

MADRAS FERTILIZERS LIMITED
58th Annual General Meeting thru VC / OAVM
26th September 2024

CHAIRMAN'S SPEECH

Dear Shareholders, Ladies & Gentlemen,

It is a great honour to welcome you all to the 58th Annual General Meeting of your Company, being held today through Video Conference. I am honoured and inspired by the spirit you have demonstrated by joining the meeting virtually. I thank you for your continued trust, encouragement and support to the Company and its Management.

The Directors' Report and the Audited Accounts for the Financial Year ended March 31, 2024 have been with you and, with your consent, I shall take them as read. As the Chairman of the Company, I am privileged to share with you the significant achievements of the past year and outline the opportunities and challenges ahead.

Now, I would like to briefly touch upon the economic environment under which your Company delivered during the year and the challenges faced by the Company and the Industry.

Economic Scenario

India's economy carried forward the momentum it built in FY 23 into FY 24 despite a gamut of global and external challenges. The focus on maintaining macro-economic stability ensured that these challenges had minimal impact on India's economy. As a result, India's real GDP grew by 8.2% in FY 24, posting growth of over 7% for a third consecutive year, driven by stable consumption demand and steadily improving investment demand.

Fertilizer & Agriculture Sectors in 2023-24

Agriculture is the mainstay of Indian Economy and contributes about 18% to GDP. Fertilizer is the integral component of agricultural development. The country is progressing well in agriculture as well as fertilizer sector front. Production of major fertilizer during FY 2023-24 showed an increase of 6.60% compared to FY 2022-23 due to beacon of success strategies implemented by Ministry of Chemicals & Fertilizers. Government of India has been providing sufficient funds for fertilizer subsidy for the last couple of years. Fertilizer Industry has always been working in tandem with the Government of India to make fertilizers available to farmers across the county as per their demand thru' meticulous planning of production, import and logistics up to the last mile delivery.

Operational Achievements

Now, coming to the performance of your Company, I am pleased to report that your Company has made great progress in operational efficiencies and innovations. Some key highlights include:

During the year 2023-24, Your Company produced 432500 MT of Neem Coated Urea with a capacity utilisation of 88.9% and with a Specific Energy Consumption of 7.612 Gcal/MT.

I am happy to state that your Company achieved the ever best monthly energy consumption of 6.651 Gcal/MT in January 2024 since inception against the previous best of 6.839 Gcal/MT in December 2021.

Your Company has improved operational facilities like Utility Boiler #2 Burner Gas Conversion completed and commissioned with RLNG as fuel on October 23, 2023. Sale of Anhydrous Ammonia was commenced and sold 544.6 MT to vendors thru Road Tankers during the current year.

Though Ammonia and Urea Plants were shut down during the period December 04, 2023 to December 20, 2023 consequent to Michaung cyclone and severe flooding in Chennai, your Company took swift action to resume its operations on December 21, 2023, after rectification of equipment damages caused by the cyclone and flooding.

Sales Highlights

I am happy to state that your Company achieved 4,27,836 MT of Vijay Neem Coated Urea sales which is **100% of the dispatched quantity by leaving NIL inventory at field warehouses**. Your Company's Point of Sale (PoS) of Neem Coated Urea for the year is 4,24,096 MT which mean 99.09% of the product consumed during the year itself. Your Company has grabbed a **market share of 21.28% of Neem Coated Urea** in Tamil Nadu and **6.57%** in MFL's marketing territory of South India.

Your Company sold 114.5 KL of Vijay Neem which is the 2nd best in the last 10 years. In addition to it, your Company achieved an all-time high volume sale of 22,047 MTs of combined Organic products which is 26.22% higher than the previous best of 17,466 MTs during 2021-22.

I am happy to state that your Company sold 10,740 MTs of Vijay Organic which is the highest since introduction. In addition to organic manure, under "Swachh Bharat Mission", your Company continues to market City Compost and sold 11307 MT which is 2nd best since introduction.

In pursuance to the Prime Minister's Mission on empowering the Farmers, Department of Fertilizers initiated to convert the existing Village / Block / Taluk / Sub-district / District level Fertilizers Retain Shops into **Pradhan Mantri Kissan Samruddhi Kendras (PMKSKs) a One Stop Shop** wherein all agricultural inputs like quality fertilizers, seeds and pesticides are made available. Besides, services like

soil / water / fertilizers testing, custom hiring of large farm equipment, creating awareness on various Government schemes, educating the farmers on improved farm technologies, weather updates, crop insurance, etc. are rendered to farming community.

In line with the Department of Fertilizer's initiative, your Company converted 2122 numbers of Retail Shops into PMKSK at Taulk & Block level during April – August 2023.

Financial Performance

During the Financial Year 2023-24, we have navigated through key challenges such as economic conditions, market fluctuations, regulatory changes, natural calamity (Michang Cyclone) and despite these, the Company's operations ended with a Profit after tax of ₹ 5.56 Cr and Revenue from Operations of ₹ 2228.42 Cr. The Company has accumulated losses amounting to ₹ 351.86 Cr (Previous Year ₹ 449.21 Cr) with a negative networth of ₹ 189.72 Cr (Previous Year ₹ 287.07 Cr). The Company does not propose to declare any Dividend to shareholders during the fiscal 2023 on account of accumulated losses as on 31.03.2024. The Company has submitted a Revival Proposal to Department of Fertilizers, Government of India for its consideration.

I am pleased to inform you that your Company Accounts were audited by the Comptroller and Auditor General of India, who have certified them with 'NIL' comments. This is a significant achievement to prove our clear adherence to the statutes strictly in true letter and spirits.

Corporate Governance

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. Good governance facilitates effective management and enables company to maintain a high level of business ethics and to optimize the value for all its stakeholders.

The Company has submitted its Corporate Governance Report to Department of Fertilizers on May 16, 2024 on compliance of DPE guidelines and expects "Excellent" Rating for the year 2023-24 also.

Corporate Social Responsibility

The Company continues to involve in meaningful welfare driven initiatives through Corporate Social Responsibility that distinctively impact the quality of life in society and helping underprivileged people. Your Company has been extending its support to neighbourhood areas under CSR program. Thus, during the year 2023-24, the Company incurred an expenditure of ₹ 6.33 Cr towards CSR activities.

Outlook and Strategy

Looking ahead, we are committed to continuing our focus on sustainable growth. The business environment remains challenging, but we are well-positioned to capitalize the opportunities in our core markets and new growth areas.

Your Company is concentrating on the concept of trading of all types of finished Fertilizer products and is also taking effective steps for setting up of new Brownfield Ammonia and Urea Plant.

Acknowledgement

We believe that with the continued support of our shareholders, the dedication of our employees and the leadership of the Management team, we can achieve even great success.

I take this opportunity to thank the distinguished Board Members for their continued leadership and unwavering support to the Company and its employees. I also take this opportunity to convey my thanks and gratitude to the Department of Fertilizers for settlement of subsidy bills on priority basis and to the dealers and farmers for their sustained support to Vijay products. I wholeheartedly place on record my appreciation for the continued and unstinted support of Government of India, Government of Tamil Nadu, NICO, Financial Institutions, Banks, Depositors and all stakeholders during the year.

I also 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.

Finally, I thank MFLers for their dedication and sincere efforts in ensuring the smooth and excellent functioning of the Company without their continuous support and hard work none of this would have been possible.

Conclusion

In conclusion, we remain confident in the strength of our Company and its ability to thrive in the years ahead. Together, we will continue to build a resilient and forward-thinking organization.

Thank you all once again for attending today's AGM.

Manoj Kumar Jain
Chairman & Managing Director

JAI HIND!