

  
**CHEMFAB ALKALIS LIMITED**

**ELEVENTH ANNUAL GENERAL MEETING**

**AGM - TRANSCRIPT**

**DATE:** July 29, 2020

**TIME:** 10.00 A.M.

**DAY :** Wednesday

**CORPORATE PARTICIPANTS:**

<b>Name of the Participants</b>	<b>Position</b>
<b>Suresh Krishnamurthi Rao</b>	Chairman
<b>VM Srinivasan</b>	Chief Executive Officer
<b>T Ramabadhran</b>	Independent Director
<b>A Janakiraman</b>	Independent Director
<b>Sujatha Jayarajan</b>	Independent Director
<b>Drushti Desai</b>	Independent Director
<b>C S Ramesh</b>	Non - Independent Director
<b>R Mahendran</b>	Non - Independent Director
<b>Nitin S Cowlagi</b>	Non - Independent Director
<b>S Prasath</b>	Chief Financial Officer
<b>Dr. V. Rajesh</b>	Company Secretary
<b>Gopakumar</b>	IT – Dept
<b>K. Balaji</b>	IT – Dept

**OTHER PARTICIPANTS:**

<b>Name of the Participants</b>	<b>Position</b>
<b>Narasimhan</b>	CAMEO
<b>Priya</b>	CAMEO
<b>Inbavadiyu</b>	Scrutinizer, Advocate
<b>Karthik</b>	CDSL, Moderator
<b>M.R.T. Thiagarajan</b>	Practicing Company Secretary
<b>Siram Parthasarthy</b>	Deloitte, Statutory Auditor
<b>Kusal</b>	Deloitte, Statutory Auditor

**WELCOME ADDRESS: - Suresh Krishnamurthi Rao**

**Chairman:**

I welcome the members to the 11th Annual General Meeting. This meeting is being held through video conference in accordance with the circular issued by the Ministry of Corporate Affairs and Securities Exchange Board of India, for safety reasons, each of us is in a different location. I now request Dr. V. Rajesh, Company Secretary to do a roll call before we start the main proceedings of the meeting.

**Dr. V. Rajesh**

**Thank you sir,**

Good Morning to all, I now call upon our participants one by one, request you to introduce your name, position and joining from. Mr. V. M Srinivasan.

**VMS:**

Good morning everyone. I am V M Srinivasan. I am the CEO of the Company. I am joining from Chennai, Marketing - office.

**Dr. V. Rajesh:**

Mr. T.Ramabadhran

**T. Ramabadhran:**

Good morning everyone. I am Ramabadhran, Senior Independent Director and Chair of the Audit Committee. I am joining from my residence in Bangalore.

**Dr. V. Rajesh:**

Mr. A. Janakiraman

**A. Janakiraman:**

Good morning everyone. I am Janakiraman, Independent Director. I am joining from my residence in Chennai.

**Dr. V. Rajesh:**

Mrs. Sujatha Jayarajan

**Sujatha Jayarajan:**

Good morning everyone. I am Sujatha Jayarajan, Independent Director. I am joining from my residence in Palakkad, Kerala.

**Dr. V. Rajesh:**

Mrs. Drushti Desai

**Drushti Desai:**

Good morning everyone. I am Drushti Desai, Independent Director and Chair of the Stakeholders Relationship Committee and Nomination and Remuneration Committee. I am joining from my residence in Mumbai.

**Dr. V. Rajesh:**

Mr. C S Ramesh

**C S Ramesh:**

Good morning everyone. I am C.S. Ramesh, Non- Independent Director, and Chair of the Corporate Social Responsibility Committee. I am joining from my residence in Chennai.

**Dr. V. Rajesh:**

Mr. R. Mahendran

**R. Mahendran:**

Good morning everyone. I am R. Mahendran, Non- Independent Director. I am joining from my residence in Puducherry.

**Dr. V. Rajesh:**

Mr. Nitin S Cowlagi

**Nitin S Cowlagi:**

Good morning everyone. I am Nitin S Cowlagi, Non- Independent Director. I am joining from my residence in Puducherry.

**Dr. V. Rajesh:**

Mr. S. Prasath

**S. Prasath:**

Good morning everyone. I am Prasath, Chief Financial Officer. I am joining from Puducherry plant.

**Dr. V. Rajesh:**

Finally, myself Rajesh. V, Company Secretary, and joining from Chennai registered office. Over to Chairman.

**Chairman:**

Apart from them, we also have key executives and senior management joining from their respective locations. Statutory auditors, Deloitte, and Secretarial Auditor, M.R. Thiagarajan have also joined this meeting.

We have the requisite quorum present through video conference to conduct the proceedings of this meeting. The participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013. The quorum being present, I call this meeting to order.

I now request Rajesh, Company Secretary, to provide general instructions to the members regarding participation in this meeting.

