


CHEMFAB ALKALIS LIMITED

TWELFTH ANNUAL GENERAL MEETING

DATE: August 04, 2021

TIME: 10.00 A.M.

DAY: Wednesday

CORPORATE PARTICIPANTS:

Name of the Participants	Position
Drushti Desai	Independent Director to Chair the AGM
VM Srinivasan	Chief Executive Officer
T Ramabhadhran	Senior Independent Director
A Janakiraman	Independent Director
Sujatha Jayarajan	Independent Director
C S Ramesh	Non - Independent Director
R Mahendran	Non - Independent Director
Nitin S Cowlagi	Non - Independent Director
S Prasath	Chief Financial Officer
Dr. V. Rajesh	Company Secretary
Gopakumar	IT – Dept
K. Balaji	IT – Dept

OTHER PARTICIPANTS:

Name of the Participants	Position
Jessy, Narasimhan	CAMEO
Inbavadivu	Scrutinizer, Advocate
Karthik, Basheer	CDSL, Moderator
M.R.T. Thiagarajan	Practicing Company Secretary
Siram Parthasarthy, Kushal & Parvathy Usha	Deloitte, Statutory Auditors

Dr. V. Rajesh:

Good morning to all, the Board elected Mrs. Drushti Desai to chair this AGM.

Mrs. Drushti Desai is an Independent Director – who is also a chairperson of the following committees of the Board.

1. Audit Committee
2. Nomination & Remuneration Committee and
3. Stakeholders' Relationship Committee

Madam, the requisite quorum is available, hence request you to Chair this meeting and to proceed further.

WELCOME ADDRESS: - Drushti Desai

Chairperson:

I welcome the members to the 12th annual general meeting. I hope all of you are safe and in good health. I am joining from Mumbai. This meeting is being held through video conference in accordance with the circulars issued by the Ministry of Corporate Affairs and Securities Exchange Board of India.

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 the 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 Dr. V. Rajesh, Company Secretary to do a roll call before we start the main proceedings of the meeting.

Dr. V. Rajesh

Thank you, Madam,

I now call upon our participants one by one, request you to introduce your name, position and the place joining from.

Dr. V. Rajesh:

Mr. VM. Srinivasan

VMS:

Good morning to 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 to everyone. I am Ramabadhran, Senior Independent Director. I am joining from my residence in Bangalore.

Dr. V. Rajesh:

Mr. A. Janakiraman

A. Janakiraman:

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

Dr. V. Rajesh:

Mrs. Sujatha Jayarajan

Sujatha Jayarajan:

Good morning to everyone. I am Sujatha Jayarajan, Independent Director. I am joining from California, US.

Dr. V. Rajesh:

Mr. C S Ramesh

C S Ramesh:

Good morning to 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 Chennai.

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 Mysore.

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, I am Rajesh. V, Company Secretary, and joining from registered office Chennai. Over to Chairperson.

Chairperson:

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.

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

Dr. V. Rajesh

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.

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 has received requests from a few members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views. We will facilitate this session once **the Chairperson opens the floor for questions and answers**. It may be noted that the Company reserves the right to limit the number of members asking the questions **depending on the availability of time at this AGM**.

The Company had provided the facility to cast the votes electronically, on all resolutions outlined in the Notice. Members who have not cast their votes 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.7 in the annual report.

Members may also kindly note that this AGM is recorded.

Thank you very much. Over to Chairperson.

Chairperson:

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.

Chairperson's speech – Drushti Desai

Dear Shareowners,

It gives me great pleasure to present to you the Annual Report of your Company for Financial Year 2020-21.

The Financial Year 2020-21 has been challenging for each one of us. The COVID-19 pandemic has had a significant impact on livelihood and the business. Faced with COVID-19 pandemic and market headwinds that were mounting even before the pandemic, your company has focused on maintaining financial discipline, strengthening of its businesses, and setting up foundation for its growth plans.

Chlor-Alkali Segment

During the year, the domestic caustic soda prices remained at multi-year lows. This was due to drop in international prices during the previous year. Further the demand slowdown in the domestic market coupled with increase in domestic capacities has led to significant pricing pressures in the domestic market. We expect the prices to stabilize from here and positive momentum in domestic prices is expected to be seen from second half of next financial year.

