

Transcript
of
41st Annual General Meeting
of
Khaitan Chemicals and Fertilizers Limited
held on
Friday, July 28, 2023 at 01:00 PM

Tech Support Vinu: Okay, you are. Live in 5, 4, 3, 2, one, and you are live

Shri Ajay Salitra: Respected Whole time director Shri Jagdish Lal Jajoo

Shri Ajay Salitra: Independent directors Shri Vijay Gupta, Shri Balmukund Dakhera, and Ms. Veena Chadha.

Shri Ajay Salitra: President and chief financial officer Shri Harsh Vardhan Agnihotri.

Shri Ajay Salitra: Statutory Auditor CA Subodh Kumar Modi, Secretarial Auditor and Scrutinizer CS Ritesh Gupta and Dear Members, Good afternoon to all of you.

Shri Ajay Salitra: I inform you that, due to unavoidable reasons our Chairman and Managing Director, Shri Shailesh Khaitan and Joint Managing Director Shri Utsav Khaitan are unable to join the meeting, Shri Balmukund Dakhera (Chairman of Audit Committee & Independent Director) to be the Chairman of this Meeting.

Shri Ajay Salitra: I Ajay Salitra Company Secretary and Compliance Officers welcomes you all at the 41st Annual General Meeting of the company. I am hosting the meeting from Indore Office.

Shri Ajay Salitra: It is for fourth year running that we have had to meet virtually. Hope all of you are safe and in good health. The meeting is held through video conferencing other audio visual means without the physical presence of members at a common venue in accordance with the circular issued by Ministry of Corporate Affairs dated 5th May, 2020 read with Circular dated 8th April, 2020, 13th April, 2020, 13th January, 2021 14th December 2021, 5th May 2022 & 28th December, 2022 and the circular dated 12th May 2020, 15th January, 2021 and 13th May 2022 issued by Securities and Exchange Board of India (SEBI).

Shri Ajay Salitra: In accordance with the referred circular, the members attending the Annual General Meeting through video conferencing or other audio visual means, shall be considered for the purpose of Quorum under section 103 of the Companies Act 2013.

Shri Ajay Salitra: Presently 35 number of members attending the meeting through video conferencing, and other audio visual means.

Shri Ajay Salitra: As the requisite quorum being present, and with the permission of chairman, the meeting is declared in my order and open for business.

Shri Ajay Salitra: Now I request. Shri Balmukund Dakhera, (Chairman of this meeting) to take over the proceedings.

Shri Ajay Salitra: Please unmute!

Shri Ajay Salitra: Sir please unmute

Shri Balmukund Dakhera: I'm audible?

Shri Ajay Salitra: Yes, Sir.

Shri Balmukund Dakhera: Good afternoon, Dear Members. I am Balmukund Dakhera Chairman of this meeting and independent director of your company. I'm also chairman of Audit Committee and Nomination and Remuneration Committee, also the member of Risk Management committee and Stakeholders Relationship Committee.

Shri Balmukund Dakhera: I am joining this meeting from my office at Mumbai.

Shri Balmukund Dakhera: Hope all of you are safe and in good health.

Shri Balmukund Dakhera: As the required Quorum being present, and the meeting is declared in order and open for business.

Shri Balmukund Dakhera: Now I request all the Board members and KMP of the Company who are joining through Video Conferencing to introduce themselves: -

Shri Ajay Salitra: I'm introducing Mr. Jagdish Lal Jajoo. He is the whole time director of the company, and also the chairman of corporate social responsibility committee.

Shri Ajay Salitra: He's joining the meeting from his residence at Hyderabad.

Shri Balmukund Dakhera: Now I request Mr. Vijay Gupta to please introduce yourself.

Shri Ajay Salitra: Please unmute, sir.

Vijay Gupta: Good Afternoon Members, this is Vijay Gupta, Independent Director of the Company and chairman of the Stakeholder Relationship Committee, and also member of the Audit Committee,

Nomination and Remuneration Committee, Risk Management Committee and Corporate Social Responsibility Committee. I am joining this from my residence at New Delhi.

Shri Balmukund Dakhera: now I request madam to introduce herself.

Ms. Veena Chadha: I am Veena Chadha. Good afternoon to you all, I am the Independent Woman Director of the company.

