

MADRAS FERTILIZERS LIMITED

57th Annual General Meeting thru VC / OAVM
25th September 2023

CHAIRMAN'S SPEECH



Shri Kishor Rungta

Chairman & Managing Director (Additional Charge)

Dear Shareholders,

It gives me immense pleasure to present the 57th Annual Report of MFL for the year 2022-23. The 57th Annual General Meeting of the Company is convened as a virtual meeting in compliance with the guidelines issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India.

It is an honour and satisfaction for me to address you and to share the performance highlights and achievements of your Company during the financial year 2022-23 and its future outlook.

Indian Agriculture Scenario

The government has continued its focus on augmenting farmer income through various steps. Increased allocation across the schemes to drive irrigation facilities, improve agricultural markets, augment the allied sectors supporting income, setting-up of FPOs, crop insurance schemes and income supplementation schemes are major positive. Indian fertilizer sector witnessed a sustained high growth in consumption. The Government has taken a number of initiatives for promoting balanced fertilization to accelerate agricultural growth.

Besides this, there have been efforts on the technological development in production processes that keep pace with the latest global production methods and environmental requirements.

Improvement in demand due to a good monsoon which resulted in higher sowing aided the increase in production. Overall Fertilizers Sales too have increased buoyed by a good monsoon and harvest season. There is a compelling need for alternate fertilizers which will have lesser wastage and reduced fertilizer usage while keeping the same or more yield. This opens up for new investment with better return while ensuring food security.

Business diversification specifically the initiative taken for Trading of fertilizer products in the current year will definitely improve the bottom line of the company.

MFL's Performance at a glance

I am happy to inform you that your Company is committed to serving the Nation by providing essential fertilizers for the farming community

at an affordable price. Your Company has posted the highest ever Net Profit since inception of the Company that the Net profit for the year 2022-23 is ₹ 185.33 Cr. By this, the Company has reached another milestone that it has achieved profit for 3 consecutive years, which makes me really proud and happy. The revenue from operations of the Company has also been increased by around 50% (₹ 3447 Cr for the financial year 2022-23 as against ₹ 2302.16 Cr).

I wish to say that MFL continues to meet the fertilizer demand of the farmers by effective production plan and strategies.

I am happy to share some of the highlights of the performance of your Company during the fiscal 2022-23:

Plant Highlights

- Your Company has produced **519800 MT** of Neem Coated Urea which is the best annual production (previous best 503900 MT in the FY 2021-22), with the Capacity Utilisation of 106.8%.
- Annual Specific Energy Consumption of **7.584** GCal/MT of Urea.
- Quarterly Production of **146169** MT of Urea during Jan-Mar 2023 is the Second highest production since inception (Previous Best 146662 MT during Oct-Dec 2021).
- Monthly production of **51000** MT achieved during March 2023 is the Best monthly production (Best 50662 MT in Dec 2021).
- At the close of Mar 31, 2023, 3276 days were completed without any lost time accident covering 11.01 million man-hours.

Sales Highlights

- Your Company has achieved an **All Time Record** sale of 5,29,879 MTs of Vijay Neem Coated Urea since revamping of Urea Plants which is 5% increase over previous year sale of 5,04,559 MTs.
- Your Company has sold 5,37,383 MTs of both NPK 20-20-0 and NC Urea during the year against the previous year sale of 5,30,812 MTs.
- Your Company has achieved record movement of 5,37,117MT which is the **best in the last 10 years**.

- Sold 157.42 KL of Vijay Neem which is the **highest in the past 10 years and it is 38 % increase** over previous year sale of 113.63 KL.
- Under “Basket Approach” MFL **sold 7836 MTs** of Vijay Organic which is the **highest in the past 7 years and 15% increase** over previous year sale of **6832 MTs**.
- In addition to Organic Manure, Under “Swachh Bharat Mission”, **Marketing of City Compost**, a product from Municipality/Factory waste, has been undertaken and 9608 MTs was sold which is **50% increase** over previous year sale of 6403 MTs.
- With respect to Market Development and Agro Service Programs, MFL’s Marketing personnel have contacted 20822 farmers during the year and continuously imparted knowledge to farmers on use of eco-friendly products for soil health, soil fertility, Soil vitality and balanced fertilization (Integrated Nutrient Management). Method demonstrations and farmer seminars were organized in coordination with State/Central Agricultural extension departments.
- In pursuance to the Prime Minister’s Mission on empowering the Farmers vide Supportive Schemes & Education on farming techniques, MFL continues its service to the farmers through “Kisan Suvidha Kendra” at Gangavathy and Shimoga in Karnataka State. Farmer services like soil sample analysis and recommendation of fertilizer dosage based on soil test report, educating the farmers on weather, crop Insurance and other improved farm technologies were offered.

Corporate Social Responsibility (CSR)

I am happy to inform that the Company had spent excess CSR funds in the previous years than what is envisaged under Section 135 of Companies Act 2013 and as per the applicable provisions of CSR we had got carried over benefits. Even then, your Company spent Rs 10 lakhs this year also. This was for setting up for Scientific Museum in Bengaluru. Armed Funds, Flag Day and for welfare measures in Manali Police Station.

Corporate Governance

Your Company is committed to protect the interest of all Stakeholders such as investors, Employees Customers, Suppliers Bankers the Central and State Governments and the community by ensuring transparency in all aspects of the Company.

Your Company is committed to comply all directives and guidelines of Government and statutory authorities relating to corporate governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency disclosure and reporting that conforms to the provisions of Companies Act 2013, SEBI (LODR) Regulations 2015 and all other applicable laws and regulations. The Company is also complying with the guidelines issued by Department of Public Enterprises.

Future Outlook

There is a compelling need for alternate fertilizers which will have lesser wastage and reduced fertilizer usage while keeping the same or more yield. This opens up for new investment with better return while ensuring food security. Business diversification like Trading of fertilizer products will improve the bottom line of the company.

The outlook for the fertilizer sector is positive on expectations of good monsoon. The underlying macros for the Indian fertilizer industry look promising.

Acknowledgement

Before I conclude on behalf of the Board of Directors I wish to convey my sincere regards and deep gratitude to the valued stakeholders for continued support and trust. You always have been the motivational force and have facilitated us to move ahead and achieve the excellent results despite the numerous challenges.

I hereby place on record my sincere thanks to the Board of Directors for their advice and support, all the employees of the Company for their dedicated efforts and unstinted support for overcoming various challenges being faced by the Company and for their contribution for the revival and sustainable growth of MFL. I must also thank the various departments of Government of India, in particular, the Department of Fertilisers Government of India, Government of Tamil Nadu, NICO, Financial Institutions, Banks, Depositors and all stakeholders for their support and cooperation.

Last but not the least I extend my gratitude to the various Government and Regulatory authorities, Company’s valued customers, suppliers, vendors and investors for their consistent and resolute co-operation and trust.

My Best Wishes to all of you!

Thank you!

Shri Kishor Rungta

Chairman & Managing Director (Additional Charge)