The company has increased its production capacity from 125 TPD to 155 TPD during April 2021 and is closely following up with the government authorities to further scale up the operations to 200 TPD.

The company has commissioned the State-of-the-art RO Plant with Treated Sewage Water as feed in March 2021. This RO Plant has a capacity to produce 1 MLD of process water from either the Treated Sewage Water or from Seawater. This has enhanced strong commitment of your company towards preservation of natural resources and at the same time will help your company to scale up the operations to 200 TPD.

Further the business plans are firmed up for the green field project expansion at Karaikal location through wholly owned subsidiary company, viz., Chemfab Alkalis Karaikal Limited and the development activities are expected to be well under way by the end of next financial year.

PVCO-Segment

The Financial year 2020-21 was second full year operation of the PVCO unit. The business in this segment was impacted during the year due to minimal activity in the government sector and slow down in installation process at various sites. Due to the impact of COVID-19 the growth expected in the business was delayed.

The company has however focused on establishing PVCO pipes as a distinguished product in the segment of our operations. This has led to increased enquiries on the product and provided good order book visibility. Further the focus of the Government on irrigation and water transportation projects has provided an optimistic business outlook in the coming years.

During March 2021, the company has successfully commissioned the second production line at the PVCO plant. We are very proud of our production team for commissioning the second line without the Onsite presence of OEM manufacturers, due to global travel restrictions in place.

I express my sincere gratitude to the government and all our stakeholders for their continued support. My Special thanks to all our CCAL mates for their efforts and commitment for the progress of your company especially during these challenging times.

I thank the Directors on the Board for their continued guidance and valuable inputs.

Our thoughts are always with those directly affected by the pandemic and we are focused to do our bit to fight this pandemic. As a Socially responsible organization we have undertaken various measures to counter COVID 19 during the year supporting the Government, CCALmates and their families as well as the local community. We will continue these measures until we are able to overcome the pandemic.

Wishing you the best of health and abundance of all things good.

Thank you.

Warm regards,

Drushti Desai

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

Dr. V. Rajesh

Thank you, Chairperson.

Dear shareholders, thank you for joining our 12th AGM today and for taking the time to participate in the proceedings. 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 2020-2021.

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 54 and 127 of the annual report respectively. The secretarial Auditor report is enclosed as Annexure H to the Board's report on Page number 47 of the annual report.

Dr. V. Rajesh: Questions & Answers Session

Dear Shareholders, before we go live with the Q&A, here are some points to note for your convenience. Kindly unmute yourself and proceed to ask the questions when you are projected on the broadcast screen. **Please mention your name, folio number, and the location from where you are joining.** Each shareholder will have two minutes for their questions. To avoid repetition, **the Board will respond to all the questions at the end.** Once you have asked your questions, you can switch to watch the proceedings.

Members may note that this meeting is recorded, please do not disclose any sensitive personal information or personally identifiable information belonging to you or any other person that has no bearing on this meeting.

Now, I request the first shareholder, **Mr. Amit Bagaria**, kindly go ahead and ask your question.

Mr. Amit Bagaria:

Am I audible,

Dr. V. Rajesh:

Yes, Mr. Amit, Please go ahead.

Mr. Amit Bagaria:

I have 2 set of questions. Question number 1 is, can you share what is the potential sales and profitability from PVCO division? Once we are fully operational at 6000 Tons per annum that is Question one.

Question number 2 Can you share your plans Chemfab Alkalis Karaikal what are the products that we are looking to make there and what kind of project investment that we are looking at and by when should it be ready.

Thank you so much.

Dr. V. Rajesh:

Thank you, Mr. Bagaria. Now, we move to the next person next shareholder. **Mr. Shlok Dave**, kindly go ahead and ask your question.

Mr. Shlok Dave:

Thank you very much, fortunately, Dr. Rajesh, Madam, Chairman, and Gentlemen, thank you very much for the fortunately, so do the questions remain roughly the same, right, the greenfield expansion, what are the timelines? In addition to the timelines and product profile there? I would also like to understand how will you fund the project? What would be the side CAPEX? and madam, you mentioned, in you opening remarks about something about next year, the greenfield starts next year, but the constructions start so that's just a timing clarification from Chairman speech.