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**Dr. V. Rajesh**

Hi, Good morning to everyone. Members may note that this Annual General Meeting is being held through video conference in accordance with the Companies Act 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI. The facility for joining this meeting through video conference or other audio-visual means is made available for the members on a first-come-first-served basis. The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, has been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their requests to [ccaldcs@drroaholdings.com](mailto:ccaldcs@drroaholdings.com).

As the AGM is being held through video conference, the facility for the appointment of proxies by the members is not applicable and consequently, the proxy register for inspection is also not available.

The Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Members who have not cast their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by CDSL. Members can click on the "Vote" tab on the video conference screen to avail of this feature.

Members are requested to refer to the instructions provided in the notice or appearing on the video conference page, for seamless participation through video conference. In case members face any difficulty, they may reach out on the helpline numbers, provided on pg. no.8 in the annual report

Thank you very much.

Over to Chairman.

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**Chairman:**

Thank you, Rajesh.

The Company has taken all feasible efforts under the current circumstances to enable members to participate through video conference and vote at the AGM. I thank all the members, colleagues on the Board, auditors, and the management team for joining this meeting over video conference.

I hope all of you are safe and are in good health.

## **Chairman's speech – Suresh Krishnamurthi Rao**

**Dear Shareowners,**

It gives me great pleasure to present to you the Annual Report of your Company for Financial Year 2019-20.

Our Chlor-Alkali business overall has been stable, and the company has firmed up its plans for increasing its capacities to take advantage of the growing market demand in the long term for Chlor-Alkali products. This year marks successful first full year of operations of Oriented PVC Pipes business. The operations and results are encouraging and can be a growth engine to reach newer heights of your company.

### **Chlor-Alkali Segment Outlook**

During the year, there was a sharp fall in international caustic soda prices due to various geopolitical issues which affected the Global demand.

Domestic prices moved in tandem with the international prices. During the year, there was a sharp fall by almost 40% in the prices of caustic soda lye. Such a sharp fall was not seen for the last 10 years. The drop in the demand by the end users of the product like the alumina industry coupled with increase in domestic capacities has led to significant pricing pressures in the domestic market.

Caustic Soda being a major inorganic essential commodity, its growth has moved in line with the growth of other segments. The Growth of Caustic and HCL has been between 5- 6 % for both the products in the past. However, the impact of Covid-19 pandemic on the domestic demand is likely to have an impact on the offtake of the Chlor-Alkali products in the coming months.

Your Company has been closely following up with government authorities and other stakeholders to complete the 200 TPD expansion from existing 125 TPD, including setting up of desalination plant for the Chlor-Alkali unit at Puducherry in the financial year 2020-21. However, delay in few approvals has postponed the scale up of operations to 200 TPD in the Financial Year 2019-20. This coupled with sharp drop in the prices of Chlor-Alkali products affected the Revenue and profitability of Chlor-Alkali Segment. However, the PVC-O pipes segment of the Company has stabilized well in its first full year of Operations and helped the company in setting off partly the downturn impact of the Chlor-Alkali segment during the year.

In this backdrop, the revenue from operations of the company has increased by about 6% compared to previous year, while the PAT has increased by about 53%. The financial year gone by was filled with significant challenges. While the domestic economy was showing signs of slowdown since beginning of the calendar year 2020, the world was hit by the Covid-19 pandemic having a significant impact on world economy and societies. This has led to a very deep slowdown in the Indian Economy.

## **PVC-O pipes Segment Outlook**

During the year, we have received BIS approval for our PVCO Pipes in November 2019. This will help in market penetration of our products, especially in the Government segment, which is our major market segment. I believe, in the coming years, this Business would be one of our key focus areas as it has potential for rapid growth. The company has invested in second production line of Orientation and Extrusion Machines, however, we could not commission the same during the year due to global travel restrictions in place due to which the key commissioning team from overseas OEM manufacturers could not travel. The second line is expected to commission during the second quarter of FY 2020-2021 leading to doubling of manufacturing capacity.

## **Green Field Project at Karaikal**

During the year, the company has formed a wholly owned subsidiary company viz, Chemfab Alkalis Karaikal Limited to cater to the ambitious plans of greenfield expansion in the Chlor-Alkali Segment and giving a boost to the 'Make in India' Program of the government. Land for the project has been identified and taken on a long-term lease. The company has plans to start with downstream Chlorine utilization projects and also thereafter add laid out plans for the design, implementation and commissioning of the new Chlor-alkali Capacity at the new location as well. The new location will help the company in taking a big leap in terms of capacity expansion of the Chlor-Alkali Segment in the coming years.

