register themselves as speakers by sending their request in advance at least seven days prior to the meeting and also send their queries in advance 7 days prior to this meeting. We have received requests from 3 shareholders to speak at this AGM.

We have received queries from 2 shareholders and their replies would be sent in writing. I request the members to restrict their queries to the Annual Report, 2019-20.

May I request Mr. Abhishek first to speak.

Mr. Vijayamahantesh Khannur : Host, Can you please bring in Mr. Abhishek.

Host: Mr. Abhishek has not joined.

Mr. Vijayamahantesh Khannur : Mr. Abhishek. has not joined

Mr. Saroj Kumar Poddar: Now we can move to Mr. Hardik Patel

Mr. Vijayamahantesh Khannur : Host, Can you please bring in Mr. Hardik Patel if he is there

Host: Yes

Mr. Hardik Patel : I had written letter dated September 1, 2020 in which I had listed my queries. I will repeat the queries for the Board to answer them. This is regarding the company letter, posted dated June, 19, 2020 on Stock Exchange website informing In principle approval for sale of fertilizer plant at Goa to Paradeep Phosphate Limited.

So, in this regard, I would want to know what is the progress made as regards what is the progress made for the above transaction?

What would be the rationale for the transaction, how the board intend to protect the interest of the minority shareholders.

How, you know, what sort of benefit the minority shareholder will get from the above transaction? What is the basis for the valuation of the above transaction.

Will the valuation and fairness opinion be obtained from internationally reputed valuers.

What operating business will remain with the company, post the sale of fertilizer unit, or whether the company will only have status of a holding company holding shares of many other companies .

Mr. Saroj Kumar Poddar : Mr. Patel I had requested in my address that you see this meeting today, AGM is for the accounts 2019-20 and therefore please restrict your questions relating to the accounts. As far as this is concerned we will come back to the shareholders. Once the due diligence is completed and we will have a proposal because whatever you are asking today, we cannot answer because we ourselves don't know.

Mr. Hardhik Patel : Okay, Sir, I appreciate if you could get back to us at appropriate time.

Saroj Kumar Poddar: Such a proposal will not go through without having a shareholder approval and today we are not taking shareholders approval.

Mr. Hardhik Patel : Sir, I had also requested for a shareholder list if company secretary could send us the shareholder list.

Saroj Kumar Poddar: Vijay

Mr. Vijayamahantesh Khannur : Mr. Patel, we have responded to you saying, that the inspection is required to be conducted by you to get the list of the shareholders and please have the inspection of register of members we will share the Register of Members to you.

Mr. Hardhik Patel : I mean, I got the reply, but then the reply looks more like a legal reply, rather than shareholder friendly reply so I know we are not checking legal form. So, I would appreciate if the shareholders are taken the way the shareholders are . You don't expect a person to go the Zuari Plant and do the inspection. And that can never be the intention of the Act.

Saroj Kumar Poddar: I can assure. You know, whatever is right and we will certainly look into your request and whatever can be done will be done because we have always been fair to shareholders. Anything else Mr. Patel?

Mr. Hardhik Patel : No Sir, you can go with the other proceedings:

Saroj Kumar Poddar :Thank you.

Mr. Saroj Kumar Poddar: May I Now, request. Mr Kotwani to speak.

Mr. Vijayamahantesh Khannur : Host Can you please check if Mr.Kotwani has joined ?

Host: Mr.Kotwani has not joined

Mr. Vijayamahantesh Khannur. Mr. Kotwani is not there. We can proceed with the meeting.

Mr. Saroj Kumar Poddar We have here people saying they want to ask questions and they don't attend.

Okay. Next item on the agenda is to appoint a director in place of Mr. Akshay Poddar who retires by rotation and being eligible offers himself for the re-appointment.

The text of the ordinary resolution is made available at the e-voting portal.

We will now move to the special business of the agenda

Item No. 3 is ratification of payment of remuneration to the cost auditor. I place for ratification the payment of the remuneration to the cost auditor for the year 2020-21 by an ordinary resolution as per the notice of the AGM.

