

**Proceedings of the Sixth Annual General Meeting of the Members of Zuari Agro Chemicals Limited held at the Registered Office of the Company at Jai Kisaan Bhawan, Zuarinagar, Goa on Monday, the 21st September, 2015 at 10.00 A.M.**

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- Present** : Mr. Gopal K. Pillai - Director  
Mr. J.N. Godbole - Director  
Mr. Kapil Mehan - Managing Director  
Ms. Kiran Dhingra - Director  
Mr. Marco Wadia - Director  
Mr. N. Suresh Krishnan - Director
- In Attendance:** Mr. R.Y. Patil - Chief General Manager & Company Secretary
- By Invitation** : Mr. V. Seshadri - Vice President- Finance

**Members** : As per attendance and proxy Register 51 members were present in person and in proxy.

**Auditors** : The Statutory Auditors, M/s. S.R. Ratliboi & Co., LLP, Chartered Accountants, Gurgaon and Mr. Shivaram Bhat, Secretarial Auditor were present for the meeting.

The meeting commenced at 10.00 A.M. and concluded at 11.30 A.M.

**CHAIRMAN OF THE MEETING:**

The Chief General Manager & Company Secretary informed the members that the Chairman, Mr. S.K. Poddar, had expressed his inability to attend the meeting. It was further explained that Article 97 of the Articles of Association of the Company, provided that members shall elect one of the Directors present as Chairman of the meeting in the absence of Chairman of the Board of Directors.

Mr. R.S. Chugh proposed the name of Mr. Marco Wadia, Director to be the Chairman of the meeting and the same was seconded by Mr. Stephen Vaz.

Thereupon Mr. Marco Wadia, took the Chair and thanked the members for electing him as Chairman of the meeting. He welcomed the members present at the meeting and informed that the books & registers as required under the Companies Act, 2013 and the Articles of Association of the Company were kept for inspection and remain accessible during the continuance of the meeting.

**NOTICE OF THE MEETING:**


The notice convening the Sixth Annual General Meeting with the permission of the members was taken as read.

**AUDITORS' REPORT:**

The Auditors' report was read by the Chief General Manager & Company Secretary.

The Chairman informed the shareholders that as per Section 109 of the Companies Act, 2013 and Rule 21 of the Companies (Management and Administration) Rules, 2014 a Poll process had to be conducted in respect of all the resolutions proposed, with respect to Ordinary and Special Business in the Notice convening the Annual General Meeting.

For Zuari Agro Chemicals Ltd.

  
R.Y. Patil  
Chief General Manager  
& Company Secretary

The Chairman further informed that after all the resolutions were proposed and seconded; shareholders were requested to cast their votes which would be taken by way of a Poll in the Ballots which were already been given them.

The Shareholders were also informed that the voting for all the resolutions would be taken up at the end after all the individual resolutions are proposed and seconded.

The Meeting thereafter proceeded to transact the scheduled Ordinary Business as per agenda of the Meeting.

**Resolution No. 1 : Adoption of Standalone Accounts for the year 2014-2015:**

The resolution for standalone audited annual accounts together with the schedules and other relevant information was placed before the Members for their adoption and approval.

After the resolution was read out, the Chairman invited for queries/questions, if any, from the shareholders.

R.G. Furtado holding shares under DPID/Client ID. IN300450/10591412 put forth queries/sought clarifications regarding the non-receipt of Directors' Report of all the subsidiary Companies. His contention was that without the Directors' report he would not be able to analyze the balance sheet of the Subsidiary Companies. The shareholder questioned about Chairman's opinion on the Company's stand that the Directors Report was not required to be provided under section 136(1) of the Companies Act, 2013. The Chairman responded that the company's stand was correct and strictly as per the Companies Act.

The shareholder informed that upon inspection of the register, he noticed alleged discrepancies regarding amount of loan taken, among others and had written to the Stakeholders Relationship Committee (SRC) but was yet to receive a reply for the same. He opined that before an Annual General Meeting, the SRC should meet and resolve any pending issues. The Chairman responded that there was no such compulsion on the SRC.