## **COVID 19 Impact and Measures adopted**

In view of the outbreak of the Coronavirus (COVID-19) pandemic and in compliance with the directives issued by the Government authorities and keeping in mind the safety and well-being of all the employees and stakeholders, the Company had, effective March 23, 2020 onwards shut down its manufacturing operations located at Puducherry (UT) and Sricity in Andhra Pradesh. The operations at PVC-O plant at Sricity resumed post the lifting of lock down restrictions. This has led to loss of production for a period during March to May 2020. The Company expects to catch up to the shortfall in sales in the subsequent period. The operations at Caustic Soda Plant at Puducherry plant was resumed in a phased manner during April 2020 after taking adequate permissions and adhering to the guidelines issued by the government. Company has been able to operate the caustic soda plant at Puducherry at 85% capacity from third week of April by being very agile in resuming plant operations in coordination with government authorities and strong marketing efforts.

Company has mandated employees to work from home, except for minimum workforce required for operations of plant and business on rotational basis. All general precautions are being followed as per the directions of government authorities including office of the district collector. Passes have been obtained from local authorities for travel of employees to workplace. Vehicles and trucks coming into the factory are being regularly disinfected. The factory premises and also the office areas are regularly disinfected.

A Covid-19 task force was created in the company with the support of a Doctor and OHS team. Masks and hand sanitizer were provided to all CCAL mates and also the contract workers. Thermal scanning and social distancing at workplace have been made mandatory. Employees residing at the hotspot areas have been asked to work from home.

As a part of the CSR budget of the Company, the Company has supplied Sodium Hypo Chlorite to local municipalities during March and April 2020. Sodium Hypo Chlorite has been used as a disinfectant by the municipalities and the support by the company in supplying the product free of cost has been widely appreciated by the Puducherry government.

Further company has organized supply of disposable masks/sanitizers / face shields for preventive purposes via Government authorities and other NGO's and contribution to Puducherry COVID-19 Relief Fund.

Even though presently there is a demand slow down, I am confident that the company is now well placed to recover from the slowdown and resume the growth plans. Company would continue to focus on internal cost optimization and to improve the margins in these difficult times. Further with strong balance sheet and low leverage, company is better placed to tide over the short-term uncertainties caused due to the outbreak of the pandemic.

On behalf of all your Board of Directors, and on my behalf, I express my sincere gratitude to the Central Government and State Governments of Puducherry and Andhra Pradesh and all our Stakeholders for their continued support. I specially thank all our CCAL mates for their efforts, commitment and their contribution to the progress of your Company.

I also take this opportunity to thank all the Directors on the Board, for their valuable inputs.

I am confident that with the Growth Plans we have in place; we will continue to grow and create more value to all the stakeholders.

Thank you.

Warm regards,

Suresh Krishnamurthi Rao

I now request Rajesh, Company Secretary, to provide a summary of the Auditors' Report.

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**Dr. V. Rajesh**

Thank you, Mr. Chairman.

The Statutory Auditors, Deloitte Haskins & Sells LLP, and Secretarial Auditor, M.R. Thiagarajan, have expressed the unqualified opinion in the respective audit reports for the financial year 2019-2020. There were no qualifications, observations, or adverse comments on financial statements and matters, which have any material bearing on the functioning of the Company. The Statutory Auditors' report on standalone financial statements and consolidated financial statements are available on Page numbers 64 and 134 of the annual report respectively. Secretarial Auditor report is enclosed as Annexure I to the Board's report on Page number 58 of the annual report.

Thank you.

Over to Chairman

**Chairman:**

Thank you, Rajesh.

As the Notice along with the annual report in pdf format has circulated already to all the members, I take the Notice convening the meeting, and all the resolutions mentioned in the notice as read.

I am pleased to bring to your notice that, as required under the Companies Act, 2013, the Company had provided you all the facility to cast your vote electronically, on all resolutions set forth in the Notice. Members who have not cast their vote electronically and who are participating in this meeting will have an opportunity to cast their votes through the e-voting system provided by CDSL. Members may please note that there will be no voting by show of hands.

Thank you,

Over to Rajesh, Company Secretary.

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**Dr. V. Rajesh: Questions Session**

Thank you, sir,

Dear shareholders, thank you for joining our 11<sup>th</sup> AGM today and for taking the time to participate in today's AGM. The company had provided an opportunity for the shareholders to register themselves on or before 22.07.2020 to speak in the AGM or to raise their queries. Since no mails received from any of the shareholders, hence there is no Q&A session.

Thank you.  
Now, I hand over back to Chairman.

**Chairman:**

Thank you, Rajesh.

Members may note that the voting on the CDSL platform will continue to be available for the next 30 minutes. Therefore, the members who have not cast their votes yet are requested to do so. The Board of Directors has appointed Mr. Inba vadivu, Advocate, as the scrutinizer to supervise the e-voting process.

Further, I hereby authorize Rajesh, the Company Secretary, to declare the result of the voting and place the results on the website of the Company at the earliest.

The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of the requisite number of votes. We had 44 members participating today in this 11<sup>th</sup> Annual General Meeting.

We are grateful to all our shareholders who joined this AGM by video conference and other audiovisual means.

Many thanks to CDSL for their support.

Thank you all for attending the meeting and I hereby declare the proceedings as closed.

Thank you very much and see you next year, preferably physically face to face and God bless you.