Then sir, demand supply scenario, you expect that the price is the bottom and next year onwards what you will see positive momentum, can you go into a bit more details? Because there is a lot of capacity, which is coming online, in various region, but this is a very regional commodity. So, how do you see the demand supply if you can go into more detail and there are also a lot of acquisitions happening in this, at plant level.

So, are you looking to acquire something that would be, if you can again go into those details, post every expansion, including the green field?

Can you, tell us how much will be the debt on the books? and what is the rate at which you are getting incremental term loans today?

After the expansion 200 TPA, how much of the Chlorine that you are producing at that site will be internally used because you have the 6000 tonne PVCO plant also.

So, I just wondering, would you have any free floating after that? And again, on all the capacities. What would be the maximum revenue? I think the previous speaker asked this question what? Maximum Revenue but then, if you, actually operate a 100% capacity utilization, what would be the margins?

And are there any value-added products that you are looking to add anywhere?

And finally, for the because you are in the expansion phase and 1, and, a few expansions are coming in different locations, so can you give some guidance on how many employees will you need to hire.

And what would happen to the employee costs the depreciation and finance cost over the next 2 years that I have no other questions. I wish everyone all the best. Please stay healthy and careful. Thank you very much. Thank you very much Dr. Rajesh.

Dr. V. Rajesh:

Thank you very much **Mr. Sloak Dave**

We can move to next shareholder. **Mr. Abishek Kalra.** Mr. Abishek please go ahead and ask your question.

Abishek: Am I audible.

Yes, you are audible and please go ahead.

Yes, sir. I would like to know what's the impact of it in our company in the past 2 years in this Pandemic time. The Corona Virus and subsequent lockdowns have left virtually no industry untouched After the Covid, so any employees they have sacked, and salary cut in % if any I would like to know.

Dr. V. Rajesh:

Mr. Abishek, Sorry to interrupt you... I think you have raised the queries you sent a mail, right?

Apart from that anything if you have any queries please ask, for all the queries we would be answering post this AGM.

Abishek:

Apart from that, we do have some contingent liabilities pending with various forums and any steps been taken by the management to arrive at compromise or a settlement to that as soon as possible, the disputes will be settled and regarding the instructions of documents in the chairman speech you have told that we may get these clarifications, these details by writing to the company and get it through the email.

But in fact, most of the companies, they are updating the CDSL portal where we get access for the annual general body meeting, and we do exercise e-voting as well.

Whom you can update inspection of the documents, the register of members, directors and key managerial personnel and register of contracts, register of partnership if any, in the particular portal, so that it will be easy for the members to verify rather than writing to the company, to do so.

Noting much to ask sir,

I wish the company and the board of directors, a great success and prosperity in the coming future. Thank you for giving the opportunity. Sir, thank you very much.

Thank you. **Mr. Abhishek** Thank you all. We'll respond to all the questions shortly in the meanwhile we will continue the AGM proceedings with the voting process for the Resolutions. Now, I hand it over back to the Chairperson.

Chairperson:

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.

Before we proceed, I am pleased to bring to your notice that, as required under the Companies Act, 2013, the Company had provided you all the facilities 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. We now take up the resolutions as set forth in the Notice.

Item No. 1 of the Notice: Adoption of the financial statements. The financial statements of the Company, including the consolidated financial statements for the financial year ending March 31, 2021, including the reports of the Board of Directors and the auditors, have already been provided to the members.

Item No. 2 of the Notice: To appoint a director in place of. C.S. Ramesh, who retires by rotation and being eligible seeks reappointment.

Item No. 3 of the Notice: Ratification of Cost Auditor's Remuneration.

Item No. 4 of the Notice: Sale of Undertaking under section 180 (1)(a) of the Companies Act, 2013

The text of the resolutions, along with the explanatory statements, is provided in the Notice circulated to the members.

We will now begin the answers to the questions. I request our C.E.O Mr. V.M. Srinivasan to respond to the queries raised by the shareholders.

V.M. Srinivasan:

Thank you Drushti, So, I will start with the response to each of the questions. So, starting with **Mr. Amit Bagaria's** questions.