The shareholder sought to know the basis of charging fees for obtaining the articles of association and the insistence of the company for conducting inspection of registers before applying for copies of the same. The Chairman responded that as per law, copies of registers can be provided only after inspection and payment of requisite fee. He further informed that, the Articles of Association was uploaded on the website as mentioned in the notice.

The shareholder sought clarifications regarding the financial statements particularly in respect to the profit, other income, expenses, current liabilities, receivables including subsidy from the Government etc. The Chairman responded that since these queries formed part of his letter dated 15<sup>th</sup> September, 2015 adequate response would be provided. The shareholder desired to know the reason for Mr. Mehan drawing a salary more than which was paid to Mr. N. Suresh Krishnan as Managing Director.

At the instance of Chairman of the meeting, Mr. Mehan addressed the shareholder stating that as informed by the Chairman, the queries which were already mentioned in his letter dated 15<sup>th</sup> September, 2015 would be adequately responded to and that reading the entire list of queries at the AGM was not the best use of the time of the other shareholders.

The shareholder commented on the purchase of Nagarjuna shares and the qualification of same by the auditors. The Chairman informed that there was no change in the circumstances of the matter from last year and this year. The shareholder commented on the meetings of the Board and its various committees and sought to know as to how too many meetings can be held in a day considering that each meeting

involves presentation of issues. The Chairman responded that all members of the Board were not the members of all the committees and there is no bar on number of meetings to be held in a day.

The shareholder sought to know regarding the supply of fertilizers and receivables i.e. subsidy and trade as appearing in the statement of accounts, utilization of raw materials and the manner in which the same are booked.

The Chairman requested other shareholders to put forth their queries so that the same could be addressed by Mr. Mehan. Another shareholder, Mr. Ajay Agarwal, sought to know the outflow of business and CAPEX Programme.

Mr. Mehan responded that in 2012-13, there was a sudden dip in the outflow of business because of sudden increase in prices. However, the market was now reviving. As India has a vast population, demand fundamentals were likely to remain strong as far as fertilizer business was concerned. The challenges were in the raw material availability because India is down naturally in resources of phosphates and potash has to be imported and prices fluctuate globally. Though there is a freedom to fix prices of fertilizers, it was not possible to change them regularly as it causes confusion amongst farmers. The overall margin structure was fair and healthy and improved over the years.

Mr. Mehan further informed that the Company has ongoing CAPEX programme. Two years ago the Company had done the conversion of Naphtha to Natural Gas which made urea operations much more efficient and the energy consumption levels have come down. There was a programme of debottlenecking, revamp on complex manufacturing facilities which would be seen in the results of the last quarter. The Company has started working on further improving urea and ammonia plants to achieve better efficiency. Regarding Furtado's query on subsidy receivables, Mr. Mehan informed that out of Rs. 2600 crores as receivables, Rs.2000 crores has been received. Already there was an overdue outstanding of the Industry to the extent of Rs. 35,000 to Rs.40,000 crores which remains unpaid as at the end of March, 2015 which is almost 55% of the budget. Mr. Mehan further informed that the Government has a budget of Rs. 70,000 crores. Therefore, either the farmer's prices have to go up or the government has to provide subsidy for which the Company has to keep pleading with the government. Beyond that there is very little that the Company can do.

Regarding Furtado's query on trade receivables, Mr. Mehan stated that it should be appreciated that in the last four years, prices of DAP increased from Rs.9000 per tonne to Rs.24000 per tonne, so obviously, the trade receivables will move up. But there are adequate policies within the company to take care if there is a probability of bad debt and if any debt is doubtful, those provisions will be applied. As of now, all the trade receivables amount is receivable. The Company has been dealing with these dealers regularly all through the year.

The shareholder commented on the cash flow statement in view of the receivables, operating losses, purchase of investments and repayment of loans. Mr. Mehan clarified that there was an improvement in the operating parameters. In fact, last year the outstanding was much higher which has now been brought down.

With the permission of Chairman, Mr. N. Suresh Krishnan, Director answered the question on business strategy.

Mr. H.C. Shah proposed the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Standalone Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2015 and the Statement of Profit and Loss for the year ended on that date together with the Reports of Board of Directors and Auditors be and are hereby approved and adopted."

Mr. Girish NaikDesai seconded the resolution.