Item No. 4 is appointment of Mr. Dipankar Chatterji as an independent director for a term of 3 years with effect from 14th February , 2020 to 13th February, 2023 not liable to retire by rotation. I place for approval the appointment of Mr. Dipankar Chatterji as an independent director of the company by an ordinary resolution as per the notice of the AGM.

With this ladies, and gentlemen, I would like to vacate the chair as I'm interested in the next agenda to the notice. May I request Mr Suresh Krishnan to take the chair for meeting for conducting the business at item.5 of the notice,

Suresh Krishnan: Thank You Chairman

Item No. 5 is for continuation of directorship of Mr. S. K. Poddar , as Non Executive Director of the Company.I place for approval the continuation of directorship of Mr. S. K. Poddar , as Non Executive Director of the Company by a special resolution as contained in the Notice of the AGM

Now I request the Mr. Poddar to Chair the remaining part of this AGM.

Mr. Saroj Poddar : Thank You Suresh.

Next item 6 is to the notice is for amendment to the memorandum of association of the company. This special resolution in this regard is also contained in the notice of the AGM placed before you for your approval

Item No. 7 to the notice is for appointment of Mr Chandrasekaran I'm sure all shareholders are aware of the long association of . Mr. Chandrasekaran to this Company, as an Independent Director for a period of three (3) years with effect from 27th June, 2020 to 26th June, 2023, not liable to retire by rotation. I place for approval the appointment of Mr. Chandrasekaran . as an independent director of the company by an ordinary resolution as contained in the notice of the AGM.

Moving further the company has received notice in writing dated 28th August, 2020 under section 160(1) of the Companies Act, 2013 from a member along with the requisite deposit amount, proposing the candidature of Mr. Nitin M Kantak for appointment as a Director of the Company at this Annual General Meeting .

Further based on the recommendation of the NRC which is the Nomination and Remuneration Committee the board of directors at its meeting held on 3rd September 2020 has appointed Mr. Nitin M. Kantak as Additional Director w.e.f 3rd September, 2020 and Executive Director of the Company in the category of Whole Time Director for a period of 3 years w.e.f from the same date i.e. 3rd September, 2020, subject off course to the approval of shareholders

In compliance of section 160(2) of the Companies Act, 2013, the Company has given notice to the members by way of an advertisement on September 5, 2020 for inclusion of the proposal in this AGM and relevant intimation along with details required under Regulation 36(3) of the Listing Regulations was given to stock exchanges. The relevant Resolution was placed before the members for remote e- voting, also the same is placed for e-voting today.

Therefore, the agenda item no 8 for the appointment of Mr. Nitin M Kantak as Director. I place for approval the appointment of Mr. Nitin M Kantak as a director of the company by an ordinary resolution. The text of the ordinary resolution is made available at the e-voting portal.

Carrying on Mr. Kantaks, the next item on the agenda is item no. 9 for appointment of Mr. Nitin Kantak as Executive Director in the category of Whole Time Directors for period of 3 years w.e.f September 3, 2020. I place for approval the appointment of Mr. Nitin Kantak as an Executive Director in the category of whole time director for a period of three years, with effect from September 3, 2020 by a special resolution. The necessary resolution for item no. 8 & 9 along with requisite explanatory statements are made available to you in the e- voting portal for your approval .

May I now request those members who have not casted their votes by remote e-voting to, cast their electronic voting now. I appoint. Mr. Shivaram Bhat, Practicing Company Secretary as the Scrutinizer who was appointed as Scrutinizer for remote e-voting also. Time period for 15 minutes would be available for casting your votes electronically at this meeting after which the meeting will stand closed.

The Scrutinizer shall submit consolidated report of the total votes cast to Mr. Nitin Kantak, Executive Director or Mr. Vijay, Company Secretary who shall declare the results immediately after receipt of the consolidated report from the Scrutinizer. The results of the voting will be announced on or before 16th September 2020 i.e. within 48 hours of conclusion of the AGM.

With this, the formal part of the 11th AGM comes to an end and once again, I would like to thank all of you for attending this meeting the historical, first video conferencing AGM, not only by this company, but I think for the Corporate India. Wish You all the best. Please stay healthy because we are in difficult times so take care,we are all concerned about your health and we wish you, I wish you all good and safety.

Thank you. Bye.