Ms. Veena Chadha: and member of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholder Relationship Committee, joining this AGM online from my residence at Delhi.

Shri Balmukund Dakhera: Thank you. I'll request Mr. Harsh Vardhan Agnihotri to introduce himself.

Shri Harsh Vardhan Agnihotri: Good afternoon everybody. I am Harsh Agnihotri, President and chief financial officer of Khaitan Chemicals and Fertilizers Limited. Joining this AGM from our Indore Office. Thank You

Shri Balmukund Dakhera: So, thanks to all

Shri Balmukund Dakhera: apart from that we also have our Statutory Auditor Mr. Subodh Kumar Modi from NSBP & Company, New Delhi.

Shri Balmukund Dakhera: and also we have our Scrutinizers & Secretarial Auditor Shri Ritesh Gupta, from M/s. Ritesh Gupta & Company, Indore.

Shri Balmukund Dakhera: Now, I request, Mr. Ajay Salitra, Company Secretary to explain the statutory details pertains to this meeting.

Shri Ajay Salitra: Dear members, I would like to explain certain points regarding participation at this meeting.

Shri Ajay Salitra: The facility to join the Annual General Meeting through video conferencing or other audio visual means has been made available for members on first come first serve basis. All the members who have join this meeting are by default placed on mute mode by the host to avoid any disturbance arising by background noise and to ensure smooth and seamless conduct of meeting.

Shri Ajay Salitra: As the company has given the option to the shareholders who would like to express their views/ask questions during the meeting may send their request in advance, mentioning their name,

Demat Account number/folio number, email, id mobile number at the company's email Id. To register themselves as this Speaker shareholder. The same will be replied by the company suitably.

Shri Ajay Salitra: The members who have registered as speaker shareholders shall be able to express their views during this decision. Apart from this chat box option is also provided by the company for raising the queries or comments

Casting of Vote:

Shri Ajay Salitra: In compliance with the provision of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) rules, 2014, and regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) regulations, 2015, the company is pleased to provide facility to its member to exercise their right to, vote at Forty-First Annual General Meeting by remote e-voting during the AGM through e-voting services provided by the CDSL.

Shri Ajay Salitra: Members who have not casted their Vote through remote, e-voting during 25th to 27th July, 2023 can cast their vote during the course of the meeting through the e-voting facility provided by the CDSL.

Shri Ajay Salitra: CS Ritesh Gupta, Practicing Company Secretary has been appointed as the scrutinizer to scrutinize the voting during the AGM and remote e-voting process in fair and transparent manner.

Shri Ajay Salitra: During the AGM, if any member facing technical issue he/she may contact the helpline No. mentioned in the notice of AGM. Your company has maintained all the statutory registers as required, under the various provision of the Companies Act, 2013, and remain open for inspection during the AGM.

Shri Ajay Salitra: As the AGM held through VC/OAVM facility for appointment of proxy is not applicable, and hence the proxy register is not available for inspection.

Shri Ajay Salitra: The Statutory Auditor of the company, M/s NSBP and Company and Secretarial Auditor M/s Ritesh Gupta & Company has expressed unmodified and unqualified opinion in their respective audit report for the financial year 2022-23.

Shri Ajay Salitra: Now, with the permission of Chairman and members, I move forward on the agenda item of AGM:

Shri Ajay Salitra: Since the detailed notice of AGM alongwith necessary enclosures were already circulated to the members, I propose to take the same as read. The following resolution are proposed to be passed at this meeting.

Ordinary business.

Shri Ajay Salitra: 1. Adoption of the accounts of the company for the financial year ended Thirty First March 2023, and the reports of the Board of Directors and Auditors thereon.

2. Declaration of final dividend on Equity shares of the Company for the Financial year ended Thirty First March 2023.

Shri Ajay Salitra: 3. Appointment of director, Shri Jagdish Lal Jajoo (DIN: 027587630), who retires by rotation.

The Special business are

Shri Ajay Salitra: 1. Ratify the remuneration of the cost Auditors for the financial year ending on Thirty first, March 2023.

2. Approving the re-appointment of Shri Utsav Khaitan (DIN: 03021454) as a joint Managing Director of the company for a period of 3 years.