**Resolution No. 2 : Adoption of Consolidated Accounts for the year 2014-2015:**

The resolution for consolidated audited annual accounts together with the schedules and other relevant information was placed before the Members for their adoption and approval.

Mr. R.K. Gupta proposed the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Consolidated Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2015 and the consolidated Statement of Profit and Loss for the year ended on that date together with the Reports of Board of Directors and Auditors be and are hereby approved and adopted."

Ms. Smrity Dhakankar seconded the resolution.

**Resolution No.3 : Declaration of Equity Dividend :**

The resolution concerning declaration of Dividend for the year ended 31<sup>st</sup> March, 2015 was placed before the Members for their consideration and approval.

Mr. Sanjay Amonkar proposed the following resolution as an Ordinary Resolution:

"RESOLVED THAT as recommended by the Directors a dividend of Rs.2/- per Equity Share for the financial year ended 31<sup>st</sup> March, 2015 be and is hereby declared and distributed amongst the Equity Shareholders whose names appear in the Register of Members of the Company as on 1<sup>st</sup> August, 2015."

Mr. Ralph Vaz seconded the resolution.

**Resolution No. 4 : Re-appointment of Mr. N. Suresh Krishnan :**

The resolution concerning reappointment of Mr. N. Suresh Krishnan was placed before the Members for their consideration and approval.

Ms. Maria Rodrigues proposed the following resolution as an Ordinary Resolution:

"RESOLVED THAT N. Suresh Krishnan (holding DIN 00021965), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

Ms. Maria Noronha seconded the resolution.

**Resolution No. 5 : Ratification of appointment of Auditors:**

The resolution concerning ratification of appointment of M/s. S.R. Batliboi & Co., LLP, Chartered Accountants, Gurgaon was placed before the Members for their consideration and approval.

Mr. Gerard D'mello proposed the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee and the Board of Directors, the Company hereby ratifies the appointment of M/s. S.R. Batliboi & Co., LLP, Chartered Accountants, Gurgaon, Registration No. 301003E as the Auditors of the Company to hold office from conclusion of this Annual General Meeting (AGM) until the conclusion of the Seventh Annual General



Meeting of the Company and that the Board of Directors be and are hereby authorised to fix such remuneration as may be recommended by the Audit Committee in consultation with the auditors."

Ms. Lorena Noronha seconded the resolution.

The Chairman thereafter proceeded to transact the scheduled Special Business as per agenda of the Meeting.

**Resolution No. 6 : Ratification of the remuneration payable to Mr. Irudayam Savari Muthu, Cost Accountant**

The resolution concerning ratification to the remuneration payable to Mr. Irudayam Savari Muthu, Cost Accountant for conducting the Cost Audit of the Company for the financial year 2015-16 was placed before the Members for their consideration and approval.

Ms Simonea Furtado proposed the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,75,000/- plus applicable taxes and out of pocket expenses for the financial year ending 31st March, 2016 as recommended by the Audit Committee and approved by the Board of Directors be paid to Mr. Irudayam Savari Muthu, Cost Accountant for conducting the Cost Audit be and is hereby approved and ratified".

Mr. Srinivas Adikesar seconded the resolution.

**Resolution No.7 : Alteration in the Articles of Association of the Company by replacing all the existing regulations :**

The resolution concerning alteration in the Articles of Association of the Company by replacing all the existing regulations was placed before the Members for their consideration and approval.

Mr. Ashok Prabhudessai proposed the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 5, 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any amendment thereto or re-enactment thereof), the Articles of Association of the Company be and are hereby altered by replacing all the existing regulations as per the draft regulations contained in the Articles of Association submitted to this meeting and the same be and is hereby approved and adopted as new regulations of the Articles of Association of the Company and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take such steps as may be necessary, proper or expedient to give effect to this resolution.

Ms Vrishali Patil seconded the resolution.

**Resolution No.8 : Appointment of Ms. Kiran Dhingra as Independent Director:**

The resolution concerning appointment of Ms. Kiran Dhingra (holding DIN 00425602) as Director of the Company, who was appointed as Additional Director was placed before the Members for their consideration and approval.

Mr. Marco Wadia proposed the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Kiran Dhingra (holding DIN 00425602), Director of the Company, who was appointed as Additional Director upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three years upto 31st March, 2018.