So, the PVC Plant at full capacity will be at the capacity of 6,000 tons per annum and the revenue potential will be about 100 crores.

And the, with the potential margin of about 30%, of course, margin is variable, depending on the cost of raw material and selling price on the product. But roughly you can say it to about 30% margins.

In terms of the Karaikal project, the Karaikal project will have a nameplate capacity of 200 TPD of Caustic soda lye and 10,000 tons per annum of aluminum chloride will be a downstream derivative for that. The caustic soda of product expected to commission by Q4 of 2023 – 2024 - FY 2023 - 2024, As aluminum chloride project is expected to commission between by Q4 of 2022-2023.

Turning to the questions of Mr. Slok Dave.

We Karaikal I mentioned the total Project size of the Karaikal product will be 300 crores out of which 75% will be through that and, 25% will be through an Internal accrual we expect the, of course, the funding for this is not being secured, through the bankers have been showing interest in taking the loan. We are not tied up with them yet, but we expect the interest rates should be in the range of 7 to 7.5%.

So, within the CAKL project about 40 to 45% of our internal generation of Chlorine would-be captively consumed. For the products, like Sodium hypo chlorite, Aluminate Chlorite and Hydrochloric acid. 1 of the questions you had asked was, what would be the maximum revenue generation in the pondicherry plant post expansion and the byproduct. So post expansion, 200 TPD in podicherry the likely revenue would be about 250 crores for the caustic soda business and, of course, as I mentioned earlier for the PVCO business, with the current size, we will have revenue 100 crores. So, total potential revenue at the, at these current present capacities will be for 350 crores.

So, in terms of the overall scenario for the caustic soda market, 1 of the points, raised was caustic soda price internationally has been need for the last couple of years, but definitely it has bottomed out now And we are seeing a Bounce Back in the caustic soda prices for the last 1 quarter. We expect costing product prices uptick to 2 commence from the Q2 to that is from the present - current quarter, July, September quarter of 2021, we expect optical caustic soda domestic prices as well. We should definitely help us in improving the bottom line.

I guess answered and I think other point Mr. Slok Dave raised was what would be the margins at various capacity utilization of PVCO plant.

So, in terms of the PVCO plant. At a 50% capacity utilization, our margins would be about 15% and at the 100% capacity utilization our margins would be about 30%. Of course, at 50% capacity, additional revenue generation, we 50 crores and 100% for about 100 Crores at the present capacities. In terms of employee cost, the current, the current units, we expect the employee cost, depreciation to grow at 8 to 10% per annum. And in terms of interest costs for the current Pondicherry Plant, of course, we expect interest cost to keep coming down over the next few quarters. Of course, this excludes the CAKL project.

Then turning to the questions of Mr. Abishek Kalra, of course due to COVID last year in April, we lost about 7 days of production caustic soda plant about 2 months of production in the PVCO Plant.

Apart from that, we have regular disturbances, especially in the PVCO business, due to slow down and various installation sites because of COVID protocol restrictions.

Also, there has been a slow-down in the government, various government projects because of fund allocation due to COVID.

The demand situation, of course, in chemical segment. As normalized during Q1 of 2021 - 22. except for the intruder locked on during May and June. In PVCO also during this financial year in May, and June, the business has been impacted due to the COVID scenario.

Turning to... during the COVID, we are happy that we are not sacked any employees. Or has there been any salary cut for any of the employees? Of course, we don't believe in short term reactions to this issue, and we certainly value our CCAL mates. Yes, so we don't believe in the short-term measures.

So, in terms of salary cut for the management, I would say the direct remuneration has come down from 240 lakhs to 22 lakhs during the year.

He has also requested for a factory visit. For the shareholders, we will certainly evaluate the same, once the pandemic situation is normalizes.

So, any other points in case, I missed out to the questions you asked by response, we'll send it back to you by mail.

Thank you.

Dr. V. Rajesh:

Thank you, Sir,

Now we are closing the Q&A session. With this, I will hand it over to the Chairperson

Chairperson:

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 33 members participating today in this 12th Annual General Meeting.

We are grateful to all our shareholders, Directors, and other officials 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.