Shri Ajay Salitra: I once again request to the members who have not casted their vote through remote e- voting, can cast their vote during the course of the meeting through the e-voting facility for as provided by the CDSL.

Shri Ajay Salitra: Now I request the Chairman Sir to take over the proceedings.

Shri Balmukund Dakhera: Dear Members.

Shri Balmukund Dakhera: Wholehearted trust and support of the member has been always encouraging us for better performance.

Shri Balmukund Dakhera: The year 2022-23 saw operations begin in a global uncertainty following the Russia Ukraine war. This war led to an unprecedented rise in prices of all commodities, including Rock Phosphate and Sulphur the two major raw materials of the company.

Shri Balmukund Dakhera: This war also led to closer of several businesses in Europe, due to high energy cost and subsequently there was a crash in prices of Sulphuric acid and related chemicals.

Shri Balmukund Dakhera: The Government of India, who could successfully implement the partial direct benefit transfer system for the fertilizer industry The Government of India has recently initiated the pilot project for the final stage of direct benefit transfer to farmers. Hopefully in a few years this may also be fully implemented

Shri Balmukund Dakhera: the company has produced

1. 4.93 lacs MT of single super phosphate fertilizer in current year, against 5.35. lacs MT in previous year.

Shri Balmukund Dakhera: 2.06, lacs MT of Chemical and Speciality chemical, in current year as against 2.14 lacs in previous year.

Shri Balmukund Dakhera: company has sold 4.73 lacs MT of SSP Fertilizer in current year as against 5.34 lacs MT in previous year.

Shri Balmukund Dakhera: 1.14 lacs MT of Chemicals and Speciality Chemicals in current year as against 1.18 Lacs in previous year .

Shri Balmukund Dakhera: During the current year the turnover of the Company has increased from Rupees 825.04 Crores for the year 2021-22 to Rupees 889.29 Crores for the year 2022-23.

Shri Balmukund Dakhera: The operating income has decreased from Rupees 122.85 Crores in 2021-22 to Rupees 79.41 Crores in 2022-23.

Shri Balmukund Dakhera: The cash profit has decreased from Rupees 110.22 Crores to Rupees 60.09 Crores in the respective periods.

Shri Balmukund Dakhera: While the net profit after tax has decreased from Rupees 80.17 crores to Rupees 37.36 Crores.

Shri Balmukund Dakhera: company is continuously putting effort to increase the share of value added

Fortified fertilizer in the product range.

The fortified fertilizer launched by the company have been well accepted by the farmers.

The raw materials prices of rock phosphate and Sulphur remained high throughout the year, mainly due to global sentiments following the Russia Ukraine war, constraints in domestic and global situations has led to sort availability of material from suppliers leading to prices rise.

Shri Balmukund Dakhera: The Government of India increase the nutrient-based subsidy rate for all the phosphatic and potassic fertilizer following the price rise excepting SSP for the year 2022-23. For SSP the subsidy has been capped at Rs. 7,513 per MT as prevailing in the previous year in 2021-22 thus giving an unfair deal to SSP Industry.

Shri Balmukund Dakhera: Monsoons have a measure impact on the agriculture sector beside the commodity prices for measure raw material inputs. In the current year the

predictions till that estimate is subnormal monsoon, coupled with rising prices of raw material for SSP Fertilizer this is going to be a challenge for the SSP industry in the coming Year 2023-24.

Shri Balmukund Dakhera: however, in the long term the performance of the companies expected to be expected to be better in coming year considering its basic strength, like high integrated capacity, which is already operational, multi geographical locations and established brands. The well maintained plant and equipment, ensure uninterrupted production and distribution of the goods.

Shri Balmukund Dakhera: I would like to extend my sincere gratitude to each and every members of the team, Khaitan for their efforts.

Shri Balmukund Dakhera: I would like to thank to our business partner, Shareholders and other stakeholders, for their continuing faith.

Shri Balmukund Dakhera: We will now move on our discussion and question-answer session

Shri Balmukund Dakhera: Mr. Ajay. Any question?

Shri Ajay Salitra: Yes, sir. one from Mr. Pravin Kumar.

Shri Ajay Salitra: Mr. Krishna, please unmute.

Krishna Gupta CDSL: yes, Mr. Pravin, you are unmuted. Please proceed with your question.

PRAVEEN KUMAR: Hello! I'm audible, sir.