Mr. K.G. Prabhu seconded the resolution.

**Resolution No. 9 : Appointment of Mr. Kapil Mehan as Director of the Company:**

The resolution concerning appointment of Mr. Kapil Mehan (holding DIN 01215092) as Director of the Company, who was appointed as Additional Director was placed before the Members for their consideration and approval.

Mr. Mahesh Naik proposed the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Kapil Mehan (holding DIN 01215092), Director of the Company, who was appointed as Additional Director up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.

Mr. Anand Nagarkar seconded the resolution.

**Resolution No. 10: Appointment of Mr. Kapil Mehan as Managing Director of the Company:**

The resolution concerning appointment and remuneration of Mr. Kapil Mehan, as the Managing Director of the Company for a period of 5 years w.e.f. 1st April, 2015 was placed before the Members for their consideration and approval.

Mr. Anand Rajadhyaksha proposed the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 2(54), 2(78), 196, 197, 198, 199, 200, 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of the Company and subject to such approvals, permissions and sanctions as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities, including the Central Government in granting such approvals, permissions, sanctions, approval of the shareholders be and is hereby accorded to the appointment and payment of remuneration of Mr. Kapil Mehan as the Managing Director of the Company for a period of 5 years w.e.f. 1st April, 2015 as per details contained in the Statement annexed to this notice.

RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may subject to receipt of the requisite approvals including approval of Central Government, if

any, pay to the Managing Director the above remuneration as the minimum remuneration by way of salary, perquisites, performance pay, other allowances and benefits as specified above and that the perquisites pertaining to contribution to provident fund, superannuation fund or annuity (fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961), gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Section II and Section III of part II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the company hereinafter referred to as the 'Board' which term shall be deemed to include Nomination and Remuneration Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorised to vary, increase, enhance, or widen from time to time the terms and conditions of appointment and remuneration of the Managing Director during the period 1st April, 2015 to 31st March, 2020 within the scale of basic salary of Rs.8 lakhs per month to Rs. 20 lakhs per month, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

Mr. A. Fernandes seconded the resolution.

**Resolution No.11 : Revision in the remuneration payable to Managing Director:**

The resolution concerning the revision in the remuneration payable to Mr. Kapil Mehan, as the Managing Director of the Company w.e.f. 1st August, 2015 was placed before the Members for their consideration and approval.

Mr. Prem Kumar proposed the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 197, 198,199, 200 and all other applicable provisions of the Companies Act, 2013 (" the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approval, approval of the shareholders be and is hereby accorded to modify the remuneration payable to Mr. Kapil Mehan as the Managing Director of the Company w.e.f. 1<sup>st</sup> August, 2015 on the terms and conditions mentioned in the Statement annexed to this Notice.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

Mr. Siddhesh Zantye seconded the resolution.

There were no further queries from shareholders.

The Chairman then announced to proceed for the Poll and appointed Mr. Shivaram Bhat, a Company Secretary in Practice as a Scrutinizer. He also made a mention to the members that Mr. Bhat was not an Officer or Employee of the Company.

Further, the Chairman requested the Chief General Manager & Company Secretary to explain the Poll process to the shareholders.

The Chief General Manager & Company Secretary informed the members that pursuant to the provisions of the Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the Company had extended the e-voting facility to the members of the Company in respect of the businesses to be transacted at the AGM which commenced at 10:00 a.m. on 16<sup>th</sup> September, 2015 and ended at 05:00 p.m. on 20<sup>th</sup> September, 2015 for which Mr. Shivaram Bhat, a Company Secretary in Practice was appointed as the Scrutinizer for the e-voting process.

Further the Company Secretary informed the shareholders that the members who had not participated in the e-voting and were present at the Meeting would get an opportunity to cast their vote by poll. The Scrutinizer locked the Ballot Box after showing the empty Ballot Box to the members.

The poll was conducted and the Chairman informed that the results of the poll will be declared on 22<sup>nd</sup> September, 2015 at 4.30 p.m.

It was also informed that the poll results would be notified to the Stock Exchange in the format prescribed under Clause 35A of the Listing Agreement and would also be uploaded on the Company's website.

**CHAIRMAN**