Shri Ajay Salitra: Yes,

PRAVEEN KUMAR: Sir first of all, a very very good morning to my respected chairperson for this meeting, well decorated esteemed board of director and my co-fellows joining this

meeting online. I have few observations which I enough to share with the entire house. First of all, sir. I'm very, very thankful to my respect to chair for some for this meeting. He is very, very elaborate in depth address to the shareholder.

PRAVEEN KUMAR: I think he covered almost everything. What we did. What is the micro situation pertaining to our company product line worldwide and in India.

PRAVEEN KUMAR: And I'm very, very thankful, sir, despite so many concerned, our company is managed in this condition is.

PRAVEEN KUMAR: I think, that was more than satisfactory. So I have deepest respect for Jay's question. I salute you for his dedication and devotion.

PRAVEEN KUMAR: He's working with the

PRAVEEN KUMAR: to bring sustainable to that. It just like me. So I'm very, very

PRAVEEN KUMAR: thankful that I am part of this interesting company. Interesting story.

PRAVEEN KUMAR: as far as the chemical and petition industry is concerned, the future look very, very bright, very, very bright. So I spoke in all the resolution

PRAVEEN KUMAR: which you set up for the Northeast today, and I am very, very thankful for our company secretary for his highest standard of corporate governors in this.

PRAVEEN KUMAR: because if

PRAVEEN KUMAR: during the year. If you ask anything, he'll be always be promptly replied. That really shows that our company is very much care for the retail investor.

PRAVEEN KUMAR: one special mention here is, Mr. Vijay Gupta I think he's very, very knowledge knowledgeable.

PRAVEEN KUMAR: and he's also from New Delhi. So I have great respect for Mr. Gupta for his you known, on in in valuable input to the company.

PRAVEEN KUMAR: So I am very very thankful for the entire management team to share their views and express their feeling. I wish you all a very, very brighter future, because you are working so hard for us. Thank you, sir, thank you very much.

Shri Ajay Salitra: Mr. Krishna second shareholder

Krishna Gupta CDSL: Mr. Keshav Garg, please proceed with your question.

Keshav Garg: Yes, good afternoon, sir, I have a few questions It will be very helpful if you could answer me.

Keshav Garg: What is the outlook for? FY. 24 in terms of top line and bottom line.

Keshav Garg: What is the sustainable, steady state operating margin that we should going to? We should expect.

Shri Harsh Vardhan Agnihotri: You see, the situation is very fluid after the Russia Ukraine war, which started in February 2022. The commodities market has been very, very unpredictable and volatile

Shri Harsh Vardhan Agnihotri: the world. Economies have adjusted to this phenomena, and the prices have started coming down and pulling off a little. But unfortunately, in the segment which we are operating in, that is a single super phosphate. Our major raw material is being imported from Middle East. That is a rock phosphate of 30% grade.

Shri Harsh Vardhan Agnihotri: So there's still the prices have not pulled down right now they are coming down, but to what extent they will come down, and together with the

subsidy policy of the Government, it is. There is no full clarity on what new the Government will take

Shri Harsh Vardhan Agnihotri: when they review on first October 2023, and currently we have been included in the nutrient based subsidy policy with out of in 20 to 23, which is a positive step. But nevertheless. with all these fluid factors, and that demand and supply

Shri Harsh Vardhan Agnihotri: and comparative prices of competitive products like D.A.P. And cost rates being 50% of what they were. It is very difficult to estimate the top and the bottom line. But we are doing our best.

Shri Ajay Salitra: Thank you.

Shri Ajay Salitra: as all the technical matters and queries received from the members of the company responded. I proposed formal word of thanks to all the members, Chairman, Sir board of Directors, President and CFO, auditors.

Shri Ajay Salitra: and staff member of the company. The result will be declared within 2 working days. From the conclusion of this AGM. Along with the scrutinizer's report, we shall be placed on the company's website at www.kcfl.co.in, and also available on the website of CDSL, BSE Limited and NSE Limited.

Shri Ajay Salitra: Total 40 members have joined, attended this meeting through VC/OAVM. with this concluded the meeting. Thank you. Have a good day. Thank you.

Krishna Gupta CDSL: Yes, concluded

Krishna Gupta CDSL